

Shaving start-ups

## Blade runners

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Tweaking the whiskers of the shaving world's giants

**V**ENTURE capitalists (vcs) are obsessed with cutting-edge technologies. But the humble razor blade has never been one of them—until now. Dollar Shave Club, a fledgling firm that wants to change the way folk buy shaving gear, has just raised over \$1m of seed funding from some of Silicon Valley's best-known vcs, including Kleiner Perkins Caufield & Byers and Andreessen Horowitz.

The financiers are working themselves into a lather because personal grooming is a huge business. Euromonitor, a market-research firm, reckons global sales of men's shaving products hit \$5 billion in 2010. Throw in other toiletries and that soars to \$29 billion. The industry is dominated by Gillette, which is owned by Procter & Gamble, and Energizer Holdings, which owns the Wilkinson Sword and Schick brands. But sharp entrepreneurs are hoping to nick

customers from them with two tactics.

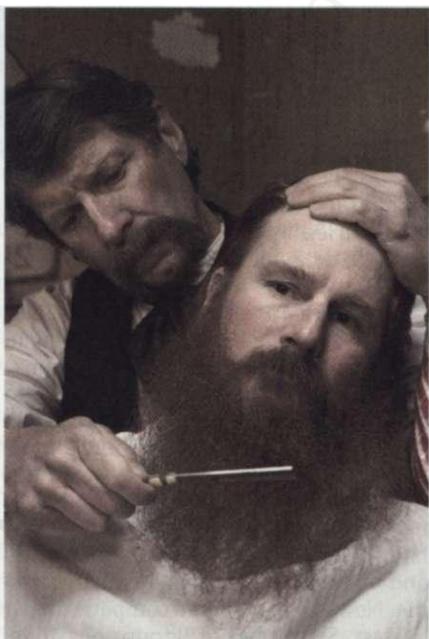
One involves cutting out distributors and retailers to keep prices low. Dollar Shave Club charges users who sign up via its website a monthly fee, ranging from \$3 for its "Humble Twin" razor with five cartridge refills to \$9 for its six-blade "Executive" model with three refills. The razors, which are made in China and South Korea, are mailed to customers by the firm. Aileen Lee, a partner at Kleiner Perkins, says e-commerce has now matured to a point where specialty online retailers with excellent supply chains can mint money from such targeted offerings.

Shaving start-ups are also hoping to carve out a niche via savvy brand-building. This is not a new technique: decades back America's Burma-Shave touted its brushless shaving cream with witty ditties such as: "No lady likes to dance or dine accompanied by a porcupine." Its messages had to be plastered on roadside billboards. Dollar Shave Club uses the information superhighway instead to reach a mass market quickly and cheaply. Michael Dubin, the firm's boss, is already the star of an online video that boasts that his firm's razors are "F\*\*\*ing great". The ad, which mocks big firms for adding useless features to razors as an excuse to raise prices, has received almost 4m hits on YouTube.

Mr Dubin's firm isn't the only digital David battling the shaving Goliaths. Razor-War, a Belgian company backed by angel investors, has spent the past couple of years building an online community of subscribers who dislike paying through the nose for something they use on their chins. "We are providing shaving as a service in the same way firms are providing software as a service these days," says David Hachez, the firm's co-founder.

Kleiner Perkins and other investors are betting that shaving start-ups may blossom into far bigger personal-grooming brands. But, to put it bluntly, their chances of success look slim. Some people throw away razor blades after a day; others make them last a year. So monthly deliveries will not make sense for everyone. And some industry veterans question the notion that men hate shopping for razors. "In my experience guys don't have a problem going to buy blades," says Todd Greene of Head-Blade, which sells razors for shaving heads.

Rather than focusing on the mass market, where margins can be, er, razor-thin, Zafirro, another American start-up, is promoting pricey products with long-lasting sapphire blades. A limited edition razor, with a handle made from super-durable iridium moulded at a factory that also makes rocket parts, is on offer for \$100,000—just the thing for the bearded billionaire who cannot get a date. Hayden Hamilton, Zafirro's boss, says it is looking for angel funding. Stubble, stubble, toil and-bubble?



Cutting hedge