



How can a market leader increase sales?

Author: Catarina Elias de Sousa

Student number: 152113097

Advisor: Professor Paulo Marcos

School: Universidade Católica Portuguesa

Faculty: Católica Lisbon

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Abstract

Title: How can a market leader increase sales?

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The objective of this dissertation was to write a case study based on Trade marketing area of a multinational company. The chosen company was Unilever Jerónimo Martins, a known company by the Portuguese consumers through its brands on the Food & Drink and Personal & Home Care segments.

This case study was based on the Portuguese Out-of-home ice-cream consumption market, being the chosen brand the Olá brand (known outside of Portugal by different names). There are several ice-cream buying types in this market, however, this paper will focus on the impulse buying type.

Starting from the company's strategy of increasing sales on a market that have been suffering several structural changes, the trade marketing department developed two projects. The main objective of those projects was to increase sales on two different seasons. However, due to scarce financial resources the trade marketing manager director had to choose to work on only one of the projects.

After presenting the case study, it will be possible to find some suggested questions for students as well as teaching notes. Those notes include a complete answer to the suggested questions, providing some additional information about the company, its supply chain, and competitor behaviours.

From the case study analysis, it was possible to understand how the market had evolved and provide the answer to the case's main question. Due to company characteristics, the best choice in 2014 was to go for the visibility and Taste Joy Project, working in line with the international objectives and on a safe investment that would provide better results on the short-term.

Resumo

Título: Como pode uma marca líder de mercado aumentar vendas?

Autor: Catarina Elias de Sousa

Orientador: Paulo Marcos

A presente dissertação teve como objetivo escrever um caso de estudo baseado na área de Trade Marketing numa empresa multinacional. A empresa escolhida foi a Unilever Jerónimo Martins, uma empresa conhecida dos consumidores portugueses pelas marcas que detém, nos sectores de Alimentação & Bebidas e Cuidado pessoal e de Casa.

O presente caso de estudo foi baseado no mercado português de consumo de gelados fora de casa, tendo sido a marca escolhida a Olá. Neste mercado existem vários tipos de vendas de gelados, no entanto este caso refletirá sobre a área de Impulso.

Partindo da estratégia da marca de aumentar vendas num mercado que tem sido vítima de alterações estruturais, o departamento de trade marketing teve a possibilidade de desenvolver dois projetos diferentes que teriam como principal objetivo aumentar vendas partindo de duas épocas diferentes do ano. No entanto, devido a impossibilidades de investimento em ambos os projetos a diretora do departamento teve de decidir qual seria a melhor proposta.

Após a apresentação do caso foram sugeridas perguntas e notas para professores. Estas incluem uma análise completa das perguntas sugeridas, fornecendo informações adicionais sobre a empresa, a cadeia de distribuição e os comportamentos dos vários intervenientes no mercado.

Da análise do caso foi possível perceber a evolução do mercado e qual a melhor resposta à principal pergunta do caso. Devido às características da empresa, para o ano de 2014 a melhor escolha seria investir no projeto de visibilidade e Prova a Felicidade, uma vez que este estaria em linha com os objetivos internacionais e daria melhores resultados de curto prazo.

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Introduction

Olá is the Portuguese name for the Heart brand, an umbrella brand for the Unilever's ice-creams brands. There were two factors behind the choice of this brand as the theme for the case study. First, in Portugal Olá is the market leader in ice-cream. Secondly, it is an international brand (even though it has different names across the countries that is present in) which gives to the case study international interest.

The intention of this case study is to understand how a market leader can increase sales, creating innovative projects that keep the brand on consumers' minds.

In order to understand how the brand could work on such projects a case study was written, explaining the main market and company characteristics. It exposes the reader to the dilemma faced by the Trade Marketing manager director, passing through several understandings about the market evolution and how consumers' behaviour changed due to economic crisis, market dynamics, and positions held by competitors, as well as internal changes that would help the final decision. The second part of this dissertation is based on the Teaching Note chapter. This chapter is divided into two sections: Case Study Questions and Analysis and Discussion. The Case Study questions are a suggestion for the class discussion, while the analysis sector will help teachers to know better the market and help them develop a class plan on trade marketing, consumer behaviour or even market leader's strategy.

Case study

To Graça the year of 2014 started with new challenges and ideas to improve the way business was done. Every year brought a new focus and objectives according to what had been done in the past, both on brand strategy and on market characteristics. This year the main challenge was once more to increase sales, but now with renewed materials and projects to improve the ice-cream's selling activity.

Graça had in her hands the path of the ice-cream market leader in Portugal in terms of OOH¹ brand experience. She and her team decided every day how much presence on the streets the red heart brand (Olá²) would have.

Seeing the market shrinking, Graça had to think of alternatives to keep sales, making consumers buy more ice-creams during the year, or to find a way to reinforce impulse buying behaviours during the high season.

For 2014 two projects were important. First was visibility and Taste Joy, a project based on getting the brand more visible to consumers, on the POS³ and on brand materials. First, with a new image (exhibit 1), which uses the power of the product to make consumers buy even more ice-creams, changing POS decorations and visibility materials was thought to compensate for consumption trends. Second, the kiosks, a way to sustain the challenges of the market and an ongoing project that had to be carefully analysed and planned every year. And finally, with the challenge of winter implementation as well.

¹ Out of Home market. The market where consumers buy mainly impulse products and consume them outside their houses.

² The ice-cream brand from Unilever. It is known internationally as the heart brand as it is called differently in the majority of countries where it is sold. In Portugal the brand name is Olá.

³ POS stands for points of sale. In this case it represents cafés, restaurants, gas stations or hotels. Non-dependable means that the brand doesn't have any influence on the POS decisions. On the contrary, the kiosks are POS which the brand have an opinion about those decisions.

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Therefore, in addition to the normal activity of the OOH trade marketing department, those projects had to be addressed.

Unilever

As an international fast moving consumer goods' company, Unilever has more than 400 brands across Food & Drink, Home Care and Personal Care categories (exhibit 2), which are sold in more than 190 countries and used by 2 million people worldwide at least once a day.

Unilever works for excellence based both on internal and on external characteristics. Internally there is a constant innovation environment where each brand challenges itself to be even better year over year. And externally, by being a responsible business with a culture of social mission for the good of the society that surrounds its sphere of action.⁴

Unilever Jerónimo Martins

In 1949, Jerónimo Martins, a Portuguese company operating in the food retailing business, was selling some products from Unilever. Subsequently and for the purpose of developing a long-time relationship, the two companies established a partnership, creating Unilever Jerónimo Martins, the first agreement between Unilever and a local partner.

This relationship originated the companies FIMA, LeverEliva and Olá which produced food, home and personal care, and ice-cream products, respectively. At the beginning of 2007 all three companies were merged, being born Unilever Jerónimo Martins Lda.⁵

The heart brand

The heart brand, as internationally recognized, is called differently in the majority of the countries where is sold. This famous logo is an umbrella for the Unilever ice-cream brands, including Magnum, Cornetto, Solero, Calippo, Carte D'Or, Viennetta, and Yogoo.

⁴ <http://unilever.com/aboutus/introductiontounilever/unileverataglance/>

⁵ <http://www.unilever.pt/aboutus/introductiontounilever/nossa-historia.aspx>

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In Portugal, called Olá, the heart brand is the number one brand in the ice-cream business, working every day to deliver the best products to its consumers and to match their needs and desires.

On the contrary to most competitors, all Olá brands started as ice-cream products. A fact that widened their range of products within the same name, until the moment when they started to live as brands. Nowadays, Magnum or Cornetto are examples of two Olá brands that live by themselves, having its own marketing campaigns and communications. Those investments have been paid off as both brands have the two best ice-creams sellers: Cornetto Strawberry (Cornetto de Morango) and Magnum Almond (Magnum de Amêndoas).⁶

Another unique characteristic is the Portuguese production, where some of the products are totally made in Portugal (at Olá factory in Santa Iria da Azóia), others are half made in Portugal and many are exported to other Unilever factories and markets.

Since the beginning of crisis

In the end of the previous year and at the beginning of the current one managers have important decisions to make and Graça was no exception. Olá's main challenge was to increase sales within a market that was evolving, thus deciding what would be the best choice was the first challenge to overcome. The options were: increase market share in space (non-dependable POS), increase market share in money, or increase the market size.

When analysing the strategy some questions had to be answered, which lead to the main question of “what is the best path to take in order to pull a virtuous cycle and contain the legacy of the European crisis?”

⁶ http://www.dn.pt/inicio/interior.aspx?content_id=995351

Magnum and Cornetto are two brands that live by its products. Magnum sells yearly around 630 million euros worldwide thanks to its wide product range, accounting alone by 1/3 of Olá products sold. In Portugal, even though Magnums are the ice-creams that many consumers look for, the top positions on the most sold ice-cream belongs to Cornetto Strawberry with more than 10 million units sold per year.

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Evolution of POS numbers

In the past years the Portuguese Horeca⁷ channel have been decreasing the number of POS due to the crisis and the big increase on VAT over the catering businesses (exhibit 3). According to AHRESP⁸, in 2011 more than 9 thousand restaurants closed their doors permanently and other 80% were in financial stress. A tendency that would be hard to change unless the products bought by those retailers decreased prices or the government undo its tax increase.

