



UNIVERSIDADE CATÓLICA PORTUGUESA

Friskies Case Study

The Dog Segment: A Practical Approach to Communication Strategies in the Pet Care Market

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Abstract

Dissertation Title: “Friskies Case Study. The Dog Segment: A Practical Approach to Communication Strategies in the Pet Care Market.”

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Friskies is part of the portfolio of the biggest player in the Portuguese Pet Food Market: Purina. The brand’s product offers include both cat and dog segments.

In 2014, the Pet Care Market registered continuous growth thanks to pet’s humanization. The brand was starting to come across some challenges like its lack of leadership in several pet care categories, mostly in the dog segment. Therefore, there was a need to understand which course of action should be pursued.

The focus of this thesis is to review and rethink Friskies’ communication strategy for the dog segment, by applying a strategic view over the current activities, the competition and the future challenges and opportunities of the pet care market. This is done through an overall evaluation of the communication plan through the brand’s success in terms of positioning and line extension performance.

The thesis counts with a Literature Review, underpinning major theoretical concepts. It also features a Case Study and Teaching Notes, developed to allow the study of this case in academic environments. Market Research was used to reach relevant conclusions

It was found that although the brand occupied a prominent place in the consumers’ minds, their perceptions were not necessarily aligned with the brand’s positioning. Perceived lack of quality and attention to detail seemed to be at the basis of this issue. Furthermore, concerning line extensions, consumers were influenced by familiarity with the product and by in-store environment, an additional factor that underlined the importance of improving the communication strategy for the dog segment. The main factors that Friskies should focus on when strategically planning communication were also unraveled.

By the end of research, it was understood that marketing communication could benefit the brand in terms of financial performance, through increased brand performance in several categories.

Resumo

Título da Dissertação: “Friskies Case Study. The Dog Segment: A Practical Approach to Communication Strategies in the Pet Care Market.”

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A Friskies é parte do portfolio do maior interveniente no mercado de Pet Food português: Purina. As ofertas desta marca são direccionadas tanto ao segmento gato com ao segmento cão.

Em 2014, o mercado de Pet Care registou crescimento contínuo graças à humanização dos animais de estimação. No entanto, a Friskies começava a deparar-se com alguns desafios, como por exemplo a sua falta de liderança em várias categorias de pet care, sobretudo no segmento cão. Havia portanto uma necessidade de compreender qual o caminho a prosseguir.

Esta tese foca-se em rever e repensar a estratégia de comunicação da Friskies para o segmento cão, aplicando uma visão estratégica sobre as actividades em curso, a concorrência e as futuras oportunidades e desafios do mercado de pet care. Tudo isto é feito por meio de uma avaliação geral ao plano de comunicação através de factores como o sucesso do posicionamento da marca e a performance das suas extensões.

A tese conta com um capítulo de Revisão de Literatura, que realça conceitos teóricos importantes. Também inclui um Caso de Estudo e Notas de Ensino, desenvolvidos para permitir o estudo deste caso em ambientes académicos. Foi ainda desenvolvida Pesquisa de Mercado, de forma a chegar a conclusões pertinentes.

Foi descoberto que, apesar da Friskies ocupar um lugar proeminente na mente dos consumidores, as suas percepções não estão necessariamente alinhadas com o posicionamento da marca. Na base deste problema, parecem estar factos como a percepção de falta de qualidade e de atenção aos detalhes. Adicionalmente, relativamente às extensões da marca, os consumidores são influenciados pela familiaridade com o produto e pelo ambiente em loja, um factor que realça uma vez mais a importância de melhorar a estratégia de comunicação para o segmento cão.

No final da investigação, concluiu-se que a aposta em comunicação poderia beneficiar financeiramente a Friskies, através de uma melhoria da prestação da marca em várias categorias.

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List of Acronyms

AS – Advertising Spots

ATA – Attention to Advertising

BE – Brand Equity

CF – Cat Food

CSEG – Cat Segment

DCF – Dry Cat Food

DCS – Dog Communication Strategy

DDF – Dry Dog Food

DF – Dog Food

DS – Dog Snacks

DSEG – Dog Segment

FSPL - Fundação da Sociedade de Productos Lácteos

HDF – Humid Dog Food

IMC – Integrated Marketing Communication

PC – Pet Care

PCM – Pet Care Market

PPFM – Portuguese Pet Food Market

RWP – Relationship With Pet

SC – Snack Consumption

TPO – Type of Pet Owned

Content Table

- Introduction.....1
- Problem Statement.....1
- Key Research Questions1
- Methodology2
- Literature Review3
- The Basis: Brand Equity3
- Positioning Strategies for Retail Branding3
- Product Extensions in a Retailing Environment4
- Drivers for Extension Success.....5
- Extensions’ impact in parent brands.....6
- Integrated Marketing Communication (IMC) as a Strategic Capability7
- Benefits for brands in crowded markets7
- Developing a successful IMC program.....8
- Effects and measurement of results8
- Friskies Case Study11
- Nestlé11
- Nestlé in Portugal12
- The Pet Care Market.....13
- The Evolution of Cat & Dog Care.....13
- Trends14
- Pet Food in Portugal15
- Major Players15
- Friskies.....17
- Segmentation17
- Positioning.....17
- Product Offers17

Marketing Activities	18
A category on the rise: Dog Snacks.....	19
The DS Market	19
Major Competing Offers	20
The Challenge	21
Case Study Exhibits.....	23
Market Research.....	30
In-Depth Interviews	30
Stage 1: Caucus Methodology.....	30
Stage 2: General Conscious Decisions	32
Surveys.....	32
Survey Purpose	32
Sample Description.....	33
Brand Recall	35
Awareness	36
Associations	36
General Drivers	37
Snack Drivers	38
Advertising	39
Market Research Exhibits	41
Main Conclusions.....	46
Limitations and Future Research.....	52
Teaching Notes.....	53
Synopsis	53
Target Audience	53
Teaching Objectives	54
Relevant Theory	54

Teaching Plan.....	55
In Class.....	55
Additional areas of discussion.....	56
References.....	57
Academic Sources	57
Other Sources	63
APPENDIX 1: In-Depth Interview Guidelines.....	I
APPENDIX 2: Online / Offline Questionnaire	III
APPENDIX 3 : In-Depth Interviews Insights.....	IX
APPENDIX 4: Teaching Notes Support Material.....	XII

List of Figures

1 - IMC Dimensions.....	8
2 - Relationship between IMC and Brand Financial Performance.....	9
3 - Types of Return on Marketing Investment.....	9
4 – PPFM Overlook 2013-2014.....	15
5 – Friskies Segmentation.....	17
6 – DS Market Overlook.....	19
7 – Snacks – Three Basic Needs.....	19
8 – Snacks Segmentation.....	20
9 – In-Depth Interviewee’s Profiles.....	30
10 – Type of Pet Owned.....	33
11 – Relationship with Pet – Categories and Subcategories Division.....	34
12 – Brands Bought by Respondents (Frequency).....	35
13 – Brand Recall (Percentage by brand).....	35
14 – Pedigree vs Friskies Associations.....	36
15 – Drivers’ Accumulated Frequencies in Top 4 Ranking.....	38
16 – Snack Drivers Frequency Considering Top 3 Ranking.....	38
17- Factors Affecting Choice between the Two Competing Snacks (Frequency).....	39
18 – Most Common AS (Frequency).....	40
19 – ATA (Means) Across Different RWP Categories.....	40

List of Exhibits

Chapter 3 – Friskies Case Study

3.1 – Nestlé Worldwide Sales by Geographic Region (in billion euros).....	23
3.2 – Nestlé Global Sales by Category (% share).....	23
3.3 – Global PCM Growth.....	23
3.4 – Global PCM Growth by Region (2013-2014).....	23
3.5 – European PCM Growth (2006-2015).....	23
3.6 – Global PCM Value per Product Category (2009 vs 2014).....	24
3.7 – European PCM Category Segmentation (2006-2010) in € billion and % share.....	24
3.8 – PPFM 2014 Overlook.....	24
3.9 – Purina Brand Portfolio.....	24
3.10 – Mars Pet Care Brand Portfolio.....	25
3.11 – Friskies’ Overlook by Pet Segment.....	25
3.12 – Friskies’ Product Categories Division.....	25
3.13 – Friskies’ Dog Snacks Product Range.....	26
3.14 – Friskies’ Portuguese Website.....	26
3.15 – 2014 Cat Marketing Plan.....	26
3.16 – 2014 Dog Marketing Plan.....	27
3.17 – Pedigree’s Snack Product Offers.....	27
3.18 – Pedigree’s Snack Range.....	27
3.19 – Pedigree’s Main Website and Facebook post.....	28
3.20 – Example from Pedigree’s Snack Communication (website).....	28
3.21 – Sales by Product Category.....	28

Chapter 4 – Market Research

4.1 – About Friskies –Perceptions.....	41
4.2 – Gender.....	41
4.3 – Age Ranges.....	41
4.4 – Household Income (€).....	41
4.5 – Type of Pet Owned.....	41
4.6 – Buyers & Non-buyers (Frequency).....	41
4.7 – Relationship with Pet (Frequency).....	42
4.8 – Snack Consumption.....	42
4.9 – Relationship between SC and RWP (Chi-Square Test and Percentage Graph).....	42
4.10 – Relationship between SC and TPO (Cross Tabulation and Chi-Square Test).....	42
4.11 – Respondents’ Buying Set.....	43
4.12 – Individual Brand Recall (Percentage).....	43
4.13 – Awareness (Frequency).....	43
4.14 – Relationship between TPO and Associations with Friskies & Pedigree (Chi-Square Test and Cross Tabulation).....	44
4.15 – General Drivers (Binary Logistic Regression).....	44
4.16 – Snack Drivers Ranking (Frequency).....	44
4.17 – Most Common AS Ranking (Frequency).....	45
4.18 – ATA Means Across RWP Categories (One-Way ANOVA).....	45

1 Introduction

The global pet care market (PCM) had forecasted growth of 10% between 2010 and 2015. In Portugal the dog care segment represented around 54% of the Portuguese pet food market (PPFM). An increasing trend had been driving the market and led to changes in the competitive landscape: humanization. As pet owners became more concerned about the products they bought, they were spending more in order to guarantee the health and well-being of their companions, while new product categories were gaining importance.

Friskies is a pet care (PC) retail brand, part of Purina's portfolio (Nestlé). In 2014, although it was the retail leader in two major categories - cat and dog dry food (DDF) - it did not perform as well in others. Specifically, the dog segment (DSEG) was not evolving as expected: with low growth rates and facing increasingly powerful competition, it was already largely surpassed by Pedigree in the most promising category of the market - dog snacks (DS). These issues were particularly pertinent given Friskies' share in total Purina dog sales (81.4%).

The brand focused exclusively in communicating for the cat segment (CSEG) – was the DSEG secondary and therefore did not require marketing support? Recent results didn't seem to indicate so. It was therefore necessary to understand how Friskies' dog communication strategy (DCS) was failing, especially in the snack category, and propose additional courses of action. As supported by Duncan and Mulhern (2004) and Reid (2005), this could later translate in improved brand outcomes such as market position and financial performance.

Problem Statement

To review and rethink Friskies' communication strategy for the DSEG, especially the DS category, bearing in mind the market forecast, the competition, the brand's desired positioning and consumers perceptions about the brand.

Key Research Questions

KRQ1: How is Friskies positioned in the PCM and are consumers' perceptions aligned with it?

KRQ2: Should the strategy for the DSEG be reviewed and should it be clearly differentiated from the cat strategy?

KRQ3: How can Friskies improve the performance of the DS line extension?

KRQ4: How could Friskies benefit from communicating to the DSEG?

KRQ5: What should Friskies focus on when communicating to the DSEG?

Methodology

Primary research was developed to answer the proposed Research Questions. It was divided in two different phases: qualitative and quantitative data.

The qualitative research featured four 1-hour-long in-depth interviews with pet owners. These were divided in two stages: the Caucus Methodology stage (McCarthy and Oaekenfull, 2014) and the General Conscious Decisions stage. These interviews were the basis for developing the quantitative research and furthermore contributed with insights for the final conclusions. The guidelines for the interviews are available in Appendix 1 and complete information retrieved can be found in Appendix 3.

To develop quantitative research, an online questionnaire was developed using Qualtrics and it was afterwards distributed through Facebook. Because of the distribution channel, responses were mainly from youngsters under 26 years old. To cope with this issue and achieve a more heterogeneous sample, paper questionnaires were also distributed at veterinary facilities. The questionnaire was identical in the online and offline version and it can be found in Appendix 2. In total, 262 answers were validated. To analyze the final data, the chosen statistical software was SPSS.

Secondary data was used as well, mainly in the development of the case study, ranging from Purina's internal presentation, to Purina's market reports, industry and company reports, newspaper articles, academic papers and books. The use of this data was extremely relevant for the development of this thesis and was applied as its basis.

2 Literature Review

The Basis: Brand Equity

Brand equity (BE) is as crucial for managing brands in the long term, increasing customer loyalty and serving as a basis for a brand to grow through extensions (Aaker, 1991; Reddy, Holak and Bhat, 1994). Aaker (1991) refers that “the idea has been to move beyond commodities to branded products – to reduce the primacy of price upon the purchase decision and accentuate the bases of differentiation”. The next chapter features positioning, brand extensions and integrated marketing communication (IMC), presented in more detail in terms of their influence in BE.

Positioning Strategies for Retail Branding

Sliburyte and Ostaseviciute (2009) define positioning as “arrangements for a product to occupy a clear, distinctive and desirable place in the minds of target consumers, relative to competing products in the market”. Porter (1980) divided positioning strategies in three major approaches: cost-leadership, differentiation and focus. Soberman (2003), on its turn, stated that the level of differentiation of a firm, and thus the basis of the adopted positioning strategy, will ultimately be one of three or four generically defined strategies: being low-cost producers, being technology leaders or having highly differentiated goods. According to the author, only by adopting one of these strategies will a firm be able to “sustain long-term competitive advantage and profits”. In fact, Soberman states that, since differentiation is the way for a firm to obtain advantage with the group of customers with preference for its product, undifferentiated firms will eventually find their market’s nature reduced to marginal cost competition, battling uniquely based on price. Therefore, positioning assumes a strategic role in the development of any company, as it is one of the dominant factors over the development of customers’ perceptions and their choices (Aaker and Shansby, 1982).

Considering the retailing environment, Chernev (2007) refers two strategies: a specialized and an all-in-one strategy, which emphasizes multiple attributes. The author states that “when consumers who expect options in a given choice set to be comparable in terms of their overall performance are presented with a choice set in which the all-in-one option appears to dominate others, they are likely to draw compensatory influences” - therefore they will probably devalue the all-in-one option. Simultaneously, it needs to be considered that while specialized products

will receive extra valuation in terms of differentiating attributes, they will be devalued in secondary attributes.

More generally, according to Smith and Lusch (1967), in retail environments bursting with products with little differentiation and lack of unique selling propositions, brands in the consumers' consideration set are expected to be more quality homogeneous. Brand image works as the differentiating attribute, representing a symbolic connection for the consumers (Ballantyne et al, 2006). Having this in mind, one must consider that the main source of information for consumers' inferences is advertising in mass media (Soberman, 2003).

A clear positioning strategy is the basis of an integrated and consistent marketing program (Aaker and Shansby, 1982), since consumers' reactions to marketing programs and promotional offers are the result of the extent to which these activities "fit preferences of target customers better than the typical customer in the population" (Kivetz and Simonson, 2003). Several activities can be implemented to position a brand in the market and these include the use of public relations, sales promotions and advertising, among others (Blankson et al, 2008; Burton and Easingwood, 2006; Hooley, Mouer, and Broderick, 1998; Porter 1996).

Product Extensions in a Retailing Environment

Brand strength is positively correlated to the success and resulting market performance of brand extensions (Smith and Park, 1992). Blichfeldt (2005) states that "most manufacturers of consumers' nondurables rely on strong brands to increase retailers' and consumers' acceptance of new products. As a result, they introduce most new products by means of well-established brands in order to increase success rates."

Extensions are becoming increasingly popular due to lower costs of introduction and the improvement of success odds after launch, since the brands are already recognized by consumers (Lee, Lee and Kamakura, 1996; Collins-Dodd and Louviere, 1999; Tauber, 1988). Line extensions, or the use of established brands in new product offerings in the same product class or category, implies that the extension and the parent brand differ in relatively minor ways. Brand extensions, on their turn, imply stretching an established brand into a different product class (Aaker and Keller, 1990; Tauber, 1981).

Rahman and Areni (2014) set a strategic framework for new products' branding, based on the product category fit and on the brand positioning congruity between the parent and the extension brand. According to the authors, there are three possible strategies that go from

creating a sub-brand strongly associated with the parent brand to creating a completely distinct sub-brand.

Drivers for Extension Success

The viability of line extensions largely depends on how consumers perceive their new features and on the fit between parent brand and extension, both of which will ultimately have an impact on consumer evaluations (Lee, Lee and Kamakura, 1996; Aaker and Keller, 1990; Boush and Loken, 1991; Park, Milberg and Lawson, 1991). This requires that firms make sure they address features that match the parent brand's image – hence it is crucial that firms understand consumers' brand perceptions, rather than simply relying on the strength of brand reputation (Lee, Lee and Kamakura, 1996). Firms must understand which attributes the consumers value, given that these are often distinguishable, unique but irrelevant (Carpenter, Glazer and Nakamoto, 1994).

According to Volckner and Sattler (2006), there are five essential drivers of brand extension success: fit between parent brand and extension product, marketing support, retailer acceptance, parent brand conviction and parent brand experience.

Considering line extensions, Reddy, Holak and Bhat (1994) suggest three major influences of success: the characteristics of the extension's firm, of the extension's parent brand and of the extension itself. Ultimately line extensions' success can be operationalized in factors such as the extension's profitability (Buzzel, Gale and Sultan, 1975), the market share in the product category (Cook, 1985) and the relative share of the extension when compared to its most relevant competitor (Hambrick, Macmillan and Day, 1983). Parent brand characteristics, like strength and symbolic value, can also be strong indicatives of success, since symbolic brands enjoy greater market success than others and extensions of strong brands are generally more successful than those of weak brands (Reddy, Holak and Bhat, 1994).

Fyeongheui, Park, and Kim (2014) have recently drawn new inferences about success drivers, concluding that brand relationship quality has a positive effect in terms of extension evaluation, especially when there is fit / attribute incongruence between extension and parent brand.

