



**BIC: Honor the Past, Invent the Future**

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## **Executive Summary**

There are many things one can do with a BIC product: writing, flicking, shaving etc. BIC is a French consumer product multinational company that is in the business of disposable stationery, lighters, shavers, water sports and promotional products. Every BIC product follows the company's vision: BIC products are simple, inventive and reliable for everyone, everywhere. Founder Baron Marcel Bich launched the BIC ballpoint pen in 1949; since then BIC has become a global brand and it is recognized throughout the world.

BIC produced some 5.23 billion units of stationery products, 1.09 billion units of disposable lighters and 2.1 billion units of men and women's shavers in 2005. Despite these enormous sales numbers, BIC is facing severe competitions from companies such as Gillette, Newell Rubbermaid and Zippo in each of its three main markets. In this paper we are going to introduce BIC's current position relative to competitors, analyze its markets and strategies over the past couple decades, and propose a number of strategies, such as:

1. introducing a new product line
2. utilizing e-commerce
3. outsourcing
4. acquiring new companies in luxury product lines

These strategies exploit BIC's current advantages, which we believe will help BIC to advance in the "quality product for affordable prices" philosophy further.

## **Company Overview**

BIC is selling in 160 countries with 8400 employees and 24 manufacturing facilities. Some 3,200,000 retail outlets include stationery stores, tobacco shops, drug stores, supermarkets, hypermarkets, and office supply stores. Every BIC product follows the company's vision: BIC products are simple, inventive and reliable for everyone, everywhere. According to the company's data released recently, in 2005 BIC produced some 5.23 billion unit stationery products such as pens, pencils, highlighters, markers, crayons, and correction products that generated about 43% of the company's yearly revenues. In the same period, the company produced 1.09 billion units disposable and special addition lighters that generated another 49% of the revenue and finally production of 2.1 billion units of men and women's shavers in 2005 accounted for the 8% of 1.38 billions euros income of the company. The gross profit in 2005 was 674 million euros which showed a little growth over 624 million euros made in 2004. The company also makes surfboards and wakeboards through its BIC Sport division. Other source of income is through BIC Graphic subsidiary that imprints customer advertising on BIC products such as pens and lighters.

BIC focuses on three core categories: stationery, lighters and shavers. In its organizational structure, BIC has three Category General Managers who have overall responsibility for marketing, development and manufacturing of each category across the globe. Product distribution is then organized by continent, with country managers reporting to a continental manager. This structure

enables BIC to enjoy an effective global distribution network. There are four continental managers for Latin America (incl. Mexico/CA), Europe, Middle East/Africa/Asia, and North America/Oceanic.

BIC's policy has been to keep its production in house to have 100% quality control checks over its products. BIC's products come out of a number of "superfactories" located in different continents on a very large scale. Then, the products are shipped rapidly to global markets at competitive prices hence meeting the criteria of affordability and universality. BIC maintains a matrix structure that enables it to target geographic markets more effectively. BIC's matrix is based on two reporting lines: product and geographical area. By using geographical area as one part of the matrix, BIC is able to create a product portfolio that is both appropriate to a global strategy and yet it meets local markets needs. The company implements "Think Globally, Operate Locally" strategy perfectly by operating in a multi-local way. Any new product added to the product basket also follows this suit and is producible within the same scheme.

Exhibit 1 in the appendix summarizes BIC's history since it was founded.

## **Product Basket**

BIC's products are affordable, universal and functional, i.e. they are designed to perform a specific function such as shaving, writing, etc. These characteristics appeal to global markets because everyone needs functional products at affordable prices. Disposability is another quality BIC products share. BIC's new products follow the same trend and have the same characteristics. Detailed product basket of BIC is shown in Exhibit 2 in the appendix.

## **SWOT Analysis**

### **Strengths**

1. BIC has a firm and devoted business motto of selling and distributing products that are cheaply made, disposable and briefly used.
2. BIC has an excellent reputation for a comprehensive line of inexpensive ball-point pen products. BIC is also responsible for the successful marketing, manufacturing and distributing all of its products.
3. Variety of the products – BIC offers a variety of products in its three product lines, for example: different color pens, different point sizes pens, shaver for men, and shaver for women, etc.
4. Excellent employee and company relationship – great benefits, pay and working environments. Each worker is encouraged to develop pride by understanding every step of the process.
5. Dedication to strong management, efficient decision making by hiring well-built teams.
6. Large portion of work force is involved in control check – BIC believes that the quality is a key to its success; and only by having a strict control system, can a company achieve the level of perfection that BIC boasts.
7. Strong marketing and advertising strategy, which includes point of purchase display, packaging forms and trade-consumer promotions.