Due to its long supply chain (Exhibit 4) and multitude of raw materials, ice-cream is not a product where the margins are very high, meaning that it is necessary to have high volume in order to reach a good profit level.

Consequently, the Horeca retailer business wasn't going as expected: profits were a constant battle, suppliers were pushing them to buy more products (from different categories and companies) every time they were visited and the payment options were extended to make retailers buy more. On the seller's point of view, the life wasn't easy as well, as they had lots of products from different brands to sell, they had to worry not just about sales levels but also with money coming in and with more strict objectives from each brand they sold.

As market leader, Olá suffered closely the consequences of market changes, seeing its number of POS coming down since the beginning of crisis. This made managers rethink the way in which they approached the market and analysed their options, where each POS was now more valuable than before.

Many industries that sold to the Horeca channel had been suffering this tendency, shifting their strategies to other markets. In this situation, Graça, being the OOH Trade Marketing department manager, didn't have many options to increase the number of POS, as they were closing.⁹

⁷ Hotels, Restaurants and Cafés

⁸ The Portuguese Hotels and Restaurants Association.

⁹ Increase POS owned by Unilever was moving out from the company businesses. It happened once with the Olá stores, which are now managed by Jerónimo Martins.

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In addition to the closing POS trend, Graça knew that opening/closing POS was not controlled by the company.

Consumer habits

Changes were not only happening at retailers. Consumers were getting more rational¹⁰, decreasing their expenses in general and changing their habits (Exhibit 5 and 6). As a consequence of this lower income and more rational expenditures, consumption of Portuguese families were changing to the IH¹¹.

Although ice-cream is bought mainly on an impulse basis, it still suffers those changes on the consumers' side. For this matter the trade marketing department had a very important mission to reverse the tendency and keep ice-creams as an unintended and unreflective purchase. Tailor made¹² was a solution that Graça's department knew that had positive results and knew how to implement.

However, difficult times aren't easy to manage. More than ever, it was important to motivate the sales teams to work hard with POS managers/owners in order to increase the space inside stores for visibility to work.

Increase buying frequency

In comparison to other European countries, the Portuguese ice-cream market had a potential to grow the buying frequency of their consumers. Even though Portugal is on the South of Europe where the temperatures are higher, the number of ice-creams consumed yearly was much lower than in the Northern European countries, standing for 5 litres¹³ per person versus 20 litres per person, in Portugal and in Northern European countries, respectively.

¹⁰ <http://www.marktest.com/wap/a/n/id~1b37.aspx>

¹¹ IH stands for in-home market. This market is defined as ice-cream sold on supermarkets or other types of retailers where the consumers buy the product and consume it at home.

The products at the IH market are sold in different packages as it is sold as a pack and not separately.

¹² Tests have been done inside the company to understand the importance of working each point of sale and it shown that it increase sales.

¹³ 5 litres are equivalent to 15 ice-creams, meaning that each ice-cream has on average 0,33L.

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The consumption differences were mainly due to seasonality as consumers in Portugal tend to have ice-cream during summer, while in the Northern Europe the consumption is stable throughout the year.

Those numbers made Portugal managers realize that even though Olá was the market leader there was still room to grow, seeing on the litres comparison an opportunity to improve numbers.

However, some structural changes had to be undertaken in order to influence consumers to change habits. Winter approaches should be studied. For this purpose Olá marketing, trade marketing and sales teams were joining forces.

Internal context

During the past years Graça, her team, and her marketing colleagues, always tried to overcome market challenges, not yielding to price strategies to keep market share. This kept the brand positioning, translating challenges into brand experience, betting on consumers' interests rather than on cutting costs to decrease prices, as this strategy has traditionally yield savings mostly to retailers rather than for end customers.

The trade marketing department had the responsibility of managing visibility. The focus of trade marketing was tailor solutions, basing its activity on distribution, on display, and on promotion management, aligning marketing decisions with the sales force teams. Graça's department had proven to the company how important the right visibility is to increase sales for years. Consequently, two projects were a priority:

Visibility and Taste Joy Project

The Taste Joy project came to Portugal in an email shape, where Graça received the news that during the next few years, starting in 2014, was necessary to change the image of all distribution cars and visibility materials of Olá brand.

The year before, Unilever international performed some market research exercises and tests and got to the conclusion, as Isabel, the South trade marketing manager, said:

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“Even though the brand is very important and consumers recognize the heart and the brand’s name, the fact that the freezer equipment has products in its laterals images would make consumers think of the ice-cream itself and that would increase the propensity of actually buying the ice-cream. As an impulse product, the fact that a consumer actually sees the ice-cream, even though is just an image, makes him/her more open to translate his/her emotion and desire to the action of having one. (...) Also, the old image was tested and results were clear, the image of a milk splash with a strawberry remembered them more of yogurt than of ice-cream.” (Exhibit 1)

Achieving these results cleared the need for the change that brought Taste Joy image to life, an image focused on the core activity (selling ice-creams) and brand’s mission (making people smile though taste).

But the email was not just informing the trade marketing departments’ managers about the new changes, it also had a particular information for Portugal: it was the chosen country to first test the new image on the market. This was not a surprise for Graça, as Portugal is considered the best country in terms of implementing the OOH experience, given the example of best practices and consumers’ receptivity. At the moment when she read the email she started to plan how the operation would proceed and motivating her team to work hard on it.

Thus new materials were done (exhibit 7) and implemented in Cascais, a main suburb of Lisbon. Selected POS were covered with the new image, showing the best of the best on visibility materials and places inside the stores.

Nevertheless, implementing the project would also mean careful POS management, as each client is different in terms of needs, opportunities and desires. Also, there are some rules that have to be followed, especially in terms of visibility. For this purpose was not possible to do everything that the clients asked for, but a trade-off had to be done using the sales force negotiation and the trade marketing experience.

For this project the company would work on POS decoration, which needs the clients’ approval as it requires changes on POS walls and/or windows, and implementation of visibility materials.

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During a year the visibility changes according to season, product launches, brand communication strategies and promotions. For example price board changes twice a year as well as store decorations and visibility materials according to detected client needs.

In order to get a measure on the importance of visibility materials some tests were performed regarding their power on sales (Exhibit 8). Price boards and freezers seemed to have especial limelight. These tests were especially relevant due to the impulse buying factor, where visual effect on the precise moment when someone is passing by on the street is crucial to sell.

Also the price board features shows the brand innovation characteristic by being a dynamic material (being added some parts – the called ears – to highlight the launched products). The price board is also a material that is already in the consumer mind, as most of the times the ice-cream bought is choose by looking at it instead of looking at the real product inside the freezer.

Kiosks project

The kiosks project outlooks the potential of some places where it was not possible to have another Café or Restaurant and where the affluence of people was already high. Hence, the kiosks were not just another POS but the most visible POS (Exhibit 9).

On another hand, the project also had the objective of boosting consumer buying frequency especially during the winter season (as the OOH sales director said in August: “the year is almost done, during the next months until December we will just be readjusting some decimal sales percentages”). The idea was in line with the objective, but Graça had to think about it, comparing investment costs and season sales.

From past experiences, the project also reveals that consumers believe that was the brand who was selling the ice-creams instead of another intermediary. Therefore they prefer to go directly to the origin of the ice-cream rather than buy it from a retailer. This was especially relevant when kiosks were close to existent POS, as kiosks sales were much higher than the adjacent POS.

Nevertheless, activity at kiosks underlines the need for investment and costs that go along with the selling exercise. For this purpose it was important to study the areas to place them, the city council licencing process, and the assortment that should be sold.

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During the years of 2012 and 2013, around 550 kiosks there were placed across Portugal (excluding island territories), 90% of them placed during high season in cities, beaches and festivals. The project represented three times the investment done on the tailor made solutions inside POS.

Portfolio

Also the products were a way to deal with the main problem. In a seasonal business of selling ice-cream it is important to keep developing new concepts, shapes, flavours, and products so the consumers keep trying the ice-creams. Moving the ice-cream concept from the product itself to a relaxing moment or a social occasion.

Having three selected consumer needs in the ice-cream business, Olá drove the brands to deal with pleasure (Magnum and Ben&Jerry), sharing (Cornetto), and fun (Kids). By creating price and product categories to deal with each need according to consumers segments (Exhibit 10), the brands follow the path of converting consumers towards the ice-cream social experience.

Those changes on the consumers' behaviour were possible due to the importance of brand in the ice-cream business and due to the effort done by the marketing department on behalf of themed launches, communications and events, where consumers are invited to stop their stressful day life and have an ice-cream.

All products in the portfolio were designed to be appealing to consumers in terms of quality, shape, flavour, and packaging. Basing its development on differentiating the brand from competitors, Olá had been working on themed launches focusing on young people and elder ones, bringing daily situations to the ice-cream environment. Having around 30 portfolio range products for all ages, incomes and lifestyles, the brand was close to consumers.

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Hence every year Olá launches several products: some that will stay on the portfolio, others that reappeared after eight/ten years out of the portfolio and others that are limited editions (Exhibit 11). All of them in addition to the traditional ice-creams across the adults and kids categories, where it is possible to find Magnum or Cornetto and buy a healthy titbit for children, such as a Perna de Pau or an Epá. However, all of them contribute to the brand visibility, to its place on consumers' minds and to the brand experience.