To address the major drivers of extension success, marketing activities are crucial, since consumer knowledge about product categories positively influences consumer evaluations (Muthukrishnan and Weitz, 1991). Repeated exposure to extensions' advertising may increase the salience of crucial brand associations that help customers create opinions about extension

features and benefits (Volckner and Sattler, 2006; Lane, 2000). Moreover, line extensions are launched to leverage on awareness of associations with the parent brand (Aaker and Keller, 1990; Smith and Park, 1992) and, as a result, when extensions receive strong advertising and promotional support, they are naturally more successful (Reddy, Holak and Bhat, 1994). Additionally, advertising ultimately leads demand and therefore should have a positive effect on retailers' decisions, coping with one of the drivers for success: retailer acceptance (Volckner and Sattler, 2006).

Dens and De Pelmacker (2010) argue that, particularly when it comes to low involvement categories and when the advertising is informative of the extension, the advertisements are far more relevant to success than parent brand quality and fit. This is critical, bearing in mind Ries and Trout's (1986) conclusions on the fact that extensions may turn into a ruinous factor for brands if they are not well managed, making it possible to alter a brand's positioning in the consumers' minds.

Extensions' impact in parent brands

Brand extensions tend to be more efficient and to capture greater market share than individual brands (Sullivan and Park, 1992), but nonetheless there are significant failure rates in many fast-moving consumer goods (Volckner and Sattler, 2006). In reality, though the extent is not entirely known, an unsuccessful product extension will most likely affect the parent brand in a severe manner (Tauber, 1981).

It has been proven that firms' profitability (Draganska and Jain, 2005) and brand positioning (Horsky and Nelson, 1992) along with relationship equity of the brand (Dwivedi and Merrilees, 2013) are some of the factors that are influenced by extensions. Jiang et al (2002) referred that brand extensions have the ability to promote customer retention, which further on implies potential impact in relationship equity. It is therefore important to address brand building and relationship building issues before introducing brand extensions, being critical the development of consumer attitudes towards the extension by closing the fit between parent brand and extension (Dwivedi and Merrilees, 2013).

Integrated Marketing Communication (IMC) as a Strategic Capability

“IMC is a process, not a program.” (Schultz, 1994)

Marketing communications allows firms to dialogue with their customers and provides the means for developing strong customer-based BE (Keller, 2001; 2003). On its turn, customer-based BE comes from the familiarity that customers have with the brand (Duncan and Moriarty, 1998) and their favorable inferences about it (Keller, 1993).

The term IMC gained fluency in 1980 (Schultz et al, 1993) and it was early on recognized as a way to gain competitive advantage (Eagle and Kitchen, 2000). Duncan (2002) defined IMC as a way of improving the management of the growing range of marketing communications hypothesis. Naik and Raman (2003), emphasized the benefits that IMC brings in terms of synergies across multiple media and that allow building BE. By 2004, IMC had evolved from being merely a communication process to being the integration and management of marketing communications throughout the firm in a way that allows the achievement of strategic objectives (Kitchen et al, 2004; Zahay et al, 2004). Schultz (2004) defined IMC strategy as the processes that lead to a coordinated, measurable and effective brand communications program, focused primarily in the continuous relationship with customers and any other crucial stakeholders. IMC has therefore the potential to improve the effectiveness of a firm’s portfolio and is consequently a potential influencer of BE (Madhavarani, Badrinarayanan and McDonald, 2005). In the words of Reid, Luxton and Mavondo (2005), the “power of IMC is said to counter a range of changes in the marketing communication environment that are having an impact on the ability of companies to attract, retain and leverage customers”.

Benefits for brands in crowded markets

In crowded markets, IMC plays a strategic role by focusing in constructing relationships with every stakeholder through the creation of positive perceptions, attitudes and behaviors towards brands (Duncan and Moriarty, 1997; Keller, 2001).

The use of synergies between channels supports the process of building BE (Naik and Raman, 2003). In fact, higher levels of visual consistency employed across multiple media may stimulate consumer attitude, which positively affects brand attitude measures and generates desirable customer responses (Carlson, Gove and Dorsch, 2003; Edell and Keller, 1989). According to Madhavarani, Badrinarayanan and McDonald (2005), the more synergistic and effective an IMC program is, the higher the generated BE. By combining the effect of different

channels in a more consistent and effective brand stimuli, the share of mind of a brand is increased and consumers can recall it more easily in purchase occasions due to a stronger image trace (Ehrenberg et al, 2002; Schultz, 1996; Schultz et al, 1993).

For firms competing in intense markets, strategically integrating marketing communications to maximize effects can be advantageous (Low, 2000; Reid, 2005) and firms should therefore start by focusing efforts in defining and developing a strong brand identity, which is then embedded in the organization and latter in an IMC program (Madhavarani, Badrinarayanan and McDonald, 2005). Additionally, as firms develop expertise in IMC programs, they are likely to feel that competition and response to competitors’ marketing efforts is eased (Low, 2000).

Developing a successful IMC program

IMC is a holistic process: its strategic dimension considers the cultural learning necessities for positioning brands successfully over time, while its tactical dimension has to do with the actual application of a program (Reid, Luxton and Mavondo, 2005).

Strategic Dimension	Tactical Dimension
1) Planning driven by performance and outcomes; 2) Adoption of an “outside-in” approach focused on customer relations and response to their needs; 3) All messages must be strategically consistent; 4) Needs a cross-functional integration and the will to change policies; 5) Requires resource commitment	1) Campaign-level consistency; 2) Campaign-level clarity; 3) Campaign-level coordination.

Figure 1: IMC Dimensions (Adapted from Reid, Luxton and Mavondo, 2005)

The application of an IMC program requires that all personnel working in functional areas work consistently and cooperatively, knowing that every message sent by them will ultimately have an impact in customers – this requires that all strategic and tactical decisions are interdivisional (Smith, 1996). To do so, all aspects of a brand’s communication with a consumer must be considered and the firm must go beyond simple conventional methods like advertising and sales promotions (Schultz et al, 1993; Duncan 1994, 2002; Stewart, 1996; Schultz, 2000).

Effects and measurement of results

It is possible to strengthen brand relationships with the consumers by showing them how the brand fits their self-concept (McGrath, 2005). IMC can consequently be considered a tool that

helps brands in building effective and efficient relationships with their target markets by focusing closely on them and in fostering more opportunities for interaction (Schultz et al, 1993). Hence, it can help firms achieve superior financial performance, which results from higher BE (Madhavarani, Badrinarayanan and McDonald, 2005). One of IMC’s most desirable outcomes is differentiation, which may generate brands less vulnerable to competition (Rust et al, 2004).

As stated by Luxton, Reid and Mavondo (2015) the most proximal effect of IMC is campaign effectiveness. Through campaign effectiveness and brand market performance improvement, IMC ultimately leads to improvement of brand financial performance. Their conceptual model is based on



Figure 2: Relationship between IMC and Brand Financial Performance (Adapted from Luxton, Reid and Mavondo, 2015)

Reid’s (2005) finding that when firms practice a more integrated approach to marketing communication as part of their marketing strategy, they will ultimately have better brand performance and consequently better financial performance - through brand awareness, brand recognition, increase of market share and financial results. In fact, they conclude that “the influence of a firm’s IMC capability on financial performance is felt through the capability of the firm to develop and execute communication campaigns and through the subsequent market-based performance of the brand.” They also conclude that, by building BE, firms are able to achieve a positional advantage in the market, leveraging this position to improve financial results.

The measurement of an IMC program's return is a controversial theme. In fact, as stated by Stewart (2009) "marketing does not lack measures. Marketing has many, many measures. Standard measures are what marketing lacks." According to the same author, standard measures are what allows the improvement of the program over time and therefore every marketing action should be linked to one identifiable outcome metric. There

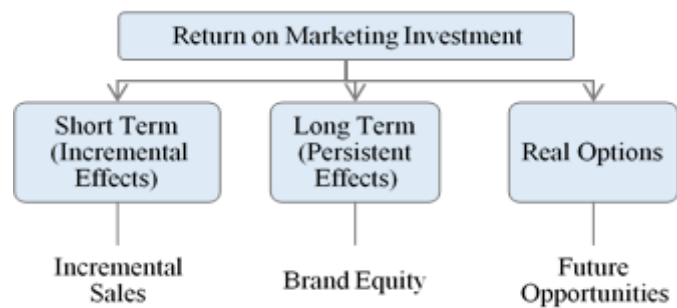


Figure 3: Types of Return on Marketing Investment
(Adapted from Stewart, 2009)

are several metrics that can be put in place, which include ROI (Ambler et. Al, 2002; Kitchen and Schultz, 2001), Return On Touch Point Investment (Schultz, Cole and Bailey, 2003) or improvement in brand and customer equity (Duncan and Mulhern, 2004; Hutton, 1996; Keller, 1993). Still, there is a basic logic that can be applied, dividing returns in short term, long term and real options (Stewart, 2009).

All in all, to effectively apply the IMC concept, firms need to coordinate and consistently integrate the brand message across each and every element of the marketing mix (McGrath, 2005). According to Pickton and Hartley (1998), "to be implemented, IMC requires the involvement of the whole organization and its agents from the chief executive downward. It needs consideration from the highest corporate strategic level down to the day-to-day implementation of individual tactical activity".

3 Friskies Case Study

In 2014, Purina was the retail leader in the PPFM. The global PCM had been growing consistently, with an increase of 10% forecasted between 2010 and 2015. In the PPFM, dog food (DF) represented 54% of a national market comprised of 184 million euros.

Friskies was Purina's main brand in terms of sales and led high value categories such as dry cat food (DCF) and DDF. Although the brand occupied a prominent place in the PPFM, it was falling behind in other categories such as humid dog food (HDF) and DS. Comparatively speaking, it was also in a far better position when it came to the CSEG, where the brand undoubtedly occupied the leading place.

Due to pet's humanization, one specific category had been identified as extremely promising: DS. Pet owners were becoming more attentive and concerned about their pets and were spending increasingly more in order to guarantee their well-being – this symbolized an important opportunity that could not be missed. The DS category was led by Mars' Pedigree, which occupied a far better position than any other competitor. With several types of DS offers, Friskies was clearly missing on an important opportunity.

During the year of 2014, Friskies had registered decreasing results in the DSEG. An important question arise: would the improvement of Friskies' DCS benefit its results? It was crucial to understand how to best develop the brand's communication and which strategies should be selected to do so.

Nestlé

Nestlé is a Swiss multinational food and beverage company, one of the largest ones in the world. It's history started in 1866, when Henri Nestlé, Swiss, founded the Farina Lactée Henri Nestlé. Later, in 1905, the merger between Farine Lactée Henri Nestlé and the Anglo-Swiss Milk Company originated Nestlé.

The company grew significantly in the 20th century, especially during war time. During the First World War, it was able to expand its offers beyond simple condensed milk and infant formula products to dairy products. By the end of the war, thanks to government contracts, it had more than doubled production.

At the end of the Second World War, Nestlé entered a quite dynamic stage, marked with accelerating growth and several acquisitions. Its first merger was in 1947 with Maggi and many

more followed, especially focused in human nutrition. The diversification intent was made clear after 1970, when Nestlé decided to make business in the cosmetic industry, through a participation in L'Oréal, and in the pharmaceutical industry, by acquiring Alcon. By the end of the 1980s, the company had acquired brands such as Friskies, Smarties, Kit Kat and Aero, among others.

By 2014, the company's business englobed all continents, with revenues distributed worldwide (Exhibit 3.1). With total sales of around 88.1 billion euros, Nestlé operated in 197 countries and counted 339 000 employees. Its top 10 markets were the United States, Greater China Region, France, Brazil, Germany, UK, Mexico, Philippines, Italy and Canada.

The company was present in six product categories (Exhibit 3.2), being Powdered and Liquid Beverages the one with the biggest influence in the company.

Mainly worried about nutrition, Nestlé stood by the moto "Good Food, Good Life", promising the consumers the promotion of a healthy lifestyle - every day, everywhere, every time.

Nestlé in Portugal

Nestlé's history in Portugal dates back to 1923. The 'Fundação da Sociedade de Productos Lácteos' (FSPL) was created in Aveiro and held the first Portuguese factory of simple powder milk – this factory would be the embryo of Nestlé Portugal. Ten years later, the FSPL became Nestlé's representative in Portugal, having exclusive manufacturing and selling power in the country. It was the beginning of the company's expansion in Portugal. In 1973, FSPL adopted the name 'Nestlé Produtos Alimentares' and by 1978 the firm was representing well-known brands such as Nescafé and Maggy.

Its Portuguese brand portfolio englobed several categories: cereal, beverages, coffee, chocolates, culinary products, ice-creams, yogurts, clinical nutrition, infant nutrition, pet food, professional products and deserts. The company represented brands such as Nesquik, Nespresso, Chocapic, Kit Kat, Buitoni, Cerelac and Purina, among others.

The Pet Care Market¹

By 2014, the Global PCM was expected to achieve a total value of 76.6 billion euros, in a growth cycle across all product categories that resulted in a 3.8% growth when compared to the previous year (Exhibit 3.3). By 2010, Americas accounted for 48% of the market, Europe for 36% and Asia Pacific for 15%. This approximate division was expected to be kept in 2014, with Latin America being the region with the highest growth rate and Western Europe maintaining its growth when compared to the previous year (Exhibit 3.4).

The European PCM was expected to achieve a total of 24 billion euros in 2014 (Exhibit 3.5). The main countries contributing for overall sales were France, Germany, UK and Italy. Considering distribution, the European PCM was mainly focused in supermarkets and hypermarkets – which in 2012 comprised 59% of the market, leaving about 30% of the market to specialist retailers. The market was also fairly fragmented, with around 50% being held by the top 3 players: Nestlé, Procter & Gamble and Mars. These three companies were global players, investing heavily in product innovation and in widening brand portfolios.

The Evolution of Cat & Dog Care

Dog care was the largest segment of global PC, accounting for around 36% of the market in 2010. On its turn, in the same year cat care was responsible for approximately 34% of sales. Although both segments were growing fairly, DF and dog treats were two of the categories with the most relevant results (Exhibit 3.6) and were expected to keep on being so.

In Europe, PC expansion was based in a steady sales growth across all product categories – still, this growth was expected to decline. By 2010, European cat care was the major category, accounting for 44% of the market, in comparison to dog care representing 37% (Exhibit 3.7). Still, the weight of dog care had been increasing for the last few years, assuming values more alike with global PC. With a 7% share difference in 2010, the two segments kept on growing with main focus in premium products.

¹ The PCM is considered to be retail sales of cat care, dog care, other PC and healthcare products. As substitutes, one may consider frozen, fresh or refrigerated food, made with fresh ingredients or homemade.

Trends

For a few years then, some major tendencies had been emerging in the PCM, but one served as basis for all others: pet's humanization. In a 2004 study conducted across the USA, more than 80% of pet owners considered themselves as parents, up from 55% in 1996.

The increasing urbanization and the recent financial crisis had led to smaller families, which in turn led people to see pets as “substitutes” for children. These represented big financial investments and the trend kept increasing in relevance worldwide.

Along with humanizing pets, pet owners began trading up to premium products. By 2014, the premium food category was the one predicted to grow the most and at highest rates in the future. Premium meant not only the rise of gourmet, but also the appearance of some niches seeking for, for example, raw food or fruity and exotic food.

Humanization also meant the application of human health lessons to pets. In fact, trends in human nutrition were the drivers for trends in PC, since people began recognizing benefits of special health for themselves and wanted to give the best possible treatment to their pets as well. A 2012 survey indicated that, by then, 43% of dog owners and 36% of cat owners purchased some type of specialty nutritional formula for their pets. When considering this trend, “aging” was identified as the core driver. Pet owners therefore began examining more attentively the nutrition labels and their purchases started reflecting their own healthier preferences. Concerns were starting to overlap between species and increased understanding helped to boost the PCM. This meant an increase demand of grain free and therapeutic diets, ingredients common to human diets.

Urbanization also meant increasing popularization of smaller dog breeds. This translated into growing importance of products aimed at specific types of animals, with natural ingredients proper to increase longevity and health of the pets' breed. Multi-functional food was also an increasing trend, with owners seeking for the most complete diet for their pets.

Moreover, consumers were concerned about the safety of the products given to their pets, appreciating eco products, tested purity and safety.

Pet Food in Portugal

The PPFM was worth 184.2 million euros in 2014. Of these, 54.1% were from dog care and 45.9% from cat care. From 2013 to 2014, along with the rest of the world, the PPFM grew in sales, more specifically a total of 0.6%.

	Million €			Share Pet Food	2014 Share Category
	2013	2014	Δ		
Pet Food	183,1	184,2	0,6%	100,0%	
Dog	99,1	99,7	0,6%	54,1%	
Dry Food	71,2	70,1	-1,6%	38,1%	70,3%
Humid Food	15,1	15,6	3,1%	8,5%	15,6%
Snacks	12,6	14	9,8%	7,6%	14,0%
Cat	83,9	84,5	0,7%	45,9%	
Dry Food	44,9	44,5	-1,0%	24,2%	52,7%
Humid Food	35,9	36,3	1,0%	19,7%	43,0%
Snacks	2,9	3,6	20,8%	2,0%	4,3%

Figure 4: PPFM Overlook 2013 – 2014

Dry food was the category with the biggest weight, whether in CSEG or DSEG. Still, its value had decreased when compared to the previous year. While humid food was the second more valuable category for the CSEG, it was growing fairly in the DSEG as well. Snacks, on the other hand, represented the second highest percentage of dog sales.

By 2014, the PPFM had several competitors with relatively small shares and two important ones which together accounted for 42.4% of the market: Purina (Nestlé) and Mars (Exhibit 3.8).

Major Players

Purina

Purina was Nestlé's PC brand and englobed a large portfolio of sub-brands (Exhibit 3.9) sold in several distribution channels and with different final purposes.

Having a 29.1% share of the PPFM, Purina's sales were mostly from cat food (CF) (66% versus 33% from DF). Although the portfolio counted primarily on cat care brands, Friskies – a cat and dog brand - was the major contributor in terms of overall sales, representing 60% of Purina's total sales.

In 2014, Purina was mainly focused in brain health. According to the upcoming trends, the company prioritized the need for good nutrition and addressed issues such as cognitive decline in pets by using research techniques focused on adding nutritional enhancements to pet food.

Mars

In 1981, Mars was founded and began doing business in the candy/chocolate industry. 41 years later, the company started making business in Europe and three years after this, it entered the PC business. By 2014, Mars presented itself as the worldwide PC and confectionery leader, with well-known brands such Twix, M&M's, Royal Canin, Pedigree, Whiskas, Skittles, Orbit and Uncle Ben's. Mars' business extended into more than 180 countries – all while still being a private-owned family business.