8. BIC operates in large volumes, reducing risk of increasing costs of raw material and labor and raising the turnover ratio.
9. Can utilize already existing channels and outlets as ball-point pens for new products, which they did for the disposable lighters.
10. Global positioning and distribution – the company utilizes its “superfactories” in different parts of the world in order to cut the cost of distribution.
11. Geographic location involvement – if they have poor performance in one area, their sales in another area may be enough to keep their market share up.

### **Weaknesses**

1. Competing with companies that are much more concentrated on a product line – when BIC is involved in 3 markets.
2. Preferred to use own cash and has aversion to borrow money – this reduces the chances to invest and expand and increase chance of a takeover.
3. Putting their eggs in few baskets and dependence on few brand products to generate considerable income of the company.
4. BIC is not aggressive enough in terms of expansion – a global sized company that sells in more than 160 countries yet only has around 8000 people does not look very forward -looking with expanding.
5. One corporate structure while competition in three markets – possible lack of flexibility.

### **Opportunities**

1. Globalization – BIC has yet to go to China or India, for example, a place for both demand as well as manufacturing power.
2. Further cost reducing by outsourcing – because of the high volume, can utilize cheaper labor, cheaper raw material, etc, in other countries such as China.
3. Reputation – has yet to be fully exploited. BIC can use the name to expand into other product lines that fits the product portfolio in addition to pens, lighters and shavers.
4. Acquisition – can buy smaller companies that concentrate on the products and utilize this synergy to further reduce cost and concentrate on advertising and expansion.
5. E-Commerce – utilizing the power of internet to sell.

### **Threats**

1. Strong competitors that concentrate on one of BIC’s products – Schick’s shavers, Pentel’s pens, etc. or other powerful competitors such as Gillette or Faber-Castell.
2. Raw material, fuel and labor cost increase
3. Environmentalist’s concern of disposable products.
4. Counterfeiting of lighters in some Asian countries. Some companies duplicate BIC’s lighters with lower quality and flood the market.

## **Competition**

### **Competitive Advantages and Disadvantages**

BIC's competitive advantages over other competitors include

1. Brand Reputation
2. Lower Cost with Plastic Molding Technology
3. Multi-National Sales
4. Strong Management and Efficient Structure
5. Strong marketing department

BIC's competitive disadvantage over other competitors include

1. Weak when competing with company that concentrates on one product.

The employments of these advantages are explained in the strategy section.

### **Stationery Products**

The stationery industry is a market of over 10 billion USD therefore it attracts many competitors. BIC's products compete well with their rivals since they have lower price and a good quality. Currently, BIC has about 8% share in world's stationery market. This is BIC's primary market where the company shows the most consistent growth. BIC is a major brand as it holds the second highest percentage of the market since the company products are available in over 160 countries. Other leading competitors in the market are Newell Rubbermaid, Pilot, Pentel, and Crayola. Newell Rubbermaid controls 17% of the market share. Some of the competitors such as Stabilo (operating in Western Europe), Pentel (operating in Japan) have a smaller share of the world market because they are not available in many countries. There are areas of the stationery market where BIC does not offer a product. For example BIC does not offer any product in the permanent marker segment where Sharpie products, a subsidiary of Newell Rubbermaid thrive. BIC also does not compete with Crayola in the washable marker segment as well.

### **Newell Rubbermaid**

A Fortune 300 company with nearly 50,000 employees worldwide, Newell Rubbermaid makes everything from strollers and power tools to picture frames and pens. The company's products touch millions of consumers at home, work and school and in airports, hotels and other commercial venues. Its major strategy is to acquire other companies, with seven major acquisitions in the past five years alone, including Rubbermaid in 1999 and the Gillette Stationery Products Group (SPG) in late 2001, which added 10 locations in the Asia-Pacific and Latin American regions. It is currently the market leader in stationeries of the world (17%), while BIC trails behind with 8%.

### **BIC's Response**

Despite not being number 1 in the market place, BIC has not given up. It keeps trying to drive productivity gain in all areas through even deeper market penetration by "being everywhere", in all

markets, whether it be high or low GDP, classic segments to offices or added value segments to children. BIC had entered the coloring market by capitalizing the Disney brand, which can lead to potential ancillary products such as scissors, rulers and pencil cases. It also attempts to drive the production cost further down by plant consolidation, standardization of technology, etc. From this we can see that BIC is fairly optimistic about this competition.

