

Limiano, the cheese that is part of the Family

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ABSTRACT

Title: Limiano, the cheese that is part of the Family

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This case study is based on a Portuguese company, which has been leader in the Flamengo cheese market for more than 50 years. Besides having high rates of notoriety, Limiano and its family values are cherished by all Portuguese. The students will undoubtedly identify quickly with the problems of the company and hence take more pleasure solving this case.

This teaching case is intended to undergraduate and graduate level attending marketing related courses at a beginners' level. It tries to recreate the day-to-day life of a junior marketer full of unexpected decisions and dilemmas. By putting themselves in his shoes, students can understand the main responsibilities of the marketing and sales departments, the different subjects these are in charge and the existent interactions in the industry, with other companies or departments. This case can definitely help students decide on their future studies or even career path.

Finally, this case retraces a real and very up-to-date challenge faced by most of companies in the consumer goods sector: the increase of private labels in the distribution channels and the strategies to fight them. In 2010, Limiano implemented a couple of successful strategies that allowed them to recover their lost market share against the distributor brands'. The approach used by Limiano, a customer-obsessed company, can be transposed to other corporations facing the same defiance in the Fast Moving Consumer Goods sector.

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CHAPTERS

1. CASE STUDY

1.1. Introduction

As the days passed by, the deadline for Manuel Correia was approaching. Correia was the youngest member of the Marketing department, at Fromageries Bel Portugal, responsible for the Limiano product portfolio (see **Exhibit 1**). He had recently joined this company, and was for the first time in charge of a marketing campaign. Whereas “Vaca que ri” and “Terra Nostra” marketing departments (see **Exhibit 2**) had already planned and scheduled their media mix for next year campaign (see **Exhibit 3**), Limiano was far behind in the decision process. Correia was in charge of analyzing the Limiano biennial brand audit results’ that had just been published and suggesting to his superiors an action for next year budget by the end of October 2009.

Correia knew that, despite all the Limiano efforts’ in the last years, the company had not reached its sales goals in 2009 and was losing market share in value (see **Exhibits 4 and 5**) due to the decrease in sales of its two most important segments: cheese ball and slices. The decline of Limiano cheese ball sales was anticipated given that customers started to look for more convenient formats. On the other hand, the slices were the format with higher potential and a boost of the slices market size was expected in Portugal. Although the percentage of slices sales was still the core of Limiano revenue, representing 50% of sales (see **Exhibit 6**), Correia was aware that its value had diminished and that market share was lost to its competitors. The fact that Limiano was losing market share in that segment was worrying the company prospect. Something had to be done to remediate it.

Correia started then by gathering information about the market and reading the brand audit report, expecting to understand the reasons of this trend and to find information that could eventually help him to make the best decision concerning next year marketing budget.

Nonetheless, due to the economical downturn, the marketing budget for 2010 had shrunk. Every single move had to be carefully planned to ensure the best results.

1.2. Limiano and the Portuguese Flamengo Market

The Portuguese Cheese Market

During his research, Correia found out that Portugal had a very old cheese tradition and this market was still growing 6.4% in volume per year (see **Exhibit 7**). The consumption of cheese was occasional, usually during breakfast or as a snack¹. 45.9% of the population seemed to consume cheese 2 to 3 times a week and 31.7% ate it every day. Furthermore, 94.4% of individuals with ages between 15 and 64 years old affirmed to have eaten cheese in the last 12 months, being the segment 55 to 64 the one with the highest rate of consumption (97%) and the 15 to 24 years old with the lowest one (88.3%)².

Nevertheless, Portugal had still a consumption per capita way inferior compared to the European average. Whereas the consumption in Portugal was 9kgs/year per capita, the French and Italian average cheese consumption went up to 20kgs/year per capita. This was explained by the fact that these cultures were used to consume cheese in different ways: as an appetizer, desert or even as an ingredient in a recipe³.

Correia was also surprised to learn that the consumers had changed their way of shopping. On the one hand, people were willing to pay more for convenient formats such as the cheese bar or the ready-to-use slices (see **Exhibit 8**) - in 2009, this ready-to-use slices segment represented already 30% of the cheese market in volume and was growing at 15% a year⁴. On the other hand, self-service had reached a penetration⁵ of 88% in 2006 and 91.7% in 2007. This evolution was accompanied by a decrease of 1.5% in the counter sales during the same period. Besides, the expenses in the self-service (155 million euros) were twice as important as the counter sales (70 million euros) in 2007⁶. Correia assumed that this trend would be even more accentuated these days.

¹ Marques, R., 2007. *Hipersuper*. [Online] Available at: <http://www.hipersuper.pt/2007/06/01/quem-mexeu-no-mercado-dos-queijos/> [Accessed 6 April 2012].

² Markttest Target Index Group Portugal, 2008.

³ Jorge, V., 2010. "O consumidor português é particularmente aberto às novidades". *Hipersuper*, Volume Nº255, pp. 20-21.

⁴ Gonçalves, R., 2009. *Hipersuper*. [Online] Available at: <http://www.hipersuper.pt/2009/06/12/afinal-a-bola-nao-e-redonda/> [Accessed 6 April 2012].

⁵ A measure of the amount of sales or adoption of a product or service compared to the total theoretical market for that product or service (Porter, Michael E. (1998). *Competitive Strategy, Techniques for Analyzing Industries and Competitors*. New York: The Free Press).

⁶ TNS Wordlwide, 2007.

Furthermore, he noted that in the cheese market, more than half of the distribution was focused on supers⁷ and the sales in traditional stores⁸ were decreasing by 3% (see **Exhibit 9**). Correia suspected that in order to save time and have a larger offer, people tended to shop more at modern distribution channels as Super and Hyper⁹ instead of the traditional stores.

Finally, Correia noticed that Portuguese families' consumption habits were changing in this period of economical crisis. Since the US sub-prime and credit crisis in 2007, the Nielsen Global Consumer Confidence Index¹⁰ had been decreasing (see **Exhibit 10**). This global pessimism about the future prospects was particularly strong in Portugal where no rebound from this economical crisis was expected in the next 12 months (see **Exhibit 11**). This reflected itself in the Portuguese consumer habits' that started restraining their spending mainly in the household expenses. 41% affirmed that they were shifting to cheaper grocery brands (see **Exhibit 12**) such as private labels¹¹ (see **Exhibit 13**). Correia was surprised to realize that it was no longer only a matter of price, as Portuguese had a good perception of private labels and agreed that buying private labels was a more rational and a clever choice. 63% thought it had a good value for money while 47% affirmed that sometimes private labels had as good quality as the branded labels (see **Exhibit 14**) and 21% of the population intended to keep saving that way (see **Exhibit 15**).

Although alarmed by these numbers, Correia was reassured when he noticed that the quality of the named brands such as Limiano, "Terra Nostra" and Agros, was still relevant for cheese consumers since 67.2% of the population affirmed to be loyal to their favorite cheese brand¹² (see **Exhibits 2, 16 and 17**).

Limiano in the Flamengo Market

Limiano brand, the major player of the Flamengo market, was born in 1959 in Ponte de Lima and had represented for more than 50 years the tradition of Flamengo cheese in

⁷ A large self-service retail market that sells food and household goods. (Wehner, P., 2012. End of the space race?. *Estates Gazette Retail Supplement*).

⁸ A local and small marketplace where groceries are sold. (ibid).

⁹ A retail store that combines a department store and a grocery supermarket offering a larger variety of products such as appliances, clothing and groceries. (ibid).

¹⁰ Index developed based on consumers' confidence in the job market, status of their personal finances and readiness to spend. (Nielsen).

¹¹ Proprietary brands marketed by an organization and normally distributed exclusively within the organization's outlets. (Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson).

¹² Marktest Target Index Group Portugal, 2008.

Portugal. It all started with a clumsy ugly Flamengo hand-made cheese ball with a soft flavor and a buttery texture. In 2004, Limiano was acquired by Bel Fromageries, an international group managing 30 different cheese named brands all over the world.

Despite that, Correia observed that the original Limiano recipe was preserved and Limiano kept developing its portfolio of products in order to respond to an evolution of consumption habits and satisfy its loyal customers (see **Exhibit 18**).

Correia was happy to discover that the favorite cheese of the Portuguese population was undoubtedly the Flamengo, which was present in around 80% of households¹³. This cow milk cheese, originally sold exclusively in a round form with a reddish skin, represented 39% of the cheese market value and 46% of its volume in the end of 2009 (see **Exhibit 19**).

In order to respond to the customers' need of convenience, Limiano started launching its products in smaller formats such as halves, quarters and small cheese balls. Even though the Limiano small ball was still the only one in the market, halves and quarters were immediately copied by competitors. In 1999, Limiano followed the sliced cheese trend and invested 2.5 million euros extending the factory and installing a new manufacturing process¹⁴. The Limiano slices were cut directly from the produced cheese balls giving them the distinctive round form and preserving the flavor and texture of the famous Limiano ball. This original manufacturing process preserved Limiano less industrial look and gave its slices a differentiation point, since they were the only round ones, cut straight from the ball.

With the purpose of stimulating the cheese user rates, Limiano developed several strategies. In the website, they uploaded several recipes designated to different consumption situations where the main ingredient was always one of their products. They also tried to increase consumption occasions by launching new products more versatile such as *Fatias Finíssimas* in 2005 that were ideal to eat with fruit, jam or nuts as a snack, appetizer or even as a desert¹⁵. This product format was rapidly copied by competitors, and very soon all cheese brands offered thin sliced cheese.

He also detected that the low fat cheese segment had been evolving very positively in the last few years. Only 3 years after the Limiano launch of their 50% less fat cheese in 2005, this

¹³ Superbrands, 2009. Superbrands, Marcas de Excelência em Portugal. Portugal.

¹⁴ Gonçalves, R., 2009. *Hipersuper*. [Online] Available at: <http://www.hipersuper.pt/2009/06/12/afinal-a-bola-nao-e-redonda/> [Accessed 6 April 2012].

¹⁵ Limiano, www.limiano.pt. [Online] [Accessed 12 April 2012].

segment was growing by 57% a year, although it only represented 4% sales in the market. Nevertheless, this appeared to Correia as an attractive segment since it had a higher price-point than the other products and people were becoming more concerned about their body and the nutritional values of what they were eating. “Terra Nostra” and private labels were already in that segment when Limiano entered and even though Limiano was not a first mover, the brand managed to become leader in this segment with 47% of the market in volume in 2008¹⁶.

Finally, Correia also noticed that the launch of a family pack (225gx2), during the economic crisis in 2008, representing an immediate price discount of around 25%, was probably a reaction targeting the more price-sensitive consumers that were shifting their way of shopping.

On another subject, he found out that although Limiano was leader in sales in the traditional distributional channel for the Flamengo segment, most of their revenues were from the super and hypermarkets. Nevertheless, Limiano did not detain the leadership in those channels¹⁷.

By the end of his study, Correia concluded that it was thanks to all these consumer-focused efforts that Limiano was the leader in sales in the Flamengo market. Besides, he was pleased to observe that this brand had a notoriety index higher than 90% and more than 50% of Portuguese affirmed that this was their favorite one in the Flamengo category¹⁸. All these facts allowed the company to win several awards. In 2009, this brand received for the 4th year in a row the Superbrand award by the consumers and in 2008 and 2009, Limiano was elected the flavor of the year in the Flamengo market thanks to its unique buttery texture and soft flavor.

1.3. The Study Results'

After looking at the market and company prospects it was time for Correia to analyze the results published in the brand audit. The aim of this biennial study made by Limiano was in part to evaluate qualitatively the perceived positioning of the brand and its evolution over time for Limiano customers. A sample of the company core target composed mainly by 25 to 45 years old, medium to upper class housewives, with or without children that were once or

¹⁶ Nielsen, 2008. MarkTrack.

¹⁷ Limiano.

¹⁸ Limiano, www.limiano.pt. [Online] [Accessed 12 April 2012].

were currently Limiano consumers' were joined to form a series of focus groups¹⁹ and discuss some brand aspects.

After reading the report, it was clear for Correia that these people understood very well the history of the brand and associated Limiano Flamengo ball with some nostalgic moments with their grandparents for example and would like to transmit those simpler times of happiness to the next generations. Nevertheless, their preference when buying cheese was not always that straightforward. Some consumers would say:

Woman, 44 years old, 2 kids: "I buy private labels cheese for my kids so they can make toasts, but my husband and I always have Limiano."

Woman, 33 years old: "I usually buy sliced cheese owned by retailers; it doesn't taste as good as Limiano but using two slices instead of one kind of masks it."

Other conclusions could be drawn out of this study about Limiano products. It was unanimous among the present participants that the sliced cheese format, ready-to-use, was way more convenient than the ball; nevertheless the ball format seemed to be associated with memories whereas the slices were viewed as an industrial product, cut from a cylinder, with less flavor. In fact, the consumers did not see an added value in the Limiano slices justifying paying the double of private labels.

1.4. Identifying Opportunities of Repositioning

Correia was really surprised by this output since, unlike their competitors, Limiano slices were cut directly from the ball conserving all the quality, taste and texture of the ball. Nevertheless, this fact was not clear in the customers' mind and Limiano was losing its mystery, intimacy and status as an irreplaceable brand. This reminded Correia of the "Lovemarks theory" that he had learnt in his last year of university (see **Exhibit 20**).

He deduced then that a rebranding combined with a communication campaign would be an appropriate way to rebuilding the emotional bond that it used to have with its consumers, and correct the existing asymmetry of information between the company product characteristics' and the consumer perception. Ultimately, this campaign would differentiate

¹⁹ A set of consumers who are retained to talk about a particular topic, product, brand. (Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson).

Limiano slices from private labels establishing finally a clear value-for-money for the consumer and regain sales.

Lost in thought, he sat at his desk, grabbed a pen and his notepad and started to scribble some ideas aiming to build a cohesive story for Limiano slices and its consumers. Based on the market trends and the results of the Brand Audit 2009 he came up with four different possible repositionings for the product that would appeal the company core target: “Family Love”, “Cook to Impress”, “The Healthiest Choice” and “A Flavor Explosion”. He then tried to construct a brand laddering for each one of these concepts identifying its attributes, emotional and functional benefits to support each idea (see **Exhibit 21**). Nonetheless only one of them could be used in this year campaign.

1.5. Creative Brief

After identifying the positioning to follow, it was time to build the campaign that would take place in 2010. In order to put up an effective and integrated marketing communication plan²⁰, he would need the services of a series of specialized marketing agencies working coordinately. Correia decided then to gather the several agencies that were used to work with Limiano in one meeting (see **Exhibit 22**) since these agencies were already familiar with the company history and core target.

Correia firstly exposed the image and sales goals of the campaign, as well as, its target audience. Afterwards, he presented to the agencies the key ideas this campaign should give emphasis to and all the arguments supporting the choice of this new positioning. Finally, Correia stressed once again the legal and mandatory restrictions of the company such as protections for trademarks, logos, and copy registrations.

1.6. Media Planning

The Media Mix

Now that all the agencies in the room were enlightened about the basic aspects of the future campaign, Correia presented the media mix Limiano wanted to use in 2010. This decision had been made based on the past Limiano campaigns, his perception of the target habits and the pros and cons of the available tools (see **Exhibit 23**). Correia then listened to the

²⁰Coordinated marketing plan across all elements of the marketing mix in order to achieve harmony in the message and promotions relayed to customers. (Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson).

media agencies suggestions and recommendations on that subject. At that moment, the representative of the company in charge of the social networks development, the OnSpot Marketing Company, raised a question:

““Vaca que ri” and “Terra Nostra” asked us to create a Facebook page for their brands. Is Limiano interested too? You know, it is a very cheap way to reach your target and interact with them!”

Correia stopped for a minute and started evaluating this new suggestion:

“It is true that almost everyone is going online, but would it really be worth for Limiano? I mean, after all we are targeting Portuguese housewives and I am not sure how efficient it would be. Let me sleep on it and I’ll get back to you by the end of the week.”

The Media Scheduling

After an intensive morning of decisions and a quick break, they tried to schedule the media mix using the usual pulsating scheduling technique²¹ and taking into account the other Fromagerie Bel Portugal brands that had already agended their campaigns for 2010. As usual, bursts would be allocated during the festivities best in line with their positioning and the seasons where people were more willing-to-shop.