Mars Portugal was established in 1990 and by 2014 the company had more than 70 associates in its four business segments: Confectionary, PC, Food and Gum.

In terms of the PPFM, in 2014 Mars held a 13.3% share, which had decreased from the year before (Exhibit 3.8). Its brand portfolio included several brands, especially in the CSEG, with different final purposes and selling channels (Exhibit 3.10). Pedigree and Whiskas assumed a prominent role in the company's sales in the PPFM, with Pedigree representing 98.5% of the company's dog sales and Whiskas assuming 87.1% of the company's cat sales.

Mars PC focused in seeking sustainability when selecting ingredients for pet food, making sure that nutritional needs were being met and always at the core of its pet food production.

Private Labels and Other Brands

Although the PPFM had two major players, other brands held a significant share of the market (Exhibit 3.8). Counting 57.6% of the total PPFM, private labels and other brands had been increasing in share (about 2% from the previous year).

The importance of these brands was especially noticeable in DF, with other brands accounting for 70% of dry food, 82.5% of humid food and 51.3% of snacks. All these percentages had increased from the previous year.

Among these brands, some were prominent, like Advance and Ultima (from Affinity) with combined 3.4% share of the market, Private Labels held 37.2% of the market and had grown 1.6% in share from 2013 to 2014.

Friskies

Friskies is a cat and dog brand, sold at hypermarkets and supermarkets. In 2014, its dog sales represented 81.4% of total dog sales from Purina. Friskies’ cat sales, on the contrary, had lower weight, accounting for 49.5% of total cat sales. Friskies accounted total sales of 32.2 million, 56% of which from CF (Exhibit 3.11).

Segmentation

Friskies segmentation was made based on the type of pet owned (TPO). Although both segments had several variables in common, there were still some differences among them.

Dog Segment	Cat Segment
- Women & men >35 years old	- Women >35 years old
- Middle class	- Middle class
- Sociable, easy going	- Sociable, easy going
- Little time for shopping: quick and easy choices. Choose brands they know and trust	- Little time for shopping: simple choices. Choose brands they know and trust
- Dog complements the family	- Cat is part of the family, but still a cat
- Objective: the dog must like it and it has to be trustable	- Objective: nutritional quality, but the flavor is important

Figure 5: Friskies’ Segmentation

Positioning

The brand promised to deliver flavorful products, a 100% balanced and complete nutrition, high quality ingredients, an experienced team and health, vitality and joy for the pet. It positioned itself as retail premium.

More specifically, Friskies positioning was “nutrition easy to understand, full of flavor, which promotes physical and emotional well-being to cats and dogs, every day, their entire life”. The brand seek to allow pets to be happy and true to their nature.

Product Offers

Friskies was present in several food categories (Exhibit 3.12).

In the DSEG, the brand offered three types of food: DDF, DHF and DS. In the DDF category, Friskies had 8 types of offers, which were related to the type of animal (Maxi, Mini), type of

diet needed (Digestion, Light, Omega), pet's life stage (Junior, Adult) and the preferences of the animal (Soft). Moreover, in terms of HDF, Friskies offered two types of products, aimed at single or multiple consumption. Friskies' DS were divided in three categories, which had different purposes: spoil, care or occupy (Exhibit 3.13).

Considering the CSEG, Friskies did not cover the snack category. In terms of the dry food category, it offered multiple hypothesis to its customers, related to the type of diet needed (Interior, Hairball, Sterile), to the pet's life stage (Junior, Adult) and to the preferences of the pet (Crunchy & Tender).

The brand had a total of 9 types of DDF, 3 DHF, 13 DS, 10 types of DCF and 2 of humid CF.

Marketing Activities

Friskies marketing activities differed between segments. In terms of the PPFM, the brand had a website uniquely directed at the CSEG (Exhibit 3.14) and no social media profile.

Cats

In terms of cats, the brand bet strongly in marketing support (Exhibit 3.15). Furthermore it had a website designed uniquely for the CSEG, which featured information about the brand, the cat product range, games, photographs for downloading and advice on how to take care of a cat pet.

In terms of marketing activities, Friskies bet mainly in POS and Online Campaigns and, throughout the year, launched a total of six activities: the "Let the Sunshine In" buzz campaign, Crunchy & Tender and the Kitten Campaign, two trial campaigns related to special needs cats and two promotions. It also launched the "most trusted brand award" campaign.

Dogs

Considering the DSEG, Friskies' marketing support was quite scarce (Exhibit 3.16). Betting mostly in trial campaigns, the brand organized four of them during 2014, each one featuring different types of dry food. Nonetheless, these were irregular and not supported by any other type of communication. During this year, the brand diminished sales in terms of DDF and DS.

A category on the rise: Dog Snacks

In 2014 snacks were identified as a category in strong growth. Due to pet's humanization, pet owners were changing their mentality to "my pet deserves the same as I do", and therefore were willing to spend more in additional treats to care for their "family members".

The DS Market

Million €					
	2013	2014	Δ	% share 2013	% share 2014
Friskies	1,6	1,5	-4,8%	12,7%	10,9%
Pedigree	5,2	5,3	2,1%	38,2%	35,7%
Affinity	0,1	0,2	60,6%	1,0%	1,5%
Delibakie	0,0	0,1		0,0%	0,6%
Other Brands	5,7	6,9	20,7%	48,1%	51,3%
	12,6	14,0		100,0%	100,0%

Figure 6: DS Market Overlook

In 2014, the DS category was led by Pedigree with almost 36% share of the market. Although the brand had diminished its market share from the previous year, it was able to increase sales by 2.1% and was still on the leading position. Friskies followed, with 10.9% share, decreasing sales and share from the previous year. The rest of the category was divided between Affinity, Delibakie (from Purina) and other brands – all of which had increased sales and shares.

In terms of the buying process, three very important moments had been identified: the process that lead to the purchase desire (DESIRE), the purchase moment itself (DECISION), and the experience after purchase (DELIGHT).

The Three Basic Needs – DESIRE

Snacks purchases were grounded in three basic needs. The profile of the customers was identified and addressed in product offers.

Indulgence	Health	Occupation
No planning.	Tries to prevent health issues,	Irregular buying. The "value"
Buyers to:	buys a trusting brand.	matters.
- Show passion	Buyers to:	Buyers to:
- Reward	- Take care of their dog	- Keep the dog busy
- Spoil	- Do the right thing	- Entertain him
- Share Moments	- Provide health benefits	

Figure 7: Snacks – Three Basic Needs

Reaching the Right Segment – DECISION

Two specific segments were identified for this category: Impulse Spoilers and Little & Often Enthusiasts. While it was understood that both segments were guided by impulse, they were both also influenced in the store itself and by the product range and novelties.

	Impulse Spoilers	Little & Often Enthusiasts
Where	Hyper and Supermarkets (part of regular shopping).	Supermarkets and convenience stores.
What	Looks for PC products and focuses in snacks.	Looks for different alternatives, new products. Snacks must correspond to their pets' specifications.
When	Less emphasis on the budget Influenced in the store.	Influenced in the store by new offers, promotions and information.
How	Chooses products from wide product ranges, not planned.	Spends time searching and values reputation and stores' environment.

Figure 8: Snacks Segmentation

Major Competing Offers

Friskies

Aware of the importance of this category, Friskies had developed its own array of choices. Although Friskies was not present in this category in the CSEG, its importance was understood and applied in product development in terms of the DSEG. The DS were developed in sub categories according to the three identified needs: pamper, care and occupy (Exhibit 3.13).

Friskies presented its snacks as nutritive rewards, where flavor and amusement played an important part. These were also shown as a way to celebrate with pets and play with them, improving the owner-pet relationship. Friskies had no specific communication strategy for the snack category.

Pedigree

Pedigree had a fairly developed product range in the DDF, HDF and DS categories. It was divided in Junior, Adult, Senior, Light, Snacks and “Better by nature” categories. Dividing its snack range in two different categories – health & well-being and pampering moments - the brand had four different types of snacks (Exhibits 3.17 and 3.18).

The brand bet strongly in marketing by engaging with customers through its website and social media (Exhibit 3.19). Pedigree presented itself as a “helper” in pets’ education – giving advice, putting customers in contact with experts and introducing the brand as a tool for customers to know their pets in a deeper way and to care for them better. It also engaged strongly with its customers, using social networks like Facebook to share posts, promote events or give discount coupons to customers. The brand applied this philosophy in every product and not just in the snacks category. Still, it bet strongly in snacks’ sub-branding, having a specific website for snacks and prioritizing this category in the brands’ communication (Exhibit 3.20).

The Challenge

In 2014, Friskies had a strong market position, leading two major categories – CDF and DDF. Although the brand was included in the portfolio of the major Portuguese PC player, it was not leader in any other category and was apparently losing opportunities for progress in the DSEG, not capitalizing in its product development.

While Pedigree lead in terms of DHF (10.8% share) and DS (35.7% share), private labels and other brands were gaining share at a fast pace in DS (20.7% sales growth from 2013 to 2014) (Exhibit 3.21).

Mostly in terms of DS - the most promising category in the market - Friskies had developed its product offering, but was still second in terms of market share and was forecasted to continue decreasing share. Several factors could be pointed out as a cause for this matter, but there was one issue which could easily be identified: in the segment where Friskies bet in terms of marketing (cat care), its share was significantly superior in every category. Furthermore, Pedigree bet strongly in promoting the DS and creating a sub brand – and it was the current unequivocal category leader.

Strategically speaking, although Purina had as strong points a solid support from the parent company and an extensive brand portfolio, its product recall was low². In a market counting with increasing spending, overall growth and increasing levels of ageing problems among pets, the intensified competition and lack of coping with competitors’ activities could lead to declining sales for Friskies.

² Source: MarketLine, “Nestle Purina Pet Care Company” from September 19th, 2014

The pressure was growing: the PCM was forecasted for worldwide growth, with dog care representing a larger share, but Friskies communication was focused in cat care. Furthermore, pet's humanization created great opportunities for the brand to capitalize its product development. It was therefore crucial to understand which communication strategies could be adopted and how the DSEG could evolve due to that.

Case Study Exhibits

Exhibit 3.1: Nestlé Worldwide Sales by Geographic Region (in billion euros)

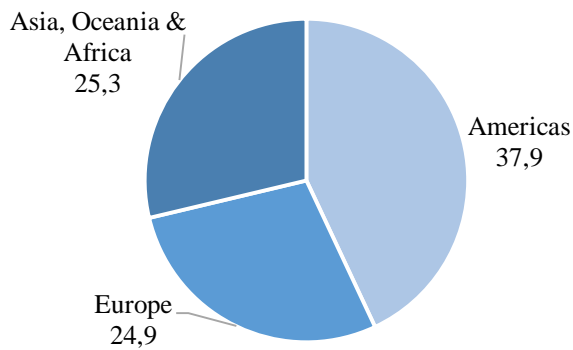


Exhibit 3.2: Nestlé Global Sales by Category (% share)

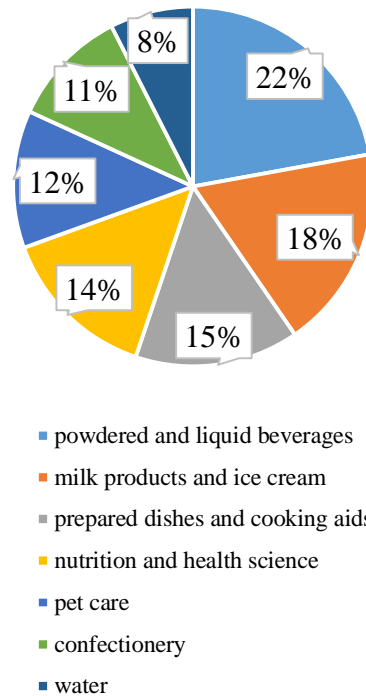


Exhibit 3.3: Global PCM growth

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
€ billion	51,2	53,3	55,8	58,1	61,5	63	65,5	68	70,6	73,1
% growth		4,00%	4,60%	4,30%	4,10%	4,10%	4,00%	3,90%	3,80%	3,60%

Exhibit 3.4: Global PCM Growth by Region (2013-2014)

Region	2013	2014
Middle East and Africa	3,7%	3,3%
Asia Pacific	2,7%	2,6%
North America	2,0%	1,1%
Western Europe	1,0%	1,0%
Australasia	1,8%	0,8%
Latin America	7,6%	12,0%
Eastern Europe	6,5%	5,0%

Exhibit 3.5: European PCM Growth (2006-2015)

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
€ billion	18,2	18,8	19,5	20,2	20,9	21,5	22,3	23,0	23,6	24,4
% growth		3,6%	3,7%	3,4%	3,4%	3,3%	3,3%	3,2%	3,2%	3,0%

Exhibit 3.6: Global PCM Value per Product Category (2009 vs 2014)

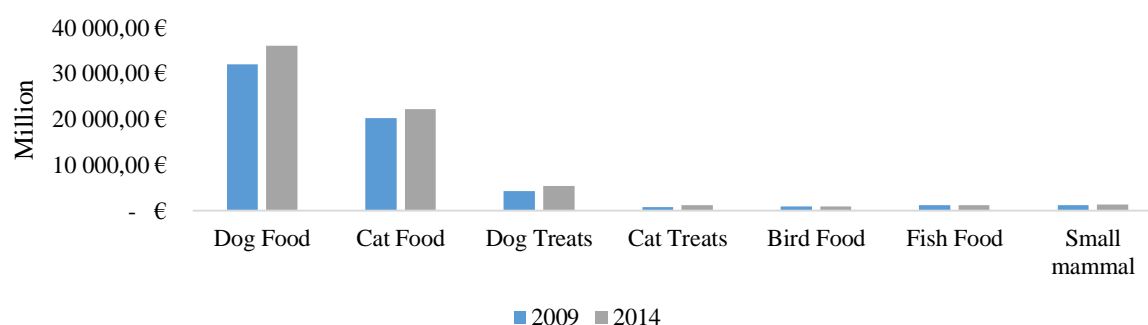


Exhibit 3.7: European PCM Category Segmentation (2006-2010) in € billion and % share

Category	2006	2007	2008	2009	2010
Cat care	9.33	9.66	10.00	10.34	10.68
	44.2%	44.2%	44.2%	44.1%	44.1%
Dog care	7.88	8.12	8.44	8.75	9.06
	37.1%	37.2%	37.2%	37.3%	37.4%
Pet healthcare	2.69	2.78	2.88	2.97	3.06
	12.7%	12.7%	12.7%	12.7%	12.6%
Other Pet Care	1.25	1.29	1.34	1.38	1.40
	5.9%	5.9%	5.9%	5.9%	5.8%
Total	21.15	21.85	22.66	23.44	24.22

Exhibit 3.8: PPFM 2014 Overlook

	Total	Purina			Mars			Other Companies		
	Million €	Million €	Share	Δ	Million €	Share	Δ	Million €	Share	Δ
PetFood	184,2	53,6	29,1%	3,0%	24,5	13,3%	-9,5%	106,1	57,6%	2,0%
Dog	99,7	17,9	18,0%	1,9%	13,0	13,0%	-7,7%	68,8	69,0%	2,0%
Cat	84,5	35,5	42,0%	3,6%	11,5	13,6%	-11,5%	37,5	44,4%	2,3%

Exhibit 3.9: Purina Brand Portfolio

Brand Portfolio					
Cat & Dog	Friskies	Dog	Dog Chow	Cat	Cat Chow
	Pro Plan		Purina One “My Dog Is...”		Felix
	Purina One		Delibakie		Gourmet Tidy Cats

Exhibit 3.10: Mars Pet Care Brand Portfolio

Brand Portfolio					
Cat & Dog	Royal Canin	Dog	Cesar	Cat	Whiskas
			Frolic		Perfect Fit
			Pedigree		Catisfactions
					Cat San
					Sheba

Exhibit 3.11: Friskies' Overlook by Pet Segment

Million €					
DOG FOOD	2013	2014	Δ	% share 2013	% share 2014
Friskies	14,7	14,6	-0,5%	14,8%	14,6%
Pedigree	13,7	12,8	-6,8%	9,3%	8,2%
Other Brands	70,7	72,3	2,3%	75,9%	77,2%

Million €					
CAT FOOD	2013	2014	Δ	% share 2013	% share 2014
Friskies	17,8	17,6	-1,1%	21,2%	20,8%
Whiskas	9,0	10,0	11,1%	10,7%	11,8%
Other Brands	57,1	56,9	-0,4%	68,1%	67,4%

Exhibit 3.12: Friskies Product Categories Division

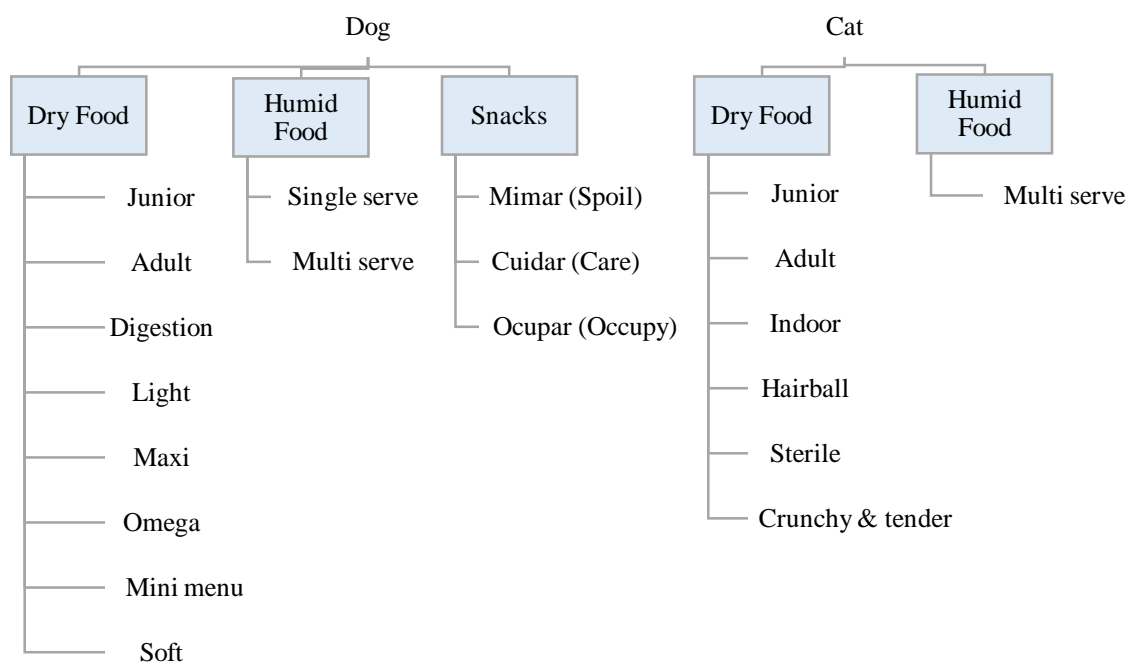


Exhibit 3.13: Friskies Dog Snacks Product Range



Exhibit 3.14: Friskies' Portuguese website



Exhibit 3.15: 2014 Cat Marketing Plan

Tactics	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
"Let the Sunshine In"												
Buzz												
Pos												
Online Campaign												
Crunchy & Tender												
Media/online couponing												
Pos and couponing												
Special needs trial (Indoor & Sterile Cat)												
Kitten Campaign												
Most Trusted Brand Award												
2kg promo												