Even though there is a kids segment, the age range that eats such ice-creams was shrinking since kids start to eat ice-creams from the adults' category earlier. This tendency was positive for the brand since the adults segment's ice-cream are more expensive, thus yielding a higher margin. On the other hand, the brand had been launching products from the 80's as Roll and Fizz, with the objective of reverse the tendency of older generations to decrease ice-cream consumption.

Advertising and promotions

Olá communication is not just from the umbrella brand but also from Magnum, Cornetto, and from the Kids category.

The differentiation between those advertising campaigns were their support. For global events, radio and outdoors, Olá brand was the chosen first and for brand events and television advertisings the brands used were Magnum, Cornetto and Kids, which were more targeted (Exhibit 12).

However, years are not all the same, and Olá saw the need for a different communication in 2011. As Bruno Almeida, the brand manager at the time, said:

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“2011 was the year when the brand reviewed its communication strategy, as Olá had not been communicating the brand using advertising for long time. Share Happy slogan was the excuse for the change, using the happiness associations and a mark on Olá’s history: the beginning of Cornetto ice-creams.¹⁴”

Furthermore, promotions were also a way to improve the brand’s visibility and sales. Once again they are related with the trade marketing department as it is implemented according to the POS characteristics.

Promotions on the Olá distribution channel were thought for the retailer and consumer, where Isabel and Bruno (the trade marketing manager for Northern Portugal) created distinct promotions for different seasons in order to make retailers buy ice-creams even during winter time, helping them to sell out the products and influencing consumers to change their habits. At the beginning of the year it was necessary to start working on the high season, making the season starter a crucial point for the following year.

Ice-cream for HORECA channel

Horeca POS sell different categories and brands. At Cafés the main sales are coffee, pastry, ice-cream and some meals while at Restaurants the main sold products are meals, drinks, deserts and ice-creams.

For the majority of the categories sold, there are competitive brands inside the same POS, as many of the brands have no exclusivity contracts. Consequently, inside a small area (the majority of cafés in Portugal area varies between 20m² to 230m²) consumers can choose the brand which they prefer in most cases.

¹⁴ Bruno Almeida’s interview. Marketeer, 2011. Inovação é o motor do mercado de gelados. *Marketeer online*, 29 September. <http://marketeer.pt/2011/09/29/unicer-quer-liderar-em-todos-segmentos-do-mercado/>

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On this channel, ice-creams are one of the few categories that has exclusivity contracts, reinforcing the need for visibility as Olá would be the only ice-cream brand. For the clients, ice-creams represent profits, however contrarily to other categories, such as drinks or chocolates, it needs a freezer equipment (measures: 110x65x90cm) which takes around 1% of the total room of the majority of properties (around 80m² to 100m²)¹⁵.

Having the need for space and using that as an advantage to communicate the brand, Olá represents on average 1% of total Horeca revenues (Exhibit 13).

In this channel there are two selling dynamics: sell-in and sell-out. The sell-in dynamic is defined as the sales that the producer company do to the wholesaler partner. On this dynamic the product can be sold but being not available for the final consumer. On the contrary, the sell-out dynamic is defined as sales to retailers, so the product is available for the final consumers to buy.

Market overview - OOH

The total revenue of the European market in 2013 was of \$24.8 bn with a CAGR of 3.3% between 2009 and 2013, evidence of an industry-wide slowing down (Exhibit 14 and 15). This trend was expected to stabilize in the next five years, which confirms the difficulties that the brands had been facing and the need for projects that keep sales from falling.

In Portugal the brand that was expected to suffer the most with this trend was Olá, as it had five times more sales than the next player (Nestlé).

¹⁵ <http://casa.sapo.pt/Negocio/Cafe-Snack-Bar/Arrendamento/?or=13&AOP=1>
<http://www.casa.iol.pt/pesquisar/tipo-lojas/ordem-13/para-arrendamento/pagina-3/>
<http://www.custojusto.pt/portugal/escritorios-arrendar/q/snack+bar?ss=0&se=13>

In order to get the most accurate information, the search was performed based on some Portuguese housing searching websites access on November 2014. The search scenario was rental Cafés/snack bars in Portugal that had the possibility of implementing a café/snack bar business.

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Competitors

Regarding the characteristics of the product (the need to be frozen), it is a market where companies compete locally. Although there are some differences among the way the ice-cream is served to the final consumer. As consumers go to different points of sale (cafés or restaurants) the ice-cream can have a completely different purpose of consumption.

At cafés the main ice-creams sold are impulse category. Though at restaurants there are impulse, but the main selling type is ice-cream desserts (made of ice-cream but come to the table as a regular dessert) and back of house scooping. Scooping ice-cream is distinctive for specialized ice-cream stores, where consumers go there directly with the purpose of buying an ice-cream (which represents the front of house scooping, where the operator prepares the ice-cream right in front of the consumer).

Apart from the previous types of ice-cream, the ice-cream market is divided into four categories: artisanal ice-cream, frozen yogurt, impulse ice-cream and take-home ice-cream.

Given the disparities between market categories and the various types of competitors and other actors, the ice-cream business is a complex one. In terms of direct competitors, they are other ice-cream producers: organized companies (ex: Santini, McDonalds – with Sunday) or local businesses with home production. However, when analysing the market by needs' satisfaction there are other products which compete with ice-cream, such as pastries or snacks.

In Portugal the core business of Olá is impulse buying, therefore the main competitors are Nestlé and Kalise. However, the Olá brand also includes a premium brand: Carte D'Or, which is specialized in scooping and desserts, sold both at restaurants, ice-cream stores and some cafés, whose main competitors are Häagen-Dazs and Santini.

Nestlé Gelados

Nestlé is a Swiss group composed by more than 70 brands on the Food & Beverage industry. The company boasts a wide variety of products that make Nestlé the top company on fast moving consumer goods.

In Portugal, Nestlé operates in the kids, breakfast, beverages, ice-cream, coffee, chocolate, professionals and pet segments. The company's mission is the same across all segments: to provide a good life style to all the consumers delivering quality and nutrition.

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Regarding the ice-cream segment, Gelados Nestlé was born in 2000, however the ice-cream commercial activity had begun in 1988 with the Camy brand. Similarly to Olá, Nestlé also have some brands associated with ice-creams, as the KitKat ice-cream or the Nestlé Gold. However those brands have their core image (in the consumers' minds) on the chocolate categories.

Kalise

Even though Kalise is not a very well-known brand by the final consumer, it is still an organized ice-cream business selling impulse products in Portugal. The company was founded in Spain in 1940, producing and commercializing ice-creams under the brand of Menorquina. The Kalise brand was born twenty years later with the purpose of selling ice-creams at cafés (being Menorquina intended to be known as the ice-cream brand for restaurants).

During the twenty-first century, the Grupo Kalise Menorquina (GKM) grew, expanding to other businesses and to other countries.

Market dynamics

Having been in the Portuguese market for long time, the market leader has been the one defining the market characteristics and projects. On this behalf, Olá has been the most innovative brand, every year coming up with new ideas and projects to redefine the market, consumer habits and behaviours.

In order to keep the innovative environment and the market positioning, Graça have been challenging herself to understand the market, in particular to spot where Olá is still missing the target.

On the contrary, the competitors have been coping with the market leader actions. Those actions have been felt on the market mainly on two areas: visibility and portfolio.

On the visibility side, Olá started to sell ice-creams out of cafés and restaurants with its own vehicles and stores (beginning the kiosks project). An activity that have been suffering changes over the years according to consumers' behaviour. However, competitors strongly focused their attention on the Horeca channel, having only a few kiosks on the market.

Case Study: How can a market leader increase sales?

Another important Olá visibility material that is hardly copied by the competition is the price board. The Olá price board has fix placements for each category, innovations and image characteristics. Placements also changed over the years, according to segment characteristics. By looking at competitors' price boards, it is possible to understand similarities on the majority characteristics Olá changed. An example is the innovations, which from Olá are close to the category and highlighted, while on the competition it started on bottom side of the price board and have been changing to the category block placement.

The same have been happening with products, where Magnum and Cornetto shapes and flavours appeared on competitors' portfolio with very similar characteristics some years later. (Exhibit 16)

Important decision for the future

On March Graça went to another department inside the company. When Jorge took her place, the plan was still ongoing even though some changes were already done on the market. However, Jorge was still not certain of the best way to implement the projects on a more profitable way for both the short and the long-term.

On the whole Jorge's objective was still increase sales besides the constraints. For this matter the dilemma was installed, what can be done to support sales?

In order to have an answer to this question, it was necessary to look for the brand as a whole, carefully analysing the situation with all the departments involved: marketing, trade marketing and sales.

Case Study: How can a market leader increase sales?