Coleman, Young&Rubicam and Inforpress warn Correia that it would take at least 7 months for this campaign to be ready to go on the air. Coleman had to prepare the new branding and packaging while Young & Rubicam was responsible for the creative process of designing, recording and filming the campaign and Inforpress was in charge of elaborating the press releases to be inserted in some print media.

1.7. Allocating Budget

Based on the media mix choice, the scheduling decision and the cost of each type of media used, the marketing budget was allocated by Correia to the different agencies. After receiving their part of the budget, each agency was responsible for allocating it in the most efficient way.

²¹ Continuous advertising with bursts of higher intensity (more ads in more media) during the course of the year. (Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson).

The higher part of the budget was attributed to Young&Rubicam, in charge of the creativity and conception of the advertising campaign for the different media, and OMD, responsible for the negotiation and distribution of the ads through the several media types. OMD was able to choose the appropriate vehicles²² for a campaign thanks to a software that ranked the several vehicles available according to their efficiency to reach a selected target. Taking into account that ranking, OMD was then in position to make a weighted decision on what vehicles were efficient to support the client goals' and how to allocate its budget to the different vehicles in the ranking. These decisions were based not only on the company goal, but also on qualitative aspects of the suggested vehicles in the ranking, as for instance its perceived quality and the content published, measures such as target audience²³, target affinity²⁴, Cost per GRP²⁵ and audience duplication²⁶, and finally a inch of common sense (see **Exhibit 24** and **25**).

1.8. Sales Promotions

In order to attain his sales objectives, Correia would have to complement his advertising campaign with sales promotions²⁷. He knew that advertising was not the main generator of sales in what concerned the Portuguese cheese market (see **Exhibit 26**). He then scheduled a meeting with his colleague responsible for the promotion planning, Maria Silva in order to discuss the more appropriate ways to reach Limiano customers in store (see **Exhibits 27** and **28**).

“This past year we had sales promotions campaigns in the beginning of January, mid-April and August. In these previous campaigns, Limiano used Point-of-Sale's decoration to catch the customers' attention in store. We also negotiated with the distributors more prestigious space

²² An individual carrier within a medium. (Marktest Glossário, available at: <http://www.marktest.com> [Accessed 12 May 2012]).

²³ Percentage of target reading, watching or listening to that channel or edition. (MediaGate, 2009. GateScope).

²⁴ Compares the target audience of the vehicle with its total audience. Only when the affinity is higher than 100, the results are satisfying and the investment worth it. The higher the affinity of the target with a vehicle, the better. (MediaGate, 2009. GateScope).

²⁵ Measure of efficiency of a media vehicle relative to a firm's target market. (Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson).

²⁶ Number of persons who are reached by two different vehicles. (Marktest Glossário, available at: <http://www.marktest.com> [Accessed 12 May 2012]).

²⁷ Incentives offered to customers and channel members to encourage product purchase. (Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson).

in the stores, and used display stands in the top and middle of the aisles to stimulate the impulse buying.” – said Silva.

“I see... and what was the impact of those strategies in the company sales?” – asked Correia.

“Well that’s one of the sales promotions’ inconvenient” – replied Silva – “It is hard to measure the exact impact of some initiatives. We are able to know how much we sold to each client by region but not by store. With only this information available, it is hard to discern accurately the effect of a promotion. Besides, some unknown and uncontrollable exogenous factors can influence the stores purchases and affect positively or negatively our key performance indexes. Taking that into account, I can tell you that when we did a Bonus pack of Buy-One-Get-More-20%-Free last season, it had a positive impact of 40% on sales!”

“That is pretty good! What do you think we should do in this particular case?” – inquired Correia.

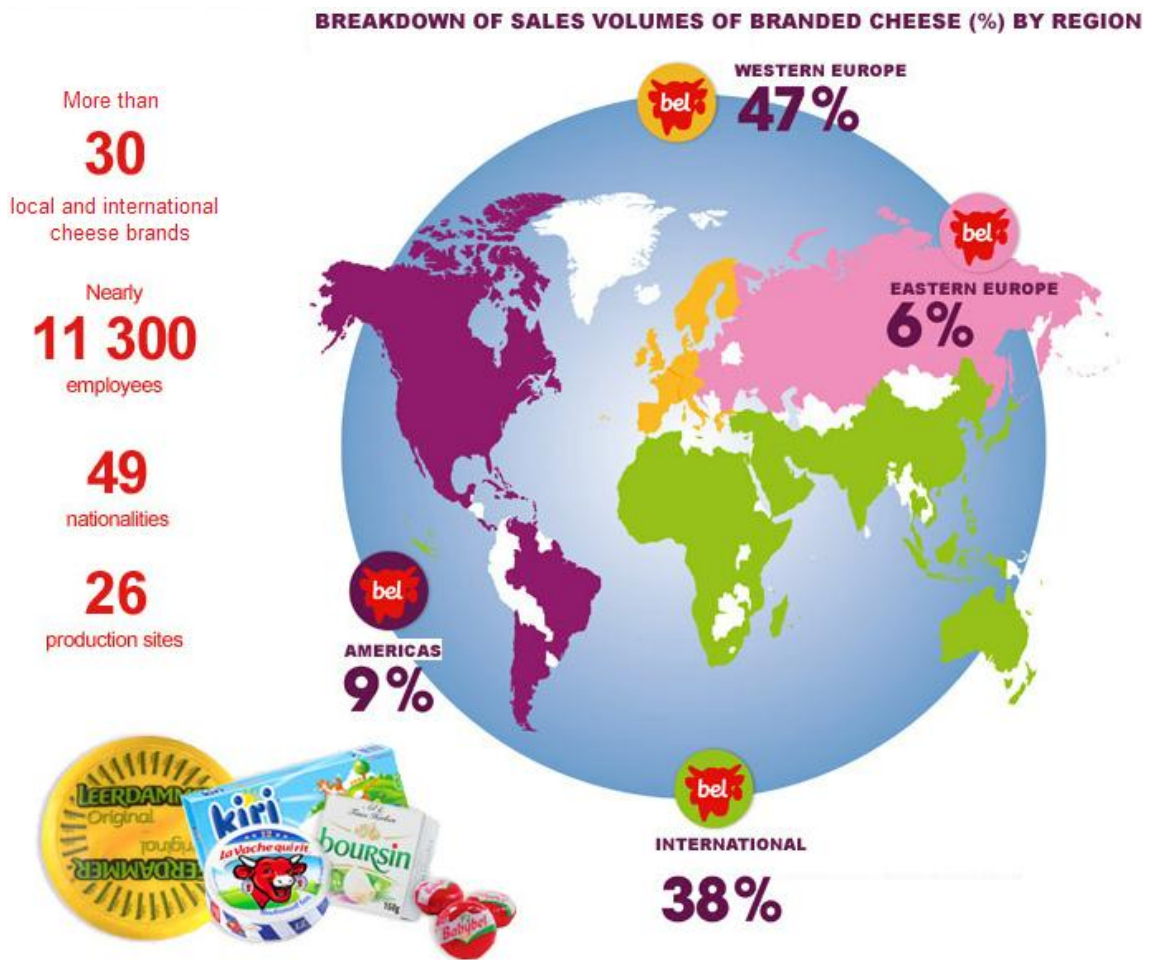
“Let me try to apply this new framework I read the other day in an article. Apparently, it allows making more weighted decisions on the promotional plan. I will send you a report on the appropriate consumer promotions for this campaign’s objectives by the end of day.” – exclaimed Silva while looking for the paper containing the framework in a pile of documents on her desk (see **Exhibit 29**).

1.9. Conclusion

At the end of these busy days, back in his office, Correia stopped for a minute and started rethinking all the decisions they had done so far. Was this even the right positioning to follow? Would this huge investment campaign be really effective to increase sales against private labels and restore the lost positioning of Limiano slices? Were the media and promotion mix chosen the best options?

This was a big project for him and as a junior member of the marketing department he did not want to let down his new home, Limiano.

Exhibit 1 Bel Group Overview in 2009



Source: Bel Group, available at: <http://www.groupe-bel.com/bebel/en/corporate-social-reponsibility/bel-group-overview.html> [Accessed 12 May 2012].

Exhibit 2 The Bel Portugal Brands in 2009



“Terra Nostra” was associated with the Azorean tradition of Flamengo cheese, a Portuguese archipelago renowned by its green pastures and the numerous milky cows. The brand slogan was “Natural dos Açores”²⁸ and its portfolio consisted in ball and sliced Flamengo and light Flamengo slices.



Limiano is the Flamengo associated with Northern region of the country, the first Flamengo clumsy artisanal ball that already belongs to the family moments and has been innovating and adapting to different needs over the years. In 2009 its slogan was “Sempre juntos. Genuinamente”²⁹.



This international brand started by introducing cream cheese in triangle format. Since then it had extended its product portfolio and launched slices and even spread cheese. This brand full of happiness had cartoon advertising campaigns starring the laughing cow as the main character and the slogan “É muuuuito bom para ti”³⁰.



A conservative and exquisite Portuguese cheese brand producing regional cheese with the best national raw materials, designated to the mass distribution. The slogan was “O queijo nosso de cada dia”³¹.



Originally from Azores, this high quality dairy brand was specialized in dairy products such as Flamengo cheese, milk and butter.

Source: Case writer, adapted from: www.limiano.pt; www.terra-nostra.pt; www.avacaqueri.pt; www.belportugal.pt/marcas [Accessed 17 April 2012].

²⁸ “Naturally from Azores”

²⁹ “Always together. Genuinely.”

³⁰ “It is veery good for you”

³¹ “Our daily cheese”

Exhibit 3 Media Scheduling for Fromageries Bel Campaigns in 2010

2010	1st Trimester												2nd Trimester												3rd Trimester												4th Trimester															
	Jan				Feb				Mar				Apr				May				Jun				Jul				Aug				Sep				Oct				Nov				Dec							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
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- Website																																																				
- Social Networks																																																				
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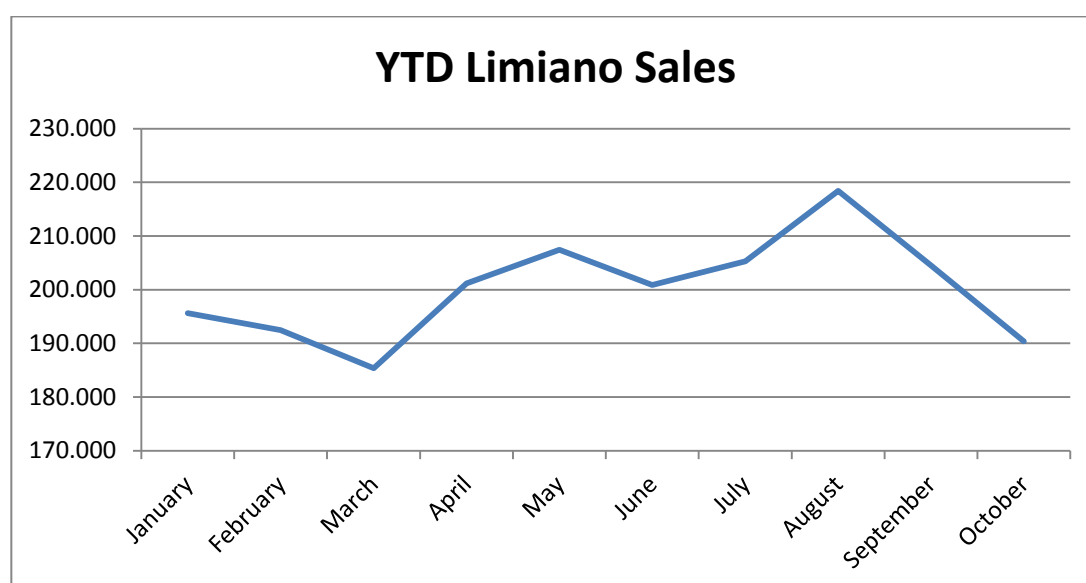
Source: Real Limiano data disguised to preserve company confidentiality.

Exhibit 4 Major Players Market Share in Value in 2008-2009

Portuguese Flamengo Market	2008	2009
Limiano	35%	23%
“Terra Nostra”	30%	22%
Agros	15%	15%
Private Labels	20%	40%

Source: Real Limiano data disguised to preserve company confidentiality.

Exhibit 5 Evolution of Limiano’s Sales YTD2009



Source: Real Limiano data disguised to preserve company confidentiality.

Exhibit 6 Importance of the Different Product for Limiano Brand Revenues in 2008-2009

Product	Limiano Sales		Total Market Growth 2008-2009
	2008	YTD 2009	
Slices	45%	50%	+5%
Cheese Ball	38%	30%	-5%
Halves and quarters of ball	17%	20%	-7%

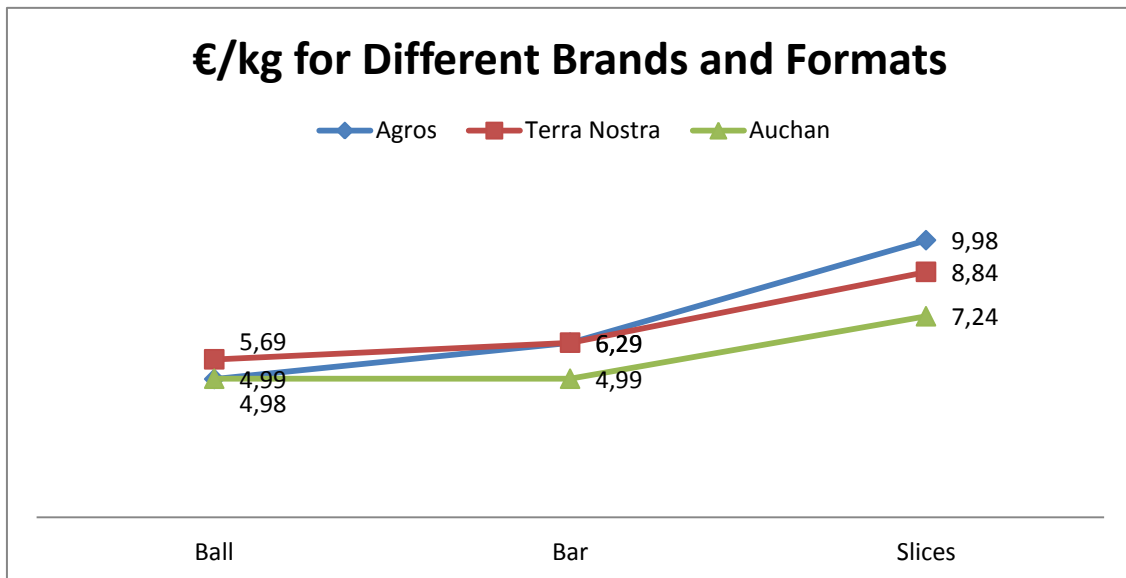
Source: Real Limiano data disguised to preserve company confidentiality.

Exhibit 7 Cheese Market Evolution in 2008-2009

	Volume Growth Rate 2008-2009	Value Growth Rate 2008-2009
Cheese (total)	6,4%	1,4%
Foreign Cheese (kg)	5,2%	2,4%
Flamengo Cheese (kg)	8,7%	-2,0%
Cheese “Fresco” (kg)	0,6%	-1,0%
Cream Cheese (kg)	-6,2%	-7,1%
Brick Cheese (kg)	5,6%	5,9%
Grated Cheese (kg)	19,0%	6,1%
Regional Cheese (kg)	21,8%	19,5%
“Requeijão” (kg)	-1,2%	-2,2%

Source: Nielsen, 2009.

Exhibit 8 Pricing Strategy of Competing Flamengo Brands by Format in 2009



Note: “Terra Nostra” and Agros were two branded Portuguese Flamengo brands present in the mass distribution channels and owned respectively by Bel Fromageries Portugal and Lactogal. Auchan was a private label selling Flamengo cheese as well in a supermarket distributional channel called Jumbo.