Exhibit 3.16: Friskies' 2014 dog marketing plan

Tactics	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Mini Trial Campaign					█							
Mini Soft Trial Campaign			█							█		
Omega Trial Campaign		█								█		
Junior Trial Campaign	█											
Most Trusted Brands / Sponsorship					█							

Exhibit 3.17: Pedigree's Snack Product Offers



HEALTH & WELL-BEING

PAMPERING MOMENTS

Exhibit 3.18: Pedigree's Snack Range

Name	Objective	Promise
Dentastix	Oral Hygiene	<i>Removes up to 80% of tartar and bacterial plaque from your dog's mouth.</i>
Agility Care	Joints	<i>If your best friend is not as energetic as before, try Agility Care and notice how he gets his joy back in just six weeks.</i>
Snacks	Reward	<i>Enriched with Omega 3, vitamins and minerals.</i>
Jumbone	Entertain	<i>With a delicious flavor and low fat, Jumbone is the ideal solution for entertaining your dog in the healthier and flavorful way possible.</i>

Exhibit 3.19: Pedigree’s Main Website and Facebook Post

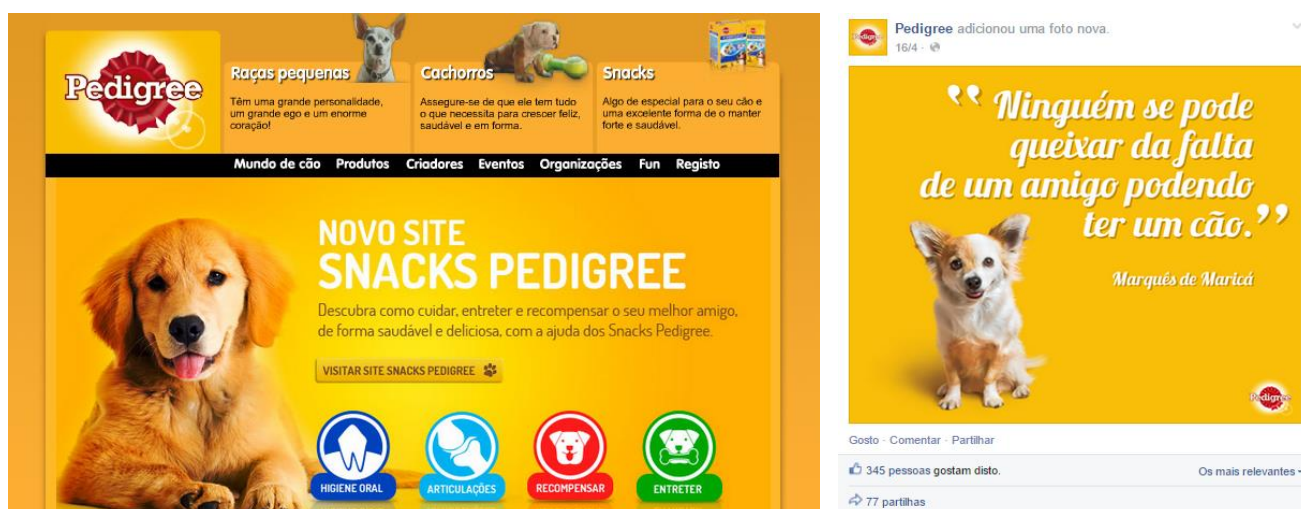


Exhibit 3.20: Example from Pedigree’s Snack Communication (website)

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ARTICULAÇÕES

Com o passar dos anos é cada vez mais importante cuidar das articulações do seu cão, sobretudo se for de grande porte.

SAIBA MAIS 🐾

Exhibit 3.21: Sales by Product Category

Dry Dog Food

	Million €			% share 2013	% share 2014
	2013	2014	Δ		
Friskies	12,1	12,0	-0,6%	17,0%	17,2%
Pedigree	6,6	5,8	-12,7%	9,3%	8,2%
Purina One	2,9	3,2	11,2%	4,1%	4,6%
Other Brands	49,6	49,0	-1,1%	69,6%	70,0%

Humid Dog Food

	Million €			% share 2013	% share 2014
	2013	2014	Δ		
Friskies	0,9	1,0	9,3%	6,3%	6,6%
Pedigree	1,9	1,7	-10,6%	12,5%	10,8%
Other Brands	12,3	12,9	4,8%	81,2%	82,5%

Dog Snacks

	Million €			% share 2013	% share 2014
	2013	2014	Δ		
Friskies	1,6	1,5	-4,8%	12,7%	10,9%
Pedigree	5,2	5,3	2,1%	38,2%	35,7%
Affinity	0,1	0,2	60,6%	1,0%	1,5%
Delibakie	0,0	0,1		0,0%	0,6%
Other Brands	5,7	6,9	20,7%	48,1%	51,3%

Dry Cat Food

	Million €			% share 2013	% share 2014
	2013	2014	Δ		
Friskies	15,3	15,0	-1,8%	17,0%	33,8%
Purina One	5,7	6,1	6,5%	9,3%	13,6%
Whiskas	7,1	5,8	-18,3%	4,1%	13,0%
Other Brands	16,8	17,6	4,5%	69,6%	39,6%

Humid Cat Food

	Million €			% share 2013	% share 2014
	2013	2014	Δ		
Friskies	2,5	1,9	-23,5%	6,8%	5,2%
Whiskas	2,8	2,5	9,1%	7,7%	7,0%
Other Brands	30,7	31,9	3,8%	85,5%	87,9%

4 Market Research

In-Depth Interviews

Four in-depth interviews were conducted with potential PC customers (cat and dog owners). Although the participants were chosen primarily on a basis of convenience, since it was not a paid participation, there was an effort in the sense of finding participants with different profiles.

Partic.	Gender	Age	Household annual income	Pet	Type of brands
1	Female	57	50.000 €	Dog owner	Premium brands
2	Female	26	8.000 €	Cat & soon-to-be dog owner	Medium range brands
3	Female	60	25.000 €	Dog & cat owner	Promotional brands
4	Female	45	15.000 €	Cat owner	Medium range / Premium brands

Figure 9: In-Depth Interviewees' Profiles

The primary aim of the interviews was to uncover associations that these potential customers extracted from the brand in its competitive environment (Stage 1). The second objective was to understand the conscious decisions when it came to choosing PC products. Finally, the participants were asked to make some associations specifically with Friskies (Stage 2). Data retrieved from the interviews is available in Appendix 3.

Stage 1: Caucus Methodology

To achieve the primary objective, the Caucus Methodology (McCarthy and Oaekenfull, 2014) was applied³. This methodology allows interviewees to develop simultaneous brand associations for several brands that compete in the same category, extracting points-of-parity and points-of-difference by drawing on the shared associations. Since the participant does not know the identity of the focal brand in the study, the probability of triggering brand associations is maximized by recalling several brands at the same time.

In terms of the awareness set, when presented with 21 PC brands, all participants confirmed their familiarity with 8 brands: Royal Canin, Eukanuba, Purina One, Pro Plan, Friskies, Pedigree, Dog Chow and Advance. Hills was mentioned by three of the participants, while Naturea was mentioned by two and Brekkies only by one.

³ Exemplifying images available in Appendix 1.

In terms of associations between brands, Friskies was identified with Pedigree by all the interviewees. The main reasons given for these associations were the distribution channel, the perceived quality and the small product range. Friskies was also associated with Purina One once, based on the distribution channel and price range of the brands. Eukanuba and Brekkies were also mentioned by one participant, based on the pets' reaction to the food.

Overall, Friskies and Pedigree were appointed as the most similar brands, being price accessible but having no quality guarantee and a small product range. Friskies was also identified as being only for cats and as the cheapest brand, while Pedigree was seen as being just for dogs, with higher perceived quality thanks to the brand name.

To understand how respondents perceived Friskies and its competition, these were asked to consider 30 personality traits and attribute as many as they could to the previously formed groups of brands. These personality traits were defined based on the Big-Five personality dimensions (Gosling, Rentfrow & Swann, 2003).

Two dimensions were identified by all participants: low openness to experience and low conscientiousness. This means that Friskies and its competitors are seen as having traditional interests, preferring what's obvious and straightforward over what's complex and subtle. It also means that these brands are seen as conservative and resistant to change. Moreover, having low conscientiousness means that the brands are perceived as having low impulse control, being spontaneous. Extroversion was also identified in the majority of participant's opinions, thus the brands are seen as relaxed, engaged with the outside world, enthusiastic, interactive and full of energy. As for the remaining big personality dimensions – agreeableness and neuroticism – the results were inconclusive.

Respondents were asked to do the same thing but considering emotions towards the brands. Based in Eddel and Burke's (1987) relevant emotions towards brands, the interviewees' reactions were quite diverse. In fact, interviewee #1 showed a neutral relationship with the brands, while interviewee #4 showed a completely negative relationship towards the brands. As for the other respondents, only positive emotions were registered, which suggests that, when it comes to cat and dog owners which buy mostly medium range products, the brand has a positive image. It's also important to refer that none of the interviewees reflected an emotional connection towards the group of brands.

Stage 2: General Conscious Decisions

In terms of decision factors on what brand to buy, the two factors mainly identified were perceived quality and pet life stage/needed diet. Veterinary recommendations, price, promotions and type of ingredients were also identified. In terms of snacks, the relevant attributes named were the perceived effect and quality, the final stated objective, the visual appeal and the fact of being of known and trusted brands.

In terms of most commonly seen advertising spots, the interviewees identified mainly TV and veterinary premises, followed by Facebook pages and invitations. Flyers, outdoors and magazines were also mentioned.

In the last part of the interviews, respondents were asked to name their 1st impressions about the brand Friskies. The brand was associated with words such as “supermarket”, “uncomplicated”, “fair price”, “low quality”, “trustable” and “economic”. It was also associated with the word “cat” by one of the respondents and with “dog” by another one. This respondent also mentioned “Labrador Retriever” as one of the first associations made with the brand (Exhibit 4.1).

When asked about the reasons why they were/ were not a Friskies’ buyer, the responses are presented in Exhibit 4.1. Respondent #1, the premium brands’ buyer, stated that supermarket pet food does not fulfil her quality standards, while respondent #2 said that what she buys is mainly based in past experience and she has never bought Friskies before. Furthermore, respondent #3, the “promotional buyer” stated that among all “trustable” brands, Friskies is the cheapest one, which is why she is a customer. Respondent #4, at last, shared her opinion about economic brands not being able to compete with others in terms of quality, which makes her unable to trust and buy cheaper brands like Friskies.

Surveys

Survey Purpose

The second phase of research featured a survey which, having as a target the Portuguese market, was developed in Portuguese to ensure full understanding of every question. The survey guide with translation can be found in Appendix 2. The survey covered several topics: awareness, top-of-mind, consumer perceptions, drivers for pet products in general and particularly snacks

and relevant points of communication. It was distributed through social networks and at veterinary facilities, during a four week period.

The survey reached 337 people and had 9% dropout rate. Among the 305 complete responses, 60 claimed not to have any pet or to own pets from species other than cats or dogs. The viable sample was therefore composed of 232 people. During the data analysis, whenever statistical tests were comprised, a confidence interval of 10% was considered.

Sample Description

Demographics

There was a majority of female participations (67% of the viable sample) in comparison to male participations. This result was considered satisfactory, given that in the Portuguese market women are mainly responsible for buying decisions (Exhibit 4.2).

49% of the respondents were under 25 years old, 19% were between 26-35 years old, followed by ranges 36-50 and 51-65, each one representing around 15% of the sample. Respondents over 65 years old represented merely 2% of the sample (Exhibit 4.3).

Considering household income, 48% of the sample earned less than 10.000€ annually, and 31% and 13% earned between 10.000€ - 25.000€ and 25.000€ - 50.000€, respectively. 8% of the viable sample earned over 50.000€ (Exhibit 4.4).

No additional demographic variables were taken into account, given that these three – gender, age and household income – were the ones that were considered relevant for the research.

PC Segmentation

Respondents were firstly segmented by TPO. 152 respondents were dog owners, 44 were cat owners and 36 owned both dogs and cats (Exhibit 4.5). Of the totality of pet owners, 67% were identified as buyers (Exhibit 4.6)

Considering Relationship with Pet (RWP), respondents were asked to choose among 5 options: family member, friend, companion, animal and protector. These five options were lately narrowed down to three options: family, friend and pet.

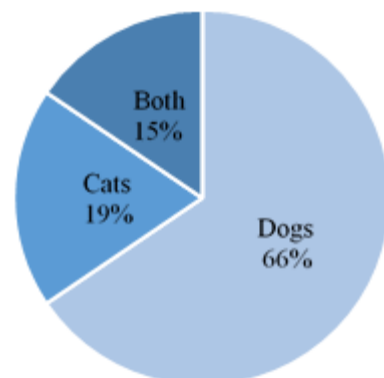


Figure 10: Type of Pet Owned

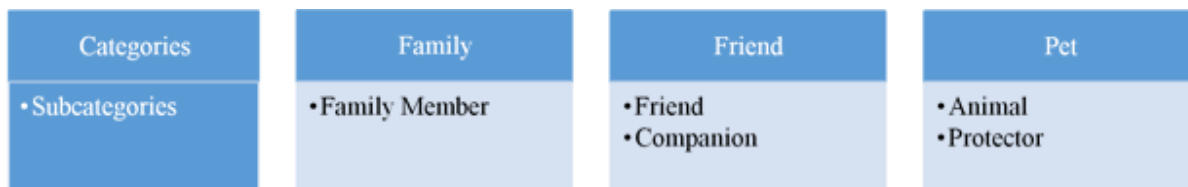


Figure 11: Relationship With Pet - Categories and Subcategories Division

When narrowing the categories, it was considered that “family” had primacy⁴ over the other options and “friend” would have primacy over “pet”. This was decided taking into account the strength of relationships. As a result, it was derived that 69% acknowledged pets primarily as part of their family, 27% as friends and 4% merely as a pet (Exhibit 4.7).

Significant differences between TPO and RWP were considered but not found, based in a chi-square test with p-value = 0.197.

In terms of Snacks Consumption (SC), 36% of the respondents assumed to be frequent buyers, 41% to be rare buyers and 23.3% reported to never buying snacks (Exhibit 4.8).

It was taken into consideration whether SC and RWP were associated in a significant way. Based on the results of a chi-square test (p-value = 0.078), it was concluded that a significant relationship indeed exists between the two factors. In fact, pet owners that see their pets as family are more likely to buy snacks frequently and pet owners which see their pets simply as pets do not buy snacks frequently (Exhibit 4.9).

A significant difference between TPO and the frequency of SC was also found (p-value = 0.009). Dog owners were identified as the ones with increased probability to buy snacks (Exhibit 4.10).

When considering the respondents’ buying set, Royal Canin was leader, being bought by 104 respondents. Purina One and Friskies followed, with 72 and 70 buyers, respectively. Furthermore, 60 respondents pointed out Pedigree, 58 pointed out Purina Pro Plan, 36 pointed out Eukanuba and 31 pointed out Hills. Combined together, Dog Chow, Advance, Naturea and Taste of the Wild were bought by 26 respondents (Exhibit 4.11).

⁴ This means that if the respondent signaled two options - “family member” and another one - he would always be considered in the “family” category.

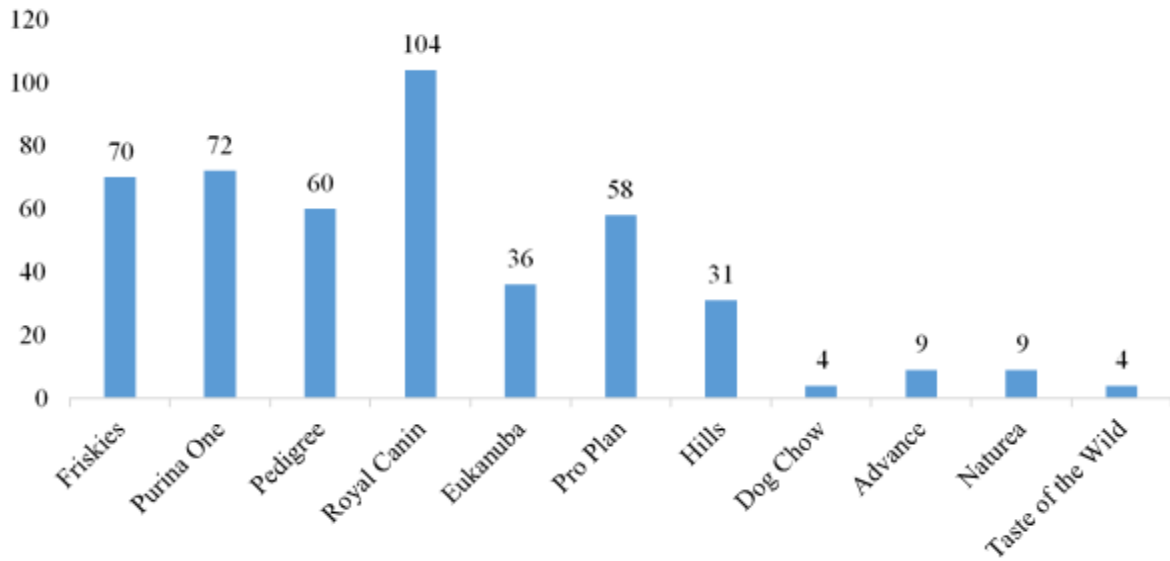


Figure 12: Brands Bought by Respondents (Frequency)

Brand Recall

Respondents were asked to name from memory up to four brands of dog care (Exhibit 4.12). Eight brands were recurrently named: Royal Canin, Hills, Purina, Pro Plan, Eukanuba, Friskies, Whiskas, and Pedigree. Beyond some additional brands, private label brands were also mentioned by some respondents. Pedigree and Royal Canin were identified as the top-of-mind, being leaders in terms of recall frequency.