Exhibits

Exhibit 1



Exhibit: image change implementations

Exhibit 2

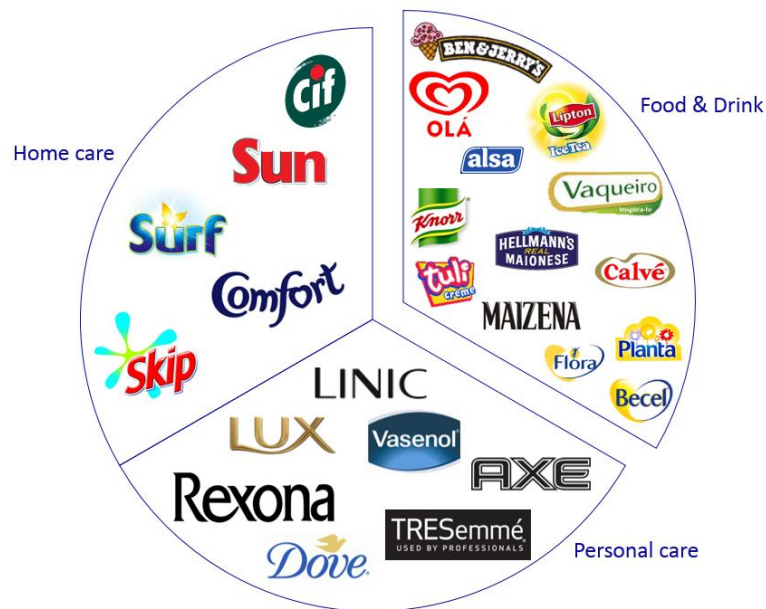


Exhibit: Unilever brands separated by category.

Case Study: How can a market leader increase sales?

Exhibit 3

IMPACT OF VAT 13% ⇒ 23%

Companies				
	2012	2013	Total 2012 - 2013	% distribution
Closed companies	-11.077	-28.252	-39.329	-48,0%
Loss of business volume	-959 million €	-787 million €	-1,75 billion €	-23,8%

Exhibit: Effects of VAT changes on the HORECA market.

Exhibit 4

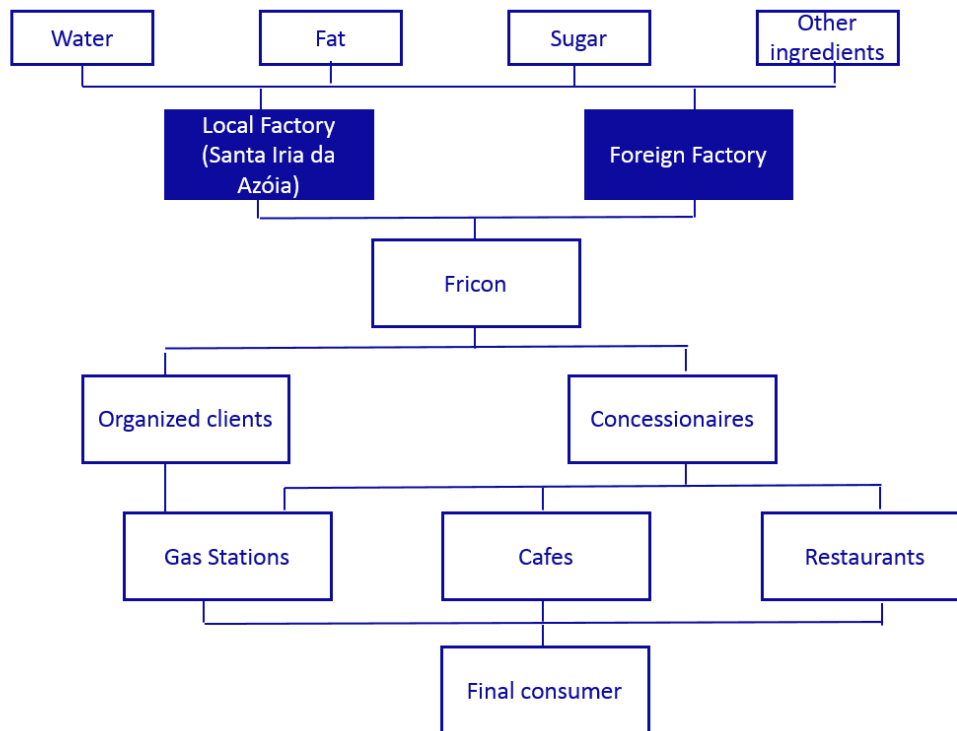
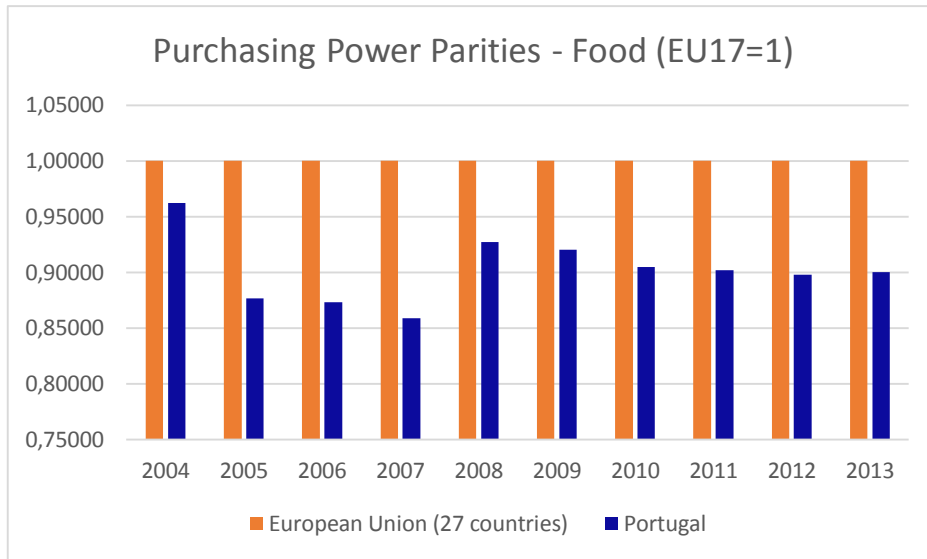


Exhibit: Supply chain and distribution channel

Case Study: How can a market leader increase sales?

Exhibit 5

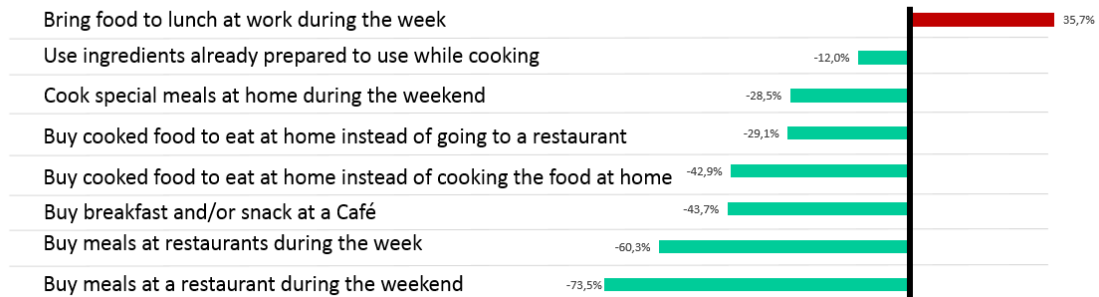


Source: Eurostat

Exhibit: Purchasing Power Parities in the Food industry between 2004 - 2014

Exhibit 6

Having in mind the food habits that your family has, how much do you have the following behaviours:



Source: Unilever

Exhibit: Tendency of Portuguese consumption habits and attitudes (2013)

Case Study: How can a market leader increase sales?

Exhibit 7



Exhibit: Taste Joy maquette.

Exhibit 8

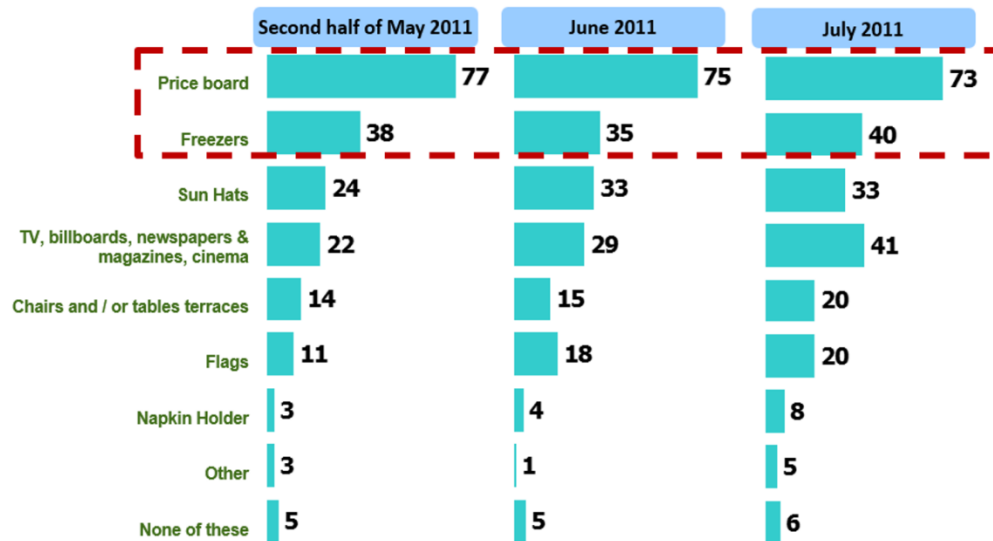


Exhibit: Ranking of materials that have higher power on sales¹⁶

¹⁶ Test performed by Unilever in 2011

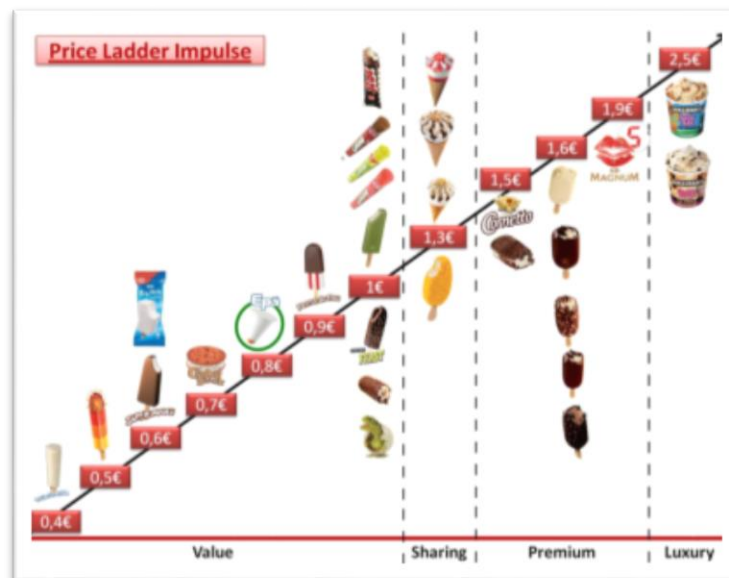
Case Study: How can a market leader increase sales?