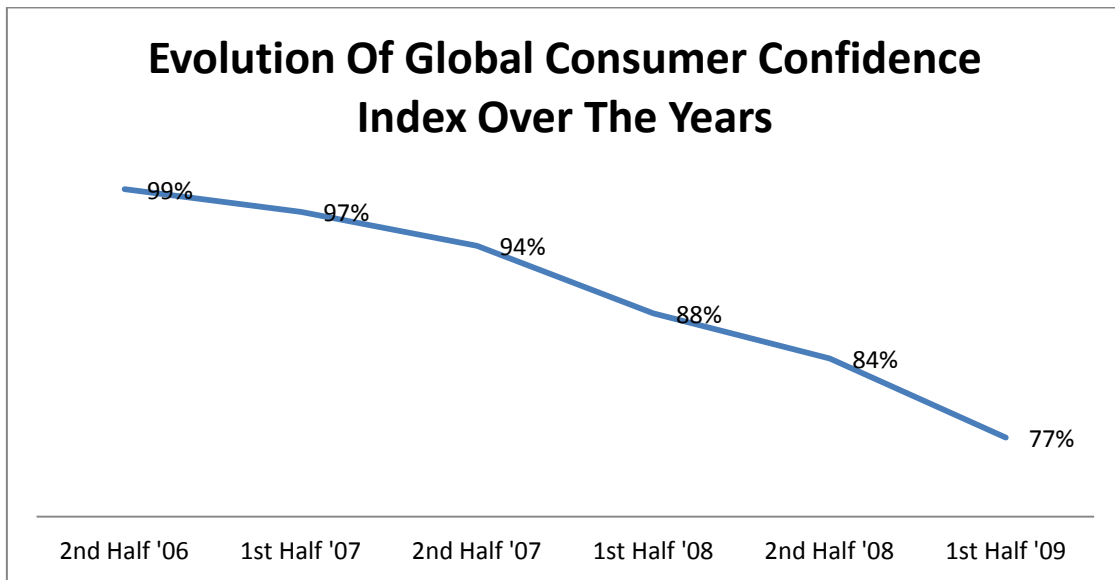
Source: Case writer, based on Limiano data and Jumbo online, Available at: www.jumbo.pt [Accessed 10 March 2011].

Exhibit 9 Evolution of Distributional Channels in 2008-2009

	Distribution of Cheese in Volume in 2009	Var (%) in Volume 08/09	Distribution of Cheese in Value in 2009	Var (%) in Value 08/09
Hyper	25%	2%	26%	-4%
Super	62%	11%	60%	5%
Tradicional	13%	-3%	14%	-1%

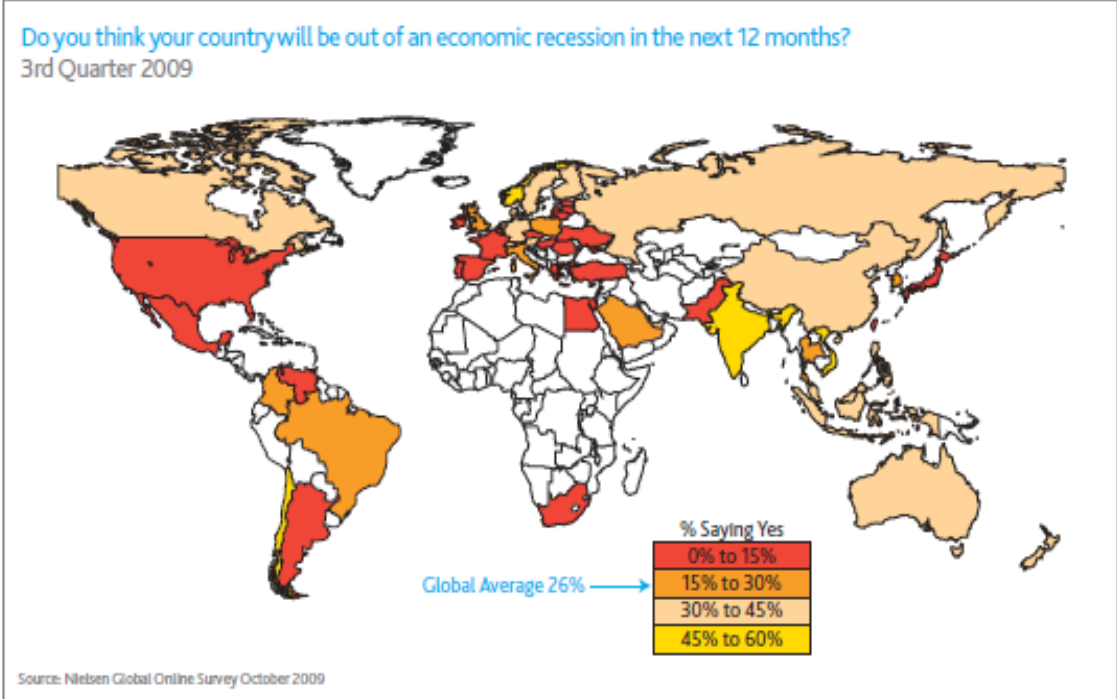
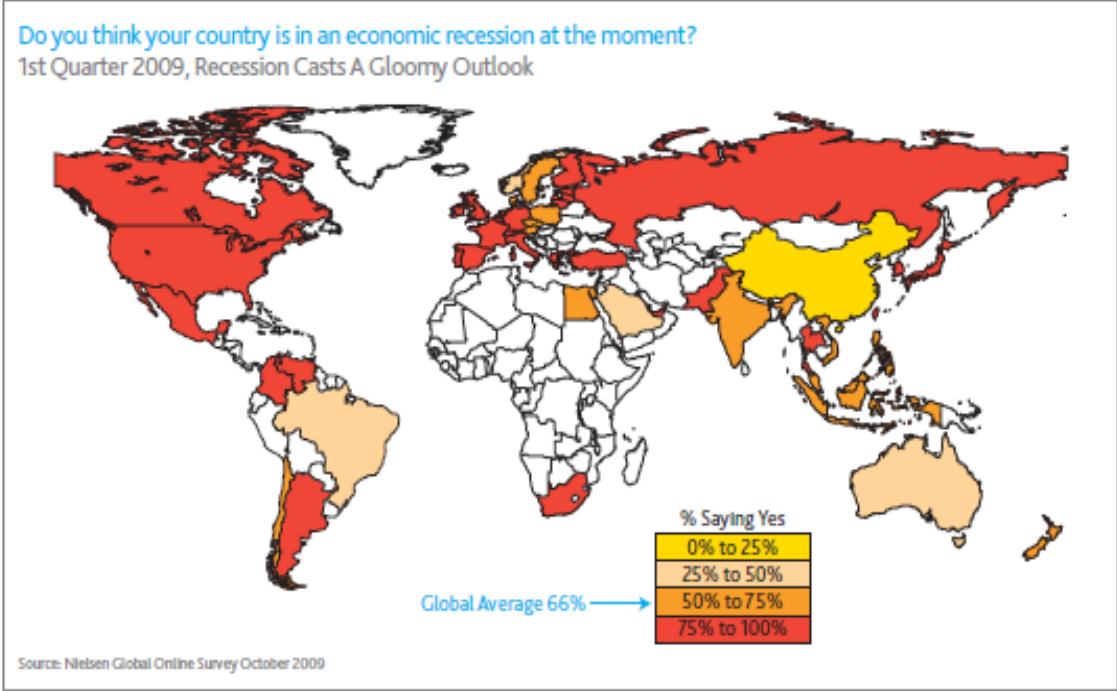
Source: Nielsen, 2009.

Exhibit 10 Evolution of Global Consumer Confidence Index over the Years



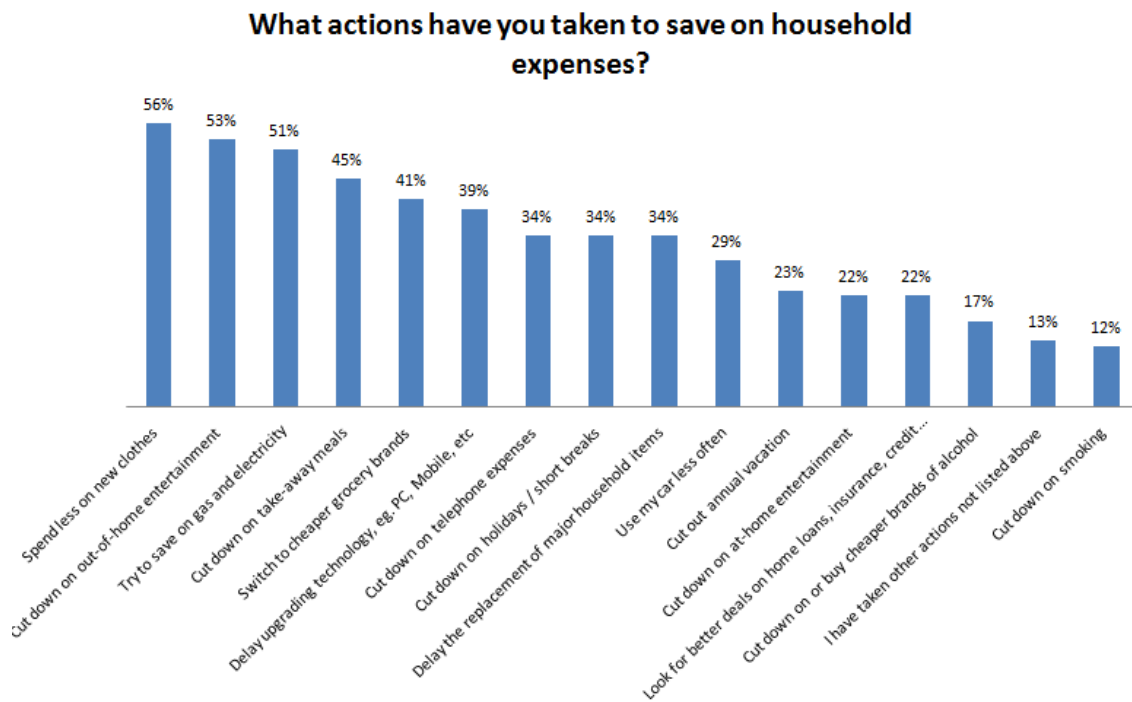
Source: Nielsen, 2009. *Global Consumer Confidence, Concerns and Spending*.

Exhibit 11 Survey Results about People Perceptions of their Country Current Economical Situation and Expectations for the next 12 Months in 2009



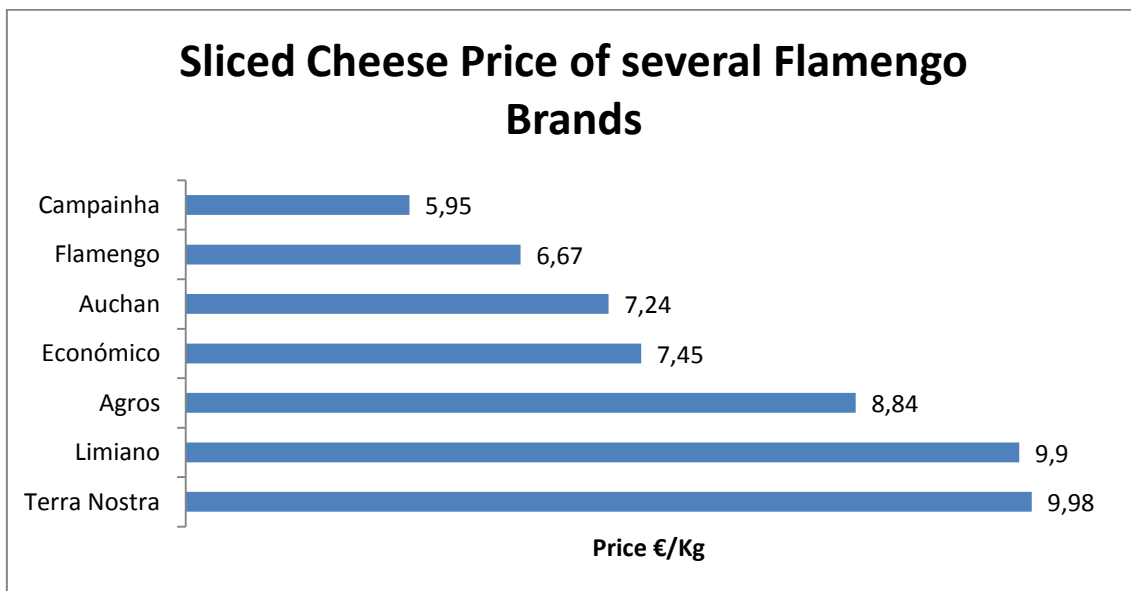
Source: Nielsen, 2009. *Global Consumer Confidence, Concerns and Spending.*

Exhibit 12 Saving Patterns during Economical Crisis, data from 1st Half of 2009



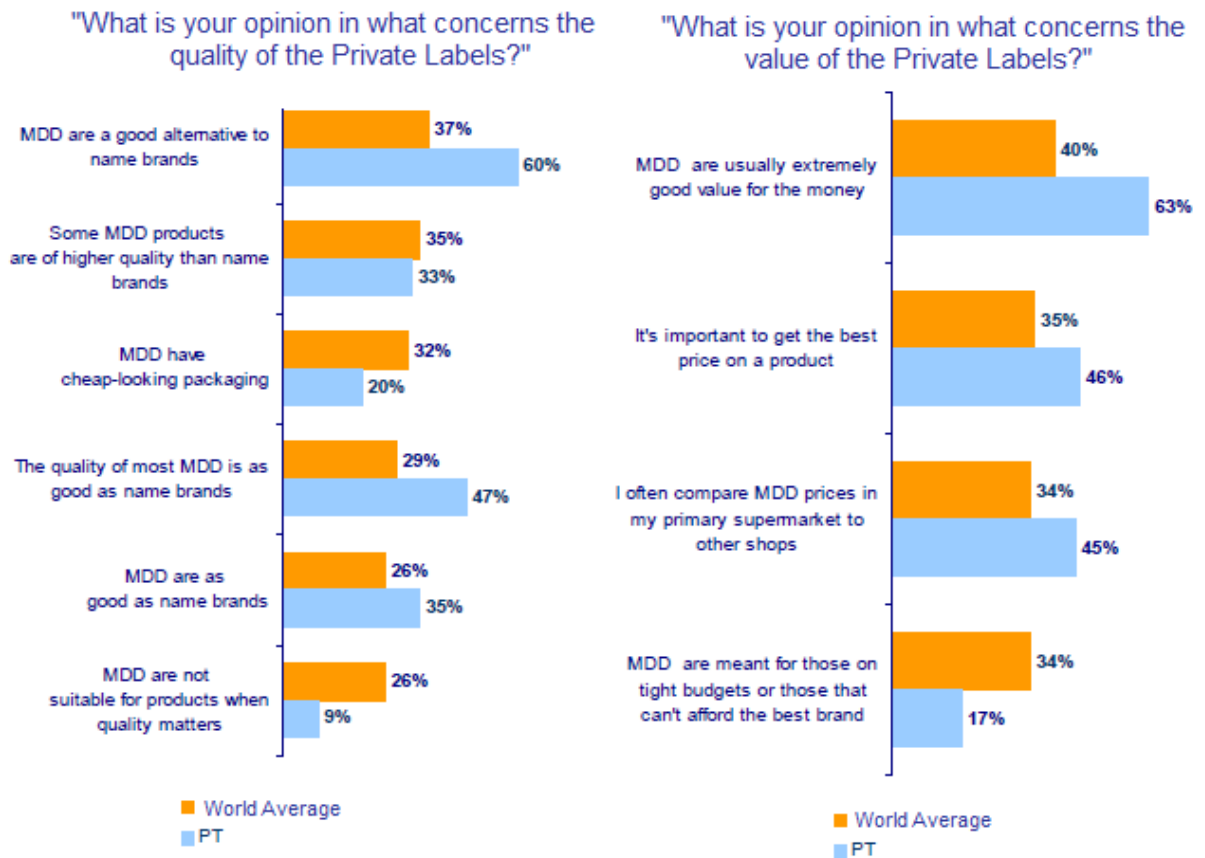
Source: Nielsen, 2009. *Global Consumer Confidence, Concerns and Spending*.

Exhibit 13 Comparison of Prices across Brands of Sliced Flamengo in 2009



Source: Case writer, based on Limiano data and Jumbo online, Available at: www.jumbo.pt [Accessed 10 March 2012].

