A David and Gillette Story

Technology and a Viral Video Are Arming the Tiny Dollar Shave Club for Battle in the Razor Wars.

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The Dollar Shave Club is only a month old, but it has the $13 billion shaving industry in a lather. CEO Michael Dubin and WSJ's Emily Glazer discuss on The News Hub. Photo: Dan Krauss for The Wall Street Journal

The Dollar Shave Club has men in a lather.

The e-commerce start-up opened its doors just a few weeks ago, and has already developed a following for its quirky approach to hawking razors and blades for a $3 to $9 monthly fee.

It began with a YouTube video, in which founder and Chief Executive Michael Dubin variously rides on a forklift, plays tennis, and dances with a fuzzy bear. It's already received some four million views.

Dollar Shave Club, an e-commerce start-up, opened its doors just weeks ago, and has already developed a following for its quirky approach to hawking razors and blades for a $3 to $9 monthly fee. It began with a YouTube video that has already received some 4 million views. Watch a clip from the video. Video courtesy of Dollar Shave Club.

Dollar Shave's motto? "Our blades are f— great."

The Santa Monica, Calif., company won't disclose its number of customers, only noting that 12,000 people signed up in the first 48 hours.

The tiny company has just five full-time employees—and is surely tilting at windmills. Gillette, owned by consumer products giant Procter & Gamble Co., controls 66% of the $12.8 billion global market for men's razors and blades, according to Euromonitor International. Energizer Holdings Inc.'s ENR -0.06% Schick-Wilkinson Sword has another 12.5% of the market, and Bic SA has 5.2%. The market leaders have huge marketing budgets, deep consumer researchand relationships with retailers that leave little room for newcomers.

But the incumbents, who have turned simple razors into six-bladed machines that are the butt of comics' jokes, present such a fat target that Silicon Valley investors are starting to bet on entrepreneurs with ideas for shaking things up.

 What the start-ups have in their favor is technology. Companies with no marketing budget can command attention with free video and quickly build a following on services like Facebook and Twitter. Moreover, services like Netflix have conditioned consumers to getting regular deliveries of the things they use by mail.

Shaving's True Cost? It's All a Matter of Blade Life

The Dollar Shave Club has raised $1 million in "seed" funding from venture-capital firms including Facebook investor Andreessen Horowitz and Kleiner Perkins Caufield & Byers, which has put money into companies such as Groupon Inc. GRPN -3.69%

Investors are hoping to find the next Zappos.com, which upturned the market for shoes, or Diapers.com, which proved household consumables could be sold online, too. More recently, eyewear company Warby Parker has taken aim at an eyeglass market dominated by Luxottica Group SpA LUX +0.46% by charging $95 for glasses that come in the mail.

Dan Krauss for The Wall Street Journal

Dollar Shave Club CEO Michael Dubin in the company's warehouse. He stars in a promotional video that is a hit on YouTube.

"There's clearly almost a backlash among shavers, among razor users, about the price of a man's razor," Sanford C. Bernstein consumer products analyst Ali Dibadj said. "Over the past 40 to 50 years you haven't had more volume growth in this category, there aren't more razor blades than years ago…it's all through pricing."

 Meanwhile, Gillette's own studies have shown men going to great lengths to keep down the cost of shaving. Some store their razors upside down, heat them up, throw them in the dishwasher or clean with a toothbrush in order to preserve their blades, said Stew Taub, Gillette's director of research and development for male and female shaving.

 Start-ups that hope to scrape off a piece of the razor market are popping up world-wide. RazWar, a Belgian company backed by "angel" investors, offers razors, blades, skin care and accessories, including a plan that includes a three-bladed razor and 40 cartridges a year for the equivalent of about $32.50.

King of Shaves Co. of the U.K. plans to soon launch a subscription model that offers three razor options (two for men, one for women) between $6 and $8 per month including shipping. Dorco Co. sells fixed twin blade disposable razors online.

Big companies can't rule out the risk that one of these ventures takes off—or at least gains enough ground to force price cuts or new investments that could hurt the established companies' profits.

 Jeff Gross, a 28-year-old Californian, found out about the Dollar Shave Club after its video showed up on social news aggregator Reddit. "From the moment it began, I was in stitches," said Mr. Gross.

 Three days later, Mr. Gross said, he signed up for Dollar Shave Club's two-blade razor plan, calling it a no-brainer at $3 a month since he spent at least $20 a month before.

 "I hated going and buying razors," Mr. Gross said.

 At the Dollar Shave Club, customers sign up for one of three plans that give them a razor and a supply of blades every month. The twin-blade plan costs $1 a month plus $2 in shipping. For $6 a month, users can get a four-bladed razor and four cartridges a month. The "Executive" plan, at $9 a month, brings a six-bladed razor and three cartridges a month.

It is unclear whether those prices will prove low enough to lure users. By comparison, 15 Gillette Mach3 cartridges can be purchased for as low as $2.06 each on Amazon.com, if the buyer agrees to recurring shipments.

Dan Krauss for The Wall Street Journal

The Dollar Shave Club founder Michael Dubin in a company warehouse.

Dollar Shave Club's blades are made in China and South Korea. In the YouTube video, Mr. Dubin, the 33-year-old founder, touts their lubricating strip and pivoting head.

"We are presenting a new business, a good idea, a funny video and tapped the pain point for a lot of consumers," he said.

 Gillette spokesman Damon Jones said his company became aware of the Dollar Shave Club the day it launched because of the Internet buzz. He said the shaving giant isn't worried about losing market share, in part because other subscription-based companies have tried and failed, he said.

"If you want to spend 10 bucks a month, we have Gillette products available at all of those price points," he said.

That said, Gillette is sensitive to the idea its razors and blades cost too much after years of steady increases, most recently to reflect the rising cost of materials. The company's high end Fusion ProGlide Power razor costs around $12.31, plus $19.29 for a four-pack of cartridges.

Consumer gripes about price are pushing Gillette to prove to customers that they don't need to swap blades as often as imagined. In February, it began running television ads saying its Fusion ProGlide blades only need to be switched every five weeks.

Mr. Dubin said the proliferation of fancy blades has only confused men.

"Keeping it simple is the name of the game," he said. "This was an easy premise for people to understand, and we don't want to complicate it."

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