UNIVERSIDADE CATÓLICA PORTUGUESA

**Masters of Science in Business Administration**

# Dove in the Skin Cleansing Category Case Study:

# Do Private Labels represent a threat?

**Maria Alves Pereira**
**Student number: 1521 13 127**
**Advisor: Prof. Dr. Pedro Celeste**

Dissertation submitted in partial fulfillment of requirements for the degree of MSc in Business Administration, at Universidade Católica Portuguesa, January 2015.

## Abstract

**Dissertation title:** “Dove in the Skin Cleansing Category Case Study: Do private labels represent a threat?”

**Author:** Maria Alves Pereira

During the past years, the Portuguese retail mass market had been witnessing some changes in the consumers shopping habits. There are several reasons that might explain this fact. One of the main reasons for this phenomenon is the financial crisis, forcing consumers to change some of their habits.

Over the years the retail mass market has been changing and adapting to new trends. In general, brands are enlarging their product portfolios in order to face competition and to try to reach every consumer segment – decreasing the product differentiation. Brands are now challenged to stand out in categories where sometimes products’ benefits are very alike.

Given the decrease in product differentiation and the Portuguese consumer adaptation to the economic environment, the number of private labels purchased has been increasing. As a consequence, the variation in the perceived quality between NBs and PLBs is decreasing, resulting into the use of price as the deciding factor.

Despite the veracity of price being the ultimate deciding factor in some categories (such as food), in the skin cleansing category the same cannot be concluded. As a market leader in the category, Dove represents an example of success in an industry where wining a price war is crucial.

This research tries to unveil some of reasons behind this success. Much of the success is due to the nature of each category. This nature will vary according to variables such as risk of purchase, price consciousness and others which will lead to a higher propensity towards national brands.


**Keywords:** private labels; personal care; retail market; consumer behavior; mass market; skin cleansing.

## Resumo

**Título da Dissertação:** "Dove in the Skin Cleansing Category Case Study: Do private labels represent a threat?"

**Autora:** Maria Alves Pereira

Ao longo dos últimos anos, o mercado de retalho português para as massas tem vindo a presenciar as mudanças nos hábitos de compras dos consumidores. Existem várias razões que podem explicar este facto. Uma das principais razões para este fenómeno é a crise financeira, forçando os consumidores a mudar os seus hábitos.

Durante estes anos, o mercado de retalho tem vindo a mudar e a adaptar-se às novas tendências. Num modo geral, as marcas estão a reagir à concorrência ao alargarem os seus portfólios e ao tentarem atingir todos os segmentos – o que resulta numa diminuição de diferenciação de produto. As marcas são agora desafiadas a destacarem-se em categorias onde, por vezes, os benefícios entre produtos são semelhantes.

Dada a diminuição na diferenciação de produto e dada a adaptação do consumidor português à conjuntura económica, o número de vendas de marca própria tem vindo a aumentar. Como consequência, a variação na perceção da qualidade entre marcas privadas e marcas próprias está a diminuir, o que leva os consumidores a usarem o preço como fator de decisão.

Apesar da veracidade da afirmação de que o preço é o fator decisivo em algumas categorias (como a alimentação), na categoria de *skin cleansing* o mesmo não poder ser concluído. Como líder de mercado na categoria, Dove representa um exemplo de sucesso numa indústria onde ganhar a guerra de preços é crucial.

Este estudo tenta revelar algumas das razões por detrás deste sucesso. Grande parte do sucesso é derivada da natureza de cada categoria. Esta natureza irá variar consoante variáveis como o *risk of purchase*, *price consciousness*, entre outras, o que leva a uma maior propensão para a compra de marcas privadas.

**Palavras-chave:** marcas brancas; cuidado pessoal; mercado de retalho; comportamento do consumidor; mercado de massas; limpeza de pele.

## Acknowledgements

This project represents a period of my student journey that I was dreading to happen - it was a project of my full responsibility. However, without the help and concern of some people I would not be able to finish it. Therefore, I am using this opportunity to show my appreciation to everyone who supported me throughout this period.

I would like to thanks my family, friends and boyfriend for the support and patient alongside the project's period. I would like to give a special word of appreciation to my brother Duarte who advised me in a crucial period of the dissertation, and to my friends to Sara Brandão and João Costa for their support. Additionally, would like to thank to all my friends that helped me ensuring that I would reach the desired number of respondents in the survey.

I express my gratitude to Professor Dr. Pedro Celeste for the helpful guidance, for the constructive feedback and all the advices during the project work. In addition, I would like to thank to Professor Dr. Fernando Machado for his attention and guidance provided in the market research design and analysis.

Finally, I would also like to show my gratitude to Dr. Bernardo Mello and Dra. Susana Correia from the Unilever Jerónimo Martins Company who provided me with the required conditions and information for the development of project. In addition, my deep thanks to Dr. Manuel Braga from Beiersdorf Portugal Company who shown total availability to help me throughout the dissertation period. Without the help and guidance of everyone, the conclusion of the project would not be possible.

## List of Acronyms

BPC: Beauty and Personal Care

NB: National Brand

PL: Private Label

PLB: Private Label Brand

FMCG: Fast Moving Consumer Goods

# Table of Content

# 1. Introduction

## 1.1. Problem Statement

Nowadays in the Portuguese retail market many brands are facing a common problem - private labels are gaining strength as an alternative in the consumer's buying decision process. This fact can be perceptible by observing a consumer's behavior while shopping in a grocery shop. Consumers are becoming more exposed to private labels brands (PLBs) as this type of products are gaining more shelf space and offering competitive prices.

In fact, many reasons can be presented to support that PLBs represent a credible threat. For instance, given the economic crisis that Portugal is facing, price has become the ultimate deciding factor since consumers are more price-conscious. Therefore, since PLBs are in most cases cheaper than the own labels products, consumer will prefer the first option.

A global study done by Nielsen in 2010 reported that Portugal was the country with lowest Consumer Confidence Index[1] (CCI) when compared with other 52 countries included in the study. The direct consequence of this index is a change in the usual consumers' consumption patterns - 95% of Portuguese respondents stated that they will continue to buy PLB's products even after some improvements on the country economic situation.

One of the reasons behind it is the consumers' perception of the quality of PLBs' products. Meaning that, after the consumption experience, the consumer perceives the difference in quality between a PLB's product and NB's product as not significant and once again own brands will lose for price matters.

Many brands are struggling with this new trend, especially due to the practices of low prices by the PLBS. However, the question that rises is if the increase of the influence of PLBs is visible across all product categories in the mass retail market. In fact, Nielsen divulged some numbers supporting this issue: 43% of the Portuguese that

[1] The Consumer Confidence Index translates the consumers' feeling towards their personal economic condition as well as the country economic situation in the short and medium term.

participated in the study reveled to buy PL's products in 6 to 10 categories and 27% bought in less than 5 categories.

Therefore, the **purpose of the study** is to understand if NBs feel the impact of PLBs within the personal and beauty care sector in Portugal. Doing this analysis, it is possible to comprehend the variation of the impact across categories in the mass retail industry. For instance, it is questionable rather or not the weight of considering a private label product during the buying decision process is the same when buying rice or a deodorant.

In order to better understand the issue stated before, a case study about Dove is going to be presented. Developed in the US, Dove was born in Portugal in 1992 to solve women's problems in personal and beauty care category, offering a wide product portfolio within different product lines. Its products are available and distributed in the mass market by supplying mainly three product subcategories. For a better understanding the case study is focused upon only one subcategory – the Skin Cleansing.

It is known that Dove is market leader in the skin cleansing category. For that reason and by operating in the category relevant for the study, it is appropriate to understand how the brand is performing in the skin cleansing subcategory and the impact of PLBs. Furthermore, the comprehension of the brand's history and strategy is crucial to understand how a national brand manages to overcome or avoid a private labels' threat.

## 1.2. Key Research Questions

1. What is the current positioning and presence of private labels in the skin cleansing category?
2. Which are the main drivers to buy a NB in the skin cleansing category?
3. Which are the main attributes valued by consumers in a skin cleansing product?
4. Are consumers willing to pay more for a Dove product?

## 1.3. Research Methodology

With the purpose of writing both the dissertation and the case study, primary and secondary data were employed. The primary data is the result of an interview with the responsible of the brand Dove in Portugal. The interview represents a source of detailed and accurate information (quantitative and qualitative data) about the current position of the brand in the Portuguese market and its main competitors.

The same approach was undertaken to obtain information regarding Dove's main competitors. The information was extracted with an interview over the internet made to the responsible for the Shopper and Costumer Marketing department in Beiersdorf Portugal. The information collected was a good tool to do a benchmark.

In addition, it was conducted one survey to current and potential customers within the personal care category. The survey was created online using *Qualtrics* as a free user. The total number of responses was 324; however, incomplete and unreliable responses were eliminated resulting in a sample of 279 respondents.

Aiming to analyze and treat the collected data, IBM's statistical software was used– SPSS. Several tests and models where tested, such as Frequencies, Descriptive, Factor Analysis and others. In order to analyze whether or not some variables were significant to explain the propensity towards NBs, two main methods were used. Several cross tabulation analysis were computed in order to understand the relation of some relevant variable; plus, a binary logistic model was estimated.

Regarding the secondary data, it was collected taking into consideration two main sources. Being a source of primary and secondary data, the first source of information was provided during the interviews with Dove and Nivea. They provided insights about the brands and the market where they operate. Plus, it was a useful source to get access to market research studies done previously from external sources.

The second source of information were earlier studies and market research reports from external companies such as Nielson, as well as academic and scientific articles from top journals – Journal of Consumer Research, Journal of Marketing Research and Journal of Marketing. A further analysis regarding the questionnaire and companies' insights is present in chapter 4, the Market Research.

# 2. Literature Review

## 2.1. The Retail Market and the Private Labels

Regarding PLBs definition, Brochard et al. (1999) described PLBs as the brands owned by large store chains that are managed according to leading brands' strategies. What distinguish these brands from NBs are the reduced costs of both communications and investigation & development, resulting in a capability of offering low prices. In other words, PLBs' products are all goods offered under the name of the distributor or a name created by the retailer in that particular store (PLMA, 2014).

PLBs are usually the cheapest brand in each category, having prices varying from 10% to 30% when compared with NBs (Cardoso and Alves, 2008). According to Fontenelle and Pereira (1996), there are several factors that contribute to the retailers' ability to practice lower prices.

The first reason stated by the authors is the fact that retailers have access to lower prices from the manufacturers. The reason for retailers to pay lower prices is related to the fact that they buy the manufacturers' surplus (the difference between the manufacturers' maximum production capacity and the quantity sold to NBs). The second reason relays on the size of the industry. For instance, since the food industry is heavily concentrated, retailers will be interested in buying big quantities. This fact will allow retailers to negotiate better prices with the producers.

Finally, the third reason mentioned by the authors is promotion. NBs' products are losing their space in shelves to PLBs' products. In fact, according to Richardson, Jain, and Dick (1996), retailers are gaining shelves' space, being easier and cheaper for PLBs to promote their products.

Additionally, it should be pointed out that the development and improvement of a PLB have been different according to each retailer. For instance, Lidl and Aldi focused their efforts on only emphasizing the price. However, Continente and Pingo Doce want consumers to perceive their private labels' products as the option but still the best option (a good trade-off between price and quality). Other retailers, as some English distributors do, differentiate their products from other brands by offering added value based on innovation (Cardoso and Alves, 2008).

In what concerns the PLB's evolution in Portugal, in 1984 it was introduced the first brand with the distributor's name. However, six years later the brand was withdrawn from the market and replaced by products under Pão de Açúcar and Minipreço names. Pushed by the competition, other supermarket and hypermarket chains followed the move and created products with their own name – Continente, Euromarché and Pingo Doce (Carvalho and Cunha, 1998).

### 2.1.1. The Private Labels' Growth

Over the past years until today, the retail market is witnessing PLBs growing and gaining its place. According to a study conducted by Nielsen in 2013, Portugal is in third place as the country with highest percentage of PLBs' products sold over the total volume of products sold, within 20 European countries. After Portugal, United Kingdom appears in third place with 45% of PLB share, being the Italian country at the bottom of the list with 20% PLB share (PLMA, 2014).

The grounds supporting PLBs growth are related with the retailers' ability to practice low prices. As mentioned previously, retailers are able to offer products with quality at a low price. Since price represents a decisive factor for consumers, consumers' loyalty is based upon the retailers' capacity to continuously offering low prices. In addition, the growth is also linked with the retail market concentration – retailers' access to lower prices allows the development of competitive brands (Fontenelle and Pereira, 1996).

Many authors discussed the reasons behind the growth of the PLBs. From the retailers' point of view, several advantages can be pointed out to explain the motivation to develop these brands. Firstly, PLBs are a mean to leverage the number of loyal customers towards the stores since retailers are creating a strong and exclusive brand. The consequence will be the development of a distinctive positioning from other retailers' stores (Cardoso and Neves, 2008).

In addition, it can increase retailers' bargaining power over its suppliers. Since PLBs decrease manufactures' control over shelf space, it allows retailers to bargain for better deals and reduced waiting time in deliveries (Lee, 2004). Last but not least, developing a PLB will represent a way to leverage profitability (Richardson, Jain, and Dick, 1996). According to Lee (2004), PLBs have higher probabilities of generating higher margins when compared to NBs.

Taking a consumer's perspective, the development of PLBs represents a positive outcome essentially for developed countries. The reason behind it is based on one of the factors justifying PLBs' growth: with the emergence of PLBs in supermarkets, consumers have the alternative to choose to buy products with good quality at a price significantly lower than the NBs (Fontenelle and Pereira, 1996).

### 2.1.2. The Private Labels' Success

According to Cardoso and Alves (2008), in fact PLBs are gaining market share and represent a real competitive threat to NBs. But what are the main reasons behind this success? The frequency of purchasing private labels' products have been increasing aligned with the alteration of consumers' mindset.

The first and most obvious reason to PLB's success is the difference in terms of price when compared with NB: on average, PLB have a 21% of price advantage over NB. However, many authors also argued that rather than low price another factor is more important to this success, which is the improvement in quality (Hoch and Banerji, 1993; Sethuraman, 1992). In addition, two other factors such as the increase of retailers' bargaining power mentioned previously and a reduction in innovation and advertising from NBs can be associated with PLBs' growth (Hoch and Banerji, 1993; Krishnan and Soni, 1997; Steenkamp and Dekimpe, 1997; Mela et al., 1998).

In fact, the improved quality is somehow related with the increase of retailers' bargaining power. The gap in quality between PLBs and NBs has been decreasing due to the easier access of retailers to NBs' suppliers. Apart from of having easier access, retailers are also able to negotiate better price. Therefore, the result is an increase in product's quality with lower costs (Krishnan and Soni, 1997).

Regarding the last success factor, Mela et al. (1998) stated that in order for NBs try to minimize PLBs' impact, the brands reduced their marketing budget and started to compete in the price war (with price promotions). However, the reduction in price turned NBs more exposed to competitors since price promotions represented a decrease in differentiation.

Also Sinha and Batra (1999) examined the increasing success of PLBs although with a different perspective, that is a consumer's point of view. Nevertheless, this perspective is in some way related with the manufacturer and retailer's perspectives. For example, in the retailers' optic the objective quality of its products increased which is something also perceived by consumers. Therefore, one reason for the success is the consumers' perception of improved quality.

Connected to the improvement of PLBs' quality and with the actual consumers' perception of quality, another factor can be mentioned in order to explain PLBs' success – consumers are becoming more price conscious (Morgenson, 1991; Stern, 1993; Fortune, 1994). The consumers' perspective is further topic explored in the next subchapter.

## 2.2. Consumer Shopping Habits: Propensity towards PLBs

The understanding of the consumer perspective is helpful to reveal some of the consumers' attitudes that influence the propensity towards PLBs. Therefore, the introduction of some changes in the consumers' habits is relevant to the study of the reason why this propensity varies across categories (Sinha and Batra, 1999).

Richardson, Jain, and Dick (1996) presented three main groups to explain consumers' propensity to buy PLBs. The first group includes the demographics features of each individual. For example, depending on the individual's age, income level, family size and others, the consumer will be less or more tempted to buy PLBs.

Burger and Schott (1972) and Cunningham, Hardy and Imperia (1982) unveiled the patterns in which demographics are concerned. The authors claim that consumers who have higher propensity towards PLBs are individuals with high educational levels, low income and older. However, a research conducted by Coe (1971) and Murphy (1978) showed contradictory conclusions regarding income: individuals with higher income are more prone to buy PLBs.

The second group is related with individual variables during the decision making process: the credibility given to extrinsic cues (such as brand name) and the acceptance of ambiguity.

The final and third group is related with the category itself. Consumers' perception such as quality variation, level of risk and value for money in each category will make the propensity towards PLBs vary.

In addition, as consumers increase their knowledge about a certain category, more prone to buy PLBs they will be (due to the closing quality gap). Despite recognizing the variations in category-level, Richardson, Jain and Dick (1996) did not include the variations of the variable regarding consumers' perceptions in their study.

A much discussed theme nowadays by marketers and managers in general is the fact that consumers are becoming more educated due to easy access to information (e.g. internet and magazines). Consumers are able to acquire every type of information regarding a product category and then decide upon all alternatives (Sinha and Batra, 1999; Cardoso and Neves, 2008).

Therefore, it is not an easy task to display to consumers the quality improvement in PLBs during this search for information. Only after consuming the product, consumers will gradually acquire PLB's experience and witness the improvement on the association between price and quality (Cardoso and Neves, 2008). For that reason, Helfer and Orsoni (1996) ascribe three major factors to the relationship between brand and consumer:

1. Sensibility to brands: by searching for information regarding a particular brand, the consumer will be more sensitive about that brand. Where NBs gain strength is where consumers are searching for information;
2. Consumers' loyalty: the level of consumers' loyalty explains to what extent consumers are willing to buy only one brand in particular. If the level of quality is too high, the consumers will not be willing to switch to another brand even if the information collected goes towards another brand;
3. Purchase's type: the type of the purchase will influence the consumer's deciding process. Three types were stated – methodical (products that are bought in a

routine mode), reflected (where a consumer spend time gathering information and analyzing all the alternatives) and impulsive (when a consumer buys without preplanning that purchase).