Exhibit 14 Results of Nielsen Study about Private Labels Quality, Value and Consumption in Portugal in 2009

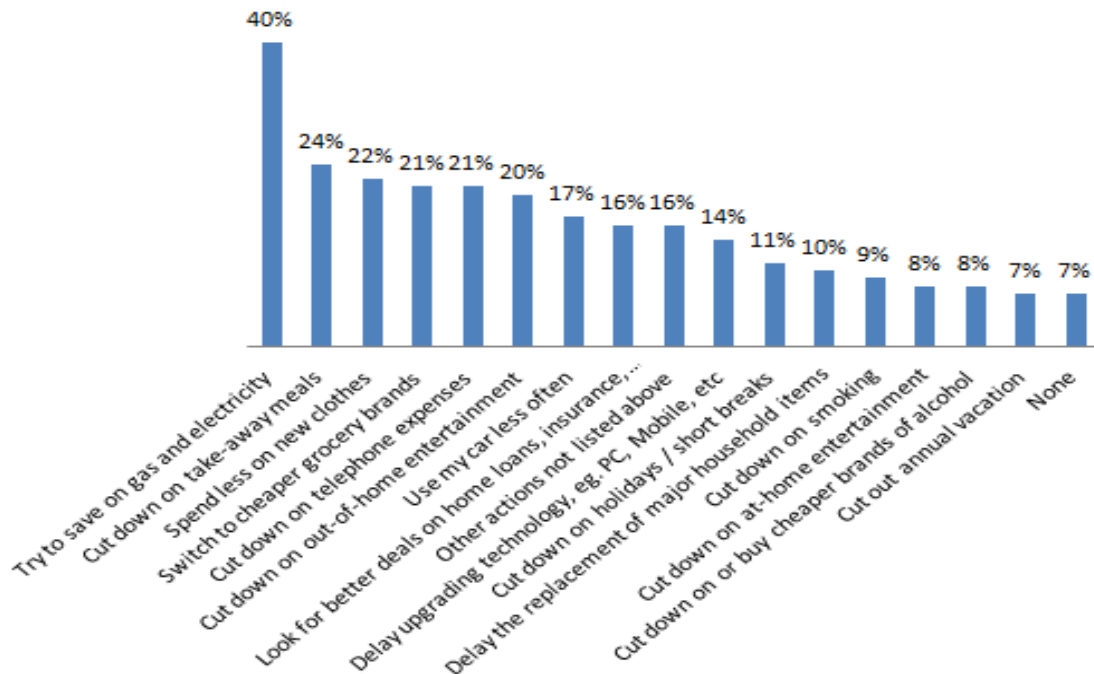


Note: MDD stands for Private Label or PL and PT means Portuguese Average.

Source: Nielsen, 2009. *Índice de Confiança Nielsen*.

Exhibit 15 Saving Patterns after the Economical Crisis, data from 1st Half of 2009

When economic conditions improve, what will you continue to save on?



Source: Nielsen, 2009. *Global Consumer Confidence, Concerns and Spending*.

Exhibit 16 Positioning of Flamengo Brands Major Competitors in 2009



Appart from Flamengo, this brand completed its portfolio by offering other high quality dairy products such as milk, butter, cream and yogurt. This brand distinguished itself by having biological products tested and certified and a high concern about nature. Its slogan reflected it “Agros, made in Natureza”³².

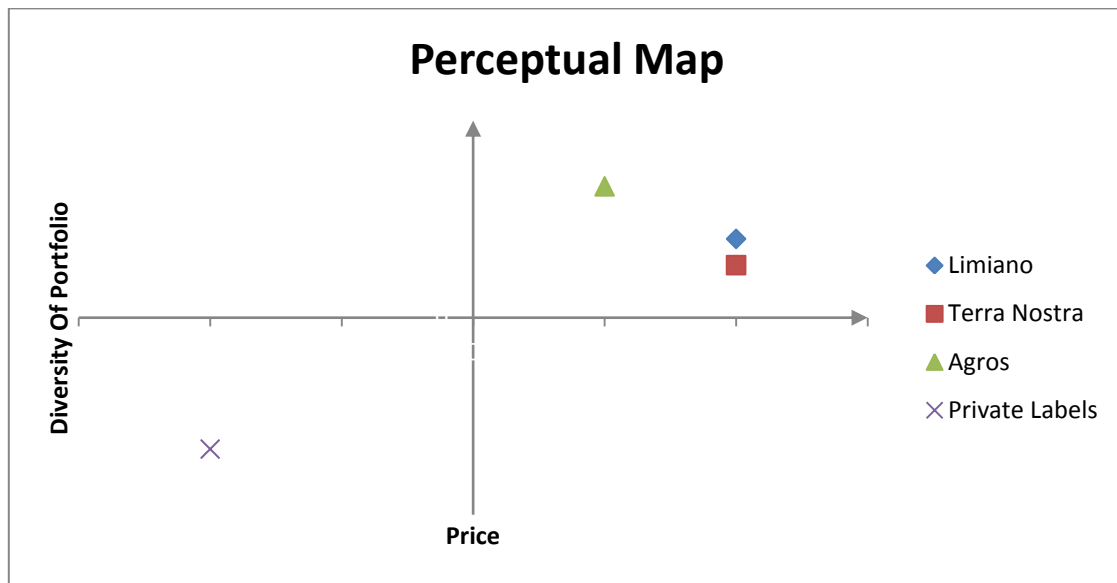


Although these brands belonging to distributors such as Continente, Pingo Doce or Auchan, have less quality and a smaller portfolio, they cost half of the price sometimes. Their package is simple and no investment in advertisement is done by the company.

Source: Case writer, adapted from: www.lactogal.pt [Accessed 17 April 2012].

³² “Agros, made in Nature”

Exhibit 17 Relative Positioning of the Major Players of the Flamengo Market according to their Price and Portfolio Diversity



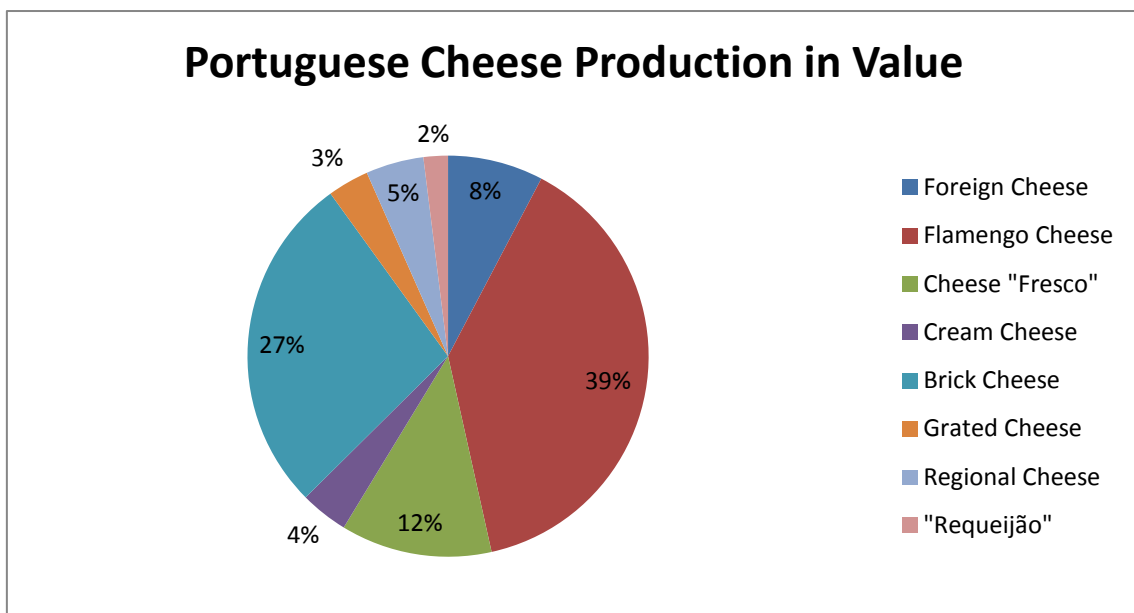
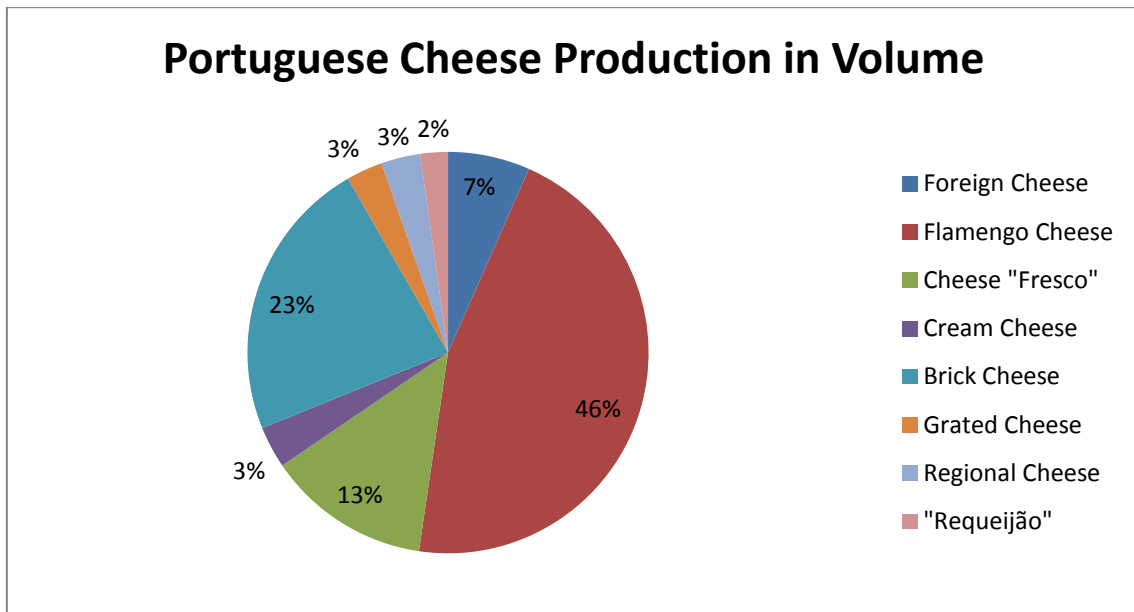
Source: Case Writer.

Exhibit 18 Limiano Portfolio Evolution since its Launch



Source: Case Writer, adapted from Superbrands, 2009. Superbrands, Marcas de Excelência em Portugal. Portugal.

Exhibit 19 Cheese Market In Value and Volume in 2009



Source: Nielsen, 2009.

Exhibit 20 Lovemarks Theory

Loyalty Beyond Reason

“Take a brand away and people will find a replacement. Take a Lovemark away and people will protest its absence.”

Lovemarks are a relationship, not a transaction.

Love for a brand is based on:

- mystery (associating it with great stories)
- sensuality (it stimulates senses)
- intimacy (it appears to be tailored to each one of its consumers)



Source: Pawle, J. and Cooper P., 2006. Measuring Emotion - Lovemarks, The Future Beyond Brands. Journal of Advertising Research, March, pp. 38-48.

Exhibit 21 Brand Laddering for the Repositioning of the Limiano Slices

Value	“Family Love”	“Cook to Impress”	“The Healthiest Choice”	“Rationally Good”
Emotional Benefit	Fortunately my kids can enjoy what I used to at my grandparents home although I don’t have as much time	I love to surprise friends and family with original meals	I can be healthy and still enjoy life	Although the package is more expensive, you only need one slice to be fully satisfied while in other brands you have to put 2 or 3 to really get the flavor
Functional Benefit	Ready-to-use slices with the same taste and texture it used to	Slices are a very versatile ingredient	Cheese has high calcium benefits and is a low fat snack compared to other options available	Limiano slices have a good quality-price ratio
Attributes	Same recipe since 1959 Unique buttery texture and soft flavor Slices cut directly from the ball	There are several recipes available for appetizers, mains or deserts where the main ingredient is cheese	Nutritional values available There is the equivalent of a glass of milk in a Limiano slice One slice has only 74 Kcals	Unique buttery texture and soft flavor High price

Source: Case writer, adapted from www.limiano.pt [Accessed 7 May 2012] and Moore, K., 2007. Saxonville Sausage Company. *Harvard Business Publishing*, 15 June.

Exhibit 22 Agencies Working with Limiano to Create Promotional Campaigns



Young & Rubicam is a multinational advertising agency in charge of creating the artistic part of a brand communication campaign.



Wiz Interactive is a digital marketing agency specialized in the creation and update of its client's websites.



OnSpot Marketing is an agency that generates ways to activate a brand and interact with its clients either off line with promotional activities or online through social networks.



OMD agency advises the Optimum Media Direction for a company with a certain budget. It also negotiates with the intermediaries the spots of a campaign.



Coleman CBX is a branding agency specialized in creating labels, packaging, and commercial environment suiting each company.



Inforpress is a public relations company specialized in external communication.

Source: Case writer, adapted from: www.yr.com ; www.wiz.pt ; www.on-spot.net ; www.ond.com ; www.colemancbx.com ; www.inforpress.pt [Accessed 17 April 2012].

Exhibit 23 Pros and Cons of Several Types of Media

	Advantages	Disadvantages
Broadcast Media		
TV	<ul style="list-style-type: none"> • High reach • High frequency potential • Low cost per contact • High intrusion value (motion, sound) • Quality creative opportunities • Segmentation possibilities through cable outlets 	<ul style="list-style-type: none"> • Greater clutter • Low recall due to clutter • Channel surfing during commercials • Short amount of copy • High cost per ad
Radio	<ul style="list-style-type: none"> • Recall promoted • Narrower target markets • Ad music can match station's programming • High segmentation potential • Flexibility in making new ads • Able to modify ads to fit local conditions • Intimacy (with DJs and radio personalities) • Mobile – people carry radios everywhere • Creative opportunities with music and other sounds 	<ul style="list-style-type: none"> • Short exposure time • Low attention • Few chances to reach national audience • Target duplication when several stations use the same format • Information overload
On line		
Social Networks	<ul style="list-style-type: none"> • High reach of internet users • Can turn campaign into viral • Receive feedback and monitor what people are saying about brand • Creative opportunities with music and videos • Direct-response techniques (e.g., coupons, sweepstakes) • Cheapest form of communication • Available 24/7 • Can build a bond with customers 	<ul style="list-style-type: none"> • Hard to keep fans interest • Spread of negative comments • Takes time to build a considerable fan base
Print		
Newspapers	<ul style="list-style-type: none"> • Geographic selectivity • High flexibility • High credibility • Strong audience interest • Longer copy • Cumulative volume discounts • Coupons and special-response features 	<ul style="list-style-type: none"> • Poor buying procedures • Short life span • Major clutter (especially holidays) • Poor quality reproduction • Internet competition with classified ads

Exhibit 23, continued Pros and Cons of Several Types of Media

	Advantages	Disadvantages
Print		
Magazines	<ul style="list-style-type: none"> • High market segmentation • Targeted audience interest by magazine • Direct-response techniques (e.g., coupons, Web addresses, toll-free numbers) • High color quality • Availability of special features (e.g., scratch and sniff) • Long life • Read during leisure time (longer attention to ad) 	<ul style="list-style-type: none"> • Declining readership (some magazines) • High level of clutter • Long lead time • Little flexibility • High cost
Outdoors	<ul style="list-style-type: none"> • Able to select key geographic areas • Accessible to local ads • Low cost per impression • Broad reach • High frequency on major commuter routes • Large, spectacular ads possible 	<ul style="list-style-type: none"> • Short exposure time • Brief messages • Little segmentation possible • Cluttered travel routes

Note: Clutter exists when consumers are exposed to hundreds of marketing messages per day and most are tuned out. Viral marketing happens when an advertising tied to a form of online communication is passed on from a consumer to another consumer.

Source: Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson.

Exhibit 24 Portuguese TV Channels, Newspapers and Magazines Audience and Affinity to Limiano target and Cost per GRP in 2009

TV Channels	Target Audience	Target Affinity	Cost per GRP ^a
TVI	5,2%	124	51 €
SIC	3,8%	113	35 €
RTP1	3,8%	108	44 €
2:	0,8%	95	54 €

^a For a 30 seconds spot at 8 p.m.