### **Lighters**

The disposable lighter market offers about 2 billion USD. BIC holds a larger percentage of this market than stationery. BIC's major advantage in lighter's industry is its dedication to safety and quality. In lighter business, much of the competition comes from unsafe and cheaper Asian products. However, most of these Asian lighters do not meet the US safety standards, which resulted in BIC's dominance of the market in the US. Counterfeiting of lighters is another problem BIC faces in some countries as other companies (mostly in Asia) duplicate BIC's lighters with lower quality and flood the market. The Brazilian government responded to the issue by stamping branded lighters so consumers can differentiate between counterfeits and authentic lighters.

### **Zippo**

It is most famous for its windproof refillable lighters, which are sold in more than 120 countries today. Zippo's main strategy is to make every one of its lighters to be a unique, collectable item that represents a person's style and taste. It is refillable so that normal consumers would not throw it away, but would instead buy the refills, replacement wicks, etc from Zippo, forming an after-sell service business model. Clearly, collectors were the key to growth, and Zippo has successfully captured that value.

### **BIC's Response**

BIC's lighters are cheap, disposable and simple; by no means are they collector items. Although BIC has been coming up with limited edition lighters that would serve the same purpose, these two competing companies have yet to raise a major war in the lighter market. In response to the counterfeiting problem, BIC has been lobbying local governments to adopt stricter policies regarding the issue.

### **Shavers**

BIC holds about 20% of the 800 million USD shaver's market. BIC is competing with companies that specialize in shavers and blades such as Gillette, American Safety Razor and Schick. Gillette and Schick razors are long-term razors with replaceable blades, which create a high switching cost for the customers to use other brands. In 2003 BIC introduced Comfort3 triple blade shaver for men and in following year Soleil triple-blade shaver for women designed to compete with Gillette and Schick's triple blade shavers. In 2005, BIC introduced new Soleil Scent triple blade shaver for women with scented handles. BIC is trying to increase sales of higher-margin razors by introducing Comfort and Soleil series, as demand for its single-blade brands falls.

## Gillette

The world's #1 maker of shaving supplies, the firm is best known for its razors and blades. The Gillette Company also operates in other categories, such as Duracell batteries and Oral-B toothbrushes. Its main strengths are market researching as well as market segmentation. Gillette currently holds products in regular shavers with replaceable blades and premium disposable shavers for both men and women. Despite these varieties, much of an emphasis of the company was placed on the regular shavers with replaceable blades. Its patent war with Schick has left BIC barely contested in the disposable shavers market, which are cheaper and simpler (in design) than those of Gillette's.

In fact, BIC and Gillette's product war can be traced back when Gillette came up with paper-mate to contest BIC's disposable pens. Gillette overcame entry barriers (access to distribution channels, economies of scale in advertising, brand equity, etc.) by using its own considerable skills in mass merchandising. Since this was BIC's stronghold, it had to respond; so BIC counter-attacked by entering Gillette's stronghold, disposable razors - giving rise to multi-market competition.

## BIC's Response

Ever since the competition was launched, BIC has been investing to a great extent in R&D to develop new products that meet consumer expectations in a rapidly advancing technology market, which focuses on specifically blade edge, shaver head geometry and aesthetic design in response to Gillette. It came up with triple blade razors to match that of Gillette's and have been widely successful in terms of consumer satisfaction, and percentage of households that repurchase a product after the initial purchase, etc by means of market research.

## **BIC's Strategies – the past and current**

### **Strategy 1: Diversification and New Products**

BIC adopted diversification strategy of its products since 1973 by launching the BIC Lighter with adjustable flame. With its quality and reliability, it became a major success. Diversification continued as BIC also launched a one-piece shaver that has offered a quality shave at a fraction of the price of more traditional systems in 1975. BIC Shavers now have a leading market share among one-piece shavers. In 2003, BIC launched its triple-blade shaver: Comfort 3 and one year later BIC launched Soleil, the first triple-blade in the one-piece segment designed for women. As a result of this strategy, BIC successfully diversified its products basket and subsequently its source of income.

Since 2002, the BIC Group has launched more than 280 new products and line extensions, including more than 210 in the stationery category. BIC defines a product as a new one during the year of its launch and during the three following years. BIC constantly tries to identify new product developments that can meet similar consumer needs. The Cristal Grip and Cristal Gel Pens, and Twin Lady shavers are relatively newer products with well established growth patterns. For example,

the Twin Lady filled the gap in the market for shavers for women. New products that have recently entered their respective markets include Cristal Colors and Cristal Pocket Scents in the pen market, and Comfort 3 and Soleil in the shavers market. Currently, BIC is investing in these products and over the next two or three years the company will decide whether these products will stay in its product basket. Re-tooling an existing plant is very costly; therefore market analysis is essential to reduce costs of production and testing of any new product.