A study conducted by Cardoso and Neves (2008) revealed that consumers are now conscious about the PLBs' quality and that are becoming regular users. The main conclusion of the authors' study was that consumers recognized that PLBs were the best option in the price and quality association matters – being the majority of the respondents receptive to buy PLBs.

Finally, one last difference in the consumers' attitude is the fact that consumers are becoming more price consciousness (Steenkamp and Dekimpe, 1997). Dhar and Hoch (1997) acknowledged that price sensitive consumers were the ones with higher propensity to buy PLBs' products.

Within the next subchapters, three main variables affecting PLBs' propensity will be further developed: price consciousness, correlation between price and quality and the perception of risky purchases. With the same reasoning, Sinha and Batra (1999) conducted a research with the main purpose of understanding whether or not the increase in consumers' price consciousness impacted PLBs. The authors' main goal was to prove the veracity of the following equation:

Propensity to buy PLB in a specific category = f [PC= f ([P-Q f (RP)]; PPU]

With PC= price consciousness; P-Q = price and quality association; RP = risk perception and PPU= perceived price unfairness

The equation above suggests that: on one hand, the propensity to PLBs is a function of the consumer's price consciousness and, on the other hand, that price consciousness will vary according the consumers' price and quality association, which also depends on the purchase's perceived risk. With this approach, it will be possible to "investigate why consumers tend to pay higher prices that would be justified by the quality in some risky categories" (Sinha and Batra, 1999).

Additionally, Sinha and Batra (1999) linked the level of price consciousness with the perceived unfairness of NBs' prices. They argued that the product with the lowest price within a specific category will result in a baseline for consumers, generating a sense of what was fair or unfair to pay in a certain category.

Despite claiming to be pioneers trying to prove this relationship, some years earlier Stern (1997) stated that consumers were becoming more aware in what fairness was concerned and, therefore, changing their shopping habits. Furthermore, the author claimed that consumers were becoming more educated since their shopping preferences or habits were being influenced by their price's perception of unfairness.

Contrarily to their thoughts, Sinha and Batra (1999) could not prove the relationship between the variables and for that reason, concluded that perceived unfairness did not directly impact PLBs' propensity.

### 2.2.1. Price Consciousness

Propensity to buy PLB in a specific category = f [Price consciousness]

For Lichtenstein, Ridgway, and Netemeyer (1993), price consciousness consists on the "degree to which the consumer focuses exclusively on paying low prices". However, Sinha and Batra (1999) considered a different definition, since one of the research's purposes is to understand the variations of the level of price consciousness across different categories.

Therefore, and for the purpose of this article, the definition to be considered for this point onwards is the following: price consciousness translates the consumers' unwillingness to pay a large price for the difference in distinctive features of a product (Monroe and Petroshius, 1981).

Another point that needs to be cleared, in order to analyze price consciousness (Burger and Schott, 1972; Rothe and Lamont, 1973), is to understand how this variable varies. Not only price consciousness varies from individual to individual; it will also vary across categories and occasions for each individual (Lichtenstein et al., 1988). One of Monroe and Krishnan (1985) explanations to its variation across categories is the consumer's perception of risk for that purchase.

At last, another variable affecting the degree of price consciousness is the income level. Some researchers have tested this correlation stating that when the second rises, the first variable will decrease (Gabor and Granger, 1979). Regarding the effect of the price-quality association in the level of the price consciousness, Lichtenstein, Bloch, and Black (1988) stated that consumers who do not believe in the association will be more price-conscious

### 2.2.2. Correlation between Quality and Price

Propensity to buy PLB in a specific category = f [PC = f (P-Q)]

Another concept needing to be defined is the correlation or association between price and quality. Price-quality association translates the degree to which a consumer believes that a higher price is linked to a product with higher quality. Therefore, a consumer who believes that price will be returned in quality in equal proportion is a consumer with high perceived price-quality associations (Sinha and Batra, 1999).

Some researchers do not recognize that consumers based their decisions on the relationship between price and quality. However, Sinha and Batra (1999) presented a moderated approach: consumers have high or low perceived price-quality associations according to the product category.

The authors go further and hypothesize that a consumer's price consciousness will be affected by the perceived correlation between price and quality. If a consumer recognizes that quality represents a price's return in a particular category, he/she will be willing to pay a higher price for distinctive features –resulting in low propensity to buy PLBs.

Nevertheless, the effect of price-quality association on price consciousness cannot be analyzed in an isolated manner. Across all categories, consumers face the reality of the trade-off between quality and price. The issue is the following: only in some categories consumers might not be willing to take the chance to fail/make a wrong decision and so buy the product with a higher price (Shapiro, 1968).

The biggest achievement in Sinha and Batra (1999) research in what concerns price-quality association was to prove that this level would be sensible to the category's perceived risk. In addition, the authors proved the negative correlation between the price-quality association and the propensity to buy PLBs. In other words, when a consumer perceives certain category as risky, her/his price-quality association will become stronger and therefore, he/she will be less tempted to buy a PL's product (being less price consciousness).

### 2.2.3. The Perception of Risky Purchases

Propensity to buy PLB in a specific category = f [PC= f ([P-Q] f (RP))]

Given Sinha and Batra (1999) conclusions regarding perceived risk in a particular category, this is a topic that needs to be addressed. For the researchers, perceived risk is the result of multiplying the perception of the consequence of making the mistaken choice with the probability of making the bad choice in a particular category.

As already stated before, one of their findings was that, in categories where the risk is perceived to be high, consumers are less price conscious (to reduce the risks and consequences of making a mistake). Despite the moderate effect in price consciousness, Sinha and Batra (1999) also concluded that it directly affected the propensity to buy product of PLBs.

In a more recent study and in the same attempt of studying the consumers' perceptions of differences across categories, Sinha and Batra (2000) designated the following factors as determinants of perceived risk: consequences of making a bad decision; the variation in quality within a category; and search vs. experience.

In order to analyze the first determinant, it is necessary to break it into two parts. As mentioned in the perceived risk definition, the inconvenience of making a mistaken will depend upon the degree of the inconvenience (Narasimhan and Wilcox, 1998) and the probability of making a mistake (Dunn, Murphy, and Skelly, 1986).

The inconvenience of making a mistaken will also vary across categories. For instance, the consequences of making a poor choice for a baby meal will be much higher when compared with a bad decision in groceries (Sinha and Batra, 2000). In addition, consumers will be less prone towards PLBs in categories where the risk of being judged in a social context is high (Livesey and Lennon, 1978).

In what the probability of making a mistake is concerned, it is directly related with the second determinant of a risky purchase: variation in quality within the category. For example, according to Narasimhan and Wilcox (1998), the perceived risk of a category is positively correlated with the quality variation among the products in that particular category – decreasing the probabilities of propensity towards PLBs.

The last determinant is related with the nature of the category. According to Sinha and Batra (2000), the category can present a searching nature (categories where consumers can objectively understand the products' features and quality before consumption) or an experiencing nature (categories where products' features and quality cannot be described and perceived during the decision process, but only after trying).

Meaning that proneness to buy PLBs will increase depending upon the consumers' perception of risk to buy a PL's product in a certain category and where they feel comfortable in accessing product's quality/benefits only by reading the description. In other words, Sinha and Batra (2000) believe that in a search category consumers will be more prone to PLBs.

However, in categories where the experience is valued, NBs are called to action. According to Sethuraman and Cole (1997), consumers are less conscious about price in categories were pleasure is at stake – being easier to charge premium prices for hedonic products. Despite having included important variables to study the compliance to pay premium prices for a NBs' product, the level of perceived risk was not included.

In a category where products require to be experienced/consumed in order for quality to be accessed (e.g. clothes), brand awareness plays an important role. Not being able to make objective comparisons among alternatives, the probability of buying a PLB is much lower than the probability to buy a NB, since the extrinsic cue - brand awareness - will reduce the degree of risk (Erdem and Swait, 1998).

## 2.3. Private Labels' Success across Categories

Dhar and Hoch (1997) designated the heterogeneity across product categories as one of the main causes for the differences between PLBs' shares across categories. For example, and considering the US market, the propensity to buy PLBs' was higher for paper and frozen plain vegetables goods. On the other hand, the US consumers were more resistant towards PLBs' goods in categories such as carbonated soft drinks and health and beauty aids (Mogelonsky, 1995).

Many theories and different approaches were made in order to explain the uneven success of PLBs across product categories. For instance, the closing quality gap between NBs and PLBs mentioned earlier was also dependent on the level of technology required – being technology requirements not the same in every category (Hoch and Banerji, 1993).

In addition, Hoch and Banerji (1993) revealed that PLBs' share would depend on the number of national manufacturers at stake and the level of their spending on advertisement. Considering a category where there are few national players who spend a low budget in marketing, PLBs will have a higher probability of gaining high shares with high margins.

Considering a consumer perspective, why are not PLBs considered to be competitive in some products categories? According to DelVecchio (2001), the success will depend on the probability of consumers' perceptions about PLBs matching the category's characteristics. The authors' study revealed that PLBs have higher probabilities of succeeding in simple categories and where the variance in quality between national and own brands is very low. In these categories, the perception about PLBs' quality is going to be positive.

Regarding the concepts considered so far, Sinha and Batra (1999) concluded that in fact price consciousness is a variable that explains the propensity to buy PLBs across categories due to price consciousness' variations varies across categories. A relevant question is: why price consciousness varies within each product category?

Regardless the fact that price unfairness would not impact the propensity to buy PLBs, the authors added n their conclusions that in fact the level of price consciousness vary according to the perceived price unfairness of NBs. In other words, when perceived price unfairness increases, more price conscious are the consumers.

The role of perceived risk across categories was introduced by Narasimhan and Wilcox (1998). The authors concluded that in categories where this variable is high, consumers will opt for NBs. Sinha and Batra (2000) added in their findings that the propensity to buy PLBs was negatively correlated with the "consequences of making a purchasing mistake". This finding can also be correlated with perceived quality.

In a more recent study, Pardo (2004) reached to same conclusion as DelVecchio (2001) stating that consumers will buy NBs in categories where they perceive the differences in quality (perception built based upon publicity and risk perceived). Furthermore, propensity towards PLBs will be higher in categories where information is of easy access ("search" categories) and with low levels of perceived risk – e.g. sugar and vegetables (Narasimham and Wilcox, 1998; Pardo, 2004).

In what search versus experience characteristics of a category is concerned, a PLB will have higher chances of succeeding in categories that do not require trial. On the other hand, the level of variation in quality and bad outcomes of making a wrong purchase will be higher in experience characteristics categories – reducing PLBs' chances of succeeding (Sinha and Batra, 1999).

After a better understanding about some variables that influence PLBs' positioning, some implications can be drawn. Retailers need to fight with their strengths and use the easy access to information to reduce uncertainty. In fact, Sinha and Batra, (2000) concluded that the main issue for consumers when considering buying a PL's product was the level of uncertainty in what quality was concerned.

# 3. Case Study: Dove in the Skin Cleansing Category

## 3.1. Introduction

A global study done by Nielsen in 2010 reported that of 51% of the total number of Portuguese respondents confirmed to have changed consumptions' habits to increase savings from 2009 to 2010. According with same study, the third preventive measure undertaken by the Portuguese respondents was to change their usual brands for less expensive grocery brands – 59% of the respondents confirmed to have shifted to cheaper products.

The Nielsen's study is one of many other studies that confirm the new trend caused by the economic crisis in the mass market - consumers are becoming more price conscious. In fact, only 31% of the Portuguese respondents stated that they will continue to buy cheaper grocery products even when the financial crisis surpasses. A reasonable conclusion to infer is that for the remaining of the respondents price is one of the main reasons for buying PLBs' products.

As a brand that acts in the mass market, Dove is one of many brands exposed to such kind of threat. This article illustrates a case of success in a market where some consumer's patterns and habits were and are changing. Dove is a brand in a market where price war is present and winning this war is expected to be crucial in order to prevail.

More specifically, the article describes a player that did not yield in a category that was predictable to suffer from the economic crisis and the consequential reduction of the disposable income - the Skin Cleansing category in the Portuguese mass market.

Representing a current case, it is possible to make some parallelisms with other categories, such as the food category, where NBs are struggling with the entrance of PLBs. The case study takes a consumer perspective in order to understand the determinants that drive to the differences between NBs and PLBs across product categories in the retail market.

## 3.2. Portuguese Mass Retail Market – Main Trends

In the past 20 years the retail market has been changing all around the world. The big world suppliers in the retail market left the national focus and started to invest internationally. Making a comparison between the 90's and 2010, manufacturers shifted from isolated brands to unified suppliers – e.g., in 2000 Unilever acquire one of the world's biggest food supplier Best Foods. However, at the same time PLBs were becoming more present and, around 2010, PLBs emerged as real competition.

According to a Euromonitor International research, in 2013 PLBs significantly increased in terms of availability since it represent the response to a good match between good price for consumers and good margins for manufactures and retailers. The outcome was growing sales in volume but not followed by value in the same proportion (as registered in the skin care category).

The financial crisis forced the Portuguese consumers to make the shift from premium products to mass products. Despite the growth of super and hypermarkets as main channels, even in the mass market the price-driven decision making movement have gained strength.

According to a Nielsen[2] study, the Portuguese Fast Moving Consumer Goods (FMCG) market is valued in 6.212.716 thousand Euros. Compared with the previous year, the market felt a decrease in value which resulted into a negative variation of 0.9% in the total value of the market from 2013 to 2014.

Due to this fact, retailers felt forced to implement new practices to prevent big variations in their volume of sales. Some of these practices are visible and present in the majority of Portuguese supermarket and hypermarket chains; such as loyalty cards, reduction in price, special offers (buy 2 units for the price of 1), and other moves aiming to guarantee some consumer loyalty.

During 2013, the nominal growth of the Portuguese FMCG market was not smooth. For instance, from the first quarter to the second the nominal growth dropped from 2.9% to 1.8%. However, in the third quarter, the Portuguese market saw this value rising to

[2] Source: Nielsen Market Track – Total Portugal (inclui LIDL), 71, Novembro, 2014.

6.6%[3]. This pick at the end of 2013 was justified by Nielsen as a result of the insistent promotional strategies implemented.

In fact, promotional activities were very welcomed by the Portuguese consumers mainly due to the economic crisis. The biggest players in the supermarket and hypermarket chain had increased their activity in what weekly promotions was concern. For example, from 2012 to 2013, Pingo Doce[4] had increased its promotional flyers from 10 to 28.

One of the main practices of the new promotional trend consists on every week the major chains offer lower prices in predetermine products. Each week the consumer is able to consult the vast number of products that have at least 25% of discount in the retailers' website and in store (some examples in **Exhibit 1**).

Comparing NBs with PLBs, the impact of this kind of promotions is more visible in the manufacturers' products. For instance, in 2013, 32% of the value of the manufacturers' sales was done under promotion whereas the PLs only account for 15.2%[5]. When analyzing the numbers, it is visible the slight change in the price war. According to Nielsen, NBs are overcoming the PLBs' threat and saw their value sales growing 6.3% from 2012 to 2013, while PLBs saw their sales value from 2011 to 2012 decreasing from 7.1% to 0.4% in 2012 to 2013.

The promotional campaigns seem to have a positive impact taking into account the consequences of the financial crisis. Nevertheless, a recent Nielsen study revealed that in fact these promotions are in reality destroying value: sales are increasing in quantity but not in value (**Figure 1**).

[3] Source: Nielsen Market Track – HYPERs+SUPERS, Novembro, 2013.
[4] Pingo Doce represents a Portuguese supermarket and hypermarket chain that belongs to Jerónimo Martins. Its stores are mainly present in urban areas.
[5] Source: Nielsen Market Track – HYPERs+SUPERS, Novembro, 2013.

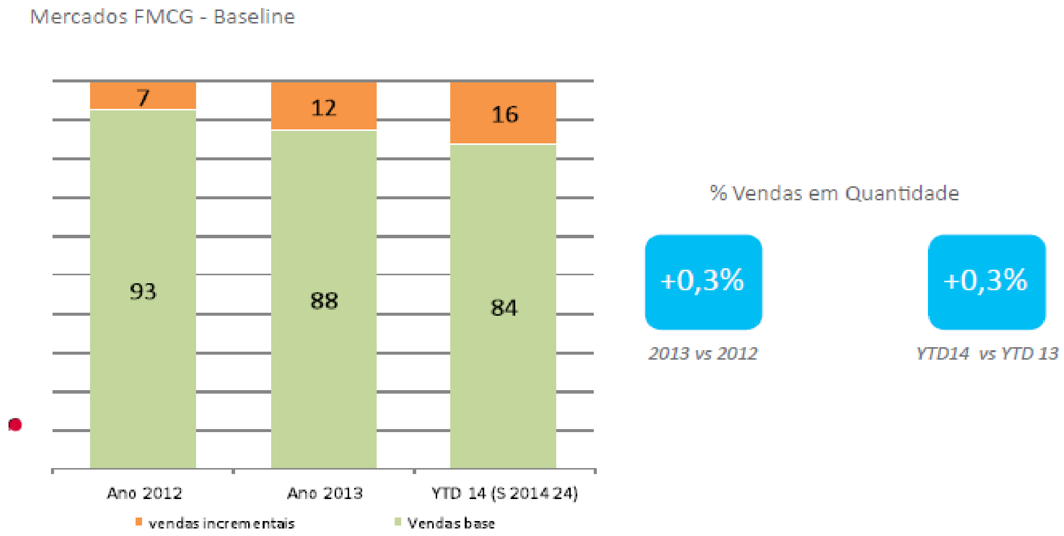



**Figure 1:** Sales of the FMCG market in the last three years (source: Nielsen MarketTrack HYPERS+SUPERS).

### 3.2.1. The Portuguese Shopper

The average Portuguese consumer is now more demanding and aware for saving opportunities. Since the economic crisis stroked, the Portuguese consumer was confronted to change her/his consumption habits due to income constraints. As visible in Figure 2, levels of confidence are decreasing and the Portuguese consumer is now more conscious about their spending - the majority started to cut on the budget for superfluous goods[6] (see **Exhibit 2**).