Newspapers	Target Audience	Target Affinity	Cost per GRP ^b
Correio da Manhã	8,6%	69	10 €
Jornal Notícias	8,4%	69	11 €
Record	1,9%	19	9 €
A Bola	2,0%	21	10 €
Expresso	5,9%	77	31 €
O Jogo	1,4%	22	7 €
Metro	5,6%	94	23 €
Destak	4,9%	89	21 €
Público	3,4%	75	21 €
DN	3,1%	75	24 €
Global Not.	2,9%	83	28 €
Sol	2,2%	72	32 €
24 Horas	2,3%	80	21 €
Diário Económico	1,5%	57	32 €
Jornal Negócios	0,8%	39	30 €
Vida Económica	0,3%	52	77 €
OJE	0,5%	60	63 €
Weekend Económico	0,6%	53	75 €

^b For a colored odd page

Magazines	Target Audience	Target Affinity	Cost per GRP ^b
Notícias Magazine	10,2%	92	8 €
Maria	9,7%	133	7 €
Visão	6,3%	86	10 €
TV 7 Dias	8,1%	131	7 €
Caras	5,0%	85	10 €
Nova Gente	7,8%	140	11 €
Única	4,1%	78	16 €
Lux	4,9%	137	13 €
Sábado	3,7%	92	17 €
Activa	4,7%	173	22 €
Máxima	4,1%	157	25 €
Happy Woman	3,4%	168	26 €

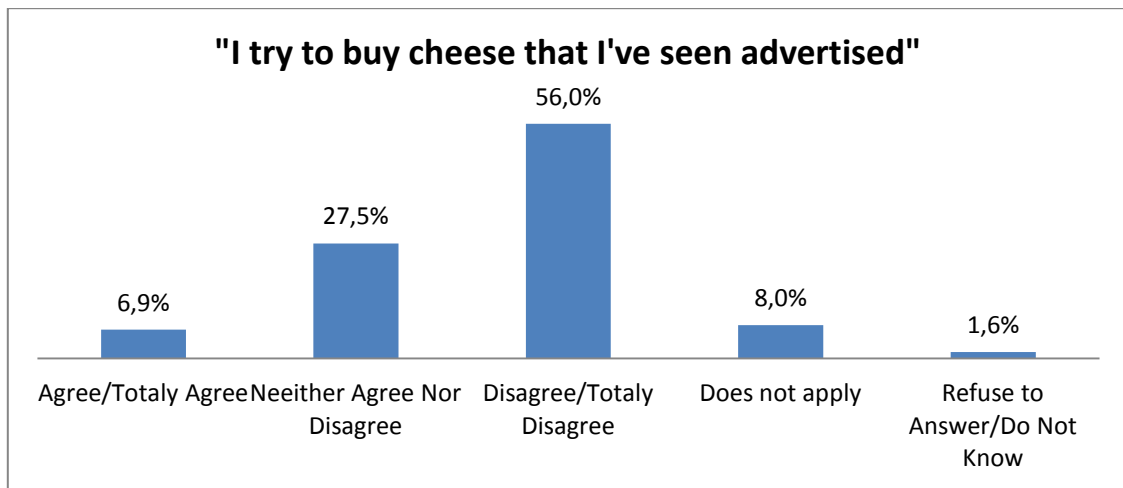
Source: MediaGate, 2009. GateScope.

Exhibit 25 Audience Duplication of 7 Magazines in 2009

(000)	Activa	Happy Woman	Lux	Maria	Máxima	Nova Gente	TV 7 Dias
Activa	225	36	38	26	67	38	40
Happy Woman	36	163	25	12	40	28	19
Lux	38	25	299	73	46	113	82
Maria	26	12	73	606	33	100	135
Máxima	67	40	46	33	217	45	44
Nova Gente	38	28	113	100	45	466	124
TV 7 Dias	40	19	82	135	44	124	515

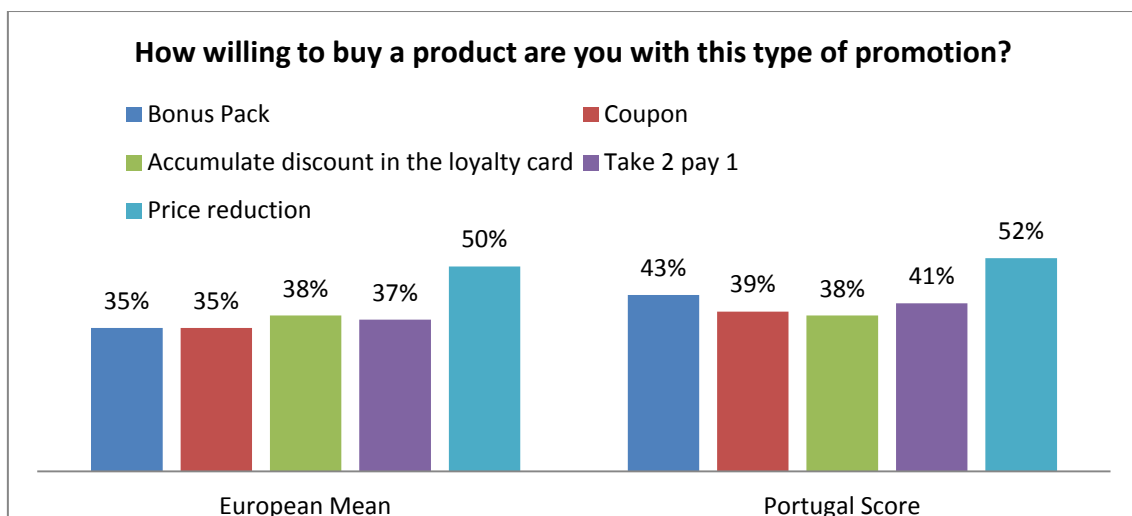
Source: Marktest, Bareme Imprensa, 2009

Exhibit 26 Answers to “Does Advertising Affects your Choice of Cheese at the Point of Sale?” in 2008



Source: Marktest Target Index Group Portugal, 2008.

Exhibit 27 What are the Portuguese Preferred Type of Promotion in 2010



Source: Nielsen, 2010. *Índice de Confiança Nielsen*.

Exhibit 28 Pros and Cons of Several Types of Sales Promotions

	Advantages	Disadvantages
Consumer Promotions		
<p>Coupons Price reduction offer.</p>	<ul style="list-style-type: none"> • Customers are willing to switch brands with coupons • High redemption rate • Lead to trial purchases and purchases of additional packages of a product • Create brand awareness 	<ul style="list-style-type: none"> • Redemption of coupons by loyal customers is not attractive for the company since they are willing to pay full price • People can stock up for the item at lower cost • Overusing it can damage brand image
<p>Premiums Prizes consumers receive when purchasing a product full price.</p>	<ul style="list-style-type: none"> • Encourages repetitive sales • Customers are willing to switch brands with premiums • Reinforce firms' image • Adds value to the product sold • Way to reward current customers 	<ul style="list-style-type: none"> • Not as effective at increasing profits
<p>Contests Require participants to perform an activity and the winner will be selected among the best scores.</p> <p>Sweepstakes No purchase required and winning is based on probabilities.</p>	<ul style="list-style-type: none"> • Instant response and secondary prizes increase number and satisfaction of participants • Less costly if done online • Viral buzz generated around brand • Way of gathering customers' data 	<ul style="list-style-type: none"> • The prize list and the odds of winning affect the success of these initiatives • Specific laws
<p>Refunds and rebates Cash returns offered to consumers after the purchase respectively of a full price small or major ticket item.</p>	<ul style="list-style-type: none"> • Customers are willing to switch brands with refunds or rebates • Lead to trial purchases 	<ul style="list-style-type: none"> • Low response rate • Too long process for customers • Delay of the purchase process until there is a rebate
<p>Sampling Delivery of a product to consumers for their use.</p>	<ul style="list-style-type: none"> • Encourage trial of potential customers when launching a new product • High conversion rate after trying 	<ul style="list-style-type: none"> • Distributing samples to loyal customers is not attractive for the company since they are willing to pay full price
<p>Bonus packs Additional or extra number of items are placed in a special package.</p>	<ul style="list-style-type: none"> • Customers are willing to switch brands with bonus packs • Increase usage of the product • Preempt the competition • Reward current customers 	<ul style="list-style-type: none"> • Delays next purchase of constant consumption products • Rarely attracts new customers

Exhibit 28, continued Pros and Cons of Several Types of Sales Promotions

	Advantages	Disadvantages
Consumer Promotions		
<p>Price-offs Temporary reduction in the price of a product to the customer.</p>	<ul style="list-style-type: none"> • Stimulate sales of existing products • Encourage trial • Customers are willing to switch brands with price-offs when no strong loyalty exists • Encourage stockpiling of loyal brand and increase of consumption • Customers value immediate reward 	<ul style="list-style-type: none"> • Delays next purchase of constant consumption products • May have a negative impact on profits • Encourage customers to be more price sensitive and delay the purchase process until there is a price-off • Overusing it can damage brand image
Trade Promotions		
<p>Trade allowances Provide financial incentive to channels to motivate them to make purchases.</p>	<ul style="list-style-type: none"> • Retailers can offer discounts to customers • Brand benefits of more shelf space • Increase retailers bottom line • Decrease the risk of introducing new products • Forward buying by the retailer when the product is on-deal 	<ul style="list-style-type: none"> • Encourage retailers to be more price sensitive and delay the purchase process until there is a trade allowance • Increases competitive pressure to offer trade allowances • Prevent small manufacturers from getting to stores • Discounted price is not always passed on to customers
<p>Trade contests Rewards given as contest prizes to brokers, retail salespeople, stores, wholesalers and agents.</p>	<ul style="list-style-type: none"> • Firm achieves sales targets • Motivates employees 	<ul style="list-style-type: none"> • Can encourage poor selling decisions by employees trying to win the contest
<p>Trade incentives Funds given that require the retailer to perform a function in order to receive the dollars.</p>	<ul style="list-style-type: none"> • Retailer passes on a part of the discount to the customers as part of the agreement • Retailers and manufacturers can plan promotions in advance • Manufacturers and retailers can share advertising costs 	<ul style="list-style-type: none"> • Each retailer has its own rules and has to be negotiated one-to-one

Note: Consumers promotions are incentives offered directly to a firm’s current and potential customers. Trade promotions are incentives used by manufacturers to purchase goods for eventual sale.

Source: Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson.

Exhibit 29 Four-Step Framework for Improving Sales Promotion Programs



Source: Adapted from: Evans, A. and Wherry, J., 2009. Four Steps to Optimizing Trade Promotions Effectiveness. *L.E.K. consulting / Executive Insights Vol. XIII, Issue 5*.

2. TEACHING NOTE

2.1. Introduction

This case study was prepared as a way to generate class discussion and teach some marketing concepts in a more practical way. This case should not be used as a source of primary data or an illustration of an effective or ineffective management. Although based on real events, some company data was masked in order to protect Limiano confidential information. Nevertheless, the essential relationships have been preserved.

This case has five additional supplements, two in Excel format, one power point and two windows media player:

- *Q4 and Q5 Students version.xlsx* contains the Exhibits 3, 24 and 25 essential to answer the suggested assignment questions 4 and 5. This Excel file can be made available to students to answer easily to those two queries.
- *Q4 and Q5 Teachers version.xlsx* contains possible answers to the suggested assignment questions 4 and 5, nevertheless it is not the only correct one. This Excel file should only be used in class to show students a possible resolution of the problem and should never be hand out to the students.
- *What has happened.pptx* can be used by instructors at the end of the resolution of this case study. It contains some Teaching Note Exhibits, supplied by Limiano itself, illustrating the campaign they decided to do and its impact on sales.
- *LIMIANO_15s.mpg* and *LIMIANO_35s.mpg* are the two tv campaigns created by Young&Rubicam for this campaign and aired in July 2010. These videos could be showed as a curiosity at the end of the case, in order to make it more dynamic, real and original.

The study of this case can be supplemented with a couple of readings:

- Pawle, J. and Cooper P., 2006. Measuring Emotion - Lovemarks, The Future Beyond Brands. *Journal of Advertising Research*, March, pp. 38-48.
- Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson.
- Evans, A. and Wherry, J., 2009. Four Steps to Optimizing Trade Promotions Effectiveness. *L.E.K. consulting / Executive Insights Vol. XIII, Issue 5*.

2.2. Synopsis

Limiano has been a renowned Portuguese Flamengo brand for more than 50 years. This market leader stands out thanks to the soft flavor and buttery texture of its artisanal cheese ball strongly attached to family memories. Unfortunately, due to the evolution of customers' needs and lifestyle, this format is becoming obsolete and no longer represents the growing of this brand revenues'. On the other hand, the market volume of Flamengo slices is increasing. However, Limiano has not reached the sales objectives set for 2009 and is actually losing market share in this last segment.

Manuel Correia, a junior member of the Limiano Marketing department is in charge of analyzing the last brand audit, understanding the reasons why Limiano is losing market share in the slices segment and then preparing a consumer-focused communication action aiming to recover sales in this segment. The case depicts a sequence of steps Correia takes to create the appropriate campaign. These steps include analyzing the market and the company; understand the brand audit results; define an appropriate positioning for the next campaign and contact all the intermediaries necessary to make it happen.

2.3. Suggested Assignment Questions

Market analysis

1. Analyze the actual cheese market environment in Portugal and the role of Limiano Company.

Marketing Department Responsibilities

2. Analyze the several positioning suggestions in the Exhibit 21 in terms of attractiveness for the target, values and Limiano goals. In your opinion, what is the correct positioning and why?
3. Taking into account the campaign objectives, target and the tools available to Limiano, evaluate what different type of media would be more effective to attain their goals. Justify your answer.
4. Put yourself in the shoes of Correia and schedule the next year advertising for Limiano Slices. Justify your answer.
5. OMD, the agency responsible for the placement of Limiano ads in the right media and vehicles, suggested some effective vehicles to reach Limiano target. In your opinion, which are the most appropriate vehicles for this campaign?

Sales Marketing Responsibilities

6. Imagine the report sent by Silva to Correia suggesting some suitable consumer promotion strategies for this campaign. In your opinion, what are the best sales marketing strategies for the next campaign?

2.4. Teaching Objectives

The teaching objectives of this case study are:

- To illustrate the main responsibilities they would face if they joined a marketing or a sales department;
- To highlight the current threat of private labels in the consumer goods sector;
- To elucidate about the concepts of strategic and operational marketing;
- To show the different positioning alternatives to fit a company's target, history and evolution objectives;
- To explain the difference between media planning and media scheduling and what factors are taken into account to build them;
- To help clarify what a Lovemark is;
- To illuminate about the benefits and threats of online platforms in the consumer goods sector;
- To enlighten the difference between medium and vehicle;
- To make clear how to calculate price elasticity;
- To inform about sales promotion plans.

2.5. Use of the Case

This teaching case can be used to study several marketing topics at a beginner's level in courses such as Marketing, Brand Management, Marketing Planning or Marketing Communications in an undergraduate and graduate program. At a MBA level, this case study would be suitable to Marketing Management courses.

Teachers can use the suggested questions to generate a discussion between the students and introduce subjects such as the macro and micro environment of a company, the threat of private labels, the advantages and disadvantages of some promotional and media activities and finally the responsibilities of a junior member of a marketing department such as media planning and media scheduling.

2.6. Relevant Theory

- 5 C's model³³

Situational analysis framework, tailored for marketing decisions, encompassing: the customers and the market potential, the company's and competitors' strengths and weaknesses, the collaborators such as distributors and finally the context and the market trends.

- Lovemarks³⁴

Thanks to the new technology development, products become similar in what concerns functional benefits. Brands try then to differentiate themselves by building a strong and loving relationship with their customer base in order to achieve "Loyalty beyond Reason" (see **Exhibit 20**). Lovemarks are the "next evolution in branding".

Yet this brand level is hard to attain. Consumers are bombarded with brand messages and understand the concealed reasons behind every brand action. In order to achieve that level of attachment, Lovemarks deliver performance beyond expectations, are respected by all and create emotional and intimate relationships with each one of its consumers based on mystery (associating with great stories) , sensuality (stimulating senses) and intimacy (appear to be tailored to each one of its consumers). Once a brand earns the customer respect and love, neuromarketing suggests that emotion leads to action and controls our rationality.