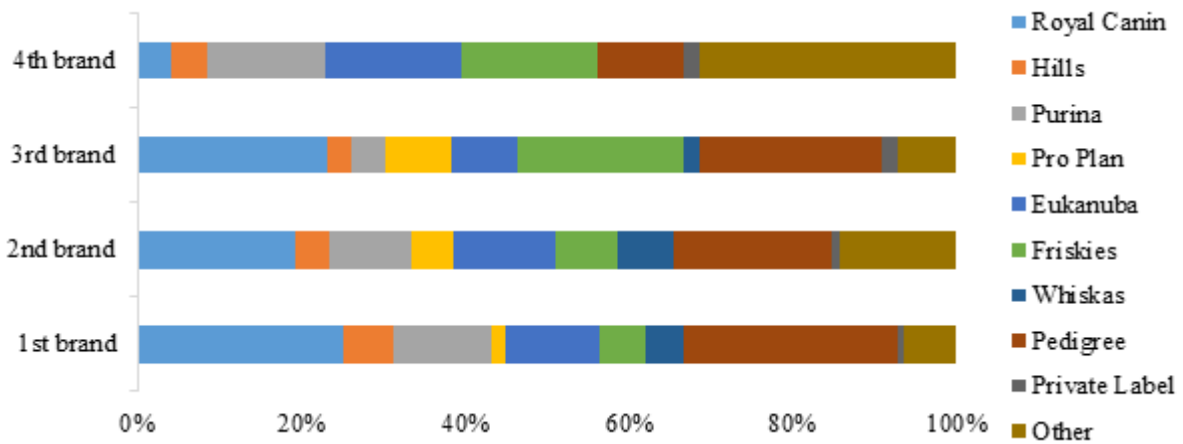


Figure 13: Brand Recall (percentage by brand)

When considering the first brand recall, Purina and Eukanuba were the third and fourth brands mainly remembered by respondents. Hills, Friskies and Whiskas followed as the fifth to seventh brands more commonly recalled, respectively. It is interesting to notice that Whiskas – a cat care brand – was evoked approximately the same number of times as Friskies. Friskies

increased frequency over the second and third brand recalls, being one of the most recalled brands in the fourth brand recall.

Awareness

Awareness was assessed by presenting the top 11 brands in PC⁵ and asking respondents to indicate if they knew each of the brands. Friskies was the second most known brand, with 227 respondents indicating that they knew the brand and only 5 respondents indicating that they did not know it. Royal Canin was indicated by 229 respondents as familiar and Pedigree was the third best classified, with 226 respondents admitting to be familiar with it. Taste of the Wild, Naturea, Advance, Dog Chow and Hills stood out as the extreme opposite and were the brands that were more commonly indicated by respondents as unfamiliar (Exhibit 4.14).

Associations

In terms of associations, there was a clear difference between Friskies and the brand identified as its main competitor in the dog care segment - Pedigree.

While Pedigree is associated by 84% of respondents only with dogs and just by 2% of respondents uniquely with cats, the same is not true when it comes to Friskies. Friskies is identified by 50% of respondents only with cats, 23% associate it exclusively with dogs and 27% associate the brand with both animals.

According to a chi-square test for independence (Exhibit 4.15), when it comes to Friskies there is a statistically significant association between TPO and the Associated Pet. This means that the pet associations that respondents make with Friskies may eventually be traced back to TPO.

On the contrary, considering Pedigree, no statistically significant association between TPO and Associated Pet was found. This means that all types of pet owners equally associate the brand with dogs.

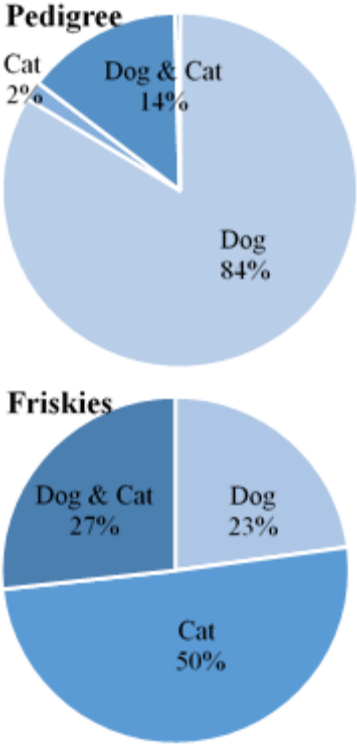


Figure 14: Pedigree vs. Friskies Associations

⁵ Retrieved from qualitative insights from the in-depth interviews

Considering that Pedigree is an all dog brand and Friskies covers both segments, there results may at first be considered expectable. But going a little further on this analysis, the results suggest the existence of a more coherent image when it comes to Pedigree. Since Friskies serves both segments, the desirable outcome would be for every TPO to equally associate the brand with dogs & cats. Considering Friskies, the results also suggest that since the image that pet owners have of the brand is somewhat dependent on the TPO, the brand's image trace is not as strong and prevalent in the public's eye as the one from its competitor.

General Drivers

To assess general drivers, only answers from exclusively cat and exclusively dog owners were considered. This was done to avoid bias from respondents which considered both pets conjointly when answering the questions.

To assess the statistical significance of each driver according to the TPO, a Binary Logistic Regression was performed (Exhibit 4.16). Dog owners were recoded as 0 and cat owners as 1.

The explained variation in the dependent variable in this model was 35%, considering Nagelkerke R Square and the model correctly classified 84% of cases. When performing a Binary Logistic Regression the explained variation usually adopts values which are not very high. Therefore, the model was considered satisfactory taking into account the percentage of cases correctly classified.

Hairballs, bone health, oral hygiene and kidney health were identified as drivers with significantly different results across segments, based in a primary One-Way ANOVA test. Taking into account the β s and the drivers' mean values, the drivers which added significantly to the model were considered. Hairballs were identified as the main driver for cat owners, followed by kidney health. In terms of dog owners, oral hygiene was identified as the main driver, followed by bone health.

To understand which drivers were better ranked by respondents, independently of their differences across segments, a frequency analysis was performed, considering the accumulated frequency of the drivers in the top four ranking. This frequency analysis englobed answers from dog owners, cat owners and cat & dog owners.

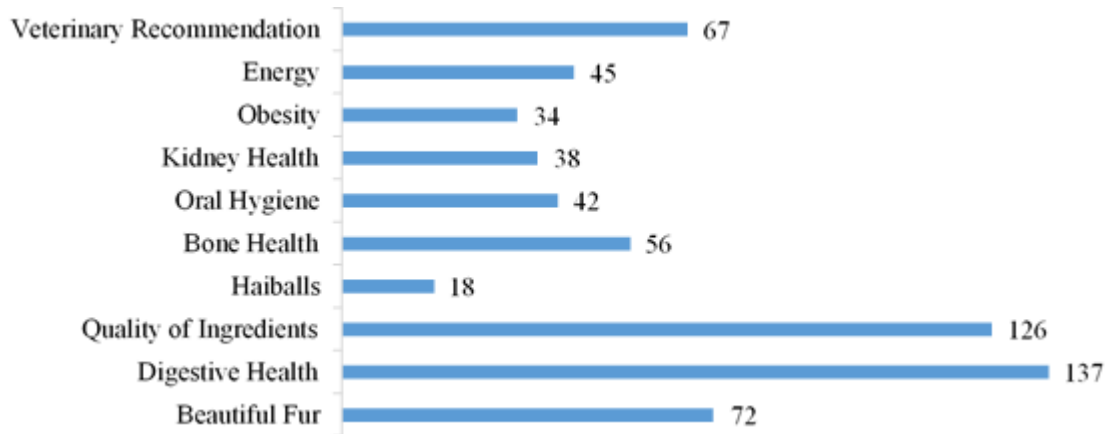


Figure 15: Drivers' Accumulated Frequencies in Top 4 Ranking

Digestive Health, Quality of Ingredients, Beautiful Fur and Veterinary Recommendation were the drivers which were more commonly ranked among the top four drivers, independently of the TPO.

Snack Drivers

A similar Binary Logistic Regression made to snack drivers revealed that, in this area, there is no significant statistical difference across segments – all drivers' p-values were above 0.1, indicating that they do not differ significantly according to the TPO.

A frequency analysis was performed, including dog owners, cat owners and dog & cat owners. The specific problem that the snacks claim to solve was pointed out by the majority of the respondents as the first snack driver. Brand was identified as the second major snack driver and price as the third one. Packaging was the less frequently selected driver. Store promotions and previously seen advertising had higher frequency when considering the third snack driver (Exhibit 4.17).

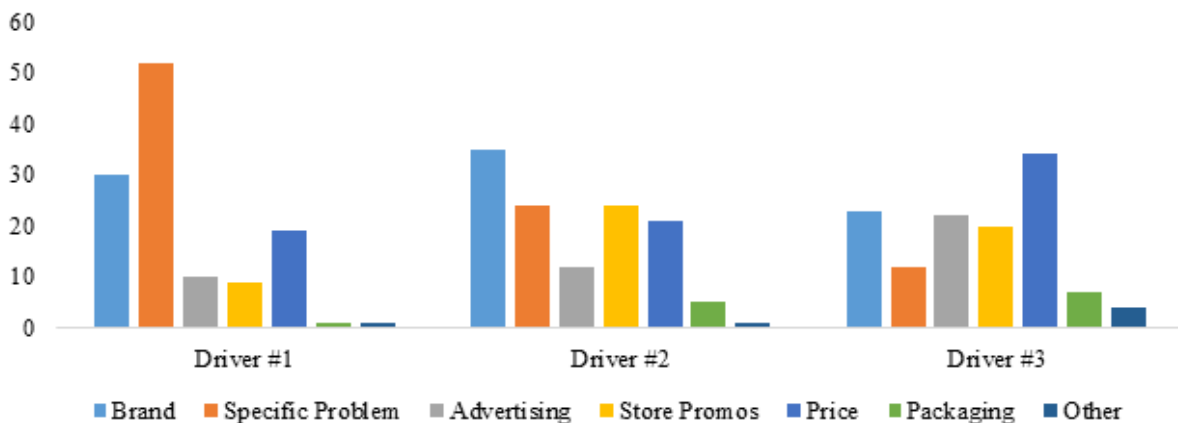


Figure 16: Snack Drivers Frequency Considering Top 3 Ranking

To get a more specific insight, Friskies’ dental snack was compared to other in the same category from Pedigree. When asked to choose among the two, 77% of the respondents stated they would opt for Pedigree’s snack. When it came to the reasons for choosing among the two snacks, the majority of respondents indicated familiarity with the product. Trust and quality were also frequently mentioned. Promotions and price were indicated less often by respondents as a discriminatory factor.

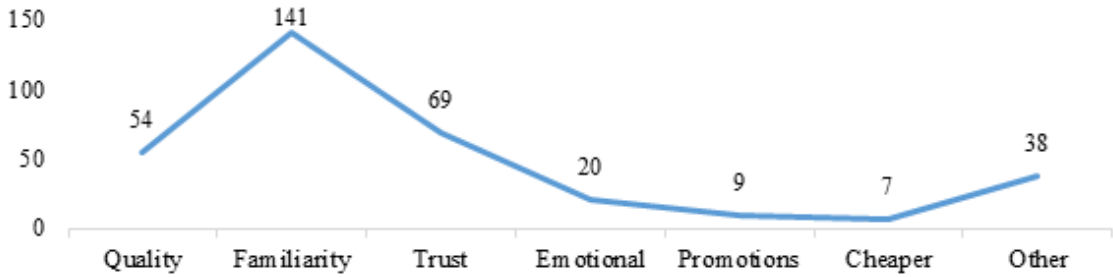


Figure 17: Factors Affecting Choice between the Two Competing Snacks (Frequency)

Advertising

When performing a linear regression to assess relationship between attention to advertising (ATA) and advertising spots (AS), the model was considered not satisfactory, since it had explained variation of only 1.7%. Therefore, no relevant statistical relation was considered.

Likewise, no significant statistical relationship was disclosed between TPO and AS, since based on a linear regression between the two variables, the model was considered not satisfactory, given that explained variance assumed a value of 2.4%.

In terms of frequencies, TV was the most frequently mentioned advertising spot, followed by veterinary premises, pet stores and supermarkets. Internet (website, advertisements) was also frequently selected, especially as the third most common advertising spot (Exhibit 4.18). Based in a one-way ANOVA test, ATA was not assessed as significantly different across segments of TPO.

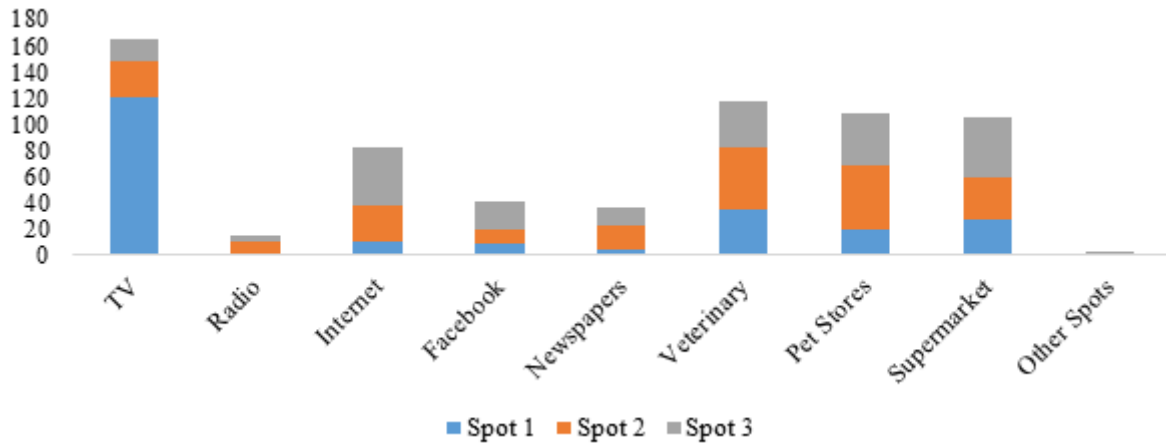


Figure 18: Most Common AS (Frequency)

Also based in a One-Way ANOVA test, ATA was assessed as significantly different (p-value = 0.018) in different RWP categories (Exhibit 4.19). ATA for respondents which see their pets merely as such was assessed as the lowest one and the mean was discovered to grow in function of stronger relationship bonds.

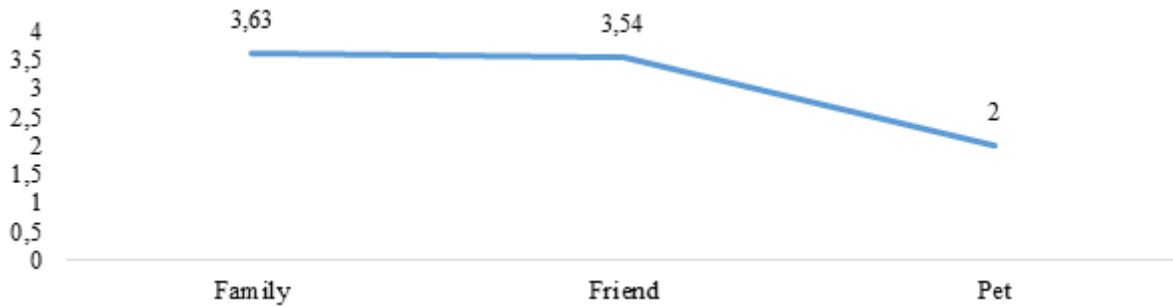


Figure 19: ATA (Means) Across Different RWP Categories

Market Research Exhibits

IN-DEPTH INTERVIEWS

Exhibit 4.1: About Friskies - Perceptions

Part	1 st Impressions	Buys	Why
1	Cats, supermarket, uncomplicated, reasonable (fair price), easy	N	Doesn't buy supermarket pet food because of her quality standards
2	Dog, Golden Retriever, Accessible, Cheaper but with less quality, Big Packaging	N	Never tried and buys mainly based in past experience
3	Small pieces, pets like it, trustable, tasty but dry	Y	It is the cheapest among the "trustable" brands
4	No quality, economic brand	N	Based on the composition, believes that this is an economic brand that can't compete with the others in terms of quality

SURVEY

DEMOGRAPHICS

Exhibit 4.2: Gender

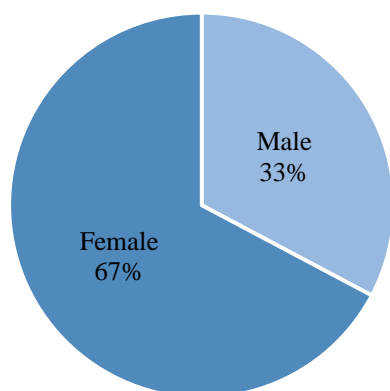


Exhibit 4.3: Age Ranges

Range	Frequency	Percent
< 25	113	48.7
26-35	43	18.5
36-50	35	15.1
51-65	36	15.5
> 65	5	2.2

Exhibit 4.4: Household Income (€)

Range	Frequency	Percent
< 10.000	111	47.8
10.000 – 25.000	71	30.6
25.000-50.000	31	13.4
> 50.000	19	8.2
Total	232	100.0

PET CARE SEGMENTATION

Exhibit 4.5: Type of Pet Owned

	Frequency	Percent
Dogs	152	65.5
Cats	44	19.0
Both	36	15.5
Total	232	100.0

Exhibit 4.6: Buyers & Non-Buyers (Frequency)

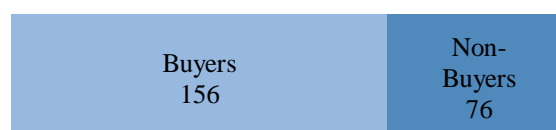


Exhibit 4.7: Relationship with Pet

(Frequency)

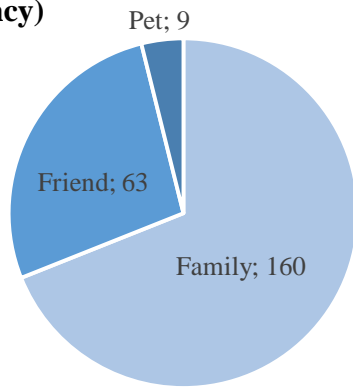


Exhibit 4.8: Snack Consumption

	Frequency	Percent
Frequently	83	35.8
Rarely	95	40.9
Never	54	23.3
Total	232	100.0

Exhibit 4.9: Relationship between SC and RWP (Chi-Square Test and Percentage Graph)