### **Strategy 2: Segmentation**

BIC splits its different market segments by:

- Age, income and gender
- What products can be used for (e.g. the pocket lighter range was extended to include the Megalighter for barbeques)
- The wants and needs of the customers who buy the products.

It uses market research to see the needs of each group. In turn, BIC has found that customers buy stationery for three main reasons and targets each of these.

- For value for money – e.g. a pen that does not cost too much
- For special benefits – e.g. better pens for presents, or for their own use
- Without thinking (impulse buying) – this means good point-of-sale material is needed

The purpose for segmenting a market has been to allow the marketing/sales program to focus on the subset of prospect consumers that are most likely to purchase the company products. BIC sells products that fit with each of these reasons. It sells products that are value for money; that are high quality and that are new and eye-catching. Thus, BIC ensured the highest return for its marketing/sales expenditures.

### **Strategy 3: Prolonging Product Life Cycle**

BIC successfully extended its classic products life cycle and kept them in market by promoting and supporting them for a long time. BIC's Cristal and the Classic shaver have had technological improvements using more advanced manufacturing techniques, but the style and design of these products are the same. The familiarity of these products worldwide and their long life cycle gives them a competitive edge. Initially, when these products were launched, promotional activities were focused on generating awareness and encouraging consumers to try the products. Now that these products are well established icons, the promotional emphasis is on rewarding loyal customers who continue to use these products.

Moreover, BIC has been successful in extending its products life cycles by constantly adding new products to the family of its popular products. During a product's growth period, advertising and special offers encourage new users to try the product. As the product moves towards maturity and saturates the market, BIC's introduces a variation of the product with enhanced functionality or

characteristics to boost the sales. BIC launched Cristal Ball pen in 50's and BIC Orange (a fine-point version of Cristal) in 60's, and as they became mature, BIC launched a range of new products in 90's, such as, Cristal Grip (for more comfort), Cristal Colors (for fashionable colors), Cristal Pocket (for a more convenient size), Cristal Pockets Scents (for fun and fruity inks) and Cristal Gel (for smoother writing). BIC now offers a full range of Cristal pens using both ball point and gel ink technology. The range's development has also helped to support the enhancements of the core brand, and each year sales of Cristal pens increases.

#### **Strategy 4: Exploiting the Reputation / Product Differentiation**

BIC products' reputation empowers its new products to benefit from the established brand name and compete successfully with rival products, therefore BIC's new products immediately gains custom from people who recognize the trademark. New products are introduced to markets where demand will initially be strong, and where consumers are prepared to experiment with them. In fact, BIC associate this strategy with product differentiation with their competitors. The basis of quality, image and price is built into the company brand, which can greatly reduce rivalry and can benefit everybody else in their niche.

On the other hand, BIC maintains an aggressive strategy to promote new products. When BIC launched the Comfort3 razor, it chose famous English rugby player Martin Johnson to represent the brand. Recently the company signed deal with two other famous French rugby players to promote its new razor lines. BIC invested heavily in outdoor media such as billboards and conducted national press advertising to raise awareness about its products. In its ads, BIC tries to convey to consumers that BIC products are essential for a successful life. For promoting Cristal Gel, BIC supplied existing Cristal Ball pen users with Cristal Gel samples through special promotional packs and other sampling campaigns to office users. This was supported by advertising and direct marketing as well.

BIC have partnered with Disney and Mattel to create specialty products marketed specifically toward children who want pretty pens and pencils. Now Bic is able to offer them pens with Disney characters and pencils with Barbie images, which differentiates itself from other pens companies which only carry a specific brand.

#### **Strategy 5: Affordable Products with Low Production Cost**

BIC's traditional target market has been the average/low income families who want a reliable quality product at a price that they can afford. Most of BIC's products are in the lower range of retail pricing. Almost 85% of BIC sales are made in Western Europe and North and Central America. These regions enjoy a relatively stable economy with almost constant or growing number of middle class population. BIC also tries to penetrate into the markets of other areas of the world such as Africa and Asia which have more population of lower income families.