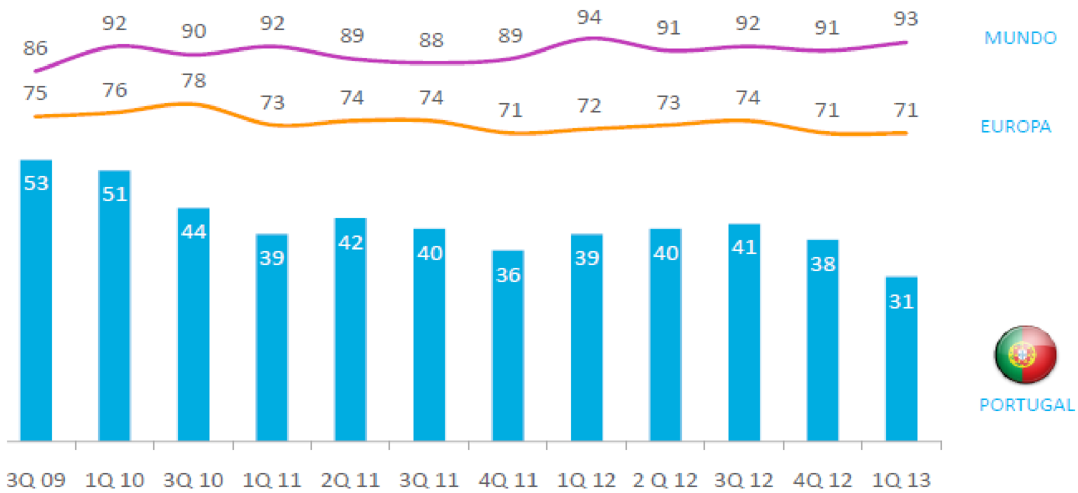



**Figure 2:** Portuguese CI at the lowest values (source: Nielsen Global Survey Consumer Confidence, February/March, 2013).

[6] Source: Nielsen Global Survey Consumer Confidence, February/March, 2013.

In truth, consumers are shifting from NBs to PLBs in an attempt to save money as well as keeping updated in what the promotional campaigns is concern(see **Exhibit 3**). For example, a Nielsen[7] research revealed that only 5% of the respondents claim that their brand decision infrequently is influenced by price promotions – being the promotional campaigns very present in the consumers' mindset.

However, and despite some actual changes in the usual consumption patterns, the same study concludes that are few differences in the Portuguese consumption patterns. Instead, the Portuguese consumer is only reducing the value of expenses when shopping. The cause of was a trade-off between an increase in the occasional purchases and reduction the number of stores visits.

Therefore, the average Portuguese consumer is now more aware to take any advantage to better deals. The consumers is planning what to buy according to the items that are going to be promoted in a certain week – 81% of shoppers wait for the same promotion in the future and 62% will not buy a certain product if it is not with a price reduction[8].

## 3.3. A New Brand – Dove

After the Second World War, the soap industry suffered a drastic change when a new brand entered in the market. The brand was born in 1957 in the US market under the name Dove and with its image represented by a white dove that symbolizes peace.

Dove was the first company to introduce to the personal care market a new concept of soap. The name of its product was the beauty bar - a beauty cleansing bar that offered not also the cleaning properties of a common soap, but also offering the feeling of soft skin and hydrated.

Since the beginning, one of Dove's main goals was to connect with women and gain their trust. In order to achieve this goal, the brand started by advertising the moisturizing benefits by demonstrating how the cream was incorporated into the beauty bar. With this approach, the brand wanted to make visible the reliability of the product and project Dove as an honest brand. Another practice to demonstrate the product superiority was the usage of testimonials in its marketing campaigns.

[7] Source: Nielsen Market Track – Shopper Trends, Novembro, 2013.
[8] Source: Nielsen Market Track – Shopper Trends, Julho, 2014.

With the same product and brand concept, Dove came into the Portuguese market in 1992, belonging and being managed by Unilever Jerónimo Martins. Once again, the brand offered a dermatologic tested soap that combined a mild cleansers and one fourth of moisturizing cream. This innovative soap bar came to solve a problem that many women felt – almost half of women suffer from dry skin.

### 3.3.1. Brand's Mission, Values and Beliefs

"I like to believe that on Dove – in some small, modest way – we are contributing to the sum total of human happiness."

Steve Miles (Dove's Global SVP)

Dove is commonly known for being different in what advertising is concern. Dove's advertisements are known due to the employment of regular and natural women in rather than top models. With this practice, the brand wanted to stand up against a society where the cosmetic industry is the one responsible for defining the beauty standards. Dove wants to take out the pressure from women to achieve these beauty standards and reduce their anxiety – making the process of being beautiful positive.

According to the Dove's Global Senior Vice President (SVP) Steve Miles, the main purpose of the brand resulted directly from understanding the foundation of Dove. Furthermore, and regardless the emotional benefits of the Dove's products, the brand main focus is to connect with real women by making a statement (see **Exhibit 4**).

Therefore, Dove´s main mission is to help women to not feeling pressured by society and find their inner beauty and self-esteem. To do that, the brand encourages women to engage with products that can deliver this type of achievement. Considering the brand values, Dove's core values are "democratic", "liberating", "real" and "beautifully uncomplicated".

The brand believes that each woman must find their own beauty and that is what makes a person happy. The brand states that beauty is not a matter of matching a standard neither a matter of appearance and believes that beauty is easily reached by everyone. Dove wants women to feel optimistic, animated and warm; being these adjectives the ones that better defines the brand personality.

### 3.3.2. Dove's Product Portfolio

Dove as a brand was initially represented by a soap bar. However, it has been making progresses by introducing products into the beauty and personal care industry. Taking in consideration the Portuguese market, Dove is present in the skin and personal care category and divides its product portfolio into the following subcategories: Deos, Lotions and Skin Cleansing. In addition, Dove developed a product line for man called Men+Care.

In the **Deos** subcategory, Dove offers as the name suggests a broad line of deodorants. With its products and since it does not represent a much loved body part, the brand wants to change the women point of view in what the armpit is concerned.. Therefore, Dove wants women to perceive Dove's Deos as a product that will keep women dry and fresh but also it will keep their skin cared and protected (some further information in **Exhibit 5**).

The **Lotions** subcategory can be divided into hand and body lotions. Dove wants to women to appreciate their bodies and to change the routine of body care into a treat. To do that, the brand offers trustable lotions that will enhance the application experience and will result in a superior care. In **Exhibit 6** is displayed a marketing campaign as an example of the Lotions subcategory purpose.

Regarding **Skin Cleansing,** the subcategory can be described taking into consideration the division between Shower Gel and Soap. Once again, Dove wants to alter women's perspective in what daily cleansing is about. The main goal is to women to start seeing this process as a mean to happiness and beauty and not a routine. How is Dove achieving this goal? By offering products that will deliver visible results, such as a softer and better looking skin.

## 3.4. Beauty and Personal Care Industry – Portuguese Landscape

In order to analyze the Beauty and Personal Care (BPC) industry, it is important to keep in mind the overview of the Portuguese mass retail market made previously. Indeed, the changes felt the consumers' patterns also represented a matter of concern this industry.

Due to the economic recession and decreasing levels of confidence, consumers increased the propensity to move from premium brands towards mass products. In an attempt of reducing negative impacts, retailers and manufacturers started to hardly invest in cutting prices and other loyalty strategies as stated before.

In 2013, PLBs had shown their presence also in the BPC industry. Nevertheless, the industry is owned by NBs, being the major players L'Oréal, Procter & Gamble, Unilever, Beiersdorf and Colgate-Palmolive. There are several and different aspects that contribute for the domain of these multinational organizations in the Portuguese market. Given the variety of products offered, these companies are able to reach many of the various consumers segments throughout an already established distribution network.

The success of the major players in the BPC industry goes beyond the strong distribution networks and broad product portfolio. Nowadays these type of brands relay on their positioning in the consumers mind – NBs constantly expose Portuguese consumers to aggressive marketing campaigns in order to establish the right positioning and be present on the consumers' top of mind.

Some of the society's standards in what beauty and self-image is concern allowed brands in the BPC sector to reposition. The concern about image enabled brands to shift from the positioning of a simple utilitarian product for a product that could offer more than its practical benefits – holistic products.

As the Dove's product portfolio, also the BPC industry is a compilation of several different categories such as deodorants, fragrances, sun care and others. However, for the specific purpose of this case study it is only going to be deeply analyzed one category: the bath and shower category.

As in the BPC industry, also in the **bath and shower category** or **skin cleansing category** there is a strong presence of multinational brands, being the two main players Unilever and Colgate-Palmolive. In addition, the category is mainly composed by the value of sales resulting from the shower gel products.

Despite the consumers' tendency towards cheaper products, the category did not felt the expected negative impact of economic constraints and registered a positive growth during 2013. Two different reasons can be mentioned justifying the result:the first is the fact that the skin cleansing category represents utilitarian products and basic needs; and secondly, 2013 was considered to be a positive year to body wash products due to the low ride registered in 2011 and 2012.

**DOVE IN THE SKIN CLEANSING CATEGORY**

Based on its roots, Dove has been developing the brand around women. During an interview with the responsible for Dove in Portugal, Bernardo Mello stated that "some studies revealed that only 5% of women around the world consider themselves pretty". An interesting number to support the opportunity found to enter in the market as a brand that does not believe in society standards but in personal potential.

Given the opportunity, Dove operates in the Skin Cleansing category with the same approach – to change women's mindset regarding daily cleansing. As a line of action, Dove has the mission to prove that every woman can improve their skin beauty by taking care about their skin every time they shower.

### 3.4.1. Segmentation

Despite having a category dedicated to man, it is now plain that Dove gives special attention to women. More specifically and regarding demographics, Dove's target are women with more than 30 years old. In what the target's lifestyle is concern, Dove's shower gels are for women that value to take care of their own bodies. These are regular women who are very self-conscious and with own personality.

Additionally, this group of women also has its own insecurities and can represent an emotive group. In fact, according to a research provided by the brand, the main attributes valued by the consumers in a Dove shower gel are the properties to deeply hydrate the skin and the ability to help women to feel more confident about their own look (see **Exhibit 7**).

### 3.4.2. Analyzing Competition

"What made us change was a drive for differentiation, for something more compelling to attract consumers."

Steve Miles (Dove's Global SVP)

According to a Nielsen's research, the total value of sales produced in the **Skin Cleansing category** was 69.377 million Euros in 2013. Alongside with Dove, there are many agents playing in this market - well known brands such as Nivea, Johnson&Jonhson, Vasenol, Palmolive and Sanex represent some of the participants in the market.

In 2013, Dove was the market leader accounting for 15.2% of the entire category and followed by Nivea and Johnson&Jonhson. When analyzing the category market shares in **Exhibit 8**, is visible PLBs' domain (23%) and all of the remaining NBs have less than 10% of the skin cleansing total market.

Analyzing the table presented in **Exhibit 9** and considering the product line of Shower Gel alone (without soap), Dove was also the market leader and accounted for 19.9% of this specific sector. In fact, when asked to consumers which brands did they associate with shower gel, Dove is the first brand in the consumer's top of mind. However, also in this subcategory is visible that PLBs are not so distance from the leader manipulating 18.6%.

Regarding brand awareness, also in the consumers' top of mind and not so far from the leader are brands such as Nivea, Vasenol and Johnson's.  Needing to be mentioned is the fact that some PLBs - Continente and Skino/Pingo Doce – were also present in the consumers' spontaneous answers (see **Exhibit 10**).

**COMPETITIVE ANALYSIS: PRINCIPAL COMPETITOR**

Nivea and Dove are two NBS that fight neck and neck across the BPC industry, being particularly relevant to take a closer look.  Considering the personal care industry, Dove is placed in second place after Nivea, with 13.3% and 18% of market share (respectively).

Nivea is owned by the international company Beiersdorf, which has as main focus the skin carrying business aligned with innovation. Born in Germany, Nivea was in launched in 1911 as a skin care brand. In the market, the brand's first product was a cosmetic emulsion based on water and oil aiming to give skin a better treatment.

After more than 100 years, Nivea now owns a wide product portfolio including products in the following categories: deodorants, sun care, bath and shower, face and body lotions, hand care and a man line (including after shave and shaving products).

As a brand, Nivea is well-known brand by building its reputation over the years – Nivea claims to be the "most trusted brand"[9] in skin care. Being Nivea's mission to be a trustworthy brand that "inspires natural confidence", the company's vision is based upon three pillars: functional care, emotional bonding and uniqueness of the brand (see **Exhibits 11** and **12**).

Among others, Nivea considers Dove as one of its key competitors. Despite competing in the same market, the brands share the same passion for skin carrying and for women. Both brands target women who want to feel beautiful and confident; however, Nivea goes further. The brand is focused on women who believe that feeling good with their own skin is a synonym of being self confident, which results from products innovation. The direct comparison between the two brands is presented in Table 1.

**Table 1:** Comparing Dove and Nivea.

| | Dove | Nivea |
|---|---|---|
| **Mission** | "Make beauty a source of confidence not anxiety for women everywhere" | "We will be the No.1 Skin Care company in our relevant categories and markets." |
| **Values** | "Democratic, liberating, real, Beautifully Uncomplicated" | "Family, mild, trust, skincare expert, empathy/love, value for money, feel good in skin, inspires confidence" |
| **Brand Character** | "Warm, optimistic, inclusive, animated" | "Authentic, trustworthy, joyful, inspiring and a little daring" |
| **Emotional Benefit** | "Helping all women look and feel more beautiful, Dove helps them feel happier" | "Natural confidence to make the best out of yourself and out of every day" |
| **Functional Benefit** | "Dove pleasurably delivers Superior Care to tangibly improve the condition of your skin or hair, whilst meeting or exceeding all consumer expectations on the key market drivers for each category" | "Provide outstanding care to make your skin feel and look at its best and that's worth the price" |

Source: Dove's brand love keys (October 2013) and Global NIVEA Brand Management, February, 2014.

[9] Source: Global NIVEA Brand Management, February, 2014.

Nivea's ambition and mission is to be the leading company in the skin care category plus the all the markets where the brand participates. In fact, when analyzing the **skin care category**, Nivea is market leader and with a stable position. The brand owns 36.9% of the skin care Portuguese market (see **Exhibit 13**).

In price matters, Nivea's main strategy across the categories is to offer a high quality product for an affordable price to shoppers and consumers (the value varies across categories). However, and as its key competitor Dove, Nivea sets its price range above the average market price. As the Shopper & Customer Marketing manager Manuel Braga said, "it is not our goal to be the most expensive brand".

### 3.4.3. Positioning and Critical Success Factors

When considering a perceptual map, Dove positions itself in the upper right quadrant: as Bernardo Mello said "a higher price for a higher quality product". Regardless the category or subcategory, Dove always wants to deliver the best product when compared with the competitors' products. Considering the Portuguese mass market, Dove is considered as a super-premium brand[10].

Furthermore, according to the responsible of the brand in Portugal, "80% of women do their purchasing decision in an emotional context". Therefore, Dove wants to position in the consumer's mind as a brand that offers both functional and emotional benefits. In other words, Dove wants women to perceive its products as a way to improve their skin's quality and, as a consequence, feel more beautiful and increase women's self-esteem.

Dove represents one example of a brand that repositioned its utilitarian products to holistic products. The brand was able to change consumers' perception of bath and shower products as basic needs to as source of self-attachment. Therefore, the premium positioning is complemented by the emotional link made between Dove and its consumers.

For the reasons stated before, the critical success factors of the brand are not only the brand equity built over the years but also the emotional benefits. In the long-run, the

[10] Super premium sector represents 40% of the total Skin Cleansing category.

brand is relying on the link made between its products and its consumers. This fact will lead to a self-concept attachment[11] type of consumption that allows Dove to differentiate from the threat of PLBs.

## 3.5. Marketing Mix

In this section is important to remind that Dove's products are only available in supermarket and hypermarket chain stores. The information and specifications below are referent to the Skin Cleansing category.

### 3.5.1. Price Strategy

Dove is positioned as a super-premium brand; therefore, the price strategy is to practice premium prices. Nevertheless, within the super-premium category, the company classifies its product line according to different price strategies: Premium, Core and Low Cost (where the Premium products represent the category with higher prices and the Low Cost the one with lower prices).

Throughout the interview with Bernardo Mello, when asked if Dove had to change their common practices in the market due to the PLBs' threat the answer was "No". The responsible for the brand stated that the brand did not felt directly threaten by PLBs since Dove is considered a higher price and quality brand.

During the conversation, Bernardo also stated that Dove will never face this type of brands by lowering the price. Taking into account that around 40% of the Skin Cleansing industry is super premium and only 20% (approximately) is owned by PLBs, change the price strategy would never represent an option, as Bernardo confirmed. The brand would lose its premium status with price cuts and that is the same of destroying value.

Dove's business model is considered to a functional model. As the quality of one of Dove's products increases, the brand voltage when compared to the price index will also increase. Therefore, the increase in quality will be followed by an increase in price and this increase will function as a payment of the investment made in improving quality.

[11] Type of relationship built between consumers and a brand. It's a concept that describes a product consumption that results in the development of consumers' identity.

### 3.5.2. Promotion

Due to many factors mentioned before regarding the consequences of financial crisis in Portugal, the big players (such as Jerónimo Martins and Sonae Distribuição) in the FMCG market had to adapt and began a new trend in what promotional campaigns are concern, as mentioned earlier. Besides the threat of PLBs, NBs are now dealing with distributor pressure to practice price discounts.

In Dove's case, it seems to adopt a high/low strategy – increase prices and be part of the retailers' promotional campaigns. The brand takes into consideration some potential issues when negotiating with distributors about price discounts. One of the main issues that Dove faces is to not destroy brand value near consumers. This concern prevails across all three price categories but with some differences.