	Value	df	Asym. Sig. (2-sided)
Pearson Chi-Square	8.387	4	0.078

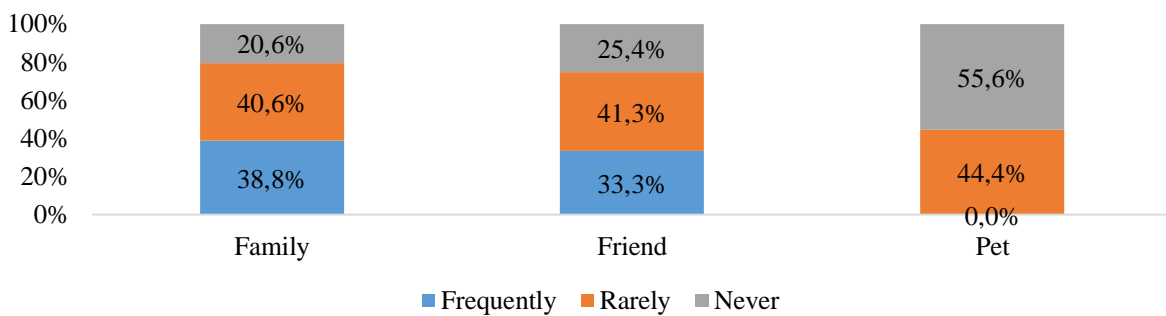


Exhibit 4.10: Relationship between SC and TPO (Cross Tabulation and Chi-Square Test)

	Value	df	Asym. Sig. (2-sided)
Pearson Chi-Square	13.585	4	0.009

			Snacks Consumption			Total
			Frequent	Rare	Never	
Type of Pet	Dogs	Count	66	55	31	152
		% within Type of Pet	43,4%	36,2%	20,4%	100,0%
	Cats	Count	10	19	15	44
		% within Type of Pet	22,7%	43,2%	34,1%	100,0%
	Both	Count	7	21	8	36
		% within Type of Pet	19,4%	58,3%	22,2%	100,0%
Total	Count	83	95	54	232	
	% within Type of Pet	35,8%	40,9%	23,3%	100,0%	

Exhibit 4.11: Respondents' Buying Set (Frequency)

Brand	Frequency	Percent	Brand	Frequency	Percent
Friskies	70	30.2	Hills	31	13.4
Purina One	72	31	Dog Chow	4	1.7
Pedigree	60	25.9	Advance	9	3.9
Royal Canin	104	44.8	Naturea	9	3.9
Eukanuba	36	15.5	Taste of the Wild	4	1.7
Pro Plan	58	25			

ANALYSIS OF RESULTS

Exhibit 4.12: Individual Brand Recall (Percentage)

	1st brand	2nd brand	3rd brand	4th brand
Royal Canin	25,2%	19,3%	23,2%	4,2%
Hills	6,0%	4,0%	3,0%	4,2%
Purina	12,0%	10,2%	4,0%	14,6%
Pro Plan	1,7%	5,1%	8,1%	0,0%
Eukanuba	11,5%	12,5%	8,1%	16,5%
Friskies	5,6%	7,5%	20,3%	16,7%
Whiskas	4,7%	6,8%	2,0%	0,0%
Pedigree	26,0%	19,3%	22,2%	10,4%
Private Label	0,9%	1,1%	2,0%	2,1%
Other	6,4%	14,2%	7,1%	31,3%
Total	100,0%	100,0%	100,0%	100,0%

Exhibit 4.13: Awareness (Frequency)

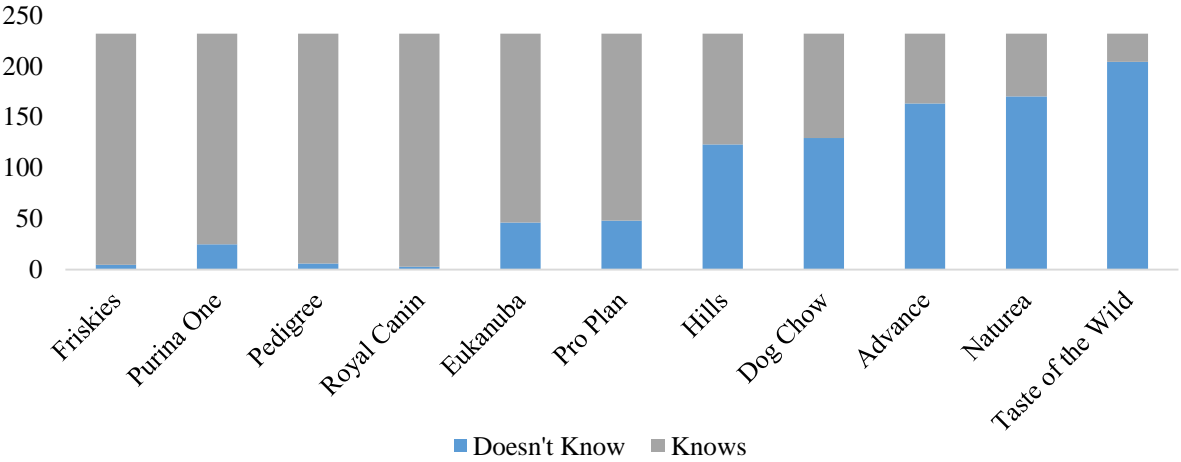


Exhibit 4.14: Relationship between TPO and Associations with Friskies & Pedigree (Chi-Square Tests and Cross Tabulation)

FRISKIES				PEDIGREE			
	Value	df	Asym. Sig. (2-sided)		Value	df	Asym. Sig. (2-sided)
Pearson Chi-Square	13.375	4	0.010	Pearson Chi-Square	8.238	6	0.221

			Friskies' Associated Pet			Total
			Dog	Cat	Dog & Cat	
Type of pet	Dogs	Count	42	65	45	152
		% within Type of pet	27,6%	42,8%	29,6%	100,0%
	Cats	Count	5	32	7	44
		% within Type of pet	11,4%	72,7%	15,9%	100,0%
Both	Count	6	20	10	36	
	% within Type of pet	16,7%	55,6%	27,8%	100,0%	
Total	Count	53	117	62	232	
	% within Type of pet	22,8%	50,4%	26,7%	100,0%	

Exhibit 4.15: General Drivers (Binary Logistic Regression)

	Variables in the Equation							
	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Fur	,055	,216	,065	1	,798	1,057	,692	1,613
Digestion	-,021	,172	,015	1	,901	,979	,699	1,371
Quality	,130	,165	,621	1	,431	1,139	,824	1,573
Hairballs	-1,894	,768	6,090	1	,014	,150	,033	,677
Bones	,596	,347	2,948	1	,086	1,815	,919	3,582
Oral_hygiene	1,410	,900	2,455	1	,117	4,097	,702	23,905
Kidneys	-,627	,224	7,856	1	,005	,534	,345	,828
Obesity	-,167	,214	,615	1	,433	,846	,557	1,286
Energy	,487	,371	1,720	1	,190	1,627	,786	3,366
Recommended	-,099	,175	,320	1	,572	,906	,643	1,276
Other	,459	,544	,711	1	,399	1,582	,544	4,599
Constant	-2,776	7,378	,142	1	,707	,062		

Exhibit 4.16: Snack Drivers Ranking (Frequency)

	Driver 1	Driver 2	Driver 3
Brand	30	35	23
Specific Problem	52	24	12
Advertising	10	12	22
Store Promos	9	24	20
Price	19	21	34
Packaging	1	5	7
Other	1	1	4

Exhibit 4.17: Most Common Advertising Spots Ranking (Frequency)

	Spot 1	Spot 2	Spot 3
TV	120	28	17
Radio	0	10	5
Internet	10	28	44
Facebook	8	12	21
Newspapers & magazines	4	18	14
Veterinary	34	48	35
Pet Stores	20	49	40
Supermarket	27	32	46
Other Spots	1	0	2

Exhibit 4.18: ATA Means Across RWP Categories (One-Way ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22,674	2	11,337	4,089	,018
Within Groups	634,895	229	2,772		
Total	657,569	231			

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Family	160	3,63	1,692	,134	3,37	3,90	1	7
Friend	63	3,54	1,654	,208	3,12	3,96	1	7
Pet	9	2,00	1,118	,373	1,14	2,86	1	4
Total	232	3,54	1,687	,111	3,32	3,76	1	7

5 Main Conclusions

The following chapter aims at drawing some conclusions on the Key Research Questions defined for this thesis. These were primarily based on the theoretical concepts in the Literature Review. Moreover, they were built on the information collected during the Case Study and the Market Research, in view of the Research Problem behind it.

The presented conclusions are linked to the challenge proposed by Friskies and aim at allowing the brand to leverage on this research in order to cope with the issue that was identified.

“How is Friskies positioned in the PCM and are consumers’ perceptions aligned with it?”

Friskies positions as “nutrition easy to understand, full of flavor, which promotes physical and emotional well-being to cats and dogs, every day, their entire life”. The brand stands by the promise of delivering flavorful products, a balanced and complete nutrition, with high quality ingredients and an experienced team behind it. It also positions as premium in retail PC.

Considering customers’ perceptions, 50% of the sample see the brand as a “cat brand”, which evidences the first flaw in terms of positioning. According to results, associations with the brand target are significantly dependent on TPO – which suggests there is a weak image trace in the consumers’ minds and therefore the brand’s positioning (aimed at both types of pet) is not particularly well transferred to prospects and actual customers.

Considering the insights from the in-depth interviews, interviewees mentioned a small product range, the brand’s price accessibility and the lack of quality guarantee. Moreover, traces like traditional interests, conservatism, resistance to change, spontaneity, interactivity and energy were identified with the brand. Some of these insights indicated that consumers’ perceptions fit the brands’ aimed positioning, while others indicated the contrary. For example, the brand is not necessarily associated with having a complete and balanced nutrition with high quality ingredients, but it is seen as energetic and relaxed, which is in line with what it seeks to transmit.

Finally, the brand was perceived by interviewees with words such as “uncomplicated”, “reasonable” in terms of price, “easy”, “accessible”, “trustable” and “tasty”. All these associations represent success in terms of positioning. On the contrary, associations like “cheaper but with less quality” and “no quality” reveal that while the brand is successful in

transmitting its personality, flavors and “easiness to understand”, it is not so effective when it comes to being positioned as a quality brand, with balanced and complete products.

These conclusions unravel the need for the company to improve its positioning in the consumers’ minds and therefore the necessity for the brand to work in its image and in communicating its differentiating attributes, especially the way in which they fit the consumers’ preferences better than competition. As defended by Chernev (2007), it appears that Friskies’ intention of positioning as an all-in-one option devalues the brand in attributes such as quality.

“Should the strategy for the DSEG be reviewed and should it be clearly differentiated from the cat strategy?”

As stated before, there is a significant relationship between the TPO and the associations made with the brand. Furthermore, while the brand has increased share exponentially in the DCF category, the same was not true in the DSEG – with increasing share of only 0.2% in DDF, 0.3% in HDF and decreasing 1.8% in DS, from 2013 to 2014. Thus there is a clear difference in terms of evolution of the two segments.

Considering that dog care occupies a larger share of the global PCM (36%) and specifically of the PPFM (54.1%), the brand’s poorer performance in the DSEG is the first indicator that the strategy should be reviewed.

Moreover, Friskies’ dog sales have more weight in total Purina’s dog sales (81.4%) than cat sales (49.5%). Since Purina has a significantly larger share of the CF market (42% versus 18% of the DF market), the importance of Friskies’ dog sales for the evolution of the company in this segment is evident.

It is also important to consider that DF and dog treats occupy the first and third places when it comes to global PC value. While Friskies leads in DDF, other relevant categories such as HDF and DS are led by Pedigree. Considering these two categories, the weight of private labels and other brands has been increasing, especially in DS. The difference in terms of evolution between Friskies and its competition is another indicator that strategy should indeed be reconsidered.

It is also important to understand if the strategy should be developed in a similar way of that of the CSEG. According to results, there are some points which should be clearly differentiated between the two segments, while others need no differentiation.

Firstly, humanization is a trend that fits both cat and dog owners, existing no relevant relationship between the TPO and the RWP. Therefore, the development of premium products, the application of human trends to pet products and the importance of tested products are factors that must be considered while strategically planning for both segments.

Considering general drivers, digestive health, quality of ingredients, beautiful fur and veterinary's recommendation were the ones better ranked by both types of pet owners. These must therefore be common factors between cat and dog strategies. Nonetheless, four drivers were assessed as significantly different between segments: while cat owners worry about hairballs and kidney health, dog owners are more concerned about oral hygiene and bone health. Consequently, strategy for the DSEG must be differentiated from the CSEG strategy by additionally focusing on drivers which are not relevant for cat owners.

Moreover, a significant relationship was found between TPO and SC, indicating that dog owners are more likely to buy snacks. This point must be an additional differentiating factor between strategies for both segments.

“How can Friskies improve the performance of the DS line extension?”

The first point to consider when thinking about DS is Pedigree's leadership with 35.7%. Although the brand lost share from 2013 to 2014 to private labels and other brands, it remained clear category leader. Pedigree's snacks are marketed as a sub-brand, having intense marketing support. These are not seen as “another product” in the brand's product range, but a product with a proper identity, while still being congruent with Pedigree's positioning.

Considering Friskies performance improvement, following Volckner and Sattler's (2006) line of thought, five essential drivers for success have to be addressed: fit between parent brand and DS, marketing support, retailer acceptance, parent brand conviction and parent brand experience. While there is a good fit between overall Friskies and DS, the brand is clearly lacking marketing support. In fact, despite having a wide snack range, with multiple offers divided in three types of snacks which fit the three identified needs for the category, the brand does not advertise them. As verified, Friskies' dog marketing support counts only with trial campaigns, which only feature dry food.

Symbolic brands are usually more successful than others and marketing activities are crucial since consumer knowledge will ultimately influence their evaluations and, at last, their choices.

This premise was easily verifiable during market research, given that 77% of respondents opted for Pedigree's Dentastix snack over Friskies' Dental Fresh. Familiarity and trust were indicated as the most common reasons for such choice. This simple exercise stood out as the most illustrative way for showing how Friskies could improve its DS performance through investment in marketing activities.

Given that Friskies is a brand with high awareness rates (ranking second among the studied brands), good presence in hypermarkets and supermarkets, an extensive snack product range, and one of the brands better known and most frequently bought by consumers, to improve its line extension performance it should focus in marketing support. By doing so, it can leverage on the associations between DS and Friskies and reinforce the positioning in the consumers' minds. Furthermore, as demonstrated by competition, the creation of a snack sub-brand may help in engaging with customers, through investment in communication, which will lead to sales increase and a better share of the market.

“How could Friskies benefit from communicating to the DSEG?”

As previously shown, Friskies performance in the DSEG does not match the brand's performance in the CSEG, where it has grown in sales and represents a significant share of the market. In fact, although the DSEG is also significant in terms of sales, it has not evolved as expected, especially in the DS category, which is in a fast growth stage and where Friskies is decreasing in importance.

A brand's communication is its voice in the market and can influence numerous parameters. By passing on to pet owners a consistent and effective brand stimuli, Friskies would be able to increase its share of mind, making it possible for consumers to recall it more easily when buying pet food. In fact, although Friskies was one of the brands most commonly appointed as part of the respondents' buying set, in terms of brand recall it did not rank as satisfactorily. Brands such as Royal Canin and Pedigree were the ones more straightforwardly recalled by dog owners. This indicates that Friskies is not top-of-mind in this segment, a parameter which is important in terms of buying intentions and which can be developed through effective marketing communication.

Furthermore, as previously assessed, Friskies could use some improvements in terms of consumer perceptions regarding its positioning as a quality brand, with various types of

nutrition and suited for cats and dogs. Friskies already has a wide product range which shows just that, but is neglecting opportunities given consumers' perceptions. Communication can be an effective way to translate differentiating attributes and to create a strong image trace – both of which are important to create a strong brand, less vulnerable to competition.

Brand awareness, brand recognition, improvement of perceptions, inclusion in buying sets and increase of market share could therefore be the most immediate benefits for Friskies when communicating to the DSEG. By doing it, Friskies could cope with the predicted challenges for the brand and develop it not only in terms of sales, but mostly in terms of gaining a strong customer-based BE. This customer-based BE would be resultant of positive perceptions, attitudes and behaviors towards the brand, which would happen thanks to high levels of visual consistency stimulating consumer attitude.

“What should Friskies focus on when communicating to the DSEG?”

The first point in which Friskies should focus on when communicating to the DSEG is the brand's most basic positioning element: it is for cats and dogs, built to answer to dog owners' needs as it answers to cat owners' ones. By assuring its identity as a dual brand, Friskies will have the opportunity to create a stronger image trace and assume a more coherent position in the consumers' minds, eventually being more present in dog owners' choice set.

As illustrated by competition, when communicating to the DSEG Friskies must also focus in engaging with customers. In the pet food market, “humanization” is the word, leading to important factors such as representing pets as part of the family, and as worthy of additional efforts. These premises are important thanks to discoveries such as the relationship between SC and RWP.

Generally speaking, Friskies must go over issues such as digestive health, quality of ingredients, oral hygiene and bone health. These drivers were assessed as the most relevant ones in buying decisions. By reinforcing Friskies' concerns about these factors, the brand will once again underline its position in terms of being a brand that cares about pets the way that customers do.

Considering DS, drivers such as the specific problem the snacks claims to solve are important. To address them, Friskies could develop a website which helps customers understand how to make a better use of its snacks – to prevent health issues, to occupy pets or to pamper them and provide little reward treats. By doing this, the brand will assume the role of aiding dog owners

in their pets' education, an important factor for customers considering results from competition. It must also focus on strengthening the bond between the parent brand and the snacks, a factor which was also discovered to be an important driver. The snacks' accessible prices and their trustworthiness should also be addressed. The former can be illustrated through specialist endorsements.

In terms of advertising, TV, veterinary premises, specialized pet stores and supermarkets were identified as the most commonly recalled AS. Friskies can also take into account competitors' actions and focus in engaging with customers through social networks and events such as "dog meetings", which are some of the courses of action pursued by competition that have showed positive results.

All in all, by considering the important findings summarized above, when communicating to the DSEG Friskies should focus in working its brand as worried about details, willing to engage with customers and worried about pets' specific problems, all while being relaxed and uncomplicated and providing a large array of quality products. By communicating in the right way, the right points and through the right channels, it is predictable that the brand will be able to invert some of the negative forecasts.

6 Limitations and Future Research

During the development of this thesis, some challenges and limitations were found.