Exhibit 9

An example of the importance of place and brand visibility is Aquashow during the summer of 2014. Aquashow is a water park in the south of Portugal that opens to the public only during the high season. During that time an average of half a million people visit the park.¹⁷ For this reason, Aquashow is a POS that can offer good results for the company. During consecutive years Isabel and the field teams tried to have more visibility inside the water park with the main objective of boosting ice-cream sales. In contrast with other water parks in Algarve, only a juice brand had an esplanade visible inside the park. The other brands that sold products inside the park had the space inside man made caves, which are not very visible for the visitors that are enjoying the day on the water. Until 2013 Olá was one of those brands with almost no visibility, but in 2014 the situation have changed and Isabel had the opportunity to have 2 kiosks and mobile vendors inside the park.

Exhibit: Real example

Exhibit 10



Source: Unilever

Exhibit: Prices and categories for impulse ice-creams

¹⁷ <https://www.facebook.com/AquashowParque/posts/10150290387726198>

Case Study: How can a market leader increase sales?

Exhibit 11



Exhibit: Olá ice-cream innovations among the years.

Exhibit 12

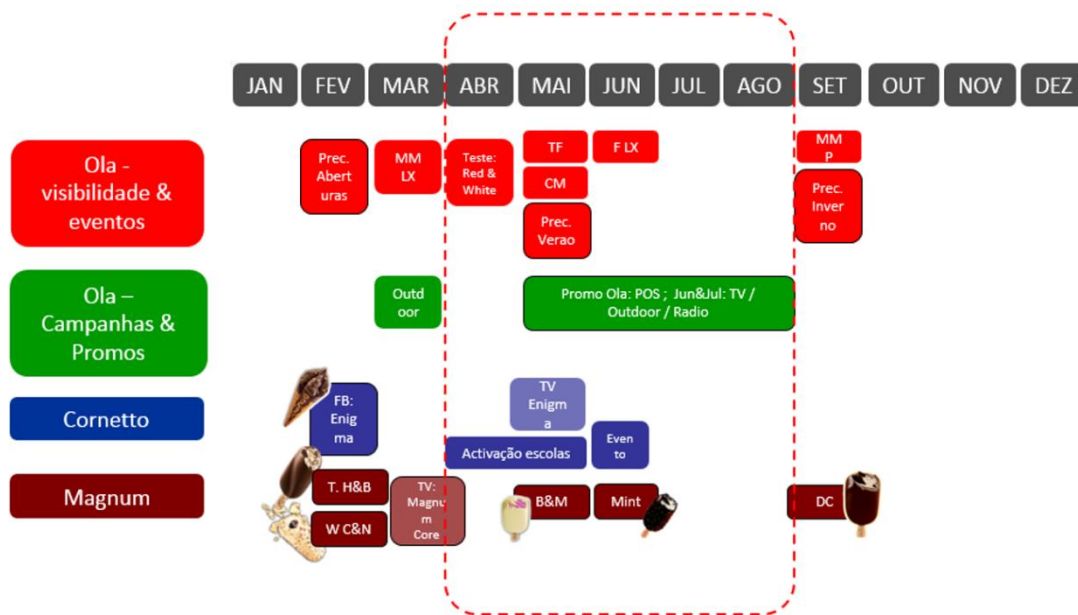


Exhibit: Olá and Sub-brands communication plans (2011).

Case Study: How can a market leader increase sales?

Exhibit 13

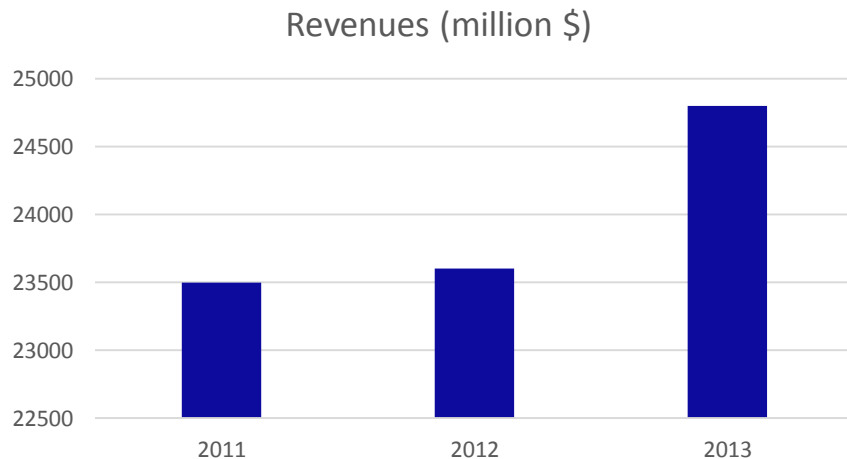
PORTUGAL INCIM¹⁸; Volume – 000Lt/Kg

	A.MOVEL -1 Setembro 2011	A.MOVEL Setembro 2012	VAR %
IMPULSO	4.905	4.411	-10%
TOTAL CERVEJAS	238.832	215.520	-10%
CAFES	15.675	14.778	-6%
PASTILHAS ELASTICAS (KG)	1.114	1.013	-9%
BOLOS INDIVIDUAIS	882	669	-24%
CANDIES (KG)	594	511	-14%
BATATAS FRITAS	1.028	867	-16%
APERITIVO	357	276	-23%
TOTAL BEBIDAS REFRESCANTES	144.458	131.684	-9%
C.GAS SUMOS	29.893	27.911	-7%
.S.GAS DILUIDO	9.884	9.167	-7%
.S.GAS NECTAR	13.527	12.132	-10%
SUMOS 100%	1.364	1.199	-12%
.C.GAS COLA	37.504	33.264	-11%
.S.GAS ICETEA	28.329	24.874	-12%
TOTAL AGUAS	150.697	132.222	-12%
ÁGUAS COM GÁS	29.291	24.448	-17%
ÁGUAS SEM GÁS	121.406	107.774	-11%

Source: AC Nielsen

Exhibit: Sales in Restaurants, Snack bars and Cafés in 2011 and 2012 in Portugal.

Exhibit 14



Source: Datamonitor

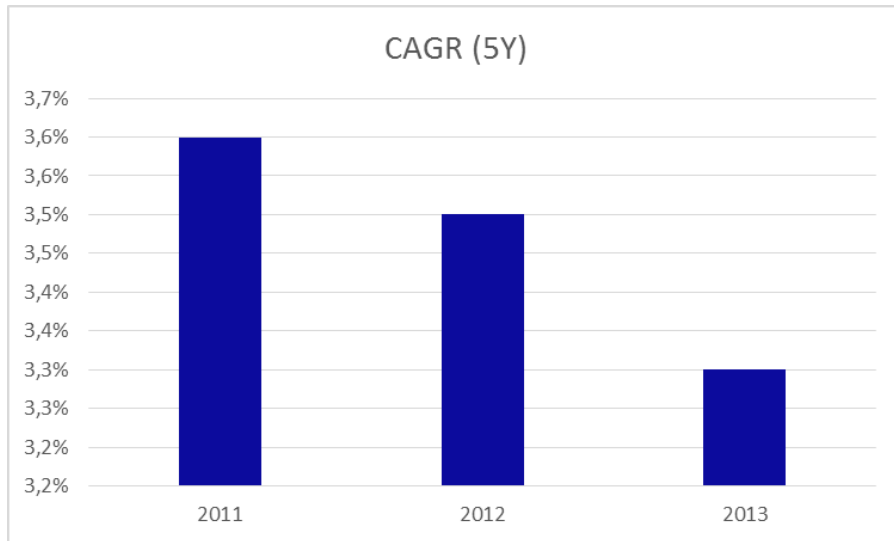
Exhibit: Revenues (millions) of European ice-cream industry at retailing selling prices¹⁹

¹⁸ INCIM= Nielsen Immediate consumption index (restaurants, snacks e cafés sales)

¹⁹ Calculations were based on constant 2013 annual average exchange rate. 1dollar = 0.753€

Case Study: How can a market leader increase sales?