For instance, price discounts for the premium products can represent a period of trialing not also for potential consumers but also to Dove's consumers. Therefore, it can result in a process of acquiring new costumers and new users. But the opposite may also occur, for low cost products, lower the price might be perceived as a lower quality product and destroy not only value but also Dove's image.

## 3.6. The Challenge

Having already established its position in the market, Dove's main concern is to retain and gain new costumers. In order to maintain the loyal consumers, the brand must continue to prove that its products represent a good value for money and deliver proved high quality products. The goal is to prove near customers that Dove differentiator factor relays on the superior quality as well as the hedonic experience provided – women feeling beautiful and improved self-esteem.

Nevertheless, the future might reserve some challenges in what gaining new customers is concern. As mentioned, Dove's main target is women with more than 30 years old. However, the brand has recently engaged in a process of creating brand awareness near a younger segment. In order to achieve the goal of helping every woman to find their inner beauty and reduce the anxiety of meeting the beauty standards, Dove developed the "Dove Self-Esteem Project"[12].

In a country where the society is becoming accommodated with promotions and familiarized with PLBs, is probable that the next generation of buyers will not be related with NBs brands as previous generations. As mentioned earlier, PLBs are becoming more present and consumers are becoming more aware of the closing gap in quality between NBs and PLBs.

Despite the Dove's leading position in the skin cleansing category, it is visible in **Exhibit 9** that PLBs are gaining territory. In a sector where it is forecasted that the price war will be fierce and where the volume sold will not be aligned with the value growth[13], Dove might have some challenges ahead. The brand must guarantee that every consumer segment perceives higher quality in Dove's products; however, the question is if it is only a matter of brand awareness.

[12] **"**Dove Self-Esteem Project" aims to invite all women (15+) to workshops were they can improve their self-esteem through the development of a positive correlation between them and beauty. The workshops will help girls and women to reach their true beauty potential.

[13] Source: Euromonitor Country Report: Bath and Shower in Portugal, September, 2014.

## 3.7. Case Exhibits

**Exhibit 1:** Example of a Pingo Doce's promotional flyers/magazine and in store promotional price tags.


**Figure 3:** Pingo Doce weekly promotional flyers and price tags in store (source: https://www.google.pt/search?q=pingo+doce+instore&espv=2&biw=1366&bih=643&source=lnms&tbm=isch&sa=X&ei=wlyPVObnBsHmUpG4g5gC&ved=0CAcQ_AUoAg#tbm=isch&q=pingo+doce+promo%C3%A7oes+loja)

The common practice is to expose at the entrance of every store a little magazine and billboards with the items that are with price discounts. Combined with the action, while consumers are shopping they are also reminded about the promotions by attention getting price tags near the products.

**Exhibit 2:** What Portuguese consumers do with the money left after paying all expenses?

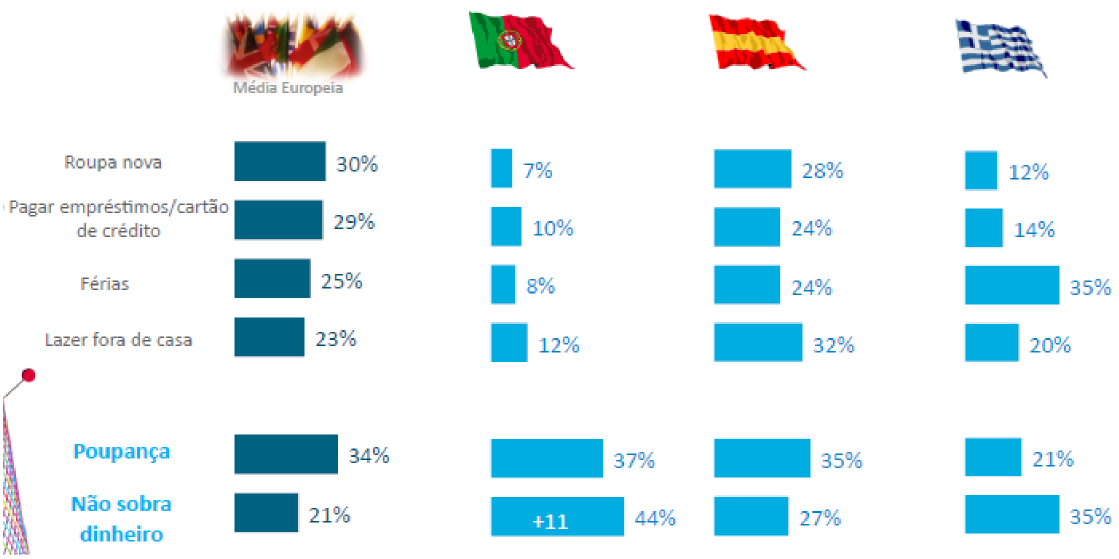



**Figure 4:** 44% of the Portuguese consumers without money at the end of each month (source: Nielsen Global Survey Consumer Confidence, February/March, 2013).

**Exhibit 3:** Nielsen/ Shopper Trend Research – changes in the consumers' patterns in food category.


**Figure 5:** Reactions to the price increase in food products (source: Shopper Trend Research, 2012).

**Exhibit 4:** Interview with Dove's Senior Vice President**.**

**THE DOVE SENSE OF PURPOSE CAME FROM UNDERSTANDING THE ROOTS OF THE BRAND** – and deciding to turn our commitment to real women into a principled statement about our beliefs, rather than simply a facet of how we do our communications.

**MY ADVICE TO BRANDS TRYING TO IDENTIFY THEIR PURPOSE WOULD BE TO THINK THROUGH:** What is your point of view? Not just about the category, but what is your point of view generally? What is your manifesto? If you had to write your slogan, your set of beliefs, on a billboard at a public demonstration, what is it you stand for?

And start by looking at your past. What values you have either explicitly or implicitly stood for in the actions you've taken in categories, in the communication you've done, in the things you've sponsored, in the activation programmes you've run. Is there a common thread that you can describe as a distinguishing belief or point of view or value system inherent in that? And, having spotted it, how can you make more of it?

Dove's commitment to real women is not easy. Principles are meaningless unless they mean some sacrifices, and fully embracing the fact that you won't please everyone all the time. Real Beauty Sketches was not easy. The initial creative idea was for a touring exhibition, not a film.

Even when we'd worked out how to execute it and committed to shoot it, we had no idea whether it would work. No scripts. No telling women what to say. No idea if the sketches would be different enough. Or if any of the women would care. **HAVING A PURPOSE MEANS SOMETIMES DOING BRAVE THINGS BECAUSE OF A BELIEF IN ITS RIGHTNESS.**

I like to believe that on Dove – in some small, modest way – we are contributing to the sum total of human happiness. I feel simultaneously humble about how small is the difference that we alone can make on such a gigantic social issue – yet proud that at least we on Dove are doing SOMETHING, that we are trying to make our impact as a brand a positive one.

Source: Interview with Dr. Bernardo Mello, 2014.

**Exhibit 5:** Product Portfolio – Deos Subcategory.

**Table 2:** Examples of some of Dove's products in the Deos subcategory.

| Types | Main Benefits | Example – classic products |
|---|---|---|
| **Maximum Protection** | . Protection against humidity<br>. Leaving hydrated skin |  |
| **Sticks** | . Anti-perspiring action for 24h<br>. Helps skin recover from depilation<br>. Protects delicate skin |  |
| **Roll-ons** | . Anti-perspiring action for 24h<br>. Leaving skin soft and healthy<br>. Protects delicate skin |  |
| **Aerosols** | . Anti-perspiring action for up to 48 hours<br>. Leaving smooth and soft skin |  |
| **Cream** | . Anti-perspiring action for 24h<br>. Protects delicate skin<br>. Helps skin recover from depilation |  |

Source: www.dove.pt

**Exhibit 6**: Dove's marketing campaign: Body Lotion.


**Figure 6:** Example of a marketing campaign to a Dove body lotion (source: www.dove.pt).

**Exhibit 7**: Main valued attributes in the shower gel category.

**Table 3:** Main attributes in the SG category.

| | |
|---|---|
| **Tem o preço que eu estou disposto(a) a pagar** | 8,85 |
| **Deixa a minha pele suave e macia** | 8,63 |
| **Melhora a saúde da pele** | 8,59 |
| **Hidrata melhor a pele do que outras marcas** | 8,58 |
| **Tem a melhor relação qualidade / preço** | 8,52 |
| **Hidrata a pele em profundidade** | 8,39 |
| **Faz-me sentir que estou a fazer o melhor pela minha pele** | 8,35 |
| **Limpam a pele em profundidade** | 8,34 |
| **É especialista no cuidado da pele** | 8,30 |
| **É uma marca em que confio** | 8,12 |
| **Tem produtos mais naturais do que outras marcas** | 7,94 |
| **São adequadas para toda a família** | 7,80 |
| **Tem as melhores promoções** | 7,76 |
| **Ajuda-me a sentir mais confiante com o meu visual** | 7,71 |
| **Tem embalagens mais atractivas** | 6,56 |

Source: SGEST, May, 2014.

**Exhibit 8:** Total Skin Cleansing Industry: Market Shares (%) - Fiscal Year 13.

**Table 4:** Main brands in the Portuguese market (Skin Cleansing category).

| Brands | % |
|---|---|
| Dove | 15.2 |
| Vasenol | 4.9 |
| Axe | 1.9 |
| LUX | 0.6 |
| Nivea | 11.1 |
| Palmolive | 9.5 |
| Johnsons&Johnsons | 7.1 |
| O.Marcas | 7.3 |
| Corine Farme | 2.2 |
| Sanex | 1.6 |
| Petit Mars. | 1.9 |
| Nat. Honney | 4.9 |
| Private Labels | 23 |

Source: Nielsen

**Exhibit 9:** Market Shares in the Personal Care category in 2013.

| | PERSONAL CARE | | DEOS | | SHOWER | | STYLING | |
|---|---|---|---|---|---|---|---|---|
| | Weight | Trend | Weight | Trend | Weight | Trend | Weight | Trend |
| | 55,0 | 5,6 | 23,8 | 5,2 | 21,9 | 11,1 | 9,3 | -4,7 |
| 1 | NIVEA | | NIVEA | | DOVE | | ELNETT SATIN L'OREAL PARIS | |
| | Share | +/- pp | Share | +/- pp | Share | +/- pp | Share | +/- pp |
| | 18,0 | 1,6 | 24,6 | 0,0 | 19,9 | 0,3 | 17,9 | 1,5 |
| 2 | DOVE | | REXONA | | PRIVATE LABELS | | PANTENE | |
| | Share | +/- pp | Share | +/- pp | Share | +/- pp | Share | +/- pp |
| | 13,3 | 0,9 | 15,4 | -0,2 | 18,6 | -3,0 | 12,2 | -0,7 |
| 3 | PRIVATE LABELS | | DOVE | | NIVEA | | FRUCTIS STYLE GARNIER | |
| | Share | +/- pp | Share | +/- pp | Share | +/- pp | Share | +/- pp |
| | 11,9 | -1,2 | 12,4 | 1,0 | 14,2 | 3,3 | 10,8 | -1,4 |
| 4 | GARNIER | | AXE | | NAT.HONNEY | | PRIVATE LABELS | |
| | Share | +/- pp | Share | +/- pp | Share | +/- pp | Share | +/- pp |
| | 6,9 | -0,5 | 10,3 | -0,3 | 8,5 | 3,2 | 10,3 | 0,6 |

**Figure 7:** MS in the Personal Care category (source: Nielsen YTD Period Wk 52-2013).

**Exhibit 10:** Brand awareness in the shower gel category: top of mind versus spontaneous answer.

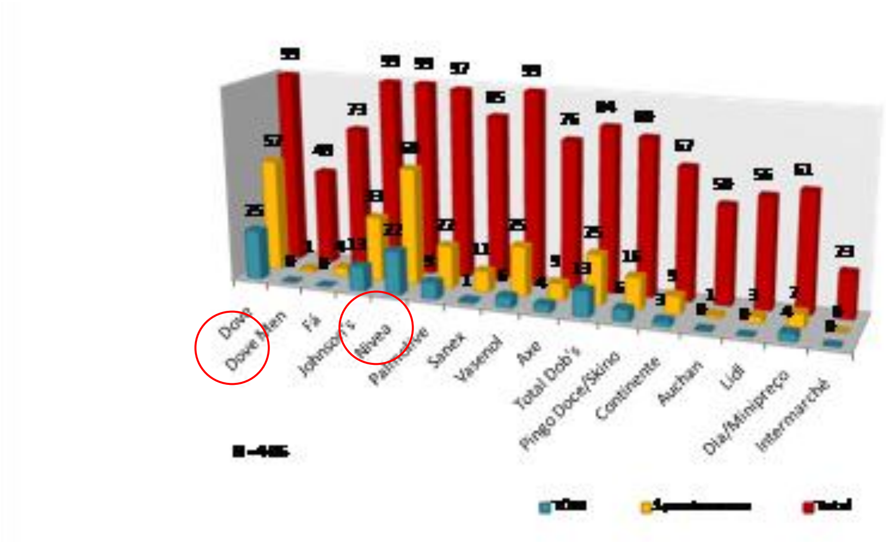



**Figure 8:** Brand awareness: Top of mind brands (source: SGEST, May 2014).

**Exhibit 11:** Top of mind brands in the skin and body care segment.

Q1: Which are all the skin and body care brands you know, even if only by name? Q2: And among the following skin and body care brands, which ones do you know, even if only by name?

Base: N=1000, in % ; Ranking: Total awareness (top-down)

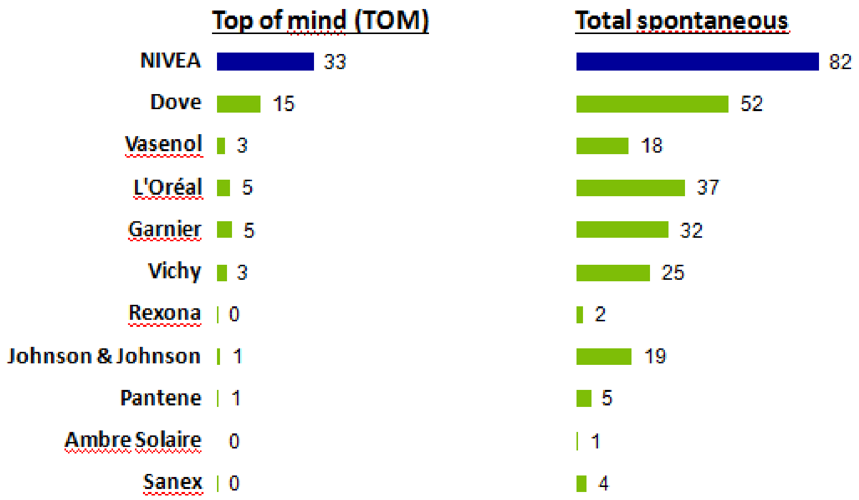



**Figure 9:** Top of mind brands of skin and body care (Source: NIVEA Brand Health Tracking Portugal 2011).

**Exhibit 12:** The Three Nivea brand levers.

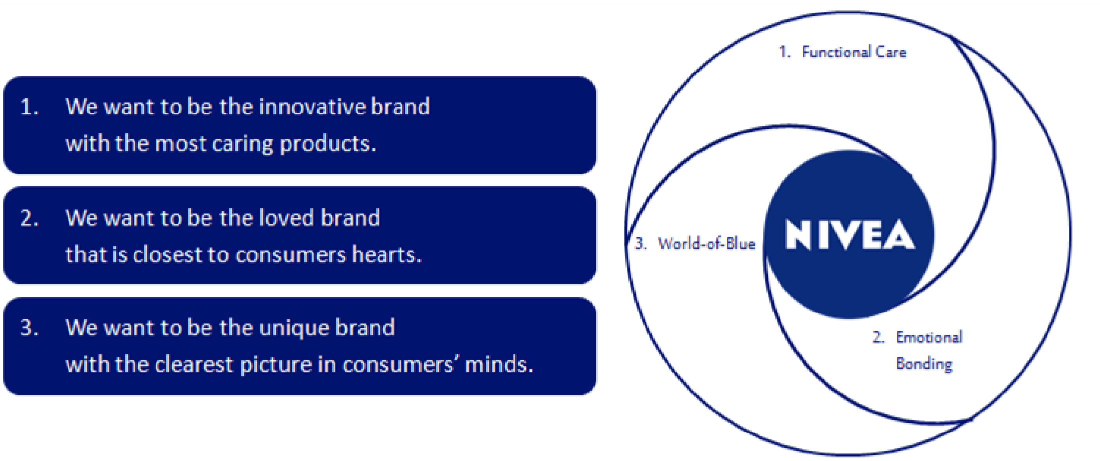



**Figure 10:** Nivea brand levers (source: Global NIVEA Brand Management, February, 2014).

**Exhibit 13:** Market Shares in the Skin Care category in 2013.

**Table 5:** Market shares – skin care category (2013).

| | Weight | Trend | 1 | 2 | 3 | |
|---|---|---|---|---|---|---|
| SKIN CARE | 45,0 | 8,3 | NIVEA – Share 36,9; +/- pp 0,0 | GARNIER – Share 13,5; +/- pp 1,2 | L'OREAL PARIS – Share 12,9; +/- pp 0,3 | PRIVATE LABELS – Share 6,6; +/- pp 0,0 |
| FACE | 16,3 | 7,4 | NIVEA – Share 27,7; +/- pp -1,2 | L'OREAL PARIS – Share 26,7; +/- pp 3,0 | GARNIER – Share 16,0; +/- pp 0,5 | DIADERMINE – Share 12,2; +/- pp 0,0 |
| BODY | 9,2 | 11,0 | NIVEA – Share 33,7; +/- pp 2,9 | DOVE – Share 11,5; +/- pp -2,2 | PRIVATE LABELS – Share 9,1; +/- pp -0,7 | GARNIER BODY – Share 8,5; +/- pp 2,0 |
| SUN | 9,2 | 20,9 | NIVEA – Share 50,6; +/- pp -2,0 | GARNIER – Share 36,8; +/- pp 2,0 | L'OREAL PARIS – Share 3,4; +/- pp -1,6 | PRIVATE LABELS – Share 3,3; +/- pp 1,4 |
| APC's | 2,7 | -0,9 | NIVEA – Share 65,1; +/- pp -1,3 | BARRAL – Share 16,9; +/- pp 0,2 | VASENOL – Share 10,7; +/- pp 0,6 | DOVE – Share 6,7; +/- pp -0,1 |
| HANDS | 1,4 | -3,6 | NIVEA – Share 29,9; +/- pp -0,5 | BARRAL – Share 13,0; +/- pp -0,9 | PRIVATE LABELS – Share 10,9; +/- pp -0,9 | ATRIX – Share 10,2; +/- pp -1,3 |

Source: Nielsen YTD Period Wk 52-2013.