There was a lack of literature regarding the PCM. To cope with this issue, articles related with retail and fast-moving consumer goods were addressed. Still, a narrower view on the specific market in study would have been positive to support recommendations.

In the Market Research, the first issue encountered was a biased sample in terms of age, with the majority of respondents below 36 years old. Given the aim of the research, having an unbiased sample could have led to more accurate results. Although alternative survey distribution methods were put in place, the short period for data collection made it impossible to collect the required number of responses. Furthermore, to better assess the differences between segments, a larger number of cat owner respondents could have been beneficial. Issues such as perceptions about the brand's positioning could have been more thoroughly addressed in the quantitative research, rather than relying mainly in qualitative research to develop this point.

To allow a more in-depth analysis, the Case Study could have featured more information regarding other variables such as price and profit margins. The partial access to confidential information, the recency of the data needed and the time frame for development limited the extent of the case study in this area.

Future research could address the PPFM in greater depth, allowing more complete comparisons between competing brands and collecting information such as specific marketing support plans from competitors and other marketing mix variables which may influence PC brands' success.

7 Teaching Notes

Synopsis

This case study focuses in the PC brand Friskies, more specifically in the DCS. Moreover, the case study goes in more detail over one of Friskies product categories, DS.

In 2014, Friskies occupied a prominent place in the PPFM, being leader in terms of DDF and DCF. The PCM was growing worldwide, based in humanization and increased spending. While DF was the major contributor in terms of global sales, CF and dog treats followed.

Purina had 42% share of the Portuguese CF market, while having only 18% of the DF market, and Friskies was its prime brand. Considering overall weight, Friskies' dog sales represented 81.4% of total dog sales from Purina. Friskies' cat sales, on the contrary, had lower weight, accounting for 49.5% of Purina's total cat sales.

Registering lower growth in dog sales than in cat sales, Friskies was facing issues such as the rise of Private Labels and other brands and the catching up of its main competitor – Pedigree. Particularly in the DS category, which had been identified as the most promising category in the market, Friskies was largely surpassed by Pedigree.

Considering the situation of the market and the weight of Friskies in Purina's overall dog sales, an issue was identified: Friskies' communication only featured the CSEG and while this segment had substantial marketing support, the DSEG counted on scarce trial campaigns as marketing support. Furthermore, Friskies' competitor in the DSEG – Pedigree – was betting strongly in marketing its products and building a relationship with its customers through social media marketing, which was particularly visible in DS.

The case study aims at evidencing the need for a communication strategy and the influence that this may have in the performance of a brand. It also aims at providing different ideas and encouraging readers to think outside the box when selecting a marketing strategy.

Target Audience

The case study is suited for use in undergraduate and masters Marketing courses, depending on the specific course and subject taught. According to the students' knowledge level, the analysis and questions related to the case study may be adapted.

Teaching Objectives

The case study covers segmentation, positioning, communication planning and line extensions. Its objective is to present students with a real life situation where no problem may be recognized at first, but where reflection and planning is needed to avoid future difficulties. It also aims at widening students' perspective and allowing them to think about communication in a strategic standpoint. By reading and analyzing the case study, exhibits and all the information provided, students should be able to think strategically and provide their own insights and recommendations for the development of Friskies' DCS.

Students will have the opportunity to:

- Approach a real case, concerning a market leader's real challenges;
- Get a better understanding of the competitive landscape of the PPFM;
- Understand the importance of future trends in the PCM and the relevance of designing marketing strategies according to them;
- Understand the connection between segmentation, positioning, product offers and marketing activities;
- Reflect on the reasons that lead a prime brand to loss of market share;
- Understand that different segments require different strategies for success;
- Understand the importance of engaging with customers;
- Understand that, if a product is not assisted by marketing communication, it may lack support to thrive in the market;
- Reflect on solutions to increase Friskies share in the DSEG.

Relevant Theory

Depending on the knowledge level, before addressing the case study students can be provided with articles which will increase their understanding of theoretical concepts and allow them to complete the required tasks.

SMITH, PR. & ZOOK, Z. (2011) The Marketing Communications Plan. In: Smith, PR. & Zook, Z. *Marketing Communications: Integrating offline and online with social media*. 5th edition. United Kingdom: Kogan Page Limited.

LUXTON, S., REID, M., MAVONDO, F. (2015) Integrated Marketing Communication Capability and Brand Performance. *Journal of Advertising*. 44 (1). p. 37-46.

VOLCKNER, F. & SATTLER, H. (2006) Drivers of Brand Extension Success. *Journal of Marketing*. 70. p. 18-34.

Teaching Plan

Students should be given access to the Case Study one week before class discussion, in order to ensure that they have the opportunity to get prepared and reflect on the matter of the case.

In Class

A general summary of the case should be made, preferably counting with students' participation. No less than 90 minutes should be dedicated to analyzing the case.

After each question, a summary should be made out of students' insights, allowing for them to exchange of ideas and underpin the main teaching points. Teaching Notes Support Material in Appendix 4 provides model answers for each question.

The case study should be worked in an individual basis during the first three questions, which will lead students to reflect and become aware of Friskies' issues. The last question should be addressed in group, allowing the use of a broader pool of ideas and the exchange of different points of view.

1. Concerning the DSEG, which factors do you identify that may represent a threat for Friskies' future? (Potential allocation of time: 20 minutes)

2. Considering the PCM forecast, Friskies' actions concerning the DSEG and those of the competition, how could Friskies benefit from further developing the communication strategy for the DSEG like it has done for the CSEG? (Potential allocation of time: 20min)

3. How could Friskies benefit from developing snacks as a sub-brand with heavy marketing support, like the competitor Pedigree did? Is marketing support the key for Friskies' success in DS? (Potential allocation of time: 15min)

4. Which marketing activities would you suggest Friskies to adopt in 2015? Imagine that you have no budget restraints and, as a group, build your own optimal communication plan for Friskies DSEG. Justify your choices and present the pros and cons of each communication tool you choose. (Potential allocation of time: 35min)

Note: activities should feature all product categories and a monthly map should be used to develop the plan.

Additional areas of discussion

For an in-depth analysis, marketing communication strategy can be discussed considering a fictional budget. Students can reflect on what would be the best alternatives, taking into account the specific objectives of the brand at the time.

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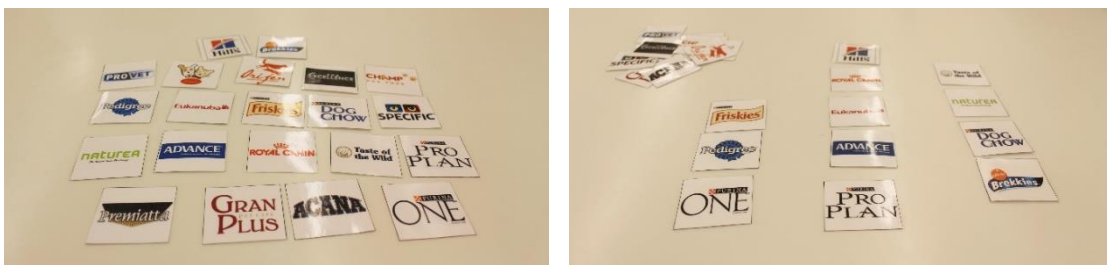
APPENDIX 1: In-Depth Interview Guidelines

This annex features the guidelines for the in-depth interviews. During the first stage of interviews, respondents were presented with support materials - representative pictures of what interviewees were asked to do are showed after each question. Although there were some minor differences across interviews, the main guidelines were followed in every case. The interviews were carried out in semi-formal environments and in Portuguese. In the guidelines, each question is presented in English.

1. Introduction and general explanation of the interview – never mentioning Friskies.

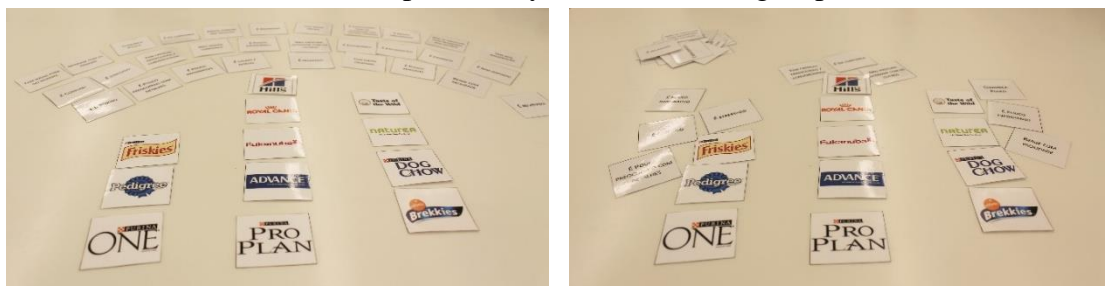
Stage 1: Caucus Methodology

2. Present cards with logo + name of brands. Respondent is asked to select the brands to which he/she is familiarized with – awareness set.
3. Respondent is asked to consider the identified brands as people that went to a party. He/she is then asked to gather brands in different groups, according to common interest, behaviors, beliefs... There are no minimum or maximum number of members for each group.

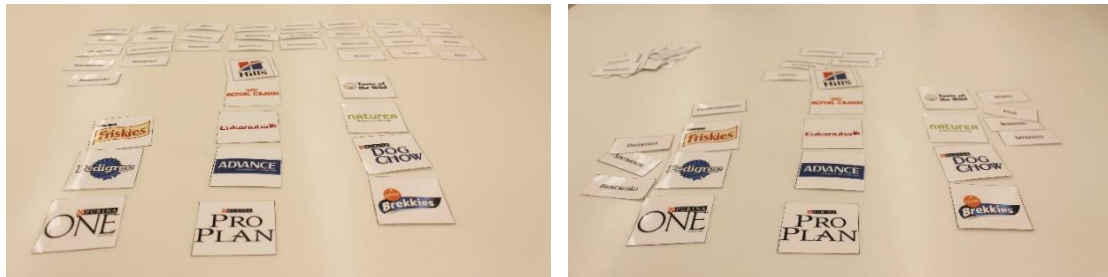


The group containing the focal brand is “randomly” selected and the respondent is asked to list the ways that each brand in the group is **similar** to the other brands in the group. He/she is then asked to list the ways that each brand in the group is **different** from the others.

4. The respondent is presented with 30 cards containing the description of a personality trait. He/she is then asked to consider the brands in each formed group as persons and afterwards, associate the maximum number of personality traits with each group.



5. The previous task is replicated using 30 cards describing emotions. This time, the participant is asked to consider how the brands make him feel.



6. The group which contains the focal brand is revisited. The participant is asked to consider that all the brands from this group have left the party, except for the focal brand. He/she is then asked to group the remaining brands differently and explain why.

Stage 2: General Conscious Decisions

7. Which brands do you use/have already used? Why? If your favorite brand had run out, which other brands would you consider to buy?
8. Do you usually buy snacks for your pet? What type? Why?
9. What do you value when you are buying food/snacks for your pet?
10. Which brands do you consider Friskie's competition/substitutes? And Royal Canin's?
11. Do you usually see advertising concerning pet products? Where?
12. This research is related with Friskies. Please tell me the first thing that come to your mind when you consider this brand.
13. Do you buy Friskies? Yes, why? No, why?

APPENDIX 2: Online / Offline Questionnaire

This annex features the survey that was performed in the second phase of research. The questionnaire was distributed both online and offline, being identical in the two channels. The questions are presented in Portuguese, followed by a translation to English.

Caro participante,

Este inquérito visa o mercado de produtos para animais de estimação e está a ser desenvolvido no âmbito de uma tese de mestrado em Gestão pela Universidade Católica Portuguesa.

Agradeço desde já a sua contribuição e lembro que toda a informação será tratada de forma totalmente anónima e exclusivamente por mim, pelo que é essencial que todas as respostas estejam legíveis. Peço por isso que seja o mais honesto e cuidadoso possível.

Obrigada!

Mariana Bustorff

Dear participant,

This questionnaire goes over the pet care market and is being developed for a Masters' Thesis in Management at the Universidade Católica Portuguesa.

Thank you in advance for your contribution. Please bear in mind that all the collected information will be treated as completely anonymous and exclusively by me, which is why it is important that all your answers are clear. I therefore ask you to be as honest and careful as possible.

Thank you!

Mariana Bustorff

1 - Tem ou considera ter brevemente animais de estimação? Pode assinalar mais do que uma opção.

Do you have/consider to have pets? You may mark more than one option.

- Sim, cães. *(Yes, dogs.)*
- Sim, gatos. *(Yes, cats.)*
- Sim, ambos. *(Yes, both.)*
- Sim, outra espécie. *(Yes, another species.)*
- Não. *(No.)*

2 - Ao pensar no seu animal de estimação, pensa em... Seleccione no máximo 2 hipóteses.

When thinking about your pet, you think about.... Select two hypothesis maximum.

- Um amigo (*A friend*)
- Um membro da família (*A family member*)
- Um companheiro (*A companion*)
- Um animal (*An animal*)
- Um protector (*A protector*)

3 - Costuma ser o responsável por comprar os produtos (incluído comida, guloseimas, etc) para o seu animal de estimação?

Are you usually the responsible person for buying products for your pet? Including food, treats...

- Sim (*Yes*)
- Não (*No*)

4 - O seu animal de estimação costuma consumir snacks? (e.g. biscoitos, ossos...)

Does your pet usually consume snacks? e.g. biscuits, bones...

- Sim, frequentemente. (*Yes, frequently*)
- Sim, mas raramente. (*Yes, but rarely*)
- Não. (*No*)

5 - Ao pensar em marcas de alimentação/produtos para CÃES, quais as primeiras marcas que recorda?

When thinking about DOG food/products, which are the first brands that come to your mind?

1. _____

3. _____

2. _____

4. _____

- Não conheço / não me lembro de nenhuma (*I don't know / don't remember any*).

6 - Está familiarizado com as seguintes marcas?

Are you familiarized with the following brands?



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro.
- Conheço, não compro.
- Não conheço.



- Conheço e compro. *(Yes, and I buy it.)*
- Conheço, não compro. *(Yes, but I don't buy it.)*
- Não conheço. *(I don't know it)*

7 – A que animais associa estas marcas?

To which animals do you associate these brands?



- Cães. *(Dogs.)*
- Gatos. *(Cats.)*
- Ambos. *(Both.)*
- Outro animal.
(Another.)



- Cães. *(Dogs.)*
- Gatos. *(Cats.)*
- Ambos. *(Both.)*
- Outro animal.
(Another.)

8 – Ao comprar produtos para o seu animal de estimação, pensa em...

Selecione as QUATRO hipóteses mais relevantes e numere-as por ordem de importância (1=aspecto mais importante, 4=quarto aspecto mais importante).

When you are buying products for your pet, you think about... Select the FOUR most relevant hypothesis and rank them by importance (1= most important factor, 4= fourth most important factor).

- | | |
|---|--|
| <input type="checkbox"/> Pêlo Bonito (<i>Beautiful fur</i>) | <input type="checkbox"/> Rins saudáveis (<i>Healthy kidneys</i>) |
| <input type="checkbox"/> Saúde digestiva (<i>Digestive health</i>) | <input type="checkbox"/> Obesidade (<i>Obesity</i>) |
| <input type="checkbox"/> Qualidade dos ingredientes (<i>Quality of ingredients</i>) | <input type="checkbox"/> Energia (<i>Energy</i>) |
| <input type="checkbox"/> Bolas de pêlo (<i>Hairballs</i>) | <input type="checkbox"/> Recomendação do veterinário. (<i>Veterinary's recommendation</i>) |
| <input type="checkbox"/> Ossos saudáveis (<i>Healthy bones</i>) | <input type="checkbox"/> Outro. Qual? (<i>Another factor. Which one?</i>) |
| <input type="checkbox"/> Higiene oral (<i>Oral hygiene</i>) | |

9 - Ao comprar SNACKS, o que o faz decidir entre as várias ofertas?

Selecione TRÊS hipóteses e numere-as por ordem de importância (1=aspecto mais importante, 3=terceiro aspecto mais importante).

When you are buying SNACKS for your pet, what makes you decide between several offers? Select the THREE most relevant hypothesis and rank them by importance (1= most important factor, 4= third most important factor).

- | | |
|---|---|
| <input type="checkbox"/> A marca. (<i>The brand</i>) | <input type="checkbox"/> As promoções em loja. (<i>Store promotions</i>) |
| <input type="checkbox"/> O problema específico que dizem resolver. (<i>The specific problem they claim to solve</i>) | <input type="checkbox"/> O preço. (<i>The price</i>) |
| <input type="checkbox"/> Já viu publicidade e parecem ser de qualidade. (<i>You've seen some advertising and they seem to have quality</i>) | <input type="checkbox"/> A embalagem. (<i>The packaging</i>) |
| | <input type="checkbox"/> Outro. Qual? (<i>Another factor. Which one?</i>) |

10 - Considere os seguintes produtos, tendo em consideração apenas as imagens, e seleccione aquele que escolheria comprar.

Consider the following products, only looking at the images, and select the one you would choose to buy.





O que o levou a optar pelo produto que escolheu? Assinale os factores relevantes para a sua escolha.

What made you choose the way you did? Mark the factors which were relevant for your choice.

- | | |
|---|--|
| <input type="checkbox"/> Tem mais qualidade. <i>(It has better quality)</i> | <input type="checkbox"/> Apela mais ao lado emocional. <i>(It appeals to my emotions).</i> |
| <input type="checkbox"/> É mais conhecido (familiar). <i>(It is more familiar)</i> | <input type="checkbox"/> Tem mais promoções. <i>(It has more promotions)</i> |
| <input type="checkbox"/> É uma marca de maior confiança. <i>(It is a trustworthy brand)</i> | <input type="checkbox"/> É mais barato. <i>(It is cheaper)</i> |
| | <input type="checkbox"/> Outro. Qual? <i>(Another factor. Which one?)</i> |

11 - Onde costuma ver mais frequentemente publicidade de produtos para animais de estimação? Seleccione as 3 opções mais frequentes e numere-as (1=mais frequente, 3=terceiro mais frequente).