- Media scheduling³⁵

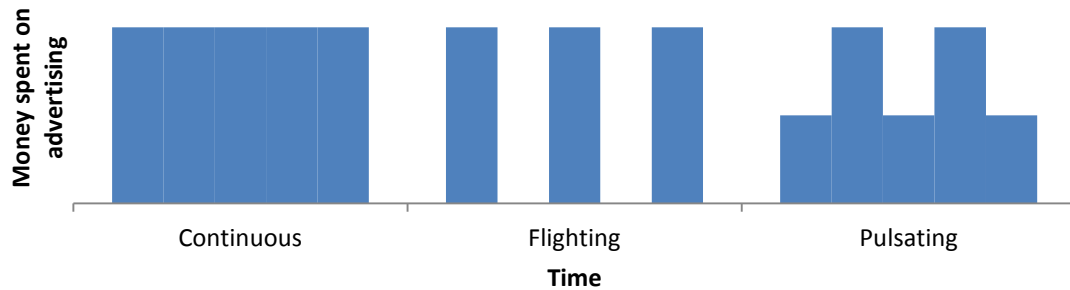
There are three main strategies in media scheduling. Either you advertise your product regularly over 365 days which is called Continuous campaign schedule, or you concentrate your efforts in a couple of periods leaving the others blank expecting the effect of the first campaign will still be strong enough during the period without advertising. This is called Flighting campaign schedule. Finally, the third method, Pulsating campaign schedule, consists in mixing the two previous ones, which means, doing a soft continuous campaign all over the year combined with a couple of bursts in some periods (see **TN – Figure 1**).

³³ Dolan, Robert J., 2000. 'Note on Marketing Strategy', Harvard Business Review.

³⁴ Pawle, J. and Cooper P., 2006. Measuring Emotion - Lovemarks, The Future Beyond Brands. Journal of Advertising Research, March, pp. 38-48.

³⁵ Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson.

TN – Figure 1 The Different Types of Scheduling



- Four-Step Framework for Improving Sales Promotion Programs³⁶

This framework elaborated by L.E.K. Consulting Group tries to provide company the tools necessary to improve the effectiveness of their sales promotion programs. This framework has four steps (see **Exhibit 29**), firstly companies should try to assess the effectiveness of past promotional events by relating the promotion spending and the sales volume. Secondly, companies should try to understand the category price elasticity and how changes in price affect consumers purchasing decisions in that category. Then it is needed to understand the threats of the other players based on an evaluation of the marketplace and the possible competitors’ reactions to the company promotional action. Now, the company has enough information to evaluate sales promotion options and plan the next campaign.

2.7. Analysis and Discussion

This case study first goal is to generate a guided discussion among students about some relevant marketing topics in a 90 minutes class. Here is the suggested time line for teaching this case:

- | | | |
|--------------|-------------------------------|------------|
| • Question 1 | Current Situation | 15 minutes |
| • Question 2 | Positioning | 15 minutes |
| • Question 3 | Media Planning | 15 minutes |
| • Question 4 | Media Scheduling | 10 minutes |
| • Question 5 | Choosing Appropriate Vehicles | 15 minutes |
| • Question 6 | Consumer Promotions | 20 minutes |

³⁶ Evans, A. and Wherry, J., 2009. Four Steps to Optimizing Trade Promotions Effectiveness. *L.E.K. consulting / Executive Insights Vol. XIII, Issue 5.*

In order to introduce the case, the teacher can start the class by brainstorming with the students about the macro and micro economic forces affecting the Limiano success. These can be sum up into a SWOT analysis or with the 5 C's Model from Robert Dolan³⁷. In this discussion we will follow this last framework.

Assignment Question 1 (15 minutes)

Analyze the actual cheese market environment in Portugal and the role of Limiano Company.

- The Customers

Portugal has a strong cheese tradition. This category of dairy product is appreciated by most of the population which leads to a high penetration rate of 94.4% across all age groups (see **page 7**). Cheese consumption is quite regular in Portugal since 45.9% of the responders consume cheese 2 to 3 times a week and 31.7% eats it every day, usually at breakfast or as a snack. This consumption tends to increase over the years and the market is still growing 6.4% a year in volume (see **page 7**). Nevertheless, the cheese consumption per capita in Portugal is very small compared to other European countries since they are used to make use of cheese in more diverse occasions than Portuguese (see **page 7**). By stimulating customers' user rates, cheese companies could easily enlarge the cheese market size resulting in greater revenues and maybe higher market share.

Flamengo Cheese is the Portuguese favorite one. It represents 46% of the cheese market volume in Portugal in 2009 and this value is increasing 8.7% a year (see **Exhibits 7 and 19**). This segment has a high penetration rate being present in approximately 80% of Portuguese households (see **page 9**). The two most promising segments are cheese slices already cut and ready to use which are growing 15% a year (see **page 7**) and the low fat cheese growing 57% a year (see **page 10**).

- The Company

Limiano company was founded 53 years ago (see **page 9**) and since then, this brand has reached notoriety indexes close to the top, more than 50% of Portuguese affirm that Limiano is their favorite cheese brand (see **page 10**). Limiano was leader in the Flamengo market with a share in value of 23% in 2009 (see **Exhibit 4**) and of low fat segment with 47% of market share in volume (see **page 10**);

³⁷ Dolan, Robert J., 2000. 'Note on Marketing Strategy', Harvard Business Review.

We can identify Limiano's key success factors as:

- Traditional, national and artisanal cheese (see **page 9**): even after being sold to Bel, the brand preserved the same recipe in all of its products, the Limiano slices are the only ones cut directly from the ball instead of following a more industrial process and the ball kept its clumsy and ugly look given that it is still partially hand-made;
- Family: Portuguese from older generations are emotionally attached to this brand and associate it to nostalgic family moments (see **page 11**);
- Consumer-focused Innovation (see **page 9**): Its R&D and management team have demonstrated the capacity to innovate and follow the market trends with the continuous launch of original products over the years. You can find this cheese in several formats in the self-service or at the counter. Limiano even launched a discounted pack to satisfy price-sensitive consumers in the crisis period (see **page 10** and **Exhibit 18**);
- Quality: This cheese has an unique texture and flavor recognized by all, it received for 4 years in a row the Superbrand award and was elected in 2008 and 2009 the flavor of the year in the Flamengo market (see **page 10**);
- Availability: Limiano is present in all kinds of distribution channels from traditional to supers and hypers making it easy for consumers to buy their products (see **page 10**).

Nevertheless Limiano is losing market share in value in the Flamengo cheese market due to a decrease in sales in both the ball and slices format (see **Exhibit 4, 6** and **page 6**). Whereas the ball sales downturn is understandable due to the evolution of customers needs, the slices sales recession at Limiano is worrying since this subdivision is supposed to represent the company growth. In fact, this segment is the only one still growing in the Flamengo market (see **page 6** and **Exhibit 6**). According to the brand audit, Limiano slices are perceived as industrial and with less flavor than the Limiano ball. Consumers do not see the difference between this brand slices and the competitors to justify a higher price (see **page 11**). Compared to private labels, Limiano products can cost the double (see **Exhibit 13**).

- The Competitors

In the Flamengo market, Limiano first direct competitor is “Terra Nostra” (see **Exhibit 4** and **16**). This brand, with a positioning more oriented to the high quality Azorean cheese (see **Exhibit 2**), belongs to the same group as Limiano and hence tries not to cannibalize Limiano campaigns (see **page 13**).

The second direct competitor is Agros with 15% market share in 2008 and 2009 (see **Exhibit 4**). This brand has a different positioning from Limiano: it has a lower price (see **Exhibit 13**) and focus on biologic dairy products instead of only Flamengo (see **Exhibit 16**).

The main threat for branded labels as Limiano is the recent evolution of Private labels. Between 2008 and 2009 their presence doubled changing the market standards (see **Exhibit 4**). Their products cost half of some branded labels price (see **Exhibit 13**) and have reasonably good quality perception. Unfortunately for the branded labels, 47% of Portuguese have a good opinion about private labels quality, 63% consider it good value for money. This is considerably higher than the worldwide average of 29% and 40% respectively (see **Exhibit 14**). Finally, 21% of consumers pretend to keep buying private labels even when the economy starts to grow (see **Exhibit 15**).

- The Collaborators

The fact that self-service sales are increasing at the expenses of the counter sales (see **page 7**) allows companies to have bigger margins on their portfolio sales, since the product sold is basically the same in both services and the self-service products cost almost twice as much (see **Exhibit 8**).

Traditional stores’ sales are decreasing in volume and value (see **Exhibit 9**). This might be explained by the fact that people looking for convenience prefer to have more offer and better prices and hence go to super and hypermarkets. Nevertheless, in the traditional distribution channels there are no private labels and Limiano is sales leader in the Flamengo segment (see **page 10**).

Supermarkets represent more than half of cheese sales. Besides it is the only channels where the growth in volume and value are positive, 13% and 5% respectively (see **Exhibit 9**). This might be explained by the strategy of this channel of having fewer private labels in store but a great amount of discounts in the point of sale.

Although more cheese quantity is being sold in the hypermarkets, a decrease of almost 5% in value is registered (see **Exhibit 9**). This can be explained by the increasing importance of the private labels in the family budget (see **Exhibit 12**) that cost half of the owned brands (see **Exhibit 13**).

- The Context

Customers are looking for more convenience and ways to facilitate their busy lives. This has several impacts in their shopping habits:

- The Flamengo ball market is shrinking due to its round format considered inconvenient by many (see **page 6 and Exhibit 6**);
- The traditional channels have less and less importance in the cheese market to the detriment of super and hyper markets where you can do the shopping of the month more easily (see **Exhibit 9**);
- The introduction of sliced cheese service that suit active housewives since it is a ready-to-use product (see **page 11**);
- People started looking for a self-service instead of waiting in a queue for a personalized treatment and freshly cut cheese at the counter so they could do their groceries quicker (see **page 7**).

Also, people are becoming more concerned about their body and the nutritional values of what they are eating. This trend reflected itself in the cheese market with the introduction of the 50% low fat cheese (see **page 10**).

Finally, in this economic crisis, most families are becoming more price-sensitive and 41% of Portuguese are shifting their consumption from branded labels to private labels (see **Exhibit 12**). This phenomenon is affecting the Portuguese Flamengo market that even with a 8.7% volume growth, observed a 2% sales value downturn between 2008 and 2009 (see **Exhibit 7**) which means the average price of products bought by consumers is decreasing.

*This exercise can be summed up in the white board in one of the two ways showed on **TN-Figure 2** or **TN-Figure 3** depending on the method chosen by the teacher.*

TN – Figure 2 5 C’s Model Applied to Limiano in 2009

Customers	<ul style="list-style-type: none"> • High penetration rate across all age groups • Consumption is quite regular and tends to increase • Portugal consumption small compared to Europe: opportunity to grow • Flamengo Cheese is favorite one • Promising segments : slices, low fat cheese 	
Company	Positive Factors	<ul style="list-style-type: none"> • Positive and high notoriety • Market leader • High Quality Artisanal Product • Family values • Consumer-focused Innovation • Availability
	Negative Factors	<ul style="list-style-type: none"> • Losing market share • Ball format considered inconvenient by customers • Customers perceive that Limiano slices do not have the same quality as the ball • Premium prices
Competitors	<ul style="list-style-type: none"> • “Terra Nostra”: medium threat – high market share, belongs to Bel • Agros: low threat – low market share, different positioning • Private Labels: high threat – low price, high acceptance from consumers 	
Collaborators	<ul style="list-style-type: none"> • Counter vs self-service • Traditional: decreasing sales value and volume but no private labels and Limiano is leader • Super: more cheese sales, only one increasing value because less private labels • Hyper: decreasing sales value because of increasing sales of private labels 	
Context	<ul style="list-style-type: none"> • Customers looking for convenience • Body cult • Price-sensitivity 	

TN – Figure 3 SWOT Framework Applied to Limiano in 2009

	Positive	Negative
Internal Factors	<p>Strengths</p> <ul style="list-style-type: none"> • Positive and high notoriety • Market leader • High Quality Artisanal Product • Family values • Consumer-focused Innovation • Availability 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Losing market share • Ball format considered inconvenient by customers • Customers perceive that Limiano slices do not have the same quality as the ball • Premium prices
External Factors	<p>Opportunities</p> <ul style="list-style-type: none"> • Cheese consumption is increasing • Portugal consumption small compared to Europe: opportunity to grow • Flamengo is the favorite cheese • Sliced, Low fat & Self-service segments increasing • Super: more cheese sales, only one increasing value because less private labels 	<p>Threats</p> <ul style="list-style-type: none"> • Private Labels: high threat – low price, high acceptance from consumers • Hyper: decreasing sales value because of increasing sales of private labels • Customers looking for convenience • Price-sensitivity

*Based on the knowledge acquired in this case study about the cheese market in Portugal and the Limiano consumers’, students are now able to evaluate the potential success of the four positioning suggested. The teacher can then introduce the assignment question 1 in the following way: “Limiano is experiencing some difficulties in the slices segment and its sales are decreasing (see **page 6**) whereas the market is growing 5% a year (see **Exhibit 6**). This might be due to a fade of emotional bond between the brand and its consumers, the higher price and the unperceived added value (see **page 11**). Limiano was once a Lovemark that benefited from “loyalty beyond reason”, but after losing its mystery, i.e., the stories attached to it that made it special, it is now only a brand among others (see **Exhibit 20** and **page 12**). What could be the strategies to regain the customers “love”?. Students will eventually suggest a repositioning based on **page 12** of the case. Focusing on a repositioning could maybe help Limiano to recover the lost emotional value and then its market share. All the following four positioning presented*

have pros and cons and could eventually be used by Limiano. A discussion can now be generated between students. Here are some arguments that could be presented for each positioning:

Assignment Question 2 (15 minutes)

Analyze the several positioning suggestions in the Exhibit 21 in terms of attractiveness for the target, values and Limiano goals. In your opinion, what is the correct positioning and why?

The **“Family Love”** positioning seems more appropriate for family mothers wishing to transmit the flavors of their childhood to their children. As shown in the focus group, housewives are very busy these days and do not have time to cut delicately slices from the cheese ball like their grandmother used to. Instead, they prefer to buy sliced ready-to-use cheese at the self-service (see **pages 7 and 11**). This positioning aims to show that Limiano managed to preserve all its attributes from its early years in its slices by cutting them directly from the cheese ball. Mothers can trust the brand to pass on these family values to the next generations. Although all the positionings suggested are legit, this one seems the more customer-oriented since it is answering directly to the population real concerns of passing on the values they received and good moments they lived when they were kids with the Limiano ball (see **page 11**). This strategy also enlightens the emotional bond between the consumer and the brand and creates a differentiation point between Limiano slices cut from the ball and the industrial private labels. Using emotional appeals in advertising can also allow the company to stand out in the clutter and catch customers’ attention³⁸. Nevertheless Limiano should be careful since this positioning is purely emotional and during crisis people tend to be more rational when doing their shopping (see **Exhibit 12**).

The **“Cook to Impress”** positioning can be designated mainly to female cheese consumers, from medium to upper social classes, in their early years of career. They value social interaction and hosting original dinners for friends and family. This is close to the core target of Limiano (see **page 11**) and the value of sharing of Limiano. Besides, as the website mentions, Limiano cheese is very versatile and can be used to prepare appetizers, mains, deserts or even some snacks (see **page 9**). Nevertheless this positioning is only trying to increase user rates showing them the several usages of cheese; it is not demonstrating the added value of Limiano

³⁸ Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson.

slices. In a nutshell, this positioning will probably help the market to grow but not specifically the Limiano slices share.

“The Healthiest Choice” appeals mainly to young man and women, which look after their physical condition but also like to enjoy little pleasures of life. They value rich products, essential to a balanced and complete diet. Cheese is low in calories compared to other types of snacks and is a good source of proteins, vitamins and mineral salts. The Limiano slices with only 74 kcals per slice would be perfect for this segment. Nevertheless this positioning could be a little bit confusing for consumers since Limiano has a low fat product specially designated to this target (see **page 10**). Moreover, positioning two products in the same way could generate some sales’ cannibalization.

During economic downturns, the consumers try to save money in the household expenses (see **Exhibit 12**). The **“Rationally Good”** is probably appealing to those very price-sensitive customers that are looking always for the best bargain. In the focus group, it was shown that people buy private labels cheese because it is a good value-for-money, it costs half the price of a branded label and has reasonably good quality (see **Exhibit 13** and **14**). Nevertheless they usually end up using two slices instead of one to do a toast since one slice does not have enough taste (see **page 11**). This positioning aims to show that when using Limiano, this is not a problem; one slice has all the flavor and texture needed to satisfy those little pleasures. Hence, people buying private labels and using two slices instead of one finishes up by spending as much as Limiano consumers and having a lower quality product. This positioning has a clear rational appeal. The advantage of using this kind of appeal in advertising is that it leads to a stronger conviction about the product benefits’ and is more likely to generate sales³⁹. Nevertheless, although this positioning tries to be closer to the consumers worries and help them to choose the best deal, 47% of the Portuguese still think that private labels have as good quality as the branded labels and consequently for that part of the population this positioning is not relevant (see **Exhibit 14**).