# 4. Market Research

## 4.1. Questionnaire

### 4.1.1. Purpose

Aligned with the information collected from the interviews, the questionnaire had as main purpose to answer some of the key research questions plus to understand which variables are significant to explain the consumer's propensity towards NBs in the shower gel category.

Despite the study's focus on the skin cleansing category, some questions regarding decisions on the food category were included. The goal was to be able to make some comparisons in a category where the impact of PLBs is already known. Making this comparison, it is possible to confirm the assumption made in during the study: there are some differences on the consumers' reasoning in different categories.

Incorporating information provided from the in-depth interview, complementary information was addressed: insights about the most valued attributes in a shower gel product, consumers' willingness to pay for a Dove product and perception regarding NBs versus PLBs. Furthermore, information concerning the main deciding factors in a shower gel purchase was also included as complementary information to analyze the impact of PLBs.

### 4.1.2. Sample Description

The questionnaire was distributed on-line through social network and by email, being active during a one month period. The composition of the survey can be consulted in **Appendix 1.**

The sample was randomly selected both over Facebook and email – each respondent was responsible also to share and invite friends to answer the survey. In what demographics is concerned, the result was a majority of female respondents against only 30.5% of male respondents (**Appendix 2**: Sample Description: gender).

Furthermore, more than 50% of the respondents are in the ages between 20 and 29 years old and around 15% vary within the next age interval (30-39) - see **Exhibit 1.** By analyzing Appendix 2 “Sample description: income level” it is perceptible that the highest percentage of the respondents are in the first range of income level. It is relevant to mention that this group might include individuals who did not initiate their professional activity so far.

In addition, it was asked to respondents if they shower gel users and the responsible for that purchase. The big majority (90.7%) of the respondents was regular users of shower gel; however only 73.1% from the total users were the responsible for the purchase (see **Exhibit 2**). The remaining 9.3% of the total respondents answered not being shower gel users.

### 4.1.3. Results

In a first stage of the survey, respondents were confronted with a purchase decision and were asked to identify the main drivers to that decision. The decision regarded products from the food and personal care categories (see **Exhibit 3**). As suspected, the driver with higher percentage in both categories was “price” - in fact, in the food category this driver was selected by 76% of the respondents against 56% in the personal care.

The main difference between the categories is the second driver selected. In the food category, respondents relay on the usual product bought and in the personal care they make the decision upon the attribute “fragrance”. As a third deciding factor, respondents considered the brand as determinant to choose a product in both categories.

To be able to do a parallelism with these results, respondents were given the choice to buy a NB or a PLB product considering the cookies and shower gel subcategories. The results were aligned with the study assumption that the propensity to buy a PLB vary across these two categories. In the food category, the big majority chose the PLB’ s product; while in the personal care category, respondents were torn and 53.8% chose Dove over the PLB (results in **Exhibit 4**).

The consumers justified their decision for PLB’s cookies giving higher relevancy to the brand and being a product that they are familiarized with – being these results not aligned with the previous ones. In fact, “price” was considered to be one of the main drivers to buy rice, while in the decision referent to cookies 30.12% considered to be the least relevant (see **Exhibit 5**).

The same approach can be done to analyze the personal care category. In a shower gel purchase decision, respondents placed the drivers “product composition” and “product that I am used to buy” as most relevant. Compared with the first responses, the drivers “price” and “fragrance” are now positioned as “least relevant” for the decision making.

In order to assess the willingness to pay for a Dove product, a binary logistic regression was estimated. The model has a very reasonable prediction power (64.9) and the variation in price variable is significant. Analyzing Figure 11, it is possible to conclude that, the lower variation in price, the higher the probability of accepting the variation in price.

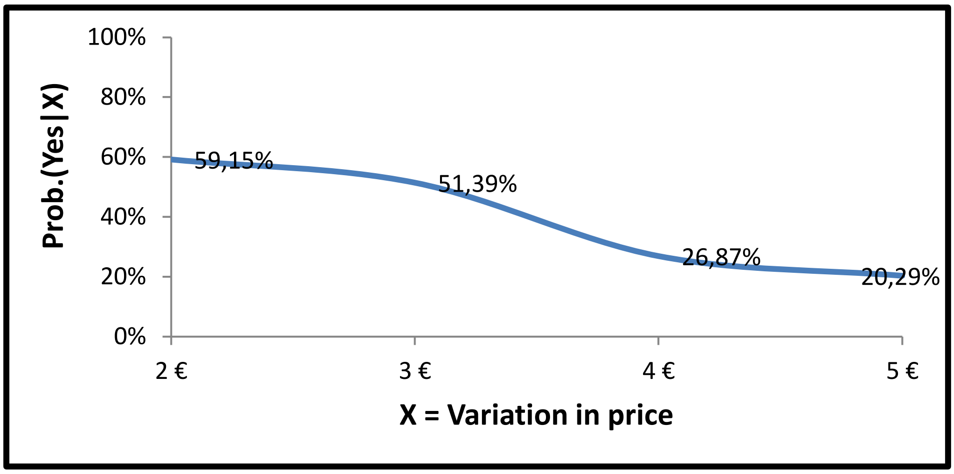



**Figure 11:** Probability of accepting the variation in price X (source: market research).

As mentioned in chapter 3, Dove’s consumers value the practical benefits of the shower gels, such as the skin hydration properties. Nevertheless, these practical benefits were also tested in this research. The outcome was very similar to the secondary data provided: 54.1% of the respondents consider “hydrated skin” as the most relevant attribute in a shower gel product (**Exhibit 6**)

In a last stage of the questionnaire, it was done an evaluation regarding the consumers’ perceptions between PLBs and NBs. The results revealed that the majority of respondents perceived PLBs in the food category as reliable; while in the personal care category, respondents did not confirm to feel safe when choosing PLBs (see **Exhibit 7**).

Concerning the personal care category, despite mentioning that it was a category where consumers typically buy the products that they are used to buy, respondents also confirmed that it was a category where they spend time in the decision making process. The reasoning behind these results can be the fact that the majority of respondents recognized to perceive PLBs' quality as inferior as NBs' quality.

After the making an assessment of consumers' perceptions, a binary logistic regression was estimated. The variables included in the model are presented in **Appendix 2**: "Binary Logistic Regression: propensity to NB (Method: Enter)". Despite the not having a high overall percentage, the model can be considered significant.

$$\text{Log (Propensity to NBs' shower gel)} = -7.34 + 0.345\text{Att\_hydratated} + 0.333\ \text{Brand} + \\ +0.307\ \text{Price} + 0.344\ \text{Fragrance}$$

Regarding the regression, the probability of being prone to buy a NB's shower gel is dependent of price, brand, and attributes "fragrance" and "hydration". Meaning that, being everything else constants, when one independent variable increases by 1 unit, the log-odds of being prone to a NB will increase.

The independent variables needing to be further analyzed is the price variable. In fact, a positive correlation coefficient is associated with this variable. The literal interpretation is: coetaris paribus, a unit increase in price will result in an increase of 0.344 in the log-odds of propensity to buy shower gels of NB.

Furthermore, comparing with the respondents willingness to pay for Dove, the positive value can be due to low price sensitiveness in the category. Since the correlation coefficient is close to zero, a single variation in price alone cannot be significant to change the consumers' attitude towards NB – resulting in an inelastic demand.

In **Appendix 2** are also presented the output of cross tabulation analysis. The main results are aligned with the binary logistic regression: the propensity towards NB is not dependent from variables such as gender and income. In addition, the usage of shower gel is not dependent from the consumers' gender despite the dependency between the variables "gender" and "buyer vs. usage".

## 4.2. Online and In-depth Interviews

In addition to the questionnaire, two interviews were performed as primary sources to the case-study. The aim of both interviews was to gather information regarding two

NBs operating in the Portuguese BPC industry, Dove and Nivea. The interviews helped to get a better understanding about internal issues of the brands plus to collect quantitative information such as market researches.

The first interview was made to Dr. Bernardo Mello, responsible for the brand Dove in Portugal. The interview took place in Unilever Jerónimo Martins headquarters in Lisbon and followed the guidelines presented in **Appendix 3**. In a first stage, some basic grounds were clarified, such as information regarding marketing mix, segmentation, positioning and Dove's mission, values and beliefs presented in chapter 3.

The information revealed that the brand has a stable position on all categories where it operates, being market leader in the skin cleansing category. In addition, some insights regarding the attributes that consumers valued on a skin cleansing product were also discussed and further used in the questionnaire. The main result from the interview was the confirmation that the brand did not felt a direct impact of PLBs.

In order to deliver a more detailed competitive analysis, an interview to one of Dove's main competitors was requested - Nivea. The information was gathered by email and according to the guidelines presented in **Appendix 4**. Dr. Manuel Braga from the Shopper and Customer Marketing Department of Beiersdorf showed interest on helping the developing of this project.

The interview was crucial since it was the major source of quantitative data. Dr. Manuel Braga provided information regarding shares in the markets where Nivea operates plus some market research provided from external sources (ATKearney, Euromonitor and Nielsen). All the information the quantitative information was incorporated alongside the case-study.

## 4.3. Market Research Exhibits

**Exhibit 1:** Sample description – Age Frequency distribution (SPSS output).

**Age**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 15-19 | 21 | 7,5 | 7,5 | 7,5 |
| | 20-29 | 166 | 59,5 | 59,5 | 67,0 |
| | 30-39 | 42 | 15,1 | 15,1 | 82,1 |
| | 40-49 | 16 | 5,7 | 5,7 | 87,8 |
| | >50 | 34 | 12,2 | 12,2 | 100,0 |
| | Total | 279 | 100,0 | 100,0 | |

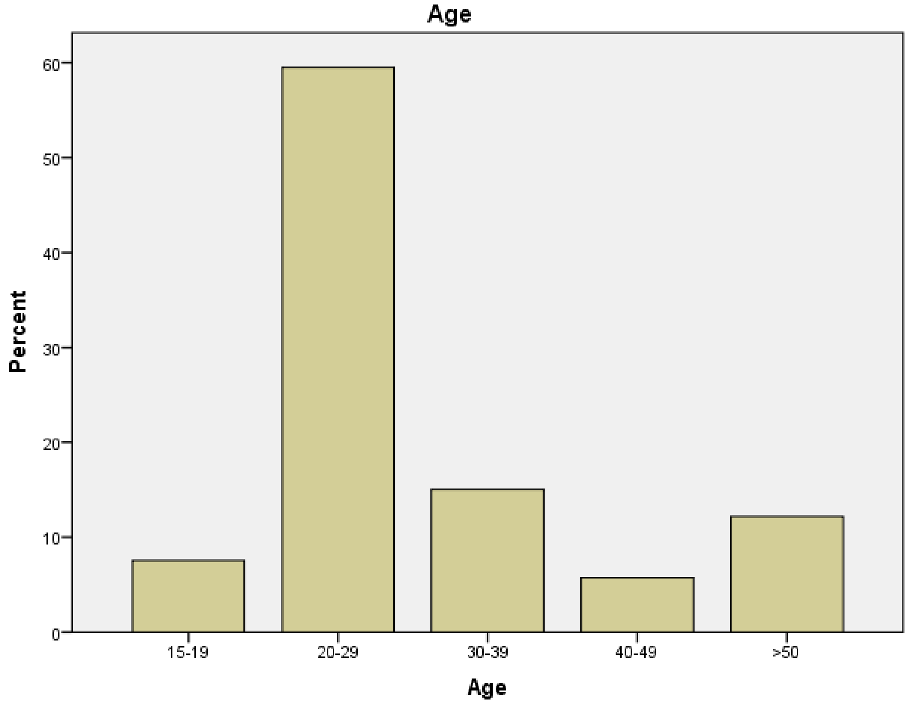



**Exhibit 2:** Buyer vs. shower gel usage – Frequency distribution (SPSS output).

**Buyer vs. usage**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Sim e uso | 204 | 73,1 | 73,1 | 73,1 |
| | Sim e não uso | 5 | 1,8 | 1,8 | 74,9 |
| | Não e uso | 49 | 17,6 | 17,6 | 92,5 |
| | Não uso | 21 | 7,5 | 7,5 | 100,0 |
| | Total | 279 | 100,0 | 100,0 | |

**SG usage**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | user | 253 | 90,7 | 90,7 | 90,7 |
| | non user | 26 | 9,3 | 9,3 | 100,0 |
| | Total | 279 | 100,0 | 100,0 | |

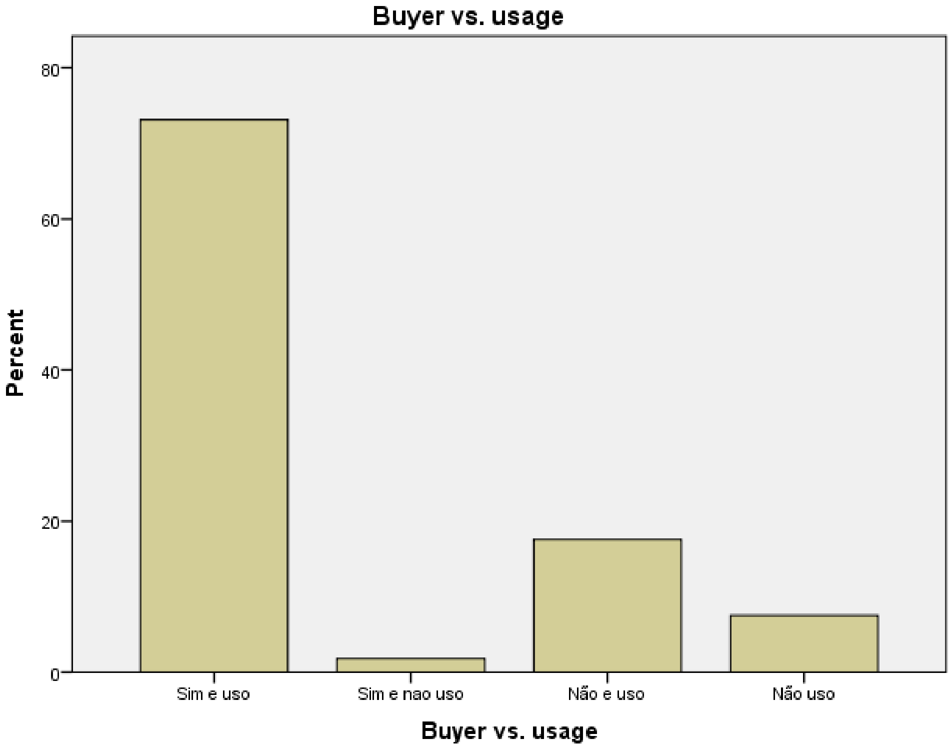



**Exhibit 3:** Main drivers: Body Lotion vs. Rice (SPSS output).

Q: Imagine uma situação em que já não tem arroz em casa e precisa de ir comprar um (ou mais) pacote (s). Quais dos seguintes atributos o (a) levam a decidir comprar certa marca? Selecione apenas **2 atributos.**

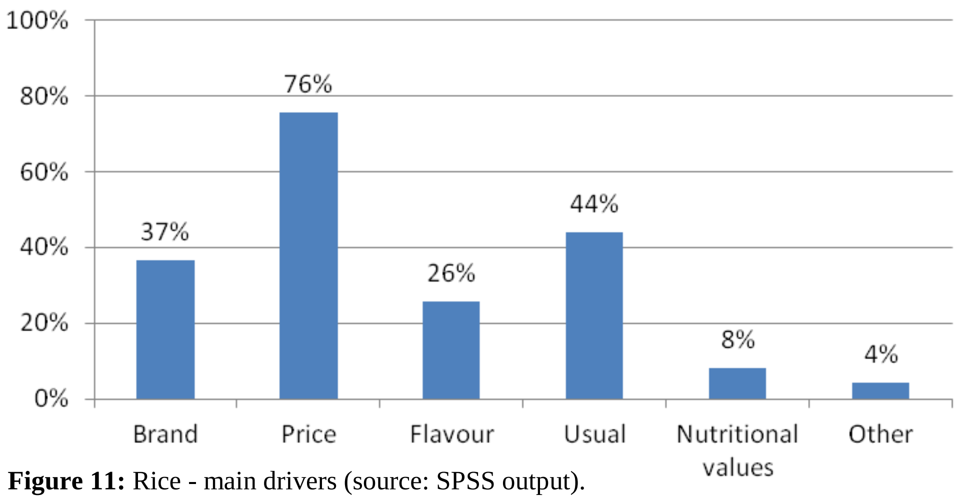



**Figure 11:** Rice - main drivers (source: SPSS output).

Q: Considere a mesma situação mas neste caso terá de comprar uma **loção corporal** (como um creme hidratante para as mãos ou mesmo para o corpo). Quais dos seguintes atributos o (a) levam a decidir comprar certa marca? Selecione apenas **2 atributos**.