Exhibit 15



Source: Datamonitor

Exhibit: CAGR (based on the 5 years before the measurement) of European ice-cream industry

Exhibit 16



Exhibit: Market dynamics among brands

<http://stats.oecd.org/index.aspx?queryid=169>

Universidade Católica Portuguesa

Católica Lisbon School of Business and Economics

Case Study - Questions

1. Explain the Portuguese OOH ice-cream market characteristics using the Porter 5 Forces tool.
2. What are the main advantages and disadvantages of being market leader in this type of market? Use the answers from the previous question.
3. How would you characterize the ice-cream impulse consumers and their purchasing behaviours?
4. Given the market and the brand's position, do you agree with the wide range of products on the Olá Portfolio?
5. Highlight Graça's options for the 2014 plan while giving your opinion about the two projects. Having in mind that the trade marketing department implements actions, what should be the focus to sustain profits under the continuous market challenges?

Teaching Notes

Teaching objectives

The aim of this case study is to understand how a market leader can increase sales by improving brand visibility. Having two options to choose from, students were suggested to see themselves as a department manager director who faces the need for sales increase on a shrinking market environment.

This case study focus its attention on two aspects. First, the case presents the market evolution since its main modifications, which lead to several changes on consumers' behaviours, distributors buying behaviours and competitors responses. Second, it presents the dilemma faced by the market leader on how to deal with those factors that had been affecting the company for the past years.

Case Study: How can a market leader increase sales?

Solving those issues, this case study should be used by marketing teachers on behalf of trade marketing issues, relating marketing and sales relationship; or on behalf of consumer behaviour issues. Furthermore, this case study can also be used by strategy courses, developing the market leader topic.

In order for students to answer the main managerial question, some questions were selected with the objective of following a path that gives students tools to understand the case's dilemma. Basing their reasoning on understanding the market by first analysing the ice-cream industry through a Porter Five Forces Analysis, before analysing the challenges and advantages of being market leader, followed by consumer understanding and company decision processes.

With the objective of driving students to think as managers, this case study focus its attention on what can be done by one single department that can change the sales progress.

It is important to highlight that the assigned questions are suggestions for class discussion, however professors can and should enrich it, adding and improving it with their own expertise.

Dilemma

By understanding the market evolution and trends, the trade marketing manager director had to choose from two projects that would respond to the sales increase, however being money a scarce resource was not possible to invest on both projects at the same time.

On one hand it was possible to increase sales by increase the number of consumers that buy ice-creams during high season, changing store decoration and placing visibility materials in places where consumers would be dragged inside the store.

On the other hand it was possible to invest on kiosks during the winter time, where the ice-creams consumption is lower even though this trend has been changing over the years. Portuguese families have increased the ice-cream consumption on the IH market, so the objective is to reinforce that trend bringing it to the OOH market as well. This was an opportunity to increase the buying frequency, shaping the market and placing the brand in high traffic areas.

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The third alternative was to increase the number of points of sale outside the company investment, however regarding the market conditions, where number of POS was decreasing this option was not an alternative.

Analysis and discussion

1. Portuguese OOH ice-cream market characteristics

In order to understand the market and its players, students should perform a 5 Forces analysis, dividing the analysis among concessionaires and Horeca channel and between international companies and local businesses since players' behaviours are different according to these characteristics.

Students would be able to identify the following market characteristics, by using the case study and their own personal search and market understanding.

Porter 5 Forces

Bargaining power of suppliers:

For the industry in general there are international companies and local companies. Those two types of companies deal with different suppliers, which have different bargaining powers due to volume purchases.

International companies set deals with suppliers for several factories in several countries. Those suppliers do business with global players for the world market rather than for only one local factory, enabling cost savings from both sides as purchases are done in volume. Having several suppliers, each one produces the most profitable raw material for him, not being diversified and hardly dependent and exposed to the ice-cream company.

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Due to the global action, suppliers can be considered fragmented, as global players don't have only one supplier per raw material, saving transportation costs by having suppliers closer to factories. Competing in the world market, is easy for the ice-cream company to change suppliers with better business characteristics. However, ice-cream flavours are very specific, which protects suppliers from substitutes as most of the times the raw material gives the name to the ice-cream.

As a result, students should conclude that international companies' suppliers have a weak bargaining power, with only a few clients that choose from a variety of suppliers.

On the contrary, for local businesses, suppliers are local retailers who have much bargaining power, being a concentrate industry with Makro and Recheio leading the supplier side²⁰. Ice-cream companies buy based on price and promotions, not having switching costs among retailers. Similarly to international suppliers, the majority of raw materials are difficult to substitute from as they are what gives the ice-cream its specificity.

Concluding, local businesses' suppliers bargaining power is medium, mainly due to the negative effect of switching costs and positive effects on concentrated industry.

Bargaining power of buyers

Dividing once again between international and local businesses, students must understand the differences among buyers bargaining power.

For international companies, buyers are direct or indirect buyers. Direct buyers are concessionaires, which sell products (ice-cream and other types of non-direct competing products) to cafés and restaurants. Concessionaires and ice-cream companies even though being separate institutions are business partners, which increases switching costs, as the ice-cream company depends on partners' distribution. Nonetheless, concessionaires have specific country areas to work in, decreasing switching costs as it is easier from ice-cream companies to work with other concessionaires on the same area or even increase the dependence from a trustworthy buyer, increasing his area.

²⁰ <http://www.confagri.pt/Noticias/Pages/noticia48231.aspx>

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Regarding buying behaviours, wholesalers depend on product range sold, especially from market leader brands as they are the preferred brands from the Horeca channel. On the ice-cream category, this dependence is huge as there are only three ice-cream brands (Olá, Nestlé Gelados or Kalise). Having few options, concessionaires have high switching costs inside the ice-cream category, but they can substitute this category by others.

Concessionaires, as wholesalers, buy high volume quantities with discounts, and as partners buy with good practice discounts, meaning that ice-cream companies control some of their operation with discounts incentives.

In short, direct buyers are independent institutions with high substitute selling options among all categories but closely controlled by the ice-cream international company sales teams, which gives them a medium bargaining power.

Concerning retailers (indirect buyers), they are geographically disperse, buying small volumes many times a month (usually once a week, depending on the season). By being the contact with the final consumer, they have a medium power. For a regular café or restaurant is easy to move from one ice-cream brand to another as buyers know the concessionaires that sell each brand and sometimes they already do business with those concessionaires for other products (not ice-cream related). However, this option can have a high cost concerning final consumers' reactions to changes. In terms of substitute products there are a vast range of other categories, similarly to direct buyers, though the ice-cream has a particular characteristic which drags consumers' attention, driving business to the store.

For local businesses, buyers are final consumers. This type of clients have no power on the market as they are disperse and buy single units. On the contrary, there are no switching costs and dragged by promotions as they are price sensitive. In terms of substitutes, there are a wide range of ice-cream substitute products even inside the same store.

Threat of substitutes

Substitute products can also be seen differently from the direct and indirect buyers.

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For direct buyers ice-cream substitutes are all other categories sold by concessionaires to the Horeca channel. Concessionaires sell many categories, so if another brand (from another category) can give the same sales volume than it can be considered a substitute to ice-creams. However, direct buyers have low propensity to substitute one ice-cream brand due to the partnership system since the replacement would mean cancelling sales from other company brands (particularly relevant on Unilever and Nestlé cases).

Logistically substitutes would mean different transportation characteristics and adaptations, which would create switching costs especially because all categories are on the food industry, which has strict conservation rules.

For the indirect buyers, it is similar for international and local businesses. On this point of view there are several substitute products, especially during winter time, such as pastry and snacks. The treat of those type of products is moderate as prices are similar and season plays an important role during summer time. Also, on the buyer point of view having several categories frequently occurs, being ice-creams most of the time the consumer driving in factor.

In summary, substitutes can be a treat for a market that is shrinking, however, being ice-cream companies organized businesses playing an important role in the market, controlling not just one category but sometimes other categories as well, the treat of substitutes can be defined as medium.

Threats of new entrants

The market is shrinking, decreasing the number of cafés and restaurants, however the number of homemade ice-creams (local businesses) have been increasing, choosing mainly the scooping selling type, avoiding complex supply chains and complex packaging (for impulse ice-creams is necessary to have different packaging for each SKU).

In this industry all selling types are competing with each other, which increases brand power and the need for product differentiation. Brands reflect consumers buying behaviours and preferences due to high brand identification, awareness and consumers trust. Especially on the new concepts businesses brand identification have been a way of product differentiation. On the contrary, impulse ice-cream brands have invested on visibility as a way to deal with the new concept stores.

Case Study: How can a market leader increase sales?

In terms of investment costs, due to product characteristics it is necessary to have specialized freezer equipment and most of the times refrigerated cars for distribution (mainly for impulse products, but also for medium sized businesses). In addition, due to the competition environment investing on new recipes started to be a constant investment for all companies in order to keep/gain market recognition.

As a result, threat of new entrants have been decreasing among the number of local businesses have increased.

Intensity of rivalry

In recent years, the number of competitors has been increasing (only being stable for the impulse category due to the high power of Olá). This competition increase made the market more concentrated, mainly in cities and beaches.

Even though products are homogeneous, brands have been working on this characteristic, investing in new flavours and shapes in order to avoid comparisons. Prices in this industry play a role of brand positioning and are mainly determined by margins. On the case of impulse buying type, there are recommended prices changed by clients and company agreements as price boards are produced by the ice-cream producer.

