

**HOW CAN STORE ATMOSPHERE BE APPLIED IN  
SONASOL BRAND?**

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Project submitted as partial requirement for the conferral of MSc. Marketing

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- Spine -

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*"Life is a journey to be experienced, not a problem to be solved."*  
— Pooh, **Winnie the Pooh**

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**The thing I value the most in life, is to have someone I can rely on.**

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To all, this is ours! xxx

## RESUMO

O presente caso pedagógico tem como objetivo estudar a importância da nova tendência de atmosfera de lojas numa marca de grande consumo, Sonasol, em Portugal.

Atualmente as grandes marcas de grande consumo estão a viver uma realidade dramática no que diz respeito à competitividade de preço. Desde o dia 1 de Maio de 2014, onde uma das principais cadeias do país avançou com uma estratégia de 50%, que o mercado tem vindo a ficar cada vez mais agressivo.

Será o marketing convencional suficiente para reter e atrair consumidores? Tem, uma marca com 65 anos, capacidade para se diferenciar versus a concorrência?

Uma análise qualitativa e quantitativa permitiu concluir que a marca Sonasol não tem capacidade para instalar uma guerra de preços e que esta estratégia deve ser repensada.

Num mercado onde já se encontram estudos sobre o marketing experiencial, e as suas principais vantagens, surge a oportunidade de fazer diferente – e melhor!

Tendo como objetivo a retenção dos consumidores mais antigos da marca e, também, o recrutamento de uma geração mais jovens e ativa na sociedade, foram desenvolvidas diferentes recomendações na área do marketing focadas na capacidade da marca em promover uma experiência distintiva.

A área do marketing experimental, e das atmosferas de loja, é uma área com pouca investigação científica, mas que já demonstra bastantes vantagens quando implementada. Neste sentido, serve este estudo para demonstrar como uma marca tradicional e com tendência envelhecida, poderá renascer no mercado e trazer uma nova era para o mercado de *fast moving consumer goods*.

**Palavras -Chave:** marketing, atmosfera de loja, grande consumo, detergentes

**JEL Classification System:** M31 Marketing

M37 Advertising

## **ABSTRACT**

The presented pedagogical case study aims to study the importance of the new store atmosphere trend in a fast moving consumer good brand, Sonasol, in Portugal.

Nowadays, in Portugal, fast moving consumer good's brands are experiencing a dramatic reality regarding price competitiveness. Since May 1<sup>st</sup> 2014, when one of the major chains of the country has advanced with a strategy of 50% price cut off, the market has been getting more aggressive.

Is conventional marketing enough to attract new and existing consumers? Has, a brand with 65 years, ability to grow and differentiate itself versus the competition?

A qualitative and quantitative analysis allowed to conclude that Sonasol has not the capacity to install a price war and that this strategy must be rethought. In a market where is possible to find some studies about marketing experiential and its main advantages, comes the opportunity to do different - and better!

Having as main objective the retention of the oldest consumers of the brand and also the recruitment of a younger generation more uncomplicated and more active in society, different proposals were developed in the area of marketing focused on the brand's ability to promote a distinctive experience.

The area of experimental marketing and store atmosphere is an area with a scarce scientific investigation, but already showing many advantages and successes when implemented. In this sense, this study serves to demonstrate how a traditional and aging brand can be reborn in the market and bring a new era to the fast moving consumer goods market.

**Keywords:** marketing, store atmosphere, fast moving consumer goods, detergents

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M37 Advertising

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## 1. CASE STUDY CONTEXT

There are several things all human has to do to survive. Breath, eat, sleep. But then, when it comes to dirty? We really never think about it but cleanness can be one of the things that everyone does with more frequency. We shower and we want our clothes fresh and clean. We want our houses with a good fragrance and shiny. In a Nielsen online survey, about home care cleaning and laundry habits, 31% of the respondents say that they clean and do their laundry daily. (Nielsen, 2016)

People have less time; women are still the main target for these categories. When it comes to home cleanness, the society is being evolved but not yet to the equity of genders. In this way, women are the main target for laundry and home care products. These women are nowadays modern and busy. They have a work, a family and their hobbies to manage. Can they have time for dishes? Is the market evolving enough to this new generation?

The market of laundry and home care valued 494,8 millions of euros in 2016 (Nielsen, PT+Lidl, 2016). This value is increasing in the last years, showing a higher tax of penetration during this time (Kantar, 2017). This solid growth is related with brands and their companies that continually innovate and give new products to consumers. The evolution of formulas and R&D technology also contributes to a stronger and healthy market (Henkel, 2017).