*This question can be summed up in the white board as in the **TN-Figure 4**.*

³⁹ Clow, K. E. & Baack, D., 2012. *Integrated Advertising, Promotion, and Marketing Communications*. Fifth Edition ed. England: Pearson.

TN – Figure 4 Pros and Cons Analysis of the Different Potential Positionings

Positioning	Target	Advantages	Disadvantages
“Family Love”	<ul style="list-style-type: none"> •Busy young family mothers •Wish to transmit the flavors of their childhood 	<ul style="list-style-type: none"> •Emphasizes that it is not industrial and has the same taste and texture it used to •Emotional appeal catches the attention 	<ul style="list-style-type: none"> •Purely emotional argument for a fast consuming product
“Cook to Impress”	<ul style="list-style-type: none"> •Female •Top social classes •Value social interaction 	<ul style="list-style-type: none"> •Close to the core target of Limiano •In accordance with Limiano value of sharing •Demonstrates different ways to use cheese 	<ul style="list-style-type: none"> •Does not demonstrate the added value of Limiano slices
“The Healthiest Choice”	<ul style="list-style-type: none"> •Young man and women, •Newlyweds or single, •Look after their physical condition, •Like to enjoy little pleasures of life, •Value rich products essential to a balanced and complete diet 	<ul style="list-style-type: none"> •Cheese slices have low fat and many nutrients •Low fat segment growing 57% 	<ul style="list-style-type: none"> •Confusing for consumers leading to 50% low fat cannibalization •Low fat segment represents only 4%
“Rationally Good”	<ul style="list-style-type: none"> •Price-sensitive customers 	<ul style="list-style-type: none"> •Shows empathy from the brand to the consumers efforts to save at home •Shows Limiano has more flavor •Rational appeal more likely to turn into sales 	<ul style="list-style-type: none"> •47% think that private labels have as good quality

At the end of this discussion, the teacher can ask to the class what should be the next step in a marketing department after defining the strategic marketing. Optimally someone would mention the operational marketing variables. Since in this case Product, Price and Place will not be modified we will only focus on Promotion. On following exercise teachers should guide students to reflect firstly on the company target, then defining the objectives of the campaign, weighting the pros and cons of an investment in each one of the communication activities and finally choose the most appropriate ones for this campaign. This retraces a media planner structured way of thinking.

Assignment Question 3 (15 minutes)

Taking into account the campaign objectives, target and the tools available to Limiano, evaluate what different type of media would be more effective to attain their goals. Justify your answer.

Limiano brand is designated mostly to Portuguese urban families with higher purchasing power and more importantly, Limiano wishes to attract attention of the head of the household in charge of shopping, usually a woman from 25 to 44 years old that used to eat Limiano in her younger age (see **page 11**).

With 2010 campaign, Limiano aims to (see **page 12**):

- a. reconnect emotionally with its target,
- b. accent the positioning of artisanal and traditional Limiano slices,
- c. regain sales in the slices market against private labels.

To attain these objectives, Limiano will need the help of some communication tools. In order to know which ones are the more appropriate for this campaign, a weighting of the advantages and disadvantages of each one of them should be done.

Repositioning a brand is a complex idea, Limiano needs a medium that enables to expose several aspects and explain the evolution of the brand and its characteristics. The print media such as newspapers and magazines allow doing that. Newspapers, with its high credibility, manage to catch customers' attention and could help Limiano spreading rapidly through a high number of readers its new positioning (see **Exhibit 23**). Magazines might be even more efficient since they allow focusing only on a specific female target. Readers usually read magazines more carefully during the leisure time, and the higher quality copy would confer more attention, emotional impact and better recall than newspapers (see **Exhibit 23**).

Television, although expensive, also seems essential. By stimulating senses as sight and hearing, it passes on the emotional value of Limiano and creates the sensuality a Lovemark needs and that print media does not confer entirely (see **Exhibits 20** and **23**). With storytelling tv spots, Limiano could also recall customers of the moments they spend with this brand and rebuild the lost mystery of the brand (see **Exhibit 20** and **page 12**).

Outdoors and radio only allow using simple ideas since these techniques only catch the customer attention for a brief moment. They could be used as supports to the other media used in the campaign, as TV and magazines, leveraging the investment and extending the recall, reach and frequency of this campaign (see **Exhibit 23**).

A social network page could be created to give a younger look to the brand and rebuild the lost connection with younger generations, recreating the intimacy between the brand and the consumers (see **Exhibit 20** and **page 12**). It should be updated regularly in order to provide useful information to Limiano customers and try to be creative enough to turn viral. Finally, this platform should also be used as a way to receive feedback that would then be passed on to the marketing departments and implemented eventually (see **Exhibit 23**).

Optimally, with this media mix Limiano will be able to retrieve not only its market share but also its Lovemark status.

As if we were in a real Marketing department, after defining the target, campaign objectives and media categories for this campaign it is time to schedule them. Students are expected to schedule different types of promotion avoiding cannibalizing the other Bel brands' and taking into account the company policies. The teacher should guide students to identify the restraints and then to build the media schedule. The Q3 and Q5 Teachers version.xlsx file can be used to present the answer to the class.

Assignment Question 4 (15 minutes)

Put yourself in the shoes of Correia and schedule the next year advertising for Limiano Slices. Justify your answer.

While building this media schedule several points should be taken into account:

- “Vaca que ri” and “Terra Nostra” have scheduled their media plan already (see **Exhibit 3**). Limiano should try not to overlap their communication campaigns to avoid cannibalizing their sales (see **page 13**);

- The materials for the campaign will only be ready in 7 months (see **page 13**);
- Usually at Bel, brands do 4 campaigns, one per trimester (see **Exhibit 3**), coinciding with the holidays matching its positioning (see **page 13**). Since Limiano is a Family oriented brand, festivities as New Years in T1, Easter, Mothers’ and Fathers’ day in T2, Summer holidays in T3 and Christmas in T4 might be some of the most congruent dates for Limiano. Carnival for example would be more suitable for “Vaca que ri” since it is a festivity characterized by kids disguises.
- Limiano should use a pulsing media scheduling investing in marketing heavily when people are the more willing to buy in order to have a higher return on investment (see **page 13**). The busiest occasions are Summer and around April and May (see **Exhibit 5**);
- After analyzing the “Vaca que ri” and “Terra Nostra” media schedule it appears that the first and the summer campaigns are the most intensive ones (see **Exhibit 3**). The first one must have the aim of passing the campaign positioning whereas the summer one tries to attract the attention of those customers full of willingness to spend. T2 only invests in TV leveraging the past trimester campaign awareness and T4 tries to entice Christmas shopping.

After considering all these facts, a possible Media schedule for 2010 can be built as presented in the **TN-Figure 5**.

TN – Figure 5 Media Schedule for the 2010 Limiano Campaign

2010	1st Trimester									2nd Trimester									3rd Trimester									4th Trimester																								
	Jan			Feb			Mar			Apr			May			Jun			Jul			Aug			Sep			Oct			Nov			Dec																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
Limiano	[Blue shaded cells]																																																			
Broadcast Media	[Grid]																																																			
- TV	[Grid]																																																			
- Radio	[Grid]																																																			
On line	[Grid]																																																			
- Website	[Blue shaded cells]																																																			
- Social Networks	[Blue shaded cells]																																																			
Public Relations	[Grid]																																																			
- Newspapers	[Grid]																																																			
- Magazines	[Grid]																																																			
Print	[Grid]																																																			
- Masters 8x3	[Grid]																																																			
- Moopies 2x1,5	[Grid]																																																			

After weighting the importance of media categories and scheduling them, the budget is attributed to the different agencies that will consider the media vehicles to be used in the

campaign. It might be important to stress the difference between medium, a class of carriers (plural media) and vehicle, an individual carrier within a medium.

Assignment Question 5 (10 minutes)

OMD, the agency responsible for the placement of Limiano ads in the right media and vehicles, suggested some effective vehicles to reach Limiano target. In your opinion, which are the most appropriate vehicles for this campaign?

By analyzing one type of media at the time, several conclusions could be inferred. In fact there is not only one possible and valuable interpretation of these values. Here are some interpretations that could be discussed in class (see **page 14**):

- Television

The channel 2: has a target affinity below 100 and hence would not be effective to reach Limiano's target.

Although SIC and RTP1 have the same target audience, RTP1 Cost per GRP is higher than SIC and RTP1 has a lower target affinity than SIC. Thus, SIC should be chosen over RTP1 since with a lower cost Limiano will manage to get the same target audience and benefit from a higher target affinity. Nevertheless, if the budget allows, both channels can be chosen to assure a higher coverage.

TVI reaches a target audience 37% bigger than SIC, with 10% more affinity but at a 46% higher cost. If the aim of this campaign is to reach a high number of Portuguese very quickly, TVI should be included in the media plan despite its high cost per GRP. SIC could be used to support this investment and make the most of the media budget as well as a way to reach additional coverage.

After this analysis it is clear that TVI is the most effective in terms of audience reach and affinity in spite of its higher cost. To increase profitability and reach of the Limiano campaign some spots could be included in SIC and, if the budget allows, RTP1. In terms of qualitative aspects, these three aerial tv channels have an acceptable quality of image and a content pleasing a very large target audience. These seem the correct channels to advertise.

- Newspapers

Since there are better print media to support our campaign than newspapers, and all the newspapers present in this ranking have a target affinity lower than 100, it does not seem profitable to invest in one of those vehicles. This supports our decision in the previous question.

Nevertheless, Metro, with an affinity of 94% could be considered to contain some customers' promotions such as sampling or couponing.

- Magazines

Regarding the 12 magazines in the ranking, only 7 have affinity above 100 and hence only those should be considered as efficient vehicles for Limiano campaign (see **Exhibit 24** and **TN - Figure 6**).

From those 7 magazines, Nova Gente, TV 7 Dias and Maria are the ones with lower cost and higher target audience and thus the most profitable ones to insert Limiano's ad since they allow reaching a larger amount of people at a lower cost (see **Exhibit 24** and **TN - Figure 7**). Although their content seems appropriate to insert Limiano ad, maybe next to a culinary section, they have a lower affinity with the target than Maxima, Activa and Happy Woman and from a qualitative point of view their graphic quality is not as good.

Taking those conclusions into account and depending on the OMD's strategy and budget, several strategies could be followed after analyzing the audience duplication (see **Exhibit 25**). To be able to compare the values, the audience duplication can be converted into percentages (see **TN - Figure 8**). This table should be read in the vertical, which means for example that, from the 100% readers of Activa, 16% also read Happy Woman.

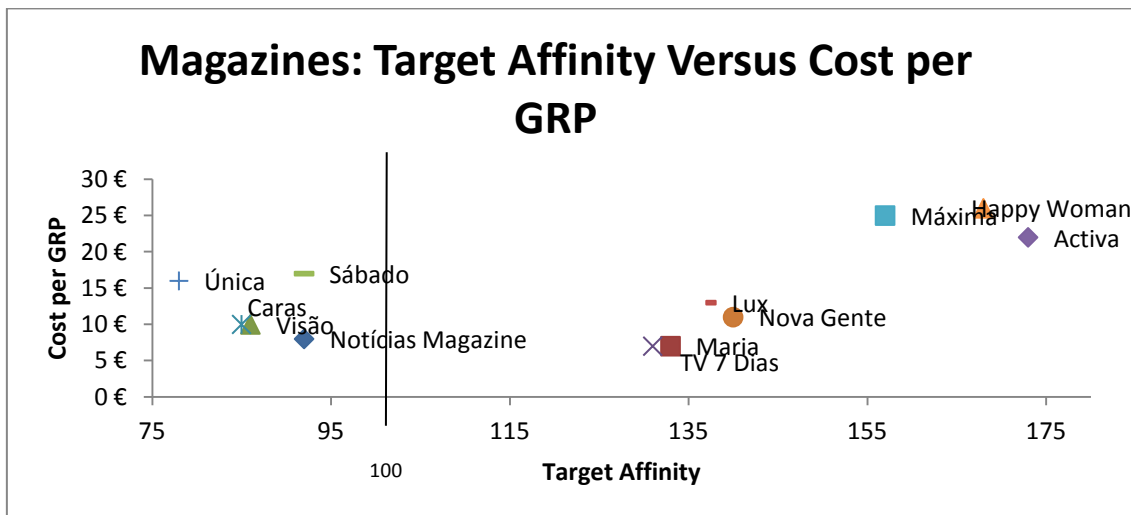
- If OMD desires to have a large coverage and reach as many different people as possible, then they should opt for vehicles with a lower audience duplication percentage. By mixing low and high cost magazines, such as Maria and Activa or TV 7 Dias and Happy Woman with only 4% audience duplication, OMD could achieve that.
- On the other hand OMD might prefer to have a high frequency of the message and concentrate their efforts on the same people. In this case, a higher audience

duplication percentage is preferable. A media plan using Lux and Nova Gente or Maxima and Activa at the same time appears to respond to the company goal.

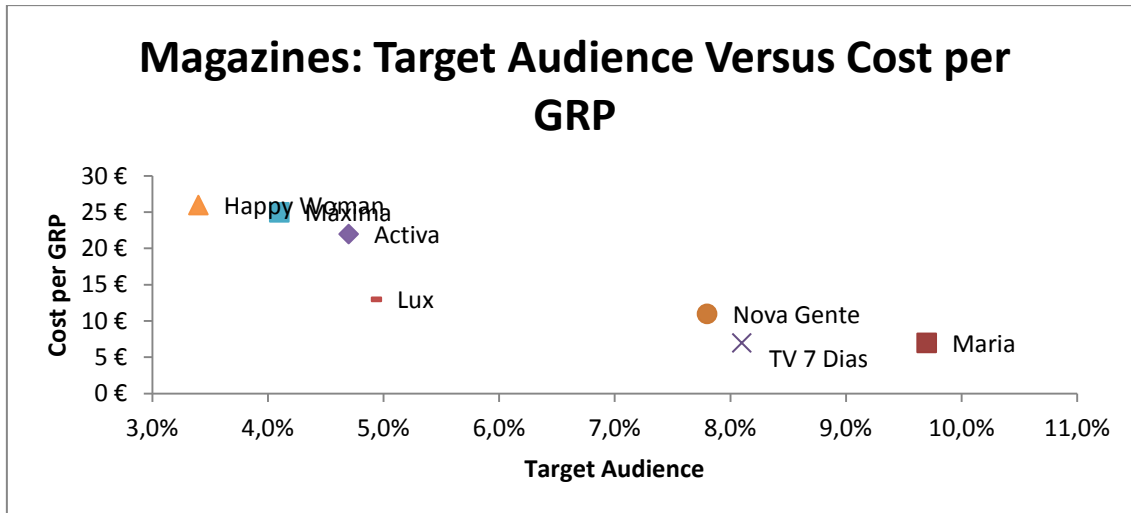
In this particular case, the aim is to rebuild a connection with the Portuguese population (see **page 12**). Knowing that, maybe a wider target would be more efficient. With that goal in mind and the fact that the budget this year suffered some restrictions (see **page 6**), the best vehicle set appears to be the investment in Maria, the cheapest magazine with higher audience and average affinity, and Activa, the magazine with higher affinity and a considerable lower cost than its direct competitors Happy Woman and Maxima.