On market dynamics, students should once again divide into international companies and local businesses as for international companies there is a clear market leader and competitors follow its behaviours. On the local businesses point of view there are a few companies that had differentiated themselves by brand recognition and awareness, playing the role of market leaders.

Regarding exit costs, local businesses have to deal with employees and store costs. On the international companies side the main exit costs are employees but also having back all freezer equipment on the market, which represents a high exit cost. However it can be diminished by selling those equipments to current POS owners. Exit costs related with distribution would not be huge since there are no legal commitments with concessionaires and salesman, who are contracted by the concessionaire. On the case of market leader the factory could still be used by European markets (the only one to have this characteristic).

Case Study: How can a market leader increase sales?

Concluding, students should get the result of high rivalry intensity, mainly due to the new concept competitors.

Industry attractiveness (Exhibit ii)

5 Forces	Main characteristics	Attractiveness
Bargaining power of suppliers	Global suppliers: few clients; easy to move from one supplier to another; huge dependence from ice-cream producers	Low
	Local suppliers: concentrated market; price and promotions buying; low switching costs	High
Bargaining power of buyers	Direct buyers: controlled by the ice-cream companies; partnerships; high volume purchasing; brand sold dependence Indirect buyers: several substitutes; small volume purchasing; easy to switch brands	Medium
Threat of substitutes	Horeca channel bought by concessionaires categories Several pastry and beverages products	Medium
Threats of new entrants	Market is shrinking; high brand power; high investment costs; diversity in ice-cream selling types; increasing number of local businesses	Low/medium
Intensity of rivalry	Homogeneous products; price defined by margins; increasing number of competitors with brands playing important roles	High
Medium industry attractiveness		
New businesses have been launched during the past years, however in terms of impulse ice-cream type there are no much space to grow, being one company controlling great part of profits and volume sales. Thus the attractively for this type of purchasing is low and only possible for international companies because of their use of economies of scale.		

2. Advantages and disadvantages of being market leader

In Portugal the competition on impulse ice-creams is under the power of three brands, all of them working for international markets as well. However the market recognizes the first two brands as the main impulse ice-cream (Olá and Nestlé Gelados) due to market share and branded sub-products. On Nestlé side, with ice-creams not being the core business of the company, the brand is well known by the Portuguese consumers on the food industry, bringing that power to the ice-cream market.

Being Olá a clear market leader on the ice-cream business with five times more market share in volume and gross sales than the closest competitor, there are some advantages for the brand but also some disadvantages. On this behalf, students should divide advantages and disadvantages into market related and company related ones.

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Advantages

On the market related advantages, due to the high market share, Olá can shape the market, developing campaigns and projects to change the consumers' perspective as well as create barriers to new entrants in order to keep the market as much as company oriented as possible. By shaping the market, Olá has the advantage and the responsibility of choosing which battles to play in order to keep its short and long-term objectives. As an example, Olá usually doesn't play price wars as it decreases market value without having a clear long-term return.

Regarding the supply chain advantages, by being market leader, Olá has power over buyers (wholesalers and retailers), which prefer to buy from the leader. Existing only exclusive POS, market leader products represent safe investments, which on the current market situation is an important factor. However on this case, the company chose to have partners as buyers, helping them developing the channel as well as controlling better what is implemented on the market, without having operational costs, apart from extra discounts given to partners if they conform with company rules.

Another advantage arises from the competitive behaviour of other players in the market, who do not see or cannot afford to make market innovations a core part of their business. This creates room for Olá to set itself apart by developing new projects for consumers and retailers, reaping even more benefits.

The Portuguese environment helped it to become a well-known and trust brand, having established itself in customers' minds as the first brand on the ice-cream category. That position results into positive word of mouth as well as good returns on advertising investments. In addition, the company has the possibility of educating consumers towards the brand objectives, using its market position as a competitive advantage.

Case Study: How can a market leader increase sales?

On the company side, by having a higher market share it is possible to do some tests on the market, using small areas to implement new projects and ideas on the field or even test different concepts in similar areas. Secondly, by having higher sales volumes in a small market as Portugal along with a local factory, allows the company to have products exclusively for this market, without losing margin. This is only possible for a clear market leader in volume who can use economies of scale. Thirdly, by having such power on the market, small businesses contact the company to present their services/businesses (machines, new technologies, etc.), instead of leaving the company either to chase them or invest on R&D of its own.

Disadvantages

At the same time, Olá must also be careful when using its market power. As the market leader, it will always suffer or benefit from market trends. The current market environment presents just such mostly unavoidable challenges: shrinking market, consumers getting more rational, and consumption behaviours and habits affected by crisis. Even though the marketing department has been working to change consumer behaviour, market trends have dictated higher costs that are only be supported by the market leader. A disadvantage even more important for a business highly dependable on seasonality.

Regarding competitors, their followers' position decreases the need for innovation, leaving the market leader with the responsibility of keeping the market active and present on the consumers' minds.

As a result, students are supposed to understand that both advantages and disadvantages come from the current dominant position. However would be interesting for them to realize that the main advantages come from the company perspective and the main disadvantages come from the market. Which results in a good market for market leader as it controls the advantages and the evolution of the market but difficult for new entrants on the impulse business due to the market characteristics, competition and long supply chain.

On the company's point of view it is risky to keep the brand only in this market because even though it is a competitive advantage, the market is shrinking and consumers are moving to other markets (mainly to in-home), so it is necessary to develop new strategies and diversify the risk.

Case Study: How can a market leader increase sales?

3. Consumer characteristics and purchasing process

Effect of crisis on consumer behaviour

Portugal and the world was passing through an economic crisis which affected the way consumers looked to the market and brands. In Portugal, families were having a hard time keeping pre-crisis consumption levels, as a majority of families saw their income decrease through unemployment or salary drop. Even those lucky enough to avoid that, just the increased perception of risk regarding future income brought consumption in many products to a halt.

Those changes were felt in the market, where consumers didn't trust economy to get better within the next years. The trust index decreased and price elasticity increased with it.

The effects from the crisis became part of society and consumer behaviour, changing the way consumers looked to the in-home and out-of-home markets. In-home expenditures became more rational and consumers were responding mainly to promotions and price discounts. On the out-of-home experience, consumers were having similar behaviours, but spending drastically less. Families tried to save as much as possible, bringing food to work and changing habits of eating out during the weekend. Even some little expenditures were not possible with their decreased monthly income level. In addition, spending time out of home changed to out of meal hours, which decreased the OOH food industry profits and impulse buying behaviours.

Consumers were changing their needs to more value added purchases, looking for similar life styles with different behaviours. Families were not giving up on spending more on food if it represented healthier behaviours and spending more time with family and friends.

Horeca channel was drastically affected by changes on both sides, both from producers and from consumers. Cafés and restaurants were not seen by consumers as places to meet as much as it was in the past. Social meetings were changing to gardens or similar places where consumption was not the priority anymore.

Decision process

Impulse buying

Case Study: How can a market leader increase sales?

Impulse buying is defined as when a customer purchase of a product or service without passing through a complex purchase decision process. Those types of purchases are sudden and unplanned, highly related with product or promotion exposure and most of time based on emotions of feeling about a brand. Usually impulse buying occurs in response to low prices of products or services.

Ice-cream purchases were part of this type of buying behaviours, where consumers usually buy the same ice-cream as it is an emotional purchase rather than a rational one.

Consumers usually don't recognize the need unless they are close to a point of sale or they see the brand or any visibility material nearby. For this purpose brand recognition is one of the most important triggers for purchase. Brand is the final expression of what consumers feel about the products, impacting the perception of the product in their minds, creating the feeling of trust regardless of the product itself. Meaning that after being first on the consumers mind, product characteristics are not so important for the perception of quality and emotional measures.

On the first step of the decision process, visual stimuli is crucial to capture consumer attention, being the most important step on the final buying decision, not the ice-cream. However, after recognizing the need consumers pass through the product choice step, which can be the longest step mainly due to the wide portfolio range. By having a small process information search and evaluation of alternatives doesn't exist, consumers decide based on taste and previous experiences. Nevertheless evaluation of choice is done right after the purchase and can affect the next purchase positively or negatively depending mainly on product characteristics and expectations.

On the past years brand efforts have been followed by consumers, where trends have been changing and ice-cream consumption has been placed in consumers' minds on both sides, individual purchase as a snack and in social occasions. As consequence ice-cream consumers are mostly children and middle class young adults (until the age of 50), who enjoy healthy lifestyles outside the home, being worried about quality products.

On this question it is expected students to understand the importance of brand on the ice-cream impulse buying market as well as how much the market depends and fluctuates with the overall economy.

Case Study: How can a market leader increase sales?

4. Portfolio range

Even though ice-cream has a short purchasing process, product plays a very important role on the evolution of the consumers' perspective on the brand and on the market itself.

Market innovation and brand continuous recognition is based on product quality and availability. Consumers look at the product as a brand creating a relationship between brand experiences and product experiences.

For this purpose, an innovative brand represents on consumers' mind an active brand which adjusts its portfolio with society needs and trends.

On the purchasing point of view, product is part of the brand features, playing the role of need satisfaction. Even though brand evaluation differs according to consumer, there are similar mind sets for the same segment, placing the brand similarly on the same segment's consumer mind.

However on the market point of view product is one of the most important characteristic for consumers to keep searching for the category and not replacing the ice-cream consumption. Still being a seasonal business, product innovation and associated projects help consumers to remember the brand and the category, searching for the new characteristics every year, tasting new flavours and limited edition ice-creams.