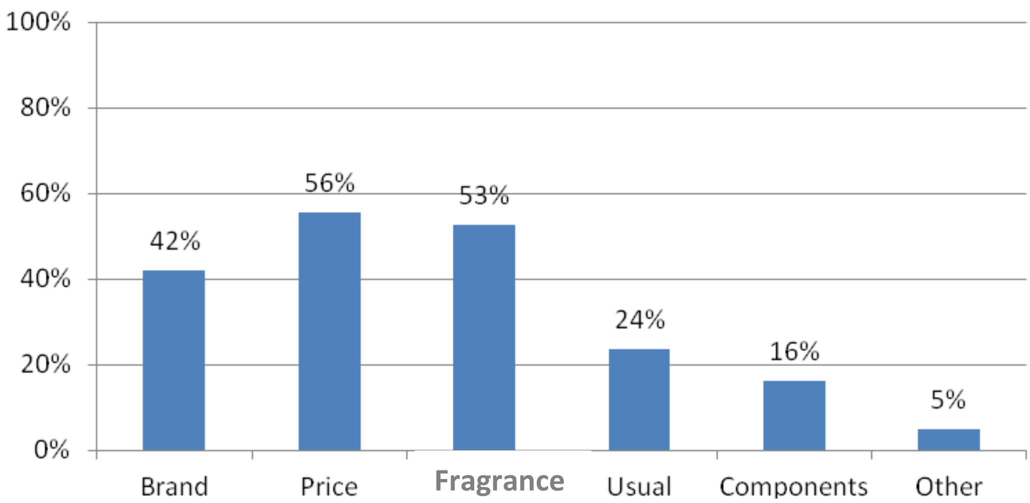



**Figure 12:** Body lotion – main drivers (source: SPSS output).

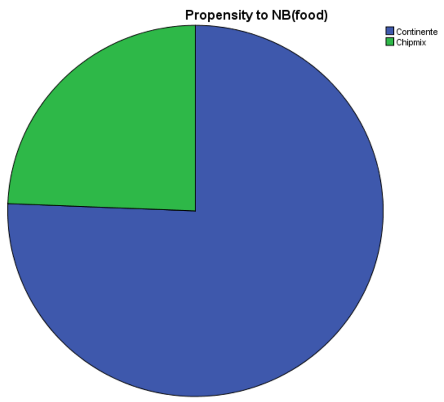
**Exhibit 4:** Propensity to buy NB in the food and personal care categories.

Q: Em baixo estão dois produtos. Se sentisse a necessidade de comprar bolachas, por qual optaria?

| Food | | Freq. | % | Valid Percent |
|---|---|---|---|---|
| Valid | Continente | 211 | 75,6 | 75,6 |
| | Chipmix | 68 | 24,4 | 24,4 |
| | Total | 279 | 100,0 | 100,0 |

Q: Mais uma vez considere que teria de optar entre os dois produtos em baixo. Se sentisse necessidade de comprar um **gel de banho**, por qual optaria?

| Shower Gel | | Freq. | % | Valid Percent |
|---|---|---|---|---|
| Valid | Skino | 129 | 46,2 | 46,2 |
| | Dove | 150 | 53,8 | 53,8 |
| | Total | 279 | 100,0 | 100,0 |



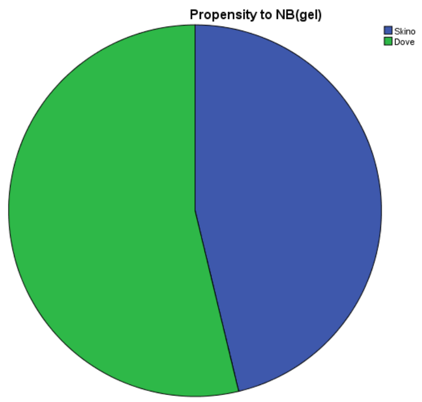




**Figure 13:** Questionnaire results regarding propensity towards NBs – comparison between food and personal care categories (source: market research, SPSS output).

**Exhibit 5:** Decisive factors in the decision making process: food and personal care category.

Q: Em relação à escolha que fez referente às **bolachas**, ponha por ordem os atributos consoante o peso na sua escolha. Considere 4 = "Mais relevante para a minha escolha" e 1 = " Menos relevante para a minha escolha".

| Answer | Menos Relevante | 2 | 3 | Mais Relevante |
|---|---|---|---|---|
| Marca | 24.71% | 19.69% | 31.66% | 23.17% |
| Preço | 30.12% | 25.48% | 13.90% | 20.85% |
| Sabor | 20.08% | 29.34% | 28.19% | 18.15% |
| É o que costumo comprar! | 21.24% | 19.31% | 19.69% | 38.22% |

**Figure 14:** Questionnaire results regarding the decisive factors – food category (source: market research Excel).

Q: Em relação à escolha que fez referente ao **gel de banho**, ponha por ordem os atributos consoante o peso na sua escolha. Considere 5 = "Mais relevante para a minha escolha" e 1 = " Menos relevante para a minha escolha".

| Answer | Menos Relevante | 2 | 3 | 4 | Mais Relevante |
|---|---|---|---|---|---|
| Marca | 22% | 15% | 24% | 22% | 17% |
| Preço | 26% | 19% | 16% | 20% | 19% |
| Cheiro | 11% | 32% | 24% | 21% | 12% |
| Composição do produto | 20% | 17% | 14% | 27% | 22% |
| É o que costumo comprar! | 20% | 17% | 17% | 11% | 32% |

**Figure 15:** Questionnaire results regarding the decisive factors – personal care category (source: market research Excel).

**Exhibit 6:** Most valued practical benefits/attributes in a shower gel product.

| Attributes | Menos Relevante | 2 | 3 | 4 | 5 | 6 | Mais Relevante |
|---|---|---|---|---|---|---|---|
| Soft skin | 1,4% | 1,4% | 5,7% | 9,3% | 13,3% | 28,3% | 40,5% |
| Hydrated skin | 1,8% | 0,4% | 3,9% | 4,7% | 9,3% | 25,8% | 54,1% |
| Perfumed skin | 2,5% | 2,2% | 5,7% | 11,8% | 21,9% | 28,7% | 27,2% |
| Fresh skin | 3,2% | 4,7% | 6,5% | 14,7% | 22,6% | 24,7% | 23,7% |
| Soft cleansing | 2,5% | 3,9% | 5,4% | 14,0% | 20,8% | 25,8% | 27,6% |

**Figure 16:** Questionnaire results regarding the most valued attributes – shower gel category (source: market research Excel).

**Exhibit 7:** Consumers' perception regarding NBs and PLBs in the food and personal care category (SPSS output).

Q: Considerando a sua decisão apenas em supermercados e hipermercados, **avalie as seguintes afirmações** de acordo com a sua opinião de acordo com a escala de 1 a 7 (em que 1="Não me identifico em nada" e 7="Identifico-me perfeitamente").

**Descriptive Statistics**

| | N | Min. | Max. | Mean | Std. Deviation | Variance |
|---|---|---|---|---|---|---|
| Perception food_cheap | 279 | 1 | 7 | 4,06 | 1,814 | 3,292 |
| Perception food_PL relyable | 279 | 1 | 7 | 5,53 | 1,406 | 1,976 |
| Perception gel_cheapest | 279 | 1 | 7 | 3,71 | 1,983 | 3,932 |
| Perception gel_usual | 279 | 1 | 7 | 5,59 | 1,495 | 2,235 |
| Perception gel_spend time | 279 | 1 | 7 | 5,33 | 1,655 | 2,740 |
| Perception gel_PL trust | 279 | 1 | 7 | 3,50 | 1,819 | 3,308 |
| Perception gel_PL<quality | 279 | 1 | 7 | 4,17 | 1,838 | 3,378 |
| Valid N (listwise) | 279 | | | | | |

**Statistics**

| | | V1 | V2 | V3 | V4 | V5 | V6 | V7 |
|---|---|---|---|---|---|---|---|---|
| N | Valid | 279 | 279 | 279 | 279 | 279 | 279 | 279 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Percentiles | 25 | 3,00 | 5,00 | 2,00 | 5,00 | 4,00 | 2,00 | 3,00 |
| | 50 | 4,00 | 6,00 | 4,00 | 6,00 | 6,00 | 3,00 | 4,00 |
| | 75 | 5,00 | 7,00 | 5,00 | 7,00 | 7,00 | 5,00 | 6,00 |

**Note:**

| Variables | Variables meaning |
|---|---|
| V1 = Perception food_cheap | "When considering buying food products, I always consider the cheapest ones". |
| V2 = Perception food_PL relyable | "I trust in PLBs' food products (as Pingo Doce and Continente)". |
| V3 = Perception gel_cheapest | "I choose my soap and shower gel based on price. I buy the cheapest one." |
| V4 = Perception gel_usual | "Regarding my personal hygiene, I prefer to buy what I already now." |
| V5 = Perception gel_spend time | "Regarding my personal hygiene, I spend more type choosing the product." |
| V6 = Perception gel_PL trust | "I trust in PLBs' deodorants and lotions." |
| V7 = Perception gel_PL<quality | "I recognize that PLBs' quality is inferior in products in the personal care category (example: shower gel)" |

## 5. Conclusions

The Portuguese retail mass market suffered some changes along the last years. Especially due to the financial crisis, consumers were forced to change their habits – which results in an effect on every company operating in this market.

This fact represents one major ground of this research purpose. Moreover, the development of the study was made upon the assumption that this effect would vary across companies given the categories where they operate. After analyzing the secondary data collected and with the complementary information driven from the market research, the assumption can be validated.

Additionally, it is possible to draw some major conclusions by answering the key research questions proposed in the beginning of the study.

1. What is the current positioning and presence of PLBs in the skin cleansing category?

After the analysis made in chapter 3 it is now possible to understand how PLBs stand as competitors. Despite the drop in share from 2013 to 2014, PLB account for 23% of the total Skin Cleansing Portuguese industry. Considering the shower gel subcategory alone, PLBs have established their position between the biggest players in the category – PLBs account for 18.6% of the subcategory, after Dove and before Nivea.

As known, these brands' position their selves as the brands with lower prices in the market and are trying to win the consumers' trust.

2. Is "price" the main driver to buy a NB in the skin cleansing category?

According to information provided the brand, one of the main drivers towards a NB in the skin cleansing category is that the product's price is the price that consumers are willing to pay. Given that, it is possible to do a parallelism with the market research in order to better understand this statement.

In chapter 4, one of the main results was the fact that price was one of the least relevant drivers to a shower gel purchase decision. In fact, as a independent variable, price was considered to be statistically significant to explain the propensity towards NBs in a shower gel decision. Nevertheless, the variable influence over the dependent variable needed special reading. As stated before, a single variation in price alone cannot be significant to change the consumers' attitude towards NBs.

Given the controversy between these results and the brands' results, one conclusion can be made: price will not be the decisive factor for the decision but it has to represent a good correlation between monetary value and practical benefits of the product. In other words, consumers need to feel the good relationship between price and quality (fifth most valued attribute).

3. Which are the main attributes valued by consumers in a skin cleansing product?

When consumers are asked what they value the most in one product, they are often tempted to mix variables such as price and quality with practical benefits of the product. As mentioned earlier, consumers stated that the main valued attribute was the product price as the one they are willing to pay. However, the majority of the remaining attributes mentioned are related with practical benefits.

In Dove's particular case, it is crucial to understand what consumers really value in the skin cleansing in order to avoid entering in a price competition. Therefore, the main practical benefits valued by consumers in the shower gel category are: leaving the skin soft and smooth, leaves the skin healthier and leaves the skin more hydrated then other brands.

Comparing the market research's findings with Dove's findings, the results are aligned. According to the survey's results, 54.1% of the respondents consider "hydrated skin" the most relevant attribute in a shower gel product. Additionally, benefits such as leaving the skin soft and perfumed are also considered relevant.

Summing up, consumers consider "fair price"[14] as a relevant attribute for a shower gel. At the same time, they also recognize that they trust and relay on NBs and on products that they have experienced before – giving value to practical benefits already experienced, such as leaving the skin hydrated.

[14] Meaning "the price I am willing to pay".

4. Are consumers willing to pay more for a Dove product?

In order to address this question, it is necessary to take into consideration the research made upon consumers' willingness to pay. The answer to the question is "yes", in general, consumers are willing to pay more for a Dove shower gel. However, the amount of additional value will vary across individuals. In this particular case, respondents were asked randomly if they were willing to pay for a Dove shower gel more 2€, 3€, 4€ or 5 € than a PLB's shower gel.

As expected, the probability of acceptance declines as the variation in price increases. When analyzing Figure 17, it is visible that the sharpest decrease is registered between 3€ and 4€ - the probability drops from more than 50% to around 27%. In fact, the average variation in price between a PLB's shower gel and a Dove's shower gel is on average 4€.

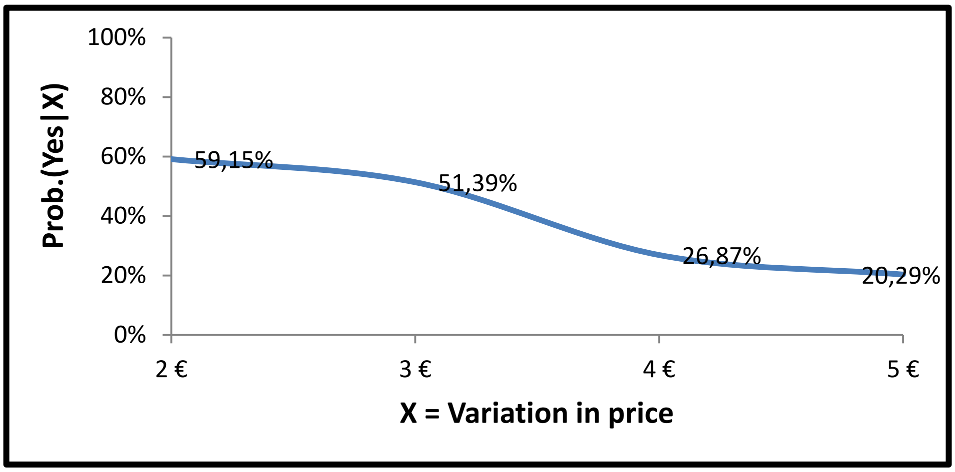



**Figure 17:** Probability of accepting the variation in price X (source: market research).

## 6. Limitations and Future Research

Given the deadlines and time available, some fundamental procedures where not followed. In what market research is concerned, one focus group or in-depth interview should have been carried out in order to collect more detailed insights about consumers' perceptions.

Additionally, since the survey was distributed throughout internet, the sample was biased not only due to the fact that only people with access to the internet would be able to answer, but also because only people within the researcher's data base could answer it. Another limitation to the research analysis was the not significant number of responses from the younger segment.

Furthermore, given the fierce competition in the category in analysis, contradictory information was found and little quantitative information was provided to back up the analysis of the case study.

Finally, the issue regarding the probability and level of making a bad decision in the skin cleansing category was not fully researched in this project. Future researchers also could focus their study on consumers' perception of a risky purchase in the BPC category. Being able to study some of the major subcategories within the BPC, it would able to do a cross analysis and withdraw some relevant conclusions regarding the variables influencing the propensity towards NBs.

# 7. Teaching Notes

## 7.1. Synopsis

Despite being a theme that was already explored by other researchers, the threat of PLBs represents a recent managerial problem and it is still present in companies nowadays. As a differentiating factor, the study is focused on one specific category – skin cleansing category – in the Portuguese mass retail market.

The case study regards Dove current position in the skin cleansing category, being possible to be divided in two major parts. The first part of the case gives a brief regarding the mass retail market and its main trends. It is complemented by with an overview about the main trends of the Portuguese shopper.

In a second stage, the brand description is presented: foundation, mission, values, beliefs and product portfolio. After a deep look into the brand, a competitive analysis is made alongside with a brief description of the category.

Dove is introduced as a success case given that it operates in the skin cleansing category and is leader in the shower gel market. The main purpose of the case study is to understand the possible future challenges of a well-positioned brand that competes in a landscape where PLBs are gaining position.

The main point to retain is the fact that in fact PLBs are gaining credibility and consumers' level of confidence towards these brands is increasing. In addition, the case study also presents some insights regarding the brand's success near consumers and reasons why PLBs' success is not the same across categories.

## 7.2. Target Audience

The present case is suited for undergraduate and master's students, being potentially appropriate to be used in more advanced courses. It represents a support teaching tool mainly for Marketing and Strategic Management courses, covering matters such as consumer behavior, retailing and brand management. According to the students' knowledge level, the analysis and questions related with the case must be adapted.

## 7.3. Teaching Objectives

The Dove Case Study represents a useful tool for academic purposes since it portraits present-day decision making challenge. It will allow students to learn about real problems that a real brand faces. Given that the case study is presented with a practical point of view, students are able to link theoretical notions with practical example by witnessing how a brand operates and reacts to external threats.

Therefore, the in-class analysis must stimulate students not only to apply their theoretical knowledge but also to provide recommendations. Being a theme that every student can easily relate with, it can generate an interesting classroom discussion.

Since the case-study embodies a many aspects of the managerial world, according to each course objective, the students will have the opportunity to:

- Evaluate the current situation of the Portuguese mass retail market, main characteristics and trends;
- Increase knowledge about drivers of PLBs' growth;
- Understand the major behavioral changes of the Portuguese consumer and consequent impact;
- Reflect on the challenges ahead for NBs, given the changes in the FMCG market;
- Reflect on the reasons behind Dove's current market position;
- Get a better understanding of the competitive landscape of the skin cleansing category;
- After the case study analysis, the main theme of discussion can be introduced: despite establishing high levels of brand awareness, how can a brand act in an industry where wining price war is crucial.

## 7.4. Teaching Plan

In order to create a better discussion environment, the case study should be delivered to students at least four days before the class. The main purpose is to give students time to prepare the case, search for additional information and generate some kind of personal opinion.

**Questions:**

1. **In general, which are the main reasons behind PLBs' growth in the mass market?**

Students must identify the majority of the factors presented in chapter 2 – Literature Review. The main factors can be divided into different perspectives: the retailer's point of view and the consumer perspective.

From the retailer's perspective, the grounds supporting PLBs growth are related with the retailers' ability to practice low prices - retailers are able to offer products with quality at a low price. The growth is also linked with the retail market concentration – retailers' access to lower prices allows the development of competitive brands.