In this sense, and with this importance, this case study was focused in the study of new trends in stores for laundry and home care market in a world and in a market full of products and different brands. How can a brand be highlighted in a shelf full of chooses? The war is nowadays being lived inside promotions and these are nowadays the big trend and the mainly element inside the decision making process in consumers' minds. Promotions! Oh, promotions... what is the future of this kind of activity? Will it last forever? If not, what is the new big thing that will come up?

According to recent studies, the price perception had always an impact in consumer's preferences, but nowadays this behavior is much more creased in consumers that in fact do not buy products with higher prices than others competitors (Venu, 2009). So the pressure is being made not only by players in the market but also by consumers that nowadays are complete comfortable with the idea that frequently there will be price discounts (Bolton *et al.*, 2010).

There are a lot of trends that should be careful study in this market. The green and

environmental friendly concept is growing faster than we ever imagine. Recent studies, confirm that environmental friendly products in detergents and laundry care does not only benefit the environment but also benefits consumers. The aggressiveness in the ingredients leave families with a high chemical exposure that can have risks associated (DE Hygienic, 2017). Also, in the supermarkets, stores are being able to start differentiate themselves from competitors not only by price. More and more is being seen a change in environments related with image restructure and senses activation (Chen *et al.*, 2011)

In this sense, this case study is based on 3 major objectives: analyze what is happening in Portuguese home care market in terms of brands and their positioning, study what will be the next new trends for stores and how consumers will react to it and finally, define a better strategy for Sonasol brand to give a better experience to future consumers.

This case was developed based on data available by Henkel Ibérica Portugal, Lda as well as external analysis made to the market.

## **1.1. HENKEL GROUP**

*“Henkel operates worldwide with leading innovations, brands and technologies in three different business units: Adhesive Technology, Beauty Care and Laundry & Home Care.”*

(Henkel, 2017). Henkel, Lda is a worldwide company that celebrated 140 years old in 2016. It was created by Fritz Henkel in German, with more two partners.

The company was initially created when launching a new and innovative ingredient for detergents. Since then, 50,000 collaborators are now working at Henkel worldwide. Henkel, Lda is present in more than 75 countries, 120 nationalities.

Henkel is accelerating growth. In 2016, it generates +3.1% of organic sales versus the year before, representing +16.3% of adjusted return of sales (EBIT). Acquisitions are being the main growth pillar in order to satisfy consumers of different ages, genre, social status and taste. This development associated with a lot of investment in research is being another key of Henkel to sustain the worldwide leadership.

For 2020, Henkel defined 4 basic strategies that are being lived as the main pillars of the company. Being Henkel a Germany company, efficiency and effectiveness are always the most important values to be followed. Based on this, the 4 new pillars for the company are: drive growth, increase agility, accelerate digitalization and fund growth. Base on this 4 pillars, Henkel ambitions to successfully shape the future of the company.

### **1.1.1. The business**

The group is divided in three different business according to the type of product which one sells.

Adhesives Technologies is the biggest business worldwide at Henkel. It valued 8.961 millions of euros in 2016, growing +10.6% versus 2015. This business is focus in different distributed channels, as automotive and transportation, construction, professionals, electronics and also mass market with products used at home, school and office.

Laundry and Home Care valued 5,795 millions of euros in 2016, being the second business of the group worldwide. The department grew +4.7% versus 2015; brands inside this business have tendentially more awareness than in adhesive market; it is a mass business, only focus on final consumers.

Finally, Beauty Care represented 3,838 millions of euros in 2016. It is a business divided into mass market and professional products (focus in salons and hairstyles). This market

represented a growth of sales of +2.1% versus 2015. The three businesses are managed differently; each business has their own director and teams. Just in Germany it is possible to find the board of directors for Henkel total company, in other countries there is not a general manager for all business, just individually.

In Portugal, Laundry and Home is the only business managed locally. Adhesives Technologies and Beauty care have Iberian directors per business unit.

### 1.1.2. Laundry and Home Care

Laundry and Home Care markets are already very solid but, still, there are many ways to evolve and innovate in the industry.

It is a market very targeted for woman and not so modernize as it could be. Digital is being developed in the last years but the experience of the consumer is not being the focus of the main companies.

Aware of this, Henkel is launching new products and categories in the last years. Acquisitions are being the main growth pillar in order to satisfy consumers of different ages, genre, social status and taste. This development associated with a lot of investment in research is being another key of Henkel to sustain the worldwide leadership (Henkel, 2017).