*This answer can be schematized on the white board as presented by the **TN-Figure 9** or shown to the students in the excel file Q4 and Q5 Teachers version.xlsx.*

TN – Figure 6 Target Affinity versus Cost per GRP of the Top Ranked Magazines for our Target



TN – Figure 7 Target Audience versus Cost per GRP of the Top Ranked Magazines for our Target



TN – Figure 8 Analysis of Magazines’ Audience Duplication

%	Activa	Happy Woman	Lux	Maria	Máxima	Nova Gente	TV 7 Dias
Activa	100,0	21,8	12,7	4,4	30,8	8,1	7,7
Happy Woman	15,8	100,0	8,5	2,0	18,3	6,1	3,8
Lux	16,9	15,6	100,0	12,0	21,3	24,1	16,0
Maria	11,7	7,4	24,3	100,0	15,2	21,5	26,2
Máxima	29,7	24,2	15,5	5,4	100,0	9,6	8,6
Nova Gente	16,8	17,4	37,7	16,5	20,6	100,0	24,1
TV 7 Dias	17,6	11,9	27,6	22,3	20,4	26,6	100,0

Note: Audience Duplication **high** moderate **low**

TN – Figure 9 More Appropriate Vehicles to Insert Limiano’s Ad

TV	Newspapers	Magazines
TVI: allows to reach high Target Audience with high affinity in short time SIC and RTP1 support channels if budget allows	None: Target Affinity<100	Target Affinity>100 Audience Duplication < 10% Activa – low cost / affinity Maria –low cost / audience

At the end of this exercise the instructor can stress that the media plan is now finished and show to the class the material LIMIANO_15s.mpg and LIMIANO_35s.mpg in order to make this case more tangible for students. Based on the tv ads, the students can try to infer which positioning was chosen by Limiano. Now that we have covered the marketing department responsibilities lets study the sales marketing tasks.

Assignment Question 6 (15 minutes)

Imagine the report sent by Silva to Correia suggesting some suitable consumer promotions strategies for this campaign. In your opinion, what are the best sales marketing strategies for the next campaign?

Taking into account the method presented in the **Exhibit 29**, the answer to this question should be divided into four steps:

- Step1

Although Limiano has not a lot of information regarding its past sales promotions' effectiveness we can notice that during the months they invested in this kind of initiative, i.e., start of January, mid-April and August (see **page 15**), their sales peaked (see **Exhibit 5**). These two facts might be connected. Furthermore, according to Silva, a Bonus pack of Buy-One-Get-More-20%-Free can have positive impact of 40% on sales (see **page 15**).

- Step2

If Limiano sells a pack with 20% extra free product (see **page 15**), it is the same as doing a 20% price discount. This is easily verifiable: Limiano costs around 10€/kg (see **Exhibit 13**), but if we have a 20% extra of cheese for free it means that with the promotion the price is actually 10€/1.2kg. Without this promotion 1.2kg would cost 12€ which is 20% more of than the price with promotion. Hence a Buy-One-Get-More-20%-Free is the same as a 20% price discount.

Knowing that with a discount of 20% the volume sales increases 40% (see **page 15**), the Limiano price elasticity is -2.0.

$$\text{Category Price Elasticity} = \frac{\text{Volume Change}}{\text{Price Change}} = \frac{+40\%}{-20\%} = -2.0$$

Since price elasticity is inferior to -1.0, this indicates that price elasticity of this category is relatively elastic, in other words, the percentage of change in quantity is considerably higher than the percentage of change in price. Therefore, people seem highly responsive to changes in Limiano price and a decrease in prices could lead to an important revenue increase⁴⁰.

- Step3

Limiano has 3 major competitors in the Flamengo market that could react to Limiano investment in sales promotions:

⁴⁰ César das Neves, J. L., 1992. *Introdução à Economia*. 7ª Edition ed. Lisboa: Editorial Verbo.

- As Limiano, “Terra Nostra” also belongs to Bel (see **Exhibit 2**), and their campaigns are thought at the same time in order to avoid interferences with each other success (see **page 13**), this brand represents a low threat for Limiano;

- The private labels (PL) belong to retailers (see **page 8**). In order to have sales promotions in the store, some negotiations have to be done between Limiano and its distribution channels (see **page 15**). Some retailers can refuse to give Limiano the best spots in store and keep them for their own labels. This represents a high threat for Limiano;

- Agros is a minor branded player in the Flamengo market (see **Exhibit 4**), nevertheless if they decide to invest in sales promotions simultaneously as Limiano it may decrease Limiano’s return on investment.

- Step4

According to the category price elasticity it is clear that promotions related to price are very effective to generate sales in the Cheese market in Portugal.

Bearing in mind that, with the usage of sales promotions, Limiano aims to regain sales from former customers against private labels (see **page 14**), price-offs, coupons and sampling seem to be the most appropriate techniques:

- Price-offs and coupons are very effective inducing willingness to buy (see **Exhibit 27**) since they represent immediate rewards to the buyer, much appreciated by consumers; encourage trial purchase by new customers and hence have both high impact on sales (see **Exhibit 28**);
- Sampling has high conversion rate after trying (see **Exhibit 28**). This could be a way to demonstrate, in the point of sale for example, that the flavor of the slices is still the same as the ball and accent the positioning of artisanal and traditional Limiano slices.

In this next campaign, Limiano could use those three techniques moderately to generate more sales while not damaging the brand image. It is important to stay attentive to the competitors’ reactions.

We can argue that the remaining techniques are not as suitable:

- Bonus packs and premiums are ways to reward current customers and increase their consumption rate (see **Exhibit 28**). These do not correspond to Limiano main goal on this campaign;
- Contests and sweepstakes have more impact on awareness than on sales (see **Exhibit 28**);
- Refunds have very low response rate since customers do not like to endure such long processes to retrieve such little amount of money back and hence have little impact on sales (see **Exhibit 28**).

*This answer could be schematized on the whiteboard as demonstrated in **TN-Figure 10**.*

TN – Figure 10 Four-Step Framework for Improving Sales Promotions Programs by L.E.K. Applied to Limiano

<p>Step1: Past Promotions were effective? Yes:</p> <ul style="list-style-type: none"> • peak sales=sales promotion action • 20% discount increases sales by 40% 	<p>Step2:Price Elasticity</p> $= \frac{\text{Volume Change}}{\text{Price Change}}$ $= \frac{+40\%}{-20\%} = -2.0$	<p>Step3: Competitors</p> <ul style="list-style-type: none"> • “Terra Nostra”: low threat • PL: high threat • Agros: medium threat 	<p>Step4: Options</p> <ul style="list-style-type: none"> • Price-off • Coupons • Sampling <p>Attention to Competitors’ reaction and Image impact</p>
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By the end of the class the instructor can stress that some marketing and sales marketing responsibilities have been covered in this case and if the students end up working in one of those departments they might face similar challenges. Finally, the file What has happened.pptx can be presented to the class in order to show students the result of one consumer-focused advertising campaign and its impact on a brand sales.

2.8. What Has Happened?

All this effort come to an end in July 2010 when a strong communication campaign was launched in aerial (SIC and TVI) and cable (AXN) TV channels. The first advertising spot of 35 seconds showed a pregnant woman talking to her unborn child and telling him all about her

childhood memories and the slices of Limiano cut from the ball by her grandmother. This spot was then followed by one with 15 seconds (see **TN - Exhibit 1**).

The Packaging was changed as well. The claim “Sempre juntos. Genuinamente” was replaced by “O queijo que faz parte da família” and the name of the product went from the simple “Queijo em Fatias” to “Fatias da Bola Limiano” in order to strengthen the differentiator factor from the private labels, that these slices come directly from the Limiano cheese ball keeping the quality, its artisanal flavor and the memories attached to it. These values were also supported by a new image in the package where the slices are falling from the ball directly into the bread and no longer juxtaposed (see **TN - Exhibit 2**).

This campaign invested also in print advertisement as outdoors (see **TN - Exhibit 3**) and public relations actions in magazines such as Activa (see **TN - Exhibit 4**) to generate curiosity and awareness in the consumers.

Additionally, this campaign was accompanied by online tools to develop the relationship with the fans. The website was updated with a layout related to this campaign and customers could find all the nutritional information necessary about the different cheeses, the company history and values as well as its past communication campaigns and finally several recipes for diverse occasions (see **TN – Exhibit 5**). Limiano joined Facebook in March 2010 and started interacting daily with its virtual friends giving them the tv campaign on firsthand and many contests. A microsite was also launched where consumers can write a story where their kids and Limiano cheese are the protagonists (see **TN – Exhibit 6**).

Finally, Limiano considered important to invest on the point of sale as well using different tools to have a stronger call to action in the hyper and super markets and generate more sales (see **TN - Exhibits 7, 8 and 9**).

Despite they did not change the product or its price, thanks to a reverse marketing strategy and this repositioning, the Limiano Slices sales demonstrated a boom that year and managed to counter the decreasing sales tendency and even surpass last year sales (see **TN - Exhibit 10**). This campaign was also awarded with the Superbrands and the first prize at the 7th Edition of “Prémio à Eficácia da Comunicação” .

TN - Exhibit 1 The Advertising Campaign Launched in July 2010



Source: Case writer, adapted from Limiano video.

TN - Exhibit 2 The New Packaging Launched in July 2010



Source: Case writer, adapted from Limiano images.

TN - Exhibit 3 Outdoors Launched in July 2010



Source: Limiano.

TN - Exhibit 3, continued Outdoors Launched in July 2010



Source: Limiano.

OLÁ PRAIA. ADEUS CALORIAS.

É Verão. Os dias são maiores, as temperaturas aumentam e a praia convida aos mergulhos. Esta é uma altura do ano rica em memórias da infância. Tempos de criança em que depois dos mergulhos no mar e das brincadeiras na areia, chegava a hora de sentar na toalha à sombra do chapéu para receber um mimo: uma deliciosa sandes de queijo Limiano. Anos depois, voltar à praia e repetir esses momentos tem um sabor especial. E é muito fácil: basta abrir uma embalagem de Fatias da Bola Limiano e está tudo pronto a servir. O mesmo queijo Bola Limiano cortado em fatias. Obviamente redondas. E para quem se preocupa com a linha, a receita com Menos 50% de Gordura é a refeição perfeita. Alimenta e está cheia de boas recordações, mas com menos calorias.



QUEIJO: UM TESOURO NUTRITIVO

As pessoas preocupam-se cada vez mais com o seu bem-estar e Limiano está sempre atento aos seus consumidores. Quanto mais bem informados estão, melhores hábitos adoptam à sua vida. Começam por escolher uma alimentação mais equilibrada e complementam-na com a prática regular de exercício físico. Por isso mesmo, Limiano preocupa-se em oferecer um alimento precioso do ponto de vista nutricional. Para se produzir 1 kg de queijo

Limiano são necessários 10 Litros de Leite. Na sua maioria os queijos são ricos em proteínas, minerais e vitaminas. Proteínas de elevada qualidade porque contêm todos os aminoácidos essenciais (em quantidade e proporção ideal) para o bom funcionamento do organismo, cálcio essencial na formação de ossos fortes e dentes saudáveis e prevenção da osteoporose e ainda vitaminas como a vitamina A, vitamina B2 e B12.



AS ÚNICAS FATIAS DE QUEIJO CORTADAS DIRECTAMENTE DA BOLA.



Limiano é a marca líder de queijo em Portugal e tem merecido ao longo dos últimos 50 anos a preferência dos Portugueses. É uma marca de gerações que apresenta soluções mais práticas para a vida atribulada de hoje, tendo também em conta o bem-estar e a preocupação com a saúde. Com as Fatias da Bola Limiano com Menos 50% Gordura é possível continuar a ter o mesmo "mimo" que se recebia mas sem se preocupar com as calorias.

Moral da história: corte nas calorias e não deixe de ter o mimo de sempre. Escolha Fatias da Bola Limiano com Menos 50% Gordura. É prático, saboroso e equilibrado.

Publicidade

QUEM NÃO GOSTA DE RECEBER UM MIMO?

É Verão. Os dias são maiores, as temperaturas aumentam e a praia convida aos mergulhos. Esta é uma altura do ano rica em memórias da infância. Tempos de criança em que depois dos mergulhos no mar e das brincadeiras na areia, chegava a hora de sentar na toalha à sombra do chapéu para receber um mimo: uma deliciosa sandes de queijo Limiano. Anos depois, voltar à praia e repetir esses momentos tem um sabor especial. E é muito fácil: basta abrir uma embalagem de Fatias da Bola Limiano e está tudo pronto a servir. O mesmo queijo Bola Limiano cortado em fatias. Obviamente redondas. E para quem se preocupa com a linha, a receita com Menos 50% de Gordura é a refeição perfeita. Alimenta e está cheia de boas recordações, mas com menos calorias.



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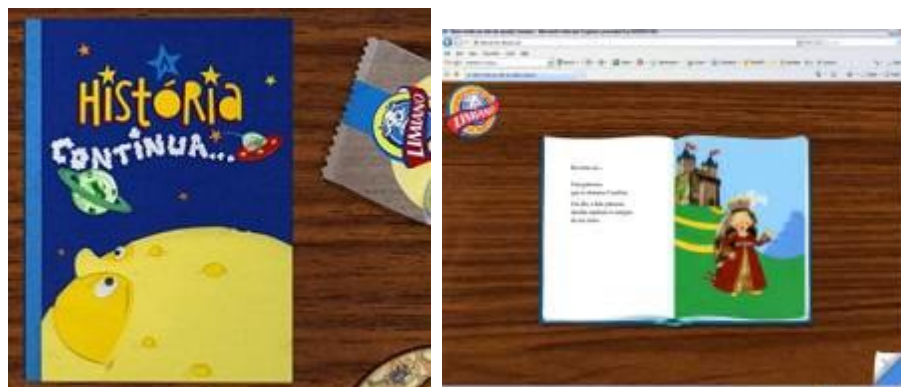
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TN - Exhibit 5 Limiano Website Design Launched in July 2010



Source: Case writer, adapted from www.limiano.pt [Accessed 7 May 2012].

TN – Exhibit 6 Micro Site Where You Can Create Your Own Story with Limiano Launched in July 2010



Source: Case writer, adapted from www.limiano.pt [Accessed 7 May 2012].

TN - Exhibit 7 Promotion in the Point of Sale in July 2010



Source: Limiano.

TN – Exhibit 8 Promotion in the Point of Sale in July 2010

Tridimensional Shelf Stopper⁴¹



Front: 150*150mm

Side: 150*150mm

Source: Limiano.

⁴¹ Printed material to be attached to the store shelves and demark the brand location. Source: Limiano.

TN- Exhibit 9 Promotion in the Point of Sale in December 2010



Ceiling hanging display ⁴²
60cm*60cm



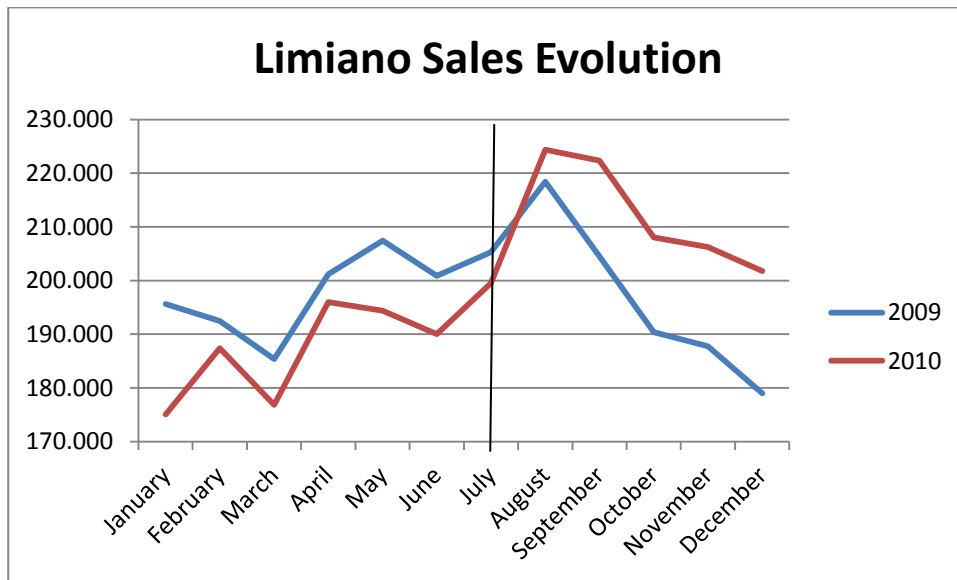
Shelf Stopper
12cm*12cm



Label for a scanning rail⁴³
30cm*3,5cm

Source: Limiano.

TN – Exhibit 10 Limiano Sales Evolution and the Campaign Impact after July 2010



Source: Real Limiano data disguised to preserve company confidentiality.

⁴² Printed material to hang in the point of purchase ceiling and catch the customer attention. Source: Limiano.

⁴³ Printed label to be fixed next to the price at a supermarket and delimitate the brand space. Source: Limiano.