In addition, the growth is also dependent from the retailers' motivation to develop their own brands. Firstly, PLBs are a mean to leverage the number of loyal customers towards the stores since retailers are creating a strong and exclusive brand. The consequence will be the development of a distinctive positioning from other retailers' stores. Additionally, the consequence increase in the retailers' bargaining power over its suppliers. Since PLBs decrease manufactures' control over shelf space, it allows retailers to bargain for better deals and reduced waiting time in deliveries. Last but not least, developing a PLB will represent a way to leverage profitability.

Taking into consideration the consumers' perspective, PLBs' growth can be justified by the financial constraints (increase of the price consciousness). Forced to choose for cheaper prices, consumers were able to experience PL's products. As a consequence, the consumers' perception of the gap in quality between NB and PLB began to close.

2. **According the "search versus experience" nature of the categories, where Dove's products fit? Why?**

Students must do a parallelism between the definition regarding "search versus experience" presented in chapter 2 and have a deep understanding of Dove's products (chapter 3).

According to Sinha and Batra (2000), the category can present a searching nature (categories where consumers can objectively understand the products' features and quality before consumption) or an experiencing nature (categories where products' features and quality cannot be described and perceived during the decision process, but only after trying).

Taking in consideration the Portuguese market, Dove is present in the skin and personal care category and divides its product portfolio into the following subcategories: Deos, Lotions and Skin Cleansing. In addition, Dove developed a product line for man called Men+Care.

Despite having wide range of products, the categories where the brand operates are categories with "experience nature". The quality of Dove's products, such as deodorants, lotions and shower gel, can only be assessed after its consumption - regardless the products' description in the package and practical benefits advertised by the brand.

3. **Considering the skin cleansing category in the mass market, what are the main differentiation factors justifying Dove's positioning?**

The students must start to identify Dove's positioning. Dove positions itself in the upper right quadrant: a brand with high quality products with high prices. Regardless the category or subcategory, Dove always wants to deliver the best product when compared with the competitors' products.

Furthermore, Dove wants to position in the consumer's mind as a brand that offers both functional and emotional benefits. In other words, Dove wants women to perceive its products as a way to improve their skin's quality and, as a consequence, feel more beautiful and increase women's self-esteem.

Dove represents one example of a brand that repositioned its utilitarian products to holistic products. The brand was able to change consumers' perception of bath and shower products as basic needs to as source of self-attachment. Therefore, the premium positioning is complemented by the emotional link made between Dove and its consumers. Therefore, linked with its critical success factors, Dove differentiates due to the brand equity built over the years, product's quality and the emotional benefits.

As a complementary explanation, students might also do an analysis of the differences between Dove and Nivea:

**Table 6:** Comparing Dove and Nivea.

| | Dove | Nivea |
|---|---|---|
| **Mission** | "Make beauty a source of confidence not anxiety for women everywhere" | "We will be the No.1 Skin Care company in our relevant categories and markets." |
| **Values** | "Democratic, liberating, real, Beautifully Uncomplicated" | "Family, mild, trust, skincare expert, empathy/love, value for money, feel good in skin, inspires confidence" |
| **Brand Character** | "Warm, optimistic, inclusive, animated" | "Authentic, trustworthy, joyful, inspiring and a little daring" |
| **Emotional Benefit** | "Helping all women look and feel more beautiful, Dove helps them feel happier" | "Natural confidence to make the best out of yourself and out of every day" |
| **Functional Benefit** | "Dove pleasurably delivers Superior Care to tangibly improve the condition of your skin or hair, whilst meeting or exceeding all consumer expectations on the key market drivers for each category" | "Provide outstanding care to make your skin feel and look at its best and that's worth the price" |

Source: Dove's brand love keys (October 2013) and Global NIVEA Brand Management, February, 2014.

4. **Considering consumers' perception of the closing quality gap between NB and PLBs, are consumers still skeptical in the personal care category? Why?**

In order to answer the question, students must understand the research made and analyze the results in chapter 4 – Market Research.

When respondents were given the option to choose from a NB or a PLB in the food category, the big majority chose the PLB; while in the personal care category, respondents were torn and 53.8% chose the NB. Comparing the two categories, it can be said that consumers are not consistent in their choice between PLB and NB across categories.

In a shower gel purchase decision, respondents placed the drivers "product composition" and "product that I am used to buy" as most relevant. The direct interpretation is the fact that consumers relay on products that they are familiarized with, in order to reduce the risk of making a bad choice.

The results also revealed that the majority of respondents did not confirm to feel safe when choosing PLBs over NBs in the personal care category. Despite mentioning that it was a category where consumers typically buy products that they are used to buy, respondents also confirmed that it was a category where they spend time in the decision making process. The reasoning behind these results can be the fact that the majority of respondents recognized to perceive PLBs' quality as inferior as NBs' quality.

5. **Considering the variations between the food and personal care categories, which are the main drivers leading to choose a NB or a PLB?**

In order to answer the question, students must understand the research made and analyze the results in chapter 4 – Market Research.

The results were aligned with the assumption that the propensity to buy PLBs vary across categories. In fact, the big majority chose the PLB's product in the food category; while in the personal care category, respondents were torn and 53.8% chose the NB over the PLB (Dove).

The consumers justified their decision in the food category given higher relevancy to the brand and being a product that they are familiarized with. In fact, price was considered to be one of the main drivers to buy rice, while in the decision referent to cookies 30.12% considered to be the least relevant.

The same approach can be done to analyze the personal care category. In a shower gel purchase decision, respondents placed the drivers "product composition" and "product that I am used to buy" as most relevant.

In addition, it also can be done an evaluation regarding the consumers' perceptions between PLBs and NBs both in the food and personal care categories. The results revealed that the majority of respondents perceived PLBs in the food category as reliable; while in the personal care category, respondents did not confirm to feel safe when choosing PLBs.

Concerning the personal care category, despite mentioning that it was a category where consumers typically buy the products that they are used to buy, respondents also confirmed that it was a category where they spend time in the decision making process. The reasoning behind these results can be the fact that the majority of respondents recognized to perceive PLBs' quality as inferior as NBs' quality.

Additionally, the probability of being prone to buy a NB's shower gel is going to vary according to the price, brand, consumers' judgment concerning the products' fragrance and the practical benefit of hydrating the skin (according to the binary logistic regression estimated).

## 8. References

### Academic papers:

Ailawadi, K.L. & Keller, K.L. (2004), "Understanding retail branding: conceptual insights and research priorities", *Journal of Retailing*, 80(4): 331–342.

Ashley, S.R. (1998), "How to effectively compete against private- label brands", *Journal of Advertising Research*, 38 (1): 75–82.

Burger , P.C. and B. Schott. (1972), "Can Private Brand Buyers Be Identified?", *Journal of Marketing Research*, 9: 219-222.

Cardoso, A. and Neves, P. (2008), "Atitude dos consumidores relativamente à marca dos distribuidores", *Revista da Faculdade de Ciências Humanas e Sociais*: 38-55.

Coe , B D. (1971), "Private Versus National Preference Among Lower and Middle-Income Consumers", *Journal of Retailing*, 4(Fall): 61-72.

Cunningham , I., Hardy, A. and Imperia, G. (1982), "Generic Brands Versus National Brands and Store Brands", *Journal of Advertising Research*, 22(October/ November): 25-32.

DelVecchio, D. (2001), "Consumer perceptions of private label quality: the role of product category characteristics and consumer use of heuristics", *Journal of Retailing and Consumer Services* , 8 (5): 239-249.

Dhar , S. K. and Hoch, S. (1997), "Why Store Brand Penetration Varies by Retailer", *Marketing Science*, 16(3): 208-227.

Dunn, Mark G., Patrick E. Murphy, and Gerald U. Skelly (1986), "The Influence of Perceived Risk on Brand Preference for Supermarket Products," *Journal of Retailing*, 62 (2): 204–17.

Erdem, Tulin and Joffre Swait (1998), "Brand Equity as a Signaling Phenomenon," *Journal of Consumer Psychology*, 7 (2): 131–157.

Fontenelle , S. and Pereira, I. (1996), “Private Labels and Consumer Benefits: The Brazilian Experience”*, Consumer Research,* 3: 97-103.

Fortune (1994), “What price brand loyalty?”, *Fortune*, 129 (1): 103– 104.

Gabor, Andre and C. W. J. Granger (1979), “On the Price Consciousness of Consumers,” *Management Decision,* 17 (8): 551.

Hoch, Stephen J. (1996), “How Should National Brands Think about Private Labels?” *Sloan Management Review,* 37 (Winter): 89–102.

Hoch, Stephen J. and Shumeet Banerji (1993), “When Do Private Labels Succeed?” *Sloan Management Review,* 34, 4(Summer): 57–67.

Krishnan, T.V. and Soni, H. (1997), “Guaranteed profit margins: A demonstration of retailer power”, *International Journal of Research in Marketing*, 14 (1): 35–56.

Lee , D (2004), “Image Congruence and Attitudes Toward Private Brands”, *Consumer Research*, 31: 435-441.

Lichtenstein, D.R., Bloch, P.H., Black, W.C. (1988), “Correlates of price acceptability”, *Journal of Consumer Research*, 15: 243– 252.

Lichtenstein, D. R., Nancy M. Ridgway, and R. G. Netemeyer (1993), “Price Perceptions and Consumer Shopping Behavior: A Field Study,” *Journal of Marketing Research,* 30 (May): 234–45.

Livesey F. and P. Lennon (1978), “Factors Affecting Consumers’ Choice Between Manufacturer Brands and Retailer Own Brands,” *European Journal of Marketing*, 12 (2): 158–170.

Mela, C.F., Gupta, S. and Jedidi, K. (1998), “Assessing long-term promotional influences on market structure”, *International Journal of Research in Marketing*, 15 (2): 89–107.

Mogelonsky, M. (1995), “When stores become brands”, *American Demographics* (February): 32–38.

Monroe, K.B. and Krishnan, R. (1985), "The effect of price on subjective product evaluations". In: Jacoby, J., Olson, J.C. (Eds), "Perceived Quality: How Consumers View Stores and Merchandise", D.C. Heath and Company, Lexington, MA: 209–232

Monroe, K.B., Petroshius, S.M., 1981. "Buyers' perceptions of price: An update of the evidence". In: Kassarjian, H., Robertson, T.S. (Eds.), "Perspectives in Consumer Behavior": 43–55. Scott, Foresman, and Company, Glenview, IL.

Morgenson, G. (1991), "The trend is not their friend", *Forbes,* 148 (6): 115–119.

Murphy, Patrick E. (1978), "The Effect of Social Class on Brand and Price Consciousness for Supermarket Products", *Journal of Retailing,* 54(Summer): 33-42.

Narasimhan, Chakravarthi and Ronald T. Wilcox (1998), "Private-Labels and the Channel Relationship: A Cross-Category Analysis," *Journal of Business,* 71 (4, October): 573–600.

Richardson, Paul S., Arun K. Jain, and Alan Dick (1996), "Household Store Brand Proneness: A Framework," *Journal of Retailing,* 72 (2): 159–185.

Rothe, James T. and Lawrence M. Lamont (1973), "Purchase Behavior and Brand Choice Determinants," *Journal of Retailing,* 49 (3): 19–33.

Sethuraman, Raj (1992), "Understanding Cross-Category Differences in Private Label Shares of Grocery Products," *Cambridge, MA: Marketing Science Institute,* Report No. 92–128.

Sethuraman, R. and Cole, C. (1997), "Why do consumers pay more for national brands than for store brands?", *MSI Working Paper*: 97–126.

Shapiro, B.P., 1968. "The psychology of pricing", *Harvard Business Review,* 46, (July–August): 14-25.

Sinha, I. and Batra, R. (1999), "The effect of consumer price consciousness on private label purchase", *International Journal of Research in Marketing,* 16 (3): 237-251.

Sinha, I. and Batra, R. (2000), “Consumer-level factors moderating the success of private label brands”, *Journal of Retailing*, 76 (2): 175-191.

Steenkamp, J.-B.E.M. and Dekimpe, M.G. (1997), “The increasing power of store brands: Building loyalty and market share”, *Long Range Planning*, 30 (6): 917–930.

Stern, A.L. (1997), “The pricing quandary”, *Across the Board*, May: 16–22.

Stern, G. (1993), “P&G will cut prices 5% on pampers, 16% on luvs to battle private brands”, *The Wall Street Journal*, April 14, B9.

**Books:**

Carvalho , J. M. C. and Cunha, S. M. (1998), *Marcas do Distribuidor em Portugal-Manual de Estudo Prático*, Lisboa, AJE Sociedade Editorial.

Helfer , J. P. and Orsoni, J. (1996), *Marketing*, Lisboa, Sílabo Gestão.

Rousseau , J. A. (1997), *Manual de Distribuição. Uma Visão Global e Estruturante da Moderna Distribuição*, Linda-a-Velha, Abril/Controljornal Editora, Lda.

**Other Sources:**

Catálogo Beiersdorf, 2014

Dove Brand Love Keys Report 2013

“Dove: Projeto pela autoestima” Report

Euromonitor International, Available at: http://www.euromonitor.com

Global NIVEA Brand Management Report, 2014

http://acnielsen.pt/documents/tr_201011_Nielsen_Consumer_Confidence_3Q_PORTUGAL.pdf

http://www.centromarca.pt/estudos/

http://mundodasmarcas.blogspot.de/2006/05/dove-sade-da-pele.html

http://www.unilever.com/brands-in-action/detail/Dove/292077/

http://www.unilever-jm.com/brands/personalcarebrands/dove/index.aspx

Nivea Blue Agenda

Pardo , A. (2004), “Actitud de los Consumidores de Santiago Hacia las Marcas Proprias de Supermercados”. Tesis de Magíster en Economía Agraria, Universidad Catolica de Chile.

PLMA, 2014. Available at: http://www.plmainternational.com/industry-news/private-label-today

# Appendix

## Appendix 1: Questionnaire

Caro participante, desde já agradeço a sua cooperação e tempo despendido. O meu nome é Maria Alves Pereira e sou aluna de Mestrado de Gestão na Católica Lisbon School.

Este questionário tem como objetivo ajudar-me na pesquisa para a minha tese de Mestrado, tendo como propósito estudar o comportamento e motivações dos consumidores em geral, sendo o maior foco a categoria de produtos pessoais.

Peço-lhe para responder às perguntas com a maior sinceridade possível. As respostas serão anónimas e irão ser tratadas de modo confidencial. O tempo estimado para a realização do questionário será de apenas 6 minutos. Poderá consultar o seu progresso na barra situada no final da página.

A sua colaboração é muito importante!

Q1 Em sua casa, é o ou um dos responsáveis pelas compras para a casa?
- ❍ Sim
- ❍ Não

Q2 Quando vai ao supermercado/hipermercado compra gel de banho para lavar o corpo?
- ❍ Sim e uso.
- ❍ Sim mas não sou eu que uso.
- ❍ Não sou eu que compro mas uso.
- ❍ Não compro gel de banho.

Q3 Imagine uma situação em que já não tem **arroz** em casa e precisa de ir comprar um (ou mais) pacote (s). Quais dos seguintes atributos o (a) levam a decidir comprar certa marca? Selecione apenas **2 atributos**:
- ❑ Marca
- ❑ Preço
- ❑ Sabor
- ❑ O que costumo comprar!
- ❑ Tabela de nutrição
- ❑ Outro ____________________

Q4 Considere a mesma situação mas neste caso terá de comprar uma **loção corporal** (como um creme hidratante para as mãos ou mesmo para o corpo). Quais dos seguintes atributos o (a) levam a decidir comprar certa marca? Selecione apenas **2 atributos**:

- ❑ Marca
- ❑ Preço
- ❑ Cheiro
- ❑ O que costumo comprar!
- ❑ Composição do produto
- ❑ Outro ____________________

Q5 Em baixo estão dois produtos. Se sentisse a necessidade de comprar bolachas, por qual optaria?

❍ Bolachas Continente


Bolachas com Pepitas de Chocolate Continente

Preço: 0.79€/unidade (150gr.)

❍ Bolachas ChipMix


Bolachas com Pepitas Chocolate

ChipMix

Preço: 1.49€/unidade (125gr.)

Q6 Em relação à escolha que fez referente às **bolachas**, ponha por ordem os atributos consoante o peso na sua escolha. Considere 4 = "Mais relevante para a minha escolha" e 1 = " Menos relevante para a minha escolha".

______ Marca
______ Preço
______ Sabor
______ É o que costumo comprar!

Q7 Mais uma vez considere que teria de optar entre os dois produtos em baixo. Se sentisse necessidade de comprar um gel de banho, por qual optaria?

❍ Gel de banho Dove


Gel de Banho Dove – Deeply Nourishing. Utilizado diariamente, ajuda a recuperar a resistência da pele a partir do interior para uma pele mais bonita durante mais tempo. Nutrição profunda. Limpeza perfeita. Testado dermatologicamente.

Disponível em outros tamanhos.

Preço: 5.89€/por unidade (750ml)

❍ Gel de banho Skino


Gel de duche Skino. Formulado para o banho diário. Protege a pele combatendo maus odores. Ajuda a hidratar a pele, deixando a pele suave e macia. Testado dermatologicamente.

Disponível em outros tamanhos.

Preço: 1.69€/unidade (750ml)

Q8 Em relação à escolha que fez referente ao **gel de banho**, ponha por ordem os atributos consoante o peso na sua escolha. Considere 5 = "Mais relevante para a minha escolha" e 1 = " Menos relevante para a minha escolha".

_______ Marca
_______ Preço
_______ Cheiro
_______ Composição do produto
_______ É o que costumo comprar!

Q9.1 Imagine agora que a diferença de preços entre a Dove e um gel de banho de marca branca (Continente ou Pingo Doce por exemplo) é de **2€**. Pagaria esta diferença para ter o produto Dove?