BIC successfully introduced new products while keeping its production cost low by leveraging

its own industrial strengths. For example, when BIC diversified its product basket beyond ballpoint pen and added disposable cigarette lighters, they used the same plastic-injection molding technology and similar distribution channels to sell what was essentially another mass-marketed, disposable consumer item. The additional cost required to produce and market the new product was relatively low, given that the same technology was employed in the factory: plastic was injected into a mold to form a casing, into which dispensable liquid was poured, and metal parts were attached to dispense the fluid.

From time to time, BIC also deliberately chose to cut its product prices below the market. Such price cuts are often the main element of BIC's marketing mix. The most obvious price positioning are those of BIC ballpoints which are usually lower than the competitors' pens.

### **Strategy 6: Lowering Time to Market**

Lowering time to market is an essential factor in the disposable product market. BIC's strategy was to implement and introduce new products to market and perfect them later. An example is the Comfort razor series, which BIC introduced the original two blade version in 2003 following by the three blade version in 2005. The company strategy is to introduce a product, test it, learn from it, and try it again as quickly as possible. The same trend has been adopted for pens. BIC introduced new products to market while the bigger competitors were still field-testing. As a result of this strategy, BIC owned the disposable razor market first, as well as the inexpensive ballpoint pen market. This strategy usually helped BIC to claim the ownership of the de facto industry standards and gave the company a lasting position on the leading edge of innovation by incorporating technological advances. As a result of lowering the time to market, BIC was able to respond rapidly to market opportunities and claim premium prices using its attractive and strategic distribution channels, higher staff morale and commitment.

### **Strategy 7: Focus on Power Brands**

To avoid overextension, BIC has reduced its product range down from 9,000 to 150 to focus its marketing resources on fewer products in the past 20 years. Adopting this strategy helped BIC to increase the sales value of its current 150 established products. This strategy also helped BIC to focus its marketing resources on power brands. As a result, BIC has become closely associated with these lines. The risk factor associated with this strategy is that if one of these categories start to suffer then company loses can be substantial. Therefore BIC tries to concentrate on categories that are growing in importance, or the ones which satisfy a strong market need.

## **Suggested Strategies**

### **Suggestion 1: New Product Lines**

Statistics show an electric toothbrush cleans the teeth better and market analysis shows that sales of power toothbrushes are increasing every year. It is estimated that at least 4.5 billion people in the world use toothbrushes and some 2.3 billion people replace their toothbrush every year. Data

suggests that an estimate of 10,000,000 toothbrushes was sold in U.S in 1998 and the figure increased to 12,500,000 units sold in 1999. Based on above figures sales of over 20,000,000 toothbrushes sold in U.S for 2005 should be realistic. The average price for a traditional toothbrush sold in US market in 1998 was \$2.75. The average cost to manufacture a toothbrush in 1998 was \$0.35. Considering above data, a cheap, disposable power toothbrush can gain market share easily. However there are some barriers of entry for such a product such as the number of competitors and also the ease of use and price. Currently, there are over 250 different competitive products in the toothbrush industry with at least more than 10 brands in the electronics toothbrush market. Average electrical toothbrush is heavier than conventional brushes so they are less desirable to consumers. Moreover, consumers of toothbrushes do not change types and brand of toothbrushes very easily.

Nevertheless, BIC can develop electronic disposable toothbrush that uses an internal battery that can be thrown away once the battery is consumed. The unit should be cheap since it has no charging mechanism. Also the ease of use (no need to change the battery) will give the product a competitive edge. Since this product is not in the market yet, its performance should be compared with similar products that are already there. Given the success of similar products and enough advertising and promotion one concludes that the chances of success for such a product should be high. The rival companies that are currently producing regular or electronic toothbrushes include Sonicare of Phillips and Oral-B of Gillette in the expensive end and Crest's SpinBrush in the cheaper end.

Crest's SpinBrush offered its cheap power (less than \$10) toothbrush in 1999 and it quickly captured a huge market share. According to their website, since the summer of 2001, almost one-half of electric toothbrushes sold in the United States have been Crest SpinBrushes. Though that estimate seems to be exaggerated, but low price of SpinBrush should have made it easier to many buyers to purchase a power SpinBrush unit. Other brands such as Phillips SoniCare (more than \$100) and Gillette's Oral-B (more than \$60) are far more expensive though they come with more accessories and extra brush heads. Exhibit 3 illustrates retail sales of toothbrush in United States from 1998 to 2001 and it shows an increase in sales of the electronic toothbrush market. This growth in power toothbrushes is driving the overall toothbrush market sales, which is up 15% since 1999 on flat unit sales. As data suggests, more consumers are trading their traditional manual toothbrushes to powered toothbrushes following the removal of past pricing barriers. Exhibit 4 shows the price positioning of Crest's SpinBrush compare with other company products.