Where do you see pet care advertising more often? Select the 3 most frequent places and rank them (1=most frequent, 3= third most frequent)

- | | |
|--|---|
| <input type="checkbox"/> TV | <input type="checkbox"/> Supermercado <i>(Supermarket)</i> |
| <input type="checkbox"/> Rádio <i>(Radio)</i> | <input type="checkbox"/> Outros sítios. Quais? <i>(Other places. Which ones?)</i> |
| <input type="checkbox"/> Internet – anúncios, site.. <i>(Internet)</i> | <input type="checkbox"/> Nunca vi publicidade desse tipo. <i>(I've never seen advertising of that kind)</i> |
| <input type="checkbox"/> Facebook | |
| <input type="checkbox"/> Jornais & revistas
<i>(Newspapers & magazines)</i> | |
| <input type="checkbox"/> Veterinário <i>(Veterinary facilities)</i> | |
| <input type="checkbox"/> Lojas de animais <i>(Pet stores)</i> | |

12 - Numa escala de 1 a 7 (1=nenhuma e 7=muitíssima), que nível de atenção presta aos anúncios de produtos para animais de estimação?

On a scale from 1 to 7 (1=none, 7=a lot) what level of attention do you pay to advertising featuring pet products?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Obrigada! Restam apenas algumas perguntas mais pessoais (novamente, tudo aquilo que revelar será tratado de forma anónima).

(Thank you! There are a few personal questions left (again, everything you reveal will be treated anonymously).)

13 – Género: (*Gender*)

Masculino (*Male*)

Feminino (*Female*)

14 – Idade: (*Age*)

< 25 anos

26 – 35 anos

36 – 50 anos

51 – 65 anos

+ 65 anos

15 – Rendimento anual do agregado familiar:

(Household annual income)

<10.000 €

10.000 – 25.000 €

25.000 – 50.000 €

> 50.000 €

Muito obrigada!

(Thank you very much!)

APPENDIX 3 : In-Depth Interviews Insights

The following tables summarize all the information obtained during the in-depth interviews. Even though all the points that were talked about in the interviews are featured in the following annex, these are not necessarily organized by the same order as they were addressed. The organization of the insights was based on the relevance and on the logic behind the analysis.

Table 1: Interviewees Profile

Part.	Gender	Age	Household annual income	Pet	Type of brands
1	Female	57	50.000 €	Dog owner	Premium brands
2	Female	26	8.000 €	Cat / Soon-to-be dog owner	Medium range brands
3	Female	60	25.000 €	Dog & cat owner	Promotional brands
4	Female	45	15.000 €	Cat owner	Medium range brands

Table 2: Awareness Set

Part	Identified Brands	Extra
1	Friskies, Pedigree, Dog Chow, Advance, Proplan, One, RC, Eukanuba	Hills
2	Friskies, Pedigree, Dog Chow, Advance, Proplan, One, RC, Eukanuba	Hills
3	Friskies, Pedigree, Dog Chow, Advance, Proplan, One, RC, Eukanuba	Hills, Naturea, Brekkies
4	Friskies, Pedigree, Dog Chow, Advance, Proplan, One, RC, Eukanuba	Naturea

Table 3: Brand Associations

Part	Groups	Associated / Different based on
1	#1: Eukanuba, Hills, Royal Canin #2: Friskies, Pedigree #3: One, Proplan, Advance, Dog Chow	- Distribution channel, perceived quality. - Friskies seen as just for cats, pedigree seen as just for dogs.
2	#1: Advance, Dog Chow, Royal Canin, Hills, Eukanuba, Proplan #2: Friskies, Pedigree, One	- Distribution channel, accessible, small product range. - Pedigree seen as only for dogs, with a name that inspires more quality. One seen as just for cats, with good quality.
3	#1: Hills, Royal Canin, Naturea #2: Proplan, One, Dog Chow, Advance #3: Friskies, Pedigree, Eukanuba, Brekkies	- Perceived quality, reaction of pets to the food, past experience, veterinary recommendation - Friskies and Pedigree seen as brands with no quality guarantee, more general brands (product range).

4	#1: Friskies, Pedigree	- Product range, distribution channel
	#2: Proplan, Dog Chow, One, Royal Canin	- Friskies is more economic, Pedigree is better quality
	#3: Naturea, Eukanuba, Advance	

Table 4: Personality Traits of the Group of Brands

Part	Personality traits	Big Five Personality Factors
1	Traditional Beliefs	Low Openness to Experience
	Not worried about details	Low Conscientiousness
	Reacts easily	Neuroticism
	Calm / stable	Emotional Stability
	Cheerful	Emotional Stability
	Relaxed	Emotional Stability
2	Traditional Beliefs	Low Openness to Experience
	Unimaginative	Low Openness to Experience
	Not worried about details	Low Conscientiousness
	Spontaneous	Low Conscientiousness
	Energetic	Extraversion
	Enthusiastic	Extraversion
	Relaxed	Emotional Stability
3	Has obvious ideas	Low Openness to Experience
	Not worried about details	Low Conscientiousness
	Energetic	Extraversion
	Interacts with people	Extraversion
4	Traditional Beliefs	Low Openness to Experience
	Unimaginative	Low Openness to Experience
	Not worried about details	Low Conscientiousness
	Confusing	Low Conscientiousness
	Not spontaneous	Conscientiousness
	Doesn't interact	Introversion
	Doesn't inspire trust	Low Agreeableness
	Stressed	Neuroticism

Table 5: Emotions towards the Group of Brands

Part	Emotions	
1	Uninterested, Calm, Pacific	NEUTRAL
2	Enthusiastic, Adventurous, Satisfied, Active, Playful, Fun	POSITIVE
3	Afectuous, Playful, Fun	POSITIVE
4	Critical, Disgusted, Sad, Boring, Doubtful	NEGATIVE

Table 6: Brands Used By Interviewees

Part	Used Brands	If not available	Why?
1	Royal Canin	Purina	Quality, adequate to different dog needs, larger product range
2	Royal Canin, One, Proplan	Hills	Veterinary recommendations, past experience, life stage, price
3	All the identified brands. Preferred one: Advance	Brekkies	Experiments depending on the needed diet, promotions, type of ingredients, price/quality/quantity
4	Naturea	Eukanuba, One	Quality

Table 7: Snacks – Important Attributes

Part	Type of Snacks	Important Factors
1	Teeth	Size, hardness, perceived effect.
2	Intestinal health, teeth, digestion	It is a treat, but must have some final health objective.
3	Doesn't buy	
4	Treat	Perceived quality, visual appeal, from known and trusted brands.

Table 8: Most Common Advertising Spots

Part	Most Common Advertising Spots
1	Veterinary, flyers, TV
2	Outdoors, Magazines, TV, Facebook, Stores, Veterinary
3	Facebook, e-mail invitations for events, Veterinary, TV
4	TV

Table 9: About Friskies - Perceptions

Part	1 st Impressions	Buys	Why
1	Cats, supermarket, uncomplicated, reasonable (fair price), easy	N	Doesn't buy supermarket pet food because of her quality standards
2	Dog, Golden Retriever, Cheaper but with less quality, Big Packaging	N	Never tried and buys mainly based in past experience
3	Small pieces, pets like it, trustable, tasty but dry	Y	It is the cheapest among the “trustable” brands
4	No quality, economic brand	N	Based on the composition, believes that this is an economic brand that can't compete with the others in terms of quality

APPENDIX 4: Teaching Notes Support Material

The following annex provides support material for Teaching Notes. After each of the four proposed teaching questions, a model answer containing the main teaching points is presented. Although other lines of thought can also be taken into account when answering the questions, these model answers represent the main points that should be considered.

1. Concerning the DSEG, which factors do you identify that may represent a threat for Friskies' future? (Potential allocation of time: 20 minutes)

At the time of the case study, although Friskies was the leader in the major DF category (DDF), several indicators could be identified as a threat to the brand's future:

- The market was expanding, but Friskies was registering low growth rates in two of the product categories – DDF and HDF – and negative growth in DS. Furthermore, DDF was decreasing in terms of sales.
- The weight of Friskies' dog sales in total Purina dog sales (81.4%) could represent a threat, given that if the brand started losing its position in this segment, it could largely influence the company's performance in the DF market.
- Dog care was the largest segment of the PCM, but Friskies' communication only featured CSEG. In fact, the brand's marketing support to the DSEG was quite scarce, counting only with a few trial campaigns throughout the year, focused in DDF.
- Humanization had led to the rise of DS. This category was led by Pedigree, with 35.7% share. Friskies had a fairly developed product range in this area, but it did not have any marketing support, which might be critical since customers were influenced by promotions. Friskies' competition, on the contrary, had heavy marketing support in this category.
- Premium DF was the category with better growth forecast, but Friskies was sold mainly in hyper/supermarkets, which were not associated with high-quality by consumers.

2. Considering the PCM forecast, Friskies' actions concerning the DSEG and those of the competition, how could Friskies benefit from further developing the communication strategy for the DSEG like it has done for the CSEG? (Potential allocation of time: 20min)

Taking into account customer needs, Friskies product range was already fairly developed and prepared to meet expectations, in every product category. For example, problems like digestive health, obesity or energy were already addressed by the product range, as well as special

nutritional needs. Friskies' snack product range, on its turn, served several purposes, giving customers the opportunity to give their pets whatever they needed, in every day-to-day situation. Still, Friskies performance in the DSEG did not match expectations, nor did it match the evolution in the CSEG. This performance below expectations was particularly visible in the DS category.

Marketing communications could provide several opportunities for improvement. First of all, by providing consistent and effective brand stimuli, they could increase share of mind and originate easier recall in purchase situations. They could also contribute to the improvement of consumer perceptions, focusing in the differentiating attributes of the brand and embedding Friskies' positioning in the customers' minds. This could create a stronger image trace, making the brand less vulnerable to competition. All in all, factors like brand awareness, brand recognition, improvement of perceptions, inclusion in customers' buying sets and increase of market share were some of the benefits that Friskies could get from reviewing its DCS. Furthermore, Friskies could improve its customer-based BE, originating more positive perceptions, attitudes and behaviors towards the brand.

By being more present in consumers' minds, Friskies could eventually match competitors' performance. Given the results from competitors' strategies, having an improved DCS could result in higher customer engagement, which was particularly relevant since the market was guided by humanization trends. Friskies could assume a position in the pet owners' day-to-day life, aiding them in pets' education and becoming part of their "special moments". Especially in the snacks category, by engaging with customers and clarifying the different objectives of its large product range, Friskies could start to defy competitors' position in the market and eventually increase sales and market share.

3. How could Friskies benefit from developing snacks as a sub-brand with heavy marketing support, like the competitor Pedigree did? Is marketing support the key for Friskies' success in DS? (Potential allocation of time: 15min)

Pedigree achieved its leading position in the snacks category by investing heavily in marketing support. As a result, Pedigree's snacks were not seen as just another product in the brand's product range, but as a product with a proper identity and with specific and essential purposes, while still being congruent with Pedigree's positioning. Marketing support gave Pedigree the chance to become closer to potential customers, eventually becoming top-of-mind, which was crucial given humanization trends.

Considering Friskies performance improvement in this category, five essential drivers for success have to be addressed: fit between parent brand and extension product, marketing support, retailer acceptance, parent brand conviction and parent brand experience.

- There was a good fit between Friskies and the snack category, but the brand was lacking marketing support. Although having a large array of products, with multiple offers developed to match customer needs, the brand did not advertise them. As verified, Friskies' dog marketing support counted only with scarce trial campaigns, which only featured dry food.

- Given that Friskies was a brand with high awareness rates, present in hyper/supermarkets, with an extensive product portfolio, well known and frequently bought, marketing support could be the key to improve its line extension's performance. By communicating, it could leverage on the associations between snacks and Friskies and reinforce the brand's positioning.

- As demonstrated by competition, sub-branding might help in engaging with customers, which would lead to sales increase and a better share of the market. In fact, symbolic brands are usually more successful than others and marketing activities are crucial since consumer knowledge will ultimately influence their evaluations and, at last, their choices. In reality, familiarity and trust were indicated as the most common choice drivers between two snacks in the same category – therefore, Friskies could indeed improve its performance in the DS category through investment in marketing support and the creation of a credible sub-brand.

4. Which marketing activities would you suggest Friskies to adopt in 2015? Imagine that you have no budget restraints and, as a group, build your own optimal communication plan for Friskies DSEG. Justify your choices and present the pros and cons of each communication tool you choose. (Potential allocation of time: 35min)

To solve this challenge students are free to discuss and plan marketing support for 2015 in the way they see suited, as long as logical reasoning is presented. The final answers must underpin the analysis made in the previous questions and the choice of every communication tool must be justified in view of the strategic objectives set for the communication plan. The objective is for students to try to develop the maximum number of activities, disregarding budget, to understand the scope of possibilities in a communication plan.

A model of a communication plan is presented next, featuring suggestions of activities, which are further on explained.

Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Website	[Dark Blue Bar]											
Social Media	[Blue Bar]											
Selfie Competition						[Light Blue Bar]						
Adopt Competition										[Light Blue Bar]		
Online Ad		[Green Bar]										
The 1% Campaign												[Dark Green Bar]
Family Day Meeting					[Yellow Bar]							
Employee Team Building				[Orange Bar]							[Orange Bar]	
Trial Campaigns	[Brown Bar]							[Brown Bar]				
Snack sampling		[Red Bar]								[Red Bar]		
Merchandising and POS				[Purple Bar]							[Purple Bar]	
Sponsorship	[Pink Bar]											

Table 1: Communication Plan Example

Website and Social Media: develop website for dogs and a Portuguese social media account in Facebook. These must be used not only to engage, interact with customers and create user generated content, but also to publicize other marketing activities.

- **Website:** Must have high quality content, be easy to navigate and have updated information. It must also be customized to each type of target customer, reflecting their interests. For example, the website can provide advice on effective techniques to train dogs, activities to avoid age related problems, findings in pet nutrition, when to use which Friskies' product... A discussion forum can also be developed, for users to trade information and in which Friskies can also participate to give advice concerning doubts that pet owners may have about their pets.

- **Social Media:** Through social media, Friskies can build a community and engage with its customers. Besides engaging in conversations with Facebook page users and publicizing all marketing activities, the brand can make interesting posts and launch competitions.

The Selfie Competition: customers are invited to share a photograph of them with their pets and after a “public vote”, the winner wins a batch of products that includes one package of dry food, one of humid food and a package of snacks, according to the pets' needs.

Adopt a Friend Competition: customers are invited to share a photograph of them with their adopted friend and give a testimonial about what it is like to adopt a pet. After a “public vote”, the winner wins a batch of products that includes one package of dry food, one of humid food and a package of snacks, according to the pets' needs.

Online Ad: to avoid traditional advertising high costs, the objective is to leverage on Friskies' social media profile and create a possibly viral ad. With emotionally charged ads, the brand can reaffirm its positioning in the DSEG – a high quality brand, which provides well-being for pets and simplifies pet owners' life. The ad does not need to be informative, but must use humanization as a way to break through the clutter: e.g. "Friskies is part of your family's day-to-day life - as you care for your pet, so does Friskies."

Public Relations:

The 1% Campaign: consists on Friskies donating 1% of its profit to animal associations. To publicize, use influential personalities to advocate for the campaign. Campaign is done in December, emphasizing that Christmas is about sharing.

Family Day Meeting: Friskies sees pets as part of the family. As such, in the international family day (May 15th), the brand promotes a dog meeting in a well-known Lisbon park, where families are invited to come along with their pets.

Employee Team Building: to show Friskies' team commitment, staff is divided in teams which will aid animal institutions for a day. This will not only show Friskies' team as being committed to the brand's mission, but it will also work as a team building activity. It may be publicized through social media, producing a video that is shared with customers.

Sponsorship: Some animal institutions have programs to "patronize" their animals, giving monthly aids to help taking care of them. By becoming a sponsor of these institutions, Friskies can nurture an image of concern about the well-being of dogs and cats.

Sales Promotions: The firm must avoid reducing its competitive nature to price competition. By doing different-than-usual promotions, the brand can nurture competitive advantages such as its core brand values, image and positioning.

Trial Campaigns: Dry Food and Humid Food.

Snack sampling: Offer snack samples along with different types of dry food. Underlining the objectives of each type of snack, the brand can easily suggest to customers that its snacks are suited to what they are looking for. E.g. Junior Dry Food comes with a sample of "Pamper" snacks; Omega Dry Food comes with a sample of "Care" snacks; Energy Dry Food comes with a sample of "Occupy" snacks.

Merchandising and point of sale: The brand can invest in POS to raise attention in store, which is especially relevant in snacks since customers are influenced in-store. In these POS, Friskies can provide buyers with useful information on how to use its products.

The following table presents pros and cons for each communication tool, as well as general objectives that can be set by using each of them.

Communication Tool	Pros	Cons	Objectives
Website	Establishes credibility of the brand; Engages customers in a unique way and converts them into lifetime customers and brand advocates;	Dependent on traffic; Investment necessary for traffic-building campaigns;	Nurture awareness into relationship. Invigorate and add excitement to the brand. Extend the experience and enhance the brand's image.
Social Media	Moves customers up the ladder of engagement and spreads the word; Controlled environment.	Requires continuous feed of fresh content; Conversations need to be monitored and tracked continuously.	Create awareness. Change attitudes and help to convert prospects into customers and customers into lifetime customers. Deepen relationships, listen to stakeholders, and generate enquiries, leads and sales.
Advertising	Messages out to great audiences quickly; Can also be targeted at niche markets; Good for growing brands; Message can be controlled.	Not so much credibility; Requires relatively large budgets; Less engaging than social media or interactive website; Difficult to cut through clutter.	Build brand. Raise awareness. Nurture brand relationships. Build preference.
Public Relations	No media cost; Message has higher credibility.	No control over message.	Nurture relationships with target audience.
Sponsorships	Cost effective in reaching a particular audience; Can satisfy many objectives.	Can be misunderstood; Acceptation may be different across countries;	Engage customers in goodwill atmosphere. Increase awareness. Enhance image and improve relationships.

		Riskier than advertising; Can carry only a limited message.	Increase sales. Sample and database building. Promote new material. Generate goodwill and affection.
Sales Promotions	Action trigger – purchase / increased usage; Action orientated; Creates involvement; Rewards loyalty and keeps relationships alive.	Expensive way of generating awareness; Needs to be supported by advertising, PR or social media; Needs to be promoted.	Strengthen the brand image. Push customer through last stage of buying process.
Direct email	Cost-effective customer retention; Easy to measure, immediate results; Test reactions to several variables; Build database and tailored messages; Develop long-term active relationships; Building customer profiles.	May upset intermediaries; Can be seen as “junk mail” / spam; Average response of 1%.	Customer acquisition. Customer retention.
Merchandising and Point of Sale	Present at the point where customer makes the buying decision; Last chance to communicate with the buyer; Message can be controlled.	Retail space is premium – limited and expensive to create, deliver and install POS materials; Lead has to include retailers’ time horizon.	Influence buying decision.

Table 2: Possible communication tools’ pros, cons and objectives