❍ Sim
❍ Não

Q9.2 Imagine agora que a diferença de preços entre a Dove e um gel de banho de marca branca (Continente ou Pingo Doce por exemplo) é de **3€.** Pagaria esta diferença para ter o produto Dove?
❍ Sim
❍ Não

Q9.3 Imagine agora que a diferença de preços entre a Dove e um gel de banho de marca branca (Continente ou Pingo Doce por exemplo) é de **4€**. Pagaria esta diferença para ter o produto Dove?
❍ Sim
❍ Não

Q9.4 Imagine agora que a diferença de preços entre a Dove e um gel de banho de marca branca (Continente ou Pingo Doce por exemplo) é de **5€**. Pagaria esta diferença para ter o produto Dove?
❍ Sim
❍ Não

Q10 Quais as características que mais valoriza e considera importantes que um gel de banho tenha? Considere uma escala de 1 a 7 onde 1="Nada importante" e 7="Muito importante".

| | 1 (Nada Importante) | 2 | 3 | 4 | 5 | 6 | 7 (Muito importante) |
|---|---|---|---|---|---|---|---|
| **Deixe a pele suave.** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **Deixe a pele hidratada.** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **Deixe a pele perfumada.** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **Deixe uma sensação de frescura.** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **Limpe suavemente.** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

Q11 Considerando a sua decisão apenas em supermercados e hipermercados, **avalie as seguintes afirmações** de acordo com a sua opinião de acordo com a escala de 1 a 7 (em que 1="Não me identifico em nada" e 7="Identifico-me perfeitamente").

| | 1 (Não me identifico em nada) | 2 | 3 | 4 | 5 | 6 | 7 (Identifico-me perfeitamente) |
|---|---|---|---|---|---|---|---|
| **"Quando penso em comprar produtos alimentares, considero comprar sempre o mais barato."** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **"Confio nos produtos alimentares das marcas brancas (como Pingo Doce e Continente). "** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **"Escolho o meu sabonete e gel de banho consoante o preço. Compro o mais barato."** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **"Em relação minha à higiene pessoal, prefiro comprar o que conheço."** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **"Em relação à minha higiene pessoal, perco mais tempo a escolher o produto."** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **"Confio nos desodorizantes e cremes hidratantes de marca branca."** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **"Reconheço** | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

| |
|---|
| **que os produtos de marca branca são de qualidade inferior em produtos de cuidado pessoal (exemplo: gel de banho, hidratantes, outros) ”** |

Q12 Sexo:
- ❍ M
- ❍ F

Q13 Idade:
- ❍ 15-19
- ❍ 20-29
- ❍ 30-39
- ❍ 40-49

>50

Q14 Nacionalidade:
- ❍ Portuguesa
- ❍ Outra

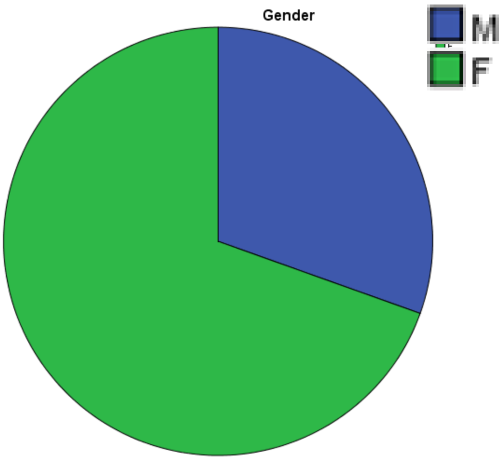
Q15 Em que escalão se encontra o seu rendimento anual bruto:
- ❍ 7000-15000€
- ❍ 16000-25000€
- ❍ 26000-35000€
- ❍ 36000-50000€
- ❍ >50000€

## Appendix 2: Market Research SPSS Output

- Sample description: gender

**Gender**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | M | 85 | 30,5 | 30,5 | 30,5 |
| | F | 194 | 69,5 | 69,5 | 100,0 |
| | Total | 279 | 100,0 | 100,0 | |




- Sample description: nationality

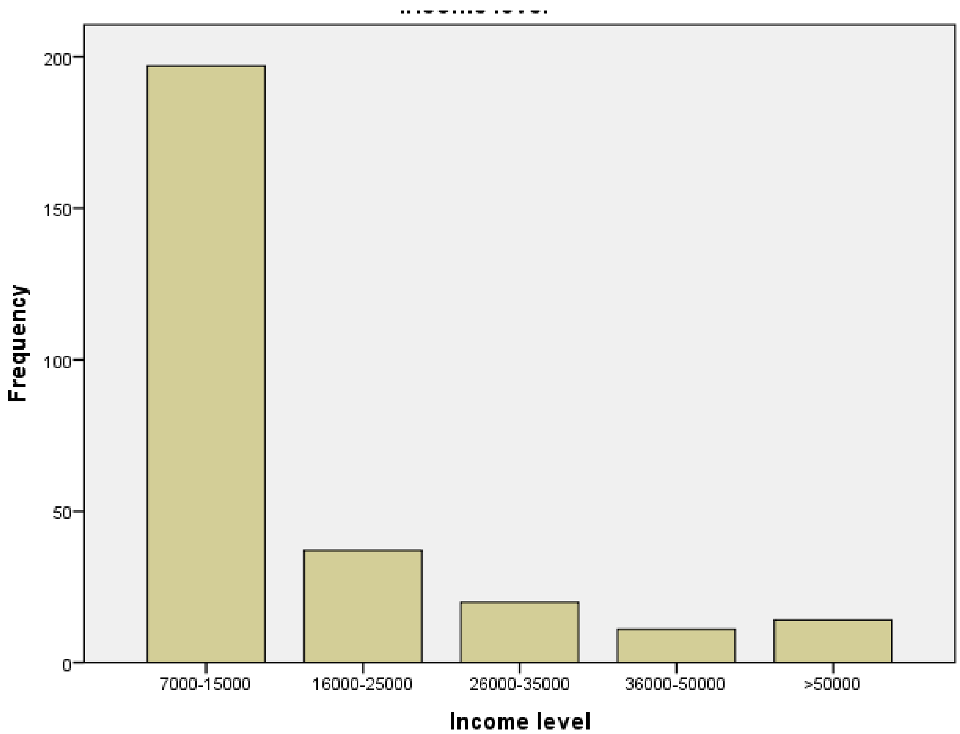
**Nationality**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | PT | 271 | 97,1 | 97,1 | 97,1 |
| | Outra | 8 | 2,9 | 2,9 | 100,0 |
| | Total | 279 | 100,0 | 100,0 | |

- Sample description: income level

**Income level**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 7000-15000 | 197 | 70,6 | 70,6 | 70,6 |
| | 16000-25000 | 37 | 13,3 | 13,3 | 83,9 |
| | 26000-35000 | 20 | 7,2 | 7,2 | 91,0 |
| | 36000-50000 | 11 | 3,9 | 3,9 | 95,0 |
| | >50000 | 14 | 5,0 | 5,0 | 100,0 |
| | Total | 279 | 100,0 | 100,0 | |




- Cross-tabulation: gender by propensity to NB

**Age * Propensity to NB(gel) Crosstabulation**

| | | Propensity to NB(gel) | | Total |
|---|---|---|---|---|
| | | Skino | Dove | |
| Age | 15-19 | 12 | 9 | 21 |
| | 20-29 | 83 | 83 | 166 |
| | 30-39 | 13 | 29 | 42 |
| | 40-49 | 5 | 11 | 16 |
| | >50 | 16 | 18 | 34 |
| Total | | 129 | 150 | 279 |

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 7,352[a] | 4 | ,118 |
| Likelihood Ratio | 7,524 | 4 | ,111 |
| Linear-by-Linear Association | 1,854 | 1 | ,173 |
| N of Valid Cases | 279 | | |

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 7,40.

- Cross-tabulation: gender by buyers vs. usage

**Gender * Buyer vs. usage Crosstabulation**

| | | | Buyer vs. usage | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Sim e uso | Sim e nao uso | Não e uso | Não uso | |
| Gender | M | Count | 50 | 4 | 23 | 8 | 85 |
| | | % within Gender | 58,8% | 4,7% | 27,1% | 9,4% | 100,0% |
| | F | Count | 154 | 1 | 26 | 13 | 194 |
| | | % within Gender | 79,4% | 0,5% | 13,4% | 6,7% | 100,0% |
| Total | | Count | 204 | 5 | 49 | 21 | 279 |
| | | % within Gender | 73,1% | 1,8% | 17,6% | 7,5% | 100,0% |

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 16,061[a] | 3 | ,001 |
| Likelihood Ratio | 15,168 | 3 | ,002 |
| Linear-by-Linear Association | 8,863 | 1 | ,003 |
| N of Valid Cases | 279 | | |

a. 2 cells (25,0%) have expected count less than 5. The minimum expected count is 1,52.

- Cross-tabulation: income level by propensity to NB

**Income level * Propensity to NB(gel) Crosstabulation**

| | | | Propensity to NB(gel) | | Total |
|---|---|---|---|---|---|
| | | | Skino | Dove | |
| Income level | 7000-15000 | Count | 101 | 96 | 197 |
| | | % within Income level | 51,3% | 48,7% | 100,0% |
| | 16000-25000 | Count | 15 | 22 | 37 |
| | | % within Income level | 40,5% | 59,5% | 100,0% |
| | 26000-35000 | Count | 7 | 13 | 20 |
| | | % within Income level | 35,0% | 65,0% | 100,0% |
| | 36000-50000 | Count | 3 | 8 | 11 |
| | | % within Income level | 27,3% | 72,7% | 100,0% |
| | >50000 | Count | 3 | 11 | 14 |
| | | % within Income level | 21,4% | 78,6% | 100,0% |
| Total | | Count | 129 | 150 | 279 |
| | | % within Income level | 46,2% | 53,8% | 100,0% |

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 8,563[a] | 4 | ,073 |
| Likelihood Ratio | 8,923 | 4 | ,063 |
| Linear-by-Linear Association | 8,407 | 1 | ,004 |
| N of Valid Cases | 279 | | |

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 5,09.

- Cross-tabulation: gender by shower gel usage

**Gender * SG usage Crosstabulation**

| | | | SG usage | | Total |
|---|---|---|---|---|---|
| | | | user | non user | |
| Gender | M | Count | 73 | 12 | 85 |
| | | % within Gender | 85,9% | 14,1% | 100,0% |
| | F | Count | 180 | 14 | 194 |
| | | % within Gender | 92,8% | 7,2% | 100,0% |
| Total | | Count | 253 | 26 | 279 |
| | | % within Gender | 90,7% | 9,3% | 100,0% |

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 3,331[a] | 1 | ,068 | | |
| Continuity Correction[b] | 2,564 | 1 | ,109 | | |
| Likelihood Ratio | 3,123 | 1 | ,077 | | |
| Fisher's Exact Test | | | | ,076 | ,058 |
| Linear-by-Linear Association | 3,319 | 1 | ,068 | | |
| N of Valid Cases | 279 | | | | |

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 7,92.

b. Computed only for a 2x2 table

- Binary Logistic Regression: willingness to pay for a Dove product – variation in price

**Model Summary**

| Step | -2 Log likelihood | Cox & Snell R Square | Nagelkerke R Square |
|---|---|---|---|
| 1 | 345,016[a] | ,102 | ,138 |

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than ,001.

**Classification Table[a]**

| Observed | | | Predicted | | |
|---|---|---|---|---|---|
| | | | WTP | | Percentage Correct |
| | | | Não | Sim | |
| Step 1 | WTP | Não | 139 | 29 | 82,7 |
| | | Sim | 69 | 42 | 37,8 |
| | Overall Percentage | | | | 64,9 |

a. The cut value is ,500

**Variables in the Equation**

| | | B | S.E. | Wald | df | Sig. | Exp(B) |
|---|---|---|---|---|---|---|---|
| Step 1[a] | Valores | -,630 | ,121 | 27,124 | 1 | ,000 | ,532 |
| | Constant | 1,729 | ,422 | 16,771 | 1 | ,000 | 5,634 |

a. Variable(s) entered on step 1: Valores.

- Binary Logistic Regression: propensity to NB (Method: Enter)

**Omnibus Tests of Model Coefficients**

| | | Chi-square | df | Sig. |
|---|---|---|---|---|
| Step 1 | Step | 32,149 | 13 | ,002 |
| | Block | 32,149 | 13 | ,002 |
| | Model | 32,149 | 13 | ,002 |

Chi-square statistic: Sig.< 0.05 => null hypothesis rejected, having a statically significant model.

**Classification Table[a]**

| | Observed | | Predicted | | |
|---|---|---|---|---|---|
| | | | Propensity to NB(gel) | | Percentage Correct |
| | | | Skino | Dove | |
| Step 1 | Propensity to NB(gel) | Skino | 71 | 46 | 60,7 |
| | | Dove | 37 | 93 | 71,5 |
| | Overall Percentage | | | | 66,4 |

a. The cut value is ,500

**Variables in the Equation**

| | | B | S.E. | Wald | df | Sig. | Exp(B) |
|---|---|---|---|---|---|---|---|
| Step 1[a] | Q12_Sexo | ,358 | ,326 | 1,209 | 1 | ,272 | 1,431 |
| | Q13_idade | ,159 | ,148 | 1,165 | 1 | ,280 | 1,173 |
| | Q15_rendimento | ,290 | ,150 | 3,739 | 1 | ,053 | 1,336 |
| | Q10_suave | -,029 | ,164 | ,032 | 1 | ,858 | ,971 |
| | Q10_hidratada | ,345 | ,172 | 4,000 | 1 | ,046 | 1,412 |
| | Q10_perfumada | -,037 | ,113 | ,108 | 1 | ,742 | ,963 |
| | Q10_fresca | ,088 | ,120 | ,535 | 1 | ,464 | 1,092 |
| | Q10_limpe | -,075 | ,121 | ,382 | 1 | ,537 | ,928 |
| | Q8_Marca | ,333 | ,143 | 5,398 | 1 | ,020 | 1,395 |
| | Q8_Preço | ,307 | ,153 | 4,002 | 1 | ,045 | 1,359 |
| | Q8_Cheiro | ,344 | ,156 | 4,853 | 1 | ,028 | 1,411 |
| | Q8_Composição | ,192 | ,144 | 1,782 | 1 | ,182 | 1,212 |
| | Q8_Costume | ,138 | ,139 | ,982 | 1 | ,322 | 1,148 |
| | Constant | -7,340 | 2,052 | 12,791 | 1 | ,000 | ,001 |

a. Variable(s) entered on step 1: Q12_Sexo, Q13_idade, Q15_rendimento, Q10_suave, Q10_hidratada, Q10_perfumada, Q10_fresca, Q10_limpe, Q8_Marca, Q8_Preço, Q8_Cheiro, Q8_Composição, Q8_Costume.

## Appendix 3: Interview Guidelines: Dr. Bernardo Mello

Desde já gostaria de agradecer a sua disponibilidade para se reunir comigo. Gostava de recapitular de novo o objectivo desta entrevista.

O meu nome é Maria e sou aluna de Mestrado de Gestão na Católica Lisbon School. Dado que estou no último ano, estou neste momento a fazer a tese. A minha tese irá incidir sobre o impacto das PLBs no mercado de retalho português. No entanto, irei apenas focar-me numa categoria em específico: “bath and shower”.

Sendo que um dos focos do meu trabalho será a Dove, precisava da sua colaboração para me responder a algumas perguntas sobre a marca em Portugal e, se possível, fornecer-me alguns números. Não quero ocupar muito do seu tempo e para isso tentarei ser o mais breve possível.

Antes de começar gostaria de perguntar se seria possível gravar a entrevista.

1. Gostaria de saber um pouco sobre indústria onde a Dove participa e em que categorias a marca está presente (dado o portfolio de produtos Dove)?
2. Mais especificamente sobre a marca, o que me pode dizer sobre a Dove? Por exemplo, a missão e desafios internos?
3. Como define o consumidor Dove? Qual o target?
4. Que tipo de atributos procura o consumidor num produto Dove?
5. Sente-se alguma mudança nos hábitos dos consumidores portugueses (na categoria em questão)?
6. Como é descrita a concorrência? Quais os players mais relevantes?
7. Que posicionamento é que a marca assume perante esta concorrência? Poderei ter acesso às quotas de mercado?
8. E quais os factores críticos de sucesso? O que diferencia a Dove?
9. Considerando as marcas brancas, em algum momento a marca sentiu ameaça directa? Se sim, como lidou?
10. Pode se dizer que a Dove segue alguma estratégia de preços específica? Como se pode definir a estratégia?

11. Precisava de algumas informações sobre a distribuição:

    a) Para além do retalho, a Dove está disponível noutros pontos de venda?

    b) Será possível fornecer-me alguns números relativos a vendas e margens respectivas?

12. O que me pode dizer relativamente à promoção da marca?

13. Quais os desafios que a Dove tem pela frente?

14. Por fim, queria pedir toda a informação sobre dados quantitativos que possam disponibilizar.

Mais uma vez muito obrigada pelo seu tempo e informação disponibilizada.

## Appendix 4: Online Interview Guidelines: Dr. Manuel Braga

Esta será a estrutura de uma parte da minha tese – o case study. O tipo de informação que gostaria que me ajudasse a obter é a que não vou conseguir encontrar na internet, e por isso, precisava de informação que acrescentasse valor ao meu trabalho.

O meu objectivo é mostrar que a NIVEA é um exemplo de uma marca própria que não sentiu (ou combateu) os efeitos de uma tendência do mercado português: o aparecimento e crescente força das marcas brancas no processo de escolha dos consumidores.

1. Case Study

1.1. Beauty and Personal Care Sector in the Retail Market – Main Trends

1.2. Founding a Brand

1.2.1. Brand's Mission, Values and Beliefs

1.2.2. Product Portfolio

1.3. NIVEA In the Skin Care Category

1.3.1. Segmentation

1.3.2. Competition

1.3.3. Positioning: Critical Success Factors

1.4. Marketing Mix

1.4.1. Price Strategies

1.4.2. Promotion

1.4. The Challenge

Se tiver, que tipo de desafios tem a NIVEA pela frente no mercado português?

**Perguntas adicionais:**

1. Considerando as marcas brancas, em algum momento a marca sentiu ameaça directa? Se sim, como lidou?

2. Que tipo de atributos procura um consumidor num produto skin care da NIVEA?