BIC can attack the power toothbrush market by introducing a product which is disposable with a price range of about \$4 to \$7. BIC will not face tough competition from Gillette and Phillips since its product will not compete directly with their products pricewise. Though in terms of functionality it will do the same (cleaning the teeth) but those consumers who already chose SoniCare or Oral-B with high prices would not easily switch to a product which is less than \$10. BIC's product will directly compete with Crest's SpinBrush, trying to convert more of manual

toothbrush users to become electric toothbrush users. Currently, SpinBrush is not disposable and it requires the user to change the battery and the head once a while. Customers usually complain about the hardship of battery changing process on SpinBrush which should be changed every 4 weeks if the brush is used twice a day, everyday. BIC can enter the market with a disposable toothbrush with a battery life of about 3 months and a collection of different brush sizes for different customers.

### **Suggestion 2: Attacking Luxurious Item Markets by Acquisition**

BIC tries to expand its market by adding more distinguished products to its name, so that they may be able to penetrate into the market of higher income households that can afford pricier products. An example was Soleil, a triple blade razor with added gel front, designed to penetrate into relatively more expensive shavers market and compete with Schick and Gillette products. BIC has also introduced the new line of Sheaffer pens for upper-level businessmen. If this experience succeeds BIC might try introducing more expensive pens that would appeal to the higher income households.

Tapping into the market of more luxury products might pose a challenge to BIC since the company might need to change the public perception about its products. Usually, wealthier segment of society translate lower prices to lower quality, therefore, BIC might experience difficulty entering such a market. Attacking luxury product markets is also in contradiction with BIC's experience and expertise in manufacturing cheap disposable product lines. Therefore, BIC may be better off by entering this market with another brand name. BIC's entry strategy should include acquiring a company that has been producing luxury pens and keeping its leadership to continue the operations. This strategy will help BIC to enter the market without changing its brand name's reputation and utilize the expertise and experience of the acquired company's leadership. If the acquired company will not do well in 3 to 5 years, then BIC can sell the unit without damaging its own reputation. Such a strategy might cost BIC a fortune but it will save the company from gambling on its own brand name and reputation.

### **Suggestion 3: E-Commerce**

BIC might also try to develop its own website to start selling its products online and use e-commerce for advertising. Currently, through Amazon.com BIC is selling some 58 products. It is possible to make a strategic deal with Amazon to pay a base fee for exclusivity and have an "online shop" (tab or link) on Amazon website to advertise and sell BIC's products. This way BIC will utilize Amazon's excellent distribution network and online customer support to sell its products online. Amazon on the other hand will benefit by not buying any product from BIC and risking inventory costs. BIC can store some of its products in Amazon's warehouses and once a customer orders a product through Amazon the transaction can be done as quickly as possible since the products are at hand. All BIC has to do is to keep the inventories up and running and pay Amazon for some percentage of the transactions. Meanwhile, developing an online shop for BIC will cost money and time but is well worth the try since company has variety of products that can sell online.

#### **Suggestion 4: Outsourcing**

The key advantage of outsourcing is that it enables a company to invest its resources into more profitable activities. For BIC, the main activity central to generating profits or competitive success lies in the production of new products and their advertising to penetrate into their markets and to gain more market share. For BIC, it may be reasonable to outsource the plastic molding process to lower the cost of production. First, the activity is a routine one that wastes valuable time and energy and is not critical to do it in-house. Second, it may be less expensive to have another company perform it.

One of BIC's options is to outsource some of its operations to China. China has recently attained the status of being only country in the world with the greatest economic capacity and massive skilled technology resources pool. Not only did research show that China can offer savings up to five times as compared to the United States, it is also know that there has been substantial growth in China's technical education. Combined with the fact that China locates in the middle of Asia and neighbors many countries with high GDP such as Korea, Japan, etc, outsourcing might open a new door for BIC to expand its business.

#### **Conclusion**

BIC is an innovative organization that uses its technical and marketing expertise to supply consumers with the products they want and need. BIC continues to build on the strength of its classic products, bringing them to new markets while introducing new value added products. A total focus on offering simple, inventive and reliable choices for everyone, everywhere, every time, has placed BIC in where they are today.