Relating both market evolution and brand positioning, Olá has defined four price ladders in order to better address segment evolution. On this behalf an economic range of products were developed on the kids and adults segments, helping the brand to deal with the habits changing and difficulties faced by Portuguese families over the past years. On the sharing ladder brand related the Cornetto and Solero ice-creams with the social segment, developing a sharing mind set. The Magnum segment targeted to middle class consumers, relating charm with quality. Finally, the Ben&Jerry's brand was founded to target the luxury segment towards the ice-cream.

Conversely, having a wide portfolio range can have a contradictory influence on the consumers' minds even though it stands for different segments. The two possibilities were keeping the wide range or decrease that range to core products.

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On one hand would be possible to decrease the number of SKUs. This option could have as reasoning the less inventory costs, since less SKUs inside the freezer represents more space to best sellers in addition to focus the company attention on less products, opening more space to launches. However this option could have the opposite effect by decreasing sales from consumers that would not change their usual ice-cream as well as it could affect the way consumer see the brand. On the company side this change would need some investment on understanding the less valuable SKUs. This could be a difficult task since SKUs are changing every year, not being enough time on the market for the company to understand consumers' receptivity.

The second option would be continuing with the same number of SKUs, dealing with all segments in the same way, not changing the consumption habit. The reasoning behind this option is segmentation, where the company can easily deal with all segments in the same price board. This strategy makes consumers believe on the brand consistency and trust, knowing that even though there are several launches each year, the desirable ones will still be on the market.

On behalf of this question students should think as managers and understand the importance of product on brand recognition even on an impulse product. Secondly, by understanding the portfolio they will be able to look into consumer behaviour and connecting it with the market evolution.

5. Two projects dilemma

On the case, the problem faced by the brand is how to increase sales. For this purpose there are three main options. From this options students are expected to understand that an increase in the number of POS cannot be an option that the brand could work on taking into account current market characteristics.

From the two remain options the trade marketing department came up with two projects that could address them:

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Kiosks project

The kiosks project is innovative as it uses the brand power in addition to prime locations, influencing winter consumption.

On the strength side, the kiosks project would address the winter high affluence places, increasing the brand experiences during that time and helping the marketing efforts to promote consumption habits in winter months. Also, by being a known project by the department wouldn't need high search investment understanding the business (as it needs logistics to be well implemented) and finding suppliers. This project will also help the brand to be closer to consumers evolving the business towards the new consumption characteristics. Ice-cream consumption during winter time is increasing on the in-home market, which could be an opportunity for the out-of-home market to deal with the changes.

On the other side, it requires a high seasonally investment (summer and winter) done only for the short term. This investment would be even higher during winter time since repairs would be more frequent as a result of the bad weather. Secondly, in order to keep the kiosk open it is necessary to have someone exploring it, which could be a hard job for the sales department as it would be necessary to sell the idea of the project having in mind that the profitability will be lower than for summer kiosks due to the uncertainty about consumers receptivity. Thirdly, Olá had to be very careful about this project since it decreases the sales from existent POS, which could create a negative effect on the established Horeca channel.

Visibility and Taste Joy project

This second project is easier to implement as the normal department activity is also place visibility materials in POS, requiring a few months operation to coordinate and change all materials across the country. On the decoration side, it is a long-term project which strengthened the relationship with retailers as tailor made solutions value each retailer most, working on the same side to improve stores towards ice-cream sales. Being a safe choice for the company, it shows active brand messages to consumers in addition to improvements on supply chain relationships.

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On the weaknesses side, this project is a safe choice that doesn't deal effectively with the winter consumption habit faced by the IH market. Representing for the OOH market probably a negative effect on the long-term.

On the costs point of view this project requires three times less investment, being in place for the two seasons (summer and winter) and most of the times without next year investment.

Students could do a SWOT analysis for both projects (Exhibit iii), which would help understanding what would be better for the company to invest in.

As the market has not been changing very quickly, it would be best for the company to invest on visibility and Taste Joy project, however, it would be important to start thinking about the winter season as a strategy to increase sales. The company should gradually keep kiosks open during the entire year.

Conclusion

In future, it would be interesting to study what Olá did to overcome the challenges in the market and consumers' behaviour changes. As the trend points to an increase in ice-cream consumption at home, Olá could invest in the winter season with the objective of bringing to the out-of-home market the opportunity captured in the in-home market. For this, using the already existent kiosk project would be interesting, placing them especially on high traffic areas such as metro or train stations or even inside shopping malls (the ones that don't have Olá stores as it is a different concept and is also managed by Jerónimo Martins).

The brand could also change the market trend by having projects to increase consumption in schools or retirement centres in order to change perceptions regarding ice-cream consumption.

As a main conclusion, even companies that have high market share have to innovate, following the consumers' trends and creating new strategies to improve the way they do businesses. This means that even though the best option for 2014 was to keep the safe investment, during the next years, the brand has to work on new investments to keep the market active.

During the time that I was writing this thesis, I had the opportunity to work for the Trade marketing department, learning about the market, the company and the business, getting in contact with the company's environment and dilemmas. I also had the opportunity to understand better the importance of visibility on an impulse buying product, not just on direct sales but also on keeping the brand on consumers' minds during the entire high season. Comparing the same point of sale with or without external visibility can be the difference between selling an ice-cream or not.

This visibility dilemma of what would be the right amount of materials to have on a point of sale, would also be an interesting topic to study as most of the brands that sell on the Horeca channel have the question: how many external materials would be enough to invest in?

Exhibits

Exhibit i



Exhibit: The Heart brand names (depending on the country).

Exhibit ii

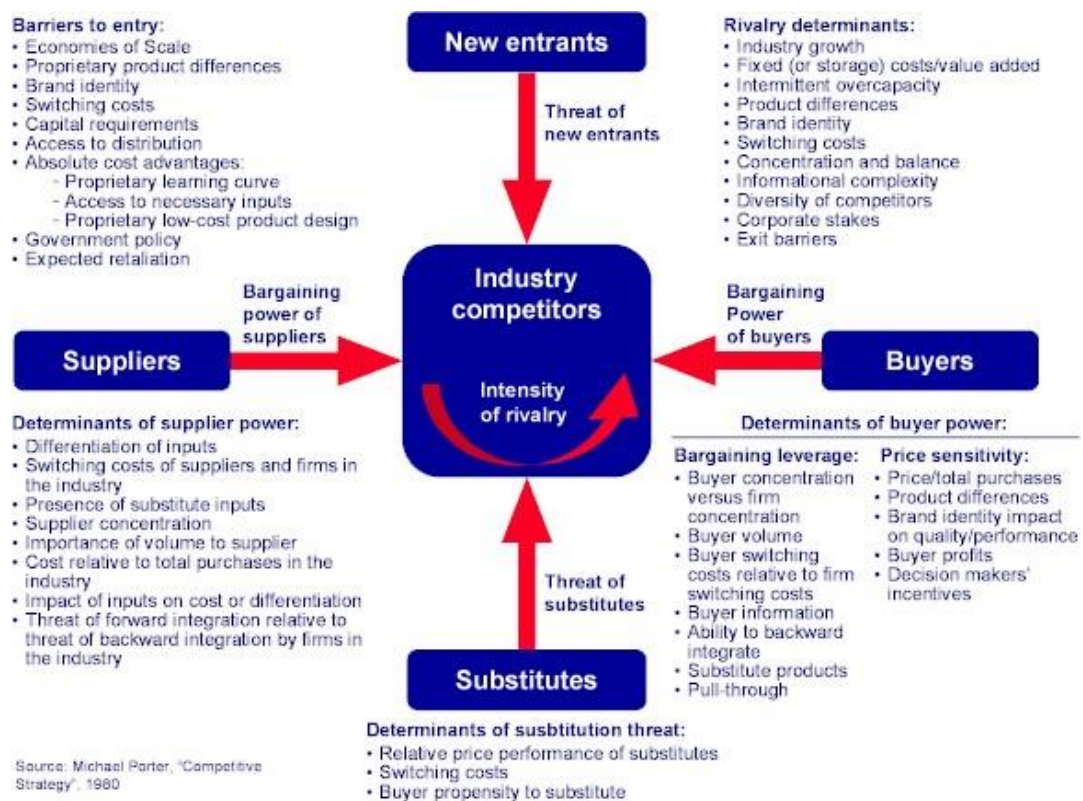


Exhibit iii

Kiosks project

<p>S</p> <p>Innovation</p> <p>Know-how</p>	<p>W</p> <p>High investment</p> <p>Need for external business exploration</p>
<p>O</p> <p>Consumers changing habits</p> <p>Crowded places</p> <p>Closer to consumers</p>	<p>T</p> <p>Consumers uncertain receptivity</p> <p>Horeca channel reaction</p>

Visibility and Taste Joy project

<p>S</p> <p>Easy to implement</p> <p>Low investment</p> <p>Safe choice</p> <p>Valuating each POS more than before</p>	<p>W</p> <p>Not reinforcing the marketing effort of bringing winter consumption to the ice-cream OOH market.</p>
<p>O</p> <p>Visibility works</p> <p>Relationship with retailers (Horeca channel)</p>	<p>T</p> <p>Not controlled placement (POS cannot change places)</p>

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