In this paper we analyzed several classic BIC strategies and what role they played in BIC's success today. We also introduced some suggestions that exploit BIC's competitive advantages, such as:

1. introducing a new product line
2. utilizing e-commerce
3. outsourcing
4. acquiring new companies in luxury product lines

We believe, combining the classic BIC strategies with new approaches to the consumer market, and exploiting the competitive advantages BIC possesses, will not only secure the company's position in the market today, but it will make it more competitive in securing more profit. Indeed, BIC continues to abide to its initial philosophy of "Honor the Past, Invent the Future".

## **Appendix**

### **History of BIC**

In 1945 Marcel Bich and partner Edouard Buffard bought a factory near Paris and formed PPA to make fountain pen parts and mechanical lead pencils. Bich worked on the design for two years, and in 1949 he began producing cheap ballpoint pens, which he named BIC. PPA was renamed Société BIC in 1953. From 1954 to 1957 the company entered foreign markets, primarily by creating subsidiaries and acquiring companies. BIC Italy and BIC Brazil were created in 1954 and 1956, and the company acquired England's Biro Swan Company in 1957. In 1958 BIC bought the Waterman Pen Company in Connecticut, marking BIC's first entry into North America. The company introduced its BIC pens to the US market the following year.

BIC diversified in 1971 when it bought Flaminaire, a French maker of traditional lighters. In 1973 the company introduced its first disposable BIC lighters with the popular advertising slogan "Flick your BIC." Disposable razors entered BIC's product basket by its single blade razor in 1975. Fashion house Guy Laroche joined the BIC family in 1979. In 1992 the company acquired Wite-Out Products, a US manufacturer of correction fluid. Marcel Bich stepped down as chairman and CEO in 1993, and was succeeded by Bruno his son. BIC added the Tipp-Ex brand, Europe's leading correction fluid products, in 1997. That year it also acquired Sheaffer, a worldwide manufacturer of upscale writing instruments.

BIC restructured Guy Laroche in 2000 to make it more profitable and late that year, BIC sold the outfit company to Rech International, a European fashion group. Expanding its shaving product line, BIC introduced its three-blade men's razor, Comfort 3, in early 2003, eventually gaining 15% of the US market. In 2004 it launched Soleil, a three-blade women's razor. In 2005, BIC has passed the mark of 100 billion of ballpoint pens sold.

### **BIC Product Basket**

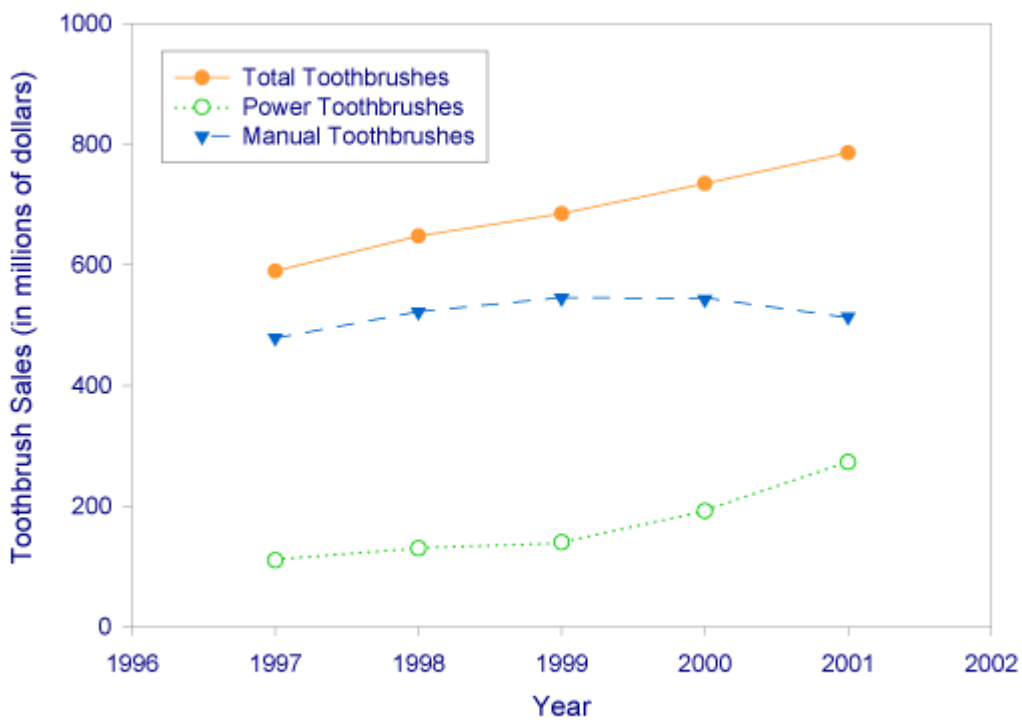
BIC's stationery basket includes products such as ballpoint pens, pencils, corrective pens, and markers, etc. BIC's most notable product which is known worldwide since 1950 is BIC's ballpoint pen. Historically, the ballpoint pen has been the product that gave BIC its initial successful start and also what has made the company a brand name. BIC continued introducing new line of pens since then. Cristal Grip, Round Stic Grip, Atlantis, and Softfeel Jumbo ball pens are some of the pen lines BIC introduced in 90's.

BIC's introduced its first Classics lighter in 1973, and subsequently it added lighters in 1975 such as Maxi, Mini, Slim/Midi, Special Edition and Utility lighters. Currently, BIC has a variety of styles and sizes of lighters so they are able to be used in any fashion the consumer requires. BIC is also producing a variety of shavers, the following figure shows the list of shavers made by BIC in chronological order.



**Retail Sales in the United States**

Figure 1: Retail Sales in the United States

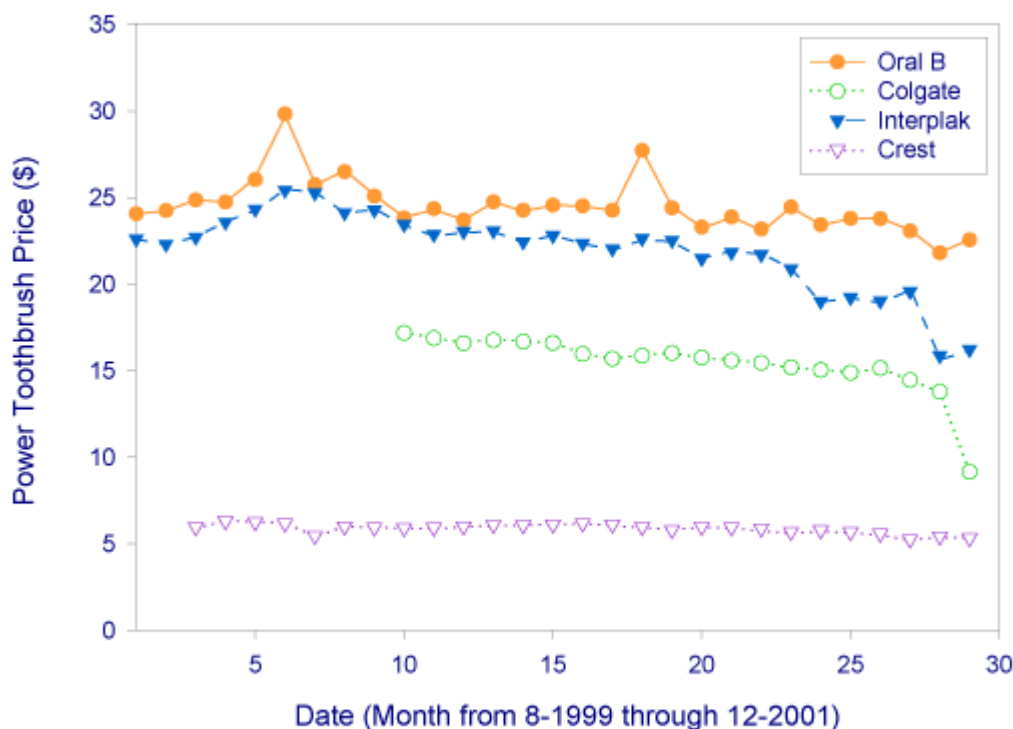


\* Data represents combined food, drug, Kmart, & Target stores, acquired from Information Resources, Incorporated (Chicago IL).

Source: <<http://www.patent-ideas.com/marketanalysis.htm>>

**Retail Price of Competitive Power Toothbrush Brands**

Figure 4: Mean Retail Price of Competitive Power Toothbrush Brands



part of its research efforts into the fuel cell cartridge business. BIC brings its know-how in terms of design and experience in producing cartridges containing liquid fuel (lighters). Since BIC began manufacturing lighters 30 years ago, the Group has developed and perfected the strictest quality and safety internal standards, that meet or exceed international norms (ISO 9994 and ASTM), to provide consumers with safe and reliable lighters.

By 2010, some experts predict that fuel cells may begin to replace lithium ion batteries that are used today to power portable consumer electronic devices like laptop computers and cell phones. Fuel cells can last much longer and are easier to use

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