In Portugal, this market valued 326M€ in 2016 (with a variation of growth of +3.9% vs 2015). It is driven essentially by Unilever, Reckitt Benckiser, P&G, Colgate, SCJohnson and Henkel. Is it a very competitive market, where market share is being disputed every day (Nielsen Report, P07 2017). This market of fast moving consumer goods (FMCG) is very competitive. Promotions and extra visibility in stores are the main drivers for more sales and more reputation. Based on this, the experience of the consumers is being left out of the game. Henkel Iberian has, in Laundry and Home Care portfolio, 6 brands. Persil, X-tra, Vernel, Sonasol, Sonasol WC and Dum Dum.

*Fig. 1 Henkel Laundry & Home Care Brand Logos*



Source: Henkel 2017

### **1.1.3. Home Care**

Home Care is a market that values 117M€ in Portugal. This market is smaller than Laundry Care market, although these brands have higher awareness and reputation near consumers. Brands like Sonasol and Dum Dum have their history in Portugal and are year after year recognized as trusted Portuguese brands (“*Marca de Confiança*”).

In Home Care department, Henkel works with brands that take care of each part of the consumers’ house and have additional value for consumer’s life. Sonasol and Sonasol WC are being working as two different brands in terms of personality and communication although in a consumer view they are under the same. This segmentation is especially important when comparing market share and market position (Sonasol WC is a clear leader in WC market with 49.9% of segment share in YTD P07 2017 instead of Sonasol that is a second player with 17.7% of segment share in YTD P07 2017).

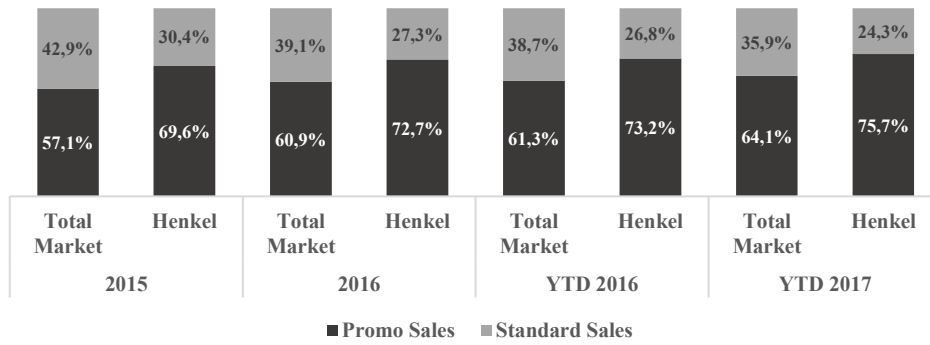
### **1.1.4. Sonasol Brand**

With more than 65 years in the market, Sonasol is the benchmark for domestic cleaning. Over the years the brand has always been introducing new products that would revolutionize the world of household cleaning.

It all started in 1951, with Sonasol Activated Soap for cleaning clothes. Later it, this soap evolved to Sonasol all propose cleaner with the power of the ammonia and the iconic green bottle, that became the face of the mark. Today, *Sonasol Amoniaca* continues to be the number one product in the Portuguese market of all propose cleaners (Nielsen, 2017).

Always focused on the needs of the consumers, Sonasol has been enriching its offer through the introduction of innovative products such as Brilliant Range. This range has in its formula a polymer that fills and repairs cracks and wear, responsible for the lack of gloss on the surfaces. The quality and excellence of Sonasol has been recognized year after year by consumers and by the market. All over the years, the brand won several awards in different areas and categories, demonstrating the preference of experts and consumers, who recognized their cleaning products as the most innovative and efficient on the market. Sonasol continues to consolidate its position of reference in the domestic cleaning market, but year after year promotions is being felt in FMCG and this factor is transforming the market and making consumers choose their products just for the price.

Fig. 2 Promo and Standard Sales Evolution



Source: Nielsen, P07 June 2017

This promotion felt inside stores causes a more careful and delicate marketing. Brands like Sonasol that have a high level of awareness may not necessarily be the market leader (so much that in fact, it is not). Given this, and because the brand do not have the ability to fight with promo discounts, Sonasol invests in other points of sales materials: extra visibility in stores, that consequently generate more sales of products, activities with gifts and contests can also be used to energize the brand.

## 1.2. MARKETING MIX

### 1.2.1. Product

Sonasol has under portfolio more than 50 references, there are several benefits, formats and fragrances for each type of product. First of all, the brand is divided into 5 different segments: traditional all purpose cleaners, new shiny generation, specialists, ammonia and rim block (WC).

Fig. 3 Illustrative Sonasol Portfolio by Segment



Source: Developed by the author, 2017

Traditional range is the base business inside Sonasol. It is a product very easy to use and very popular inside Portuguese housewives. It is available in 3 different formats (500ml, 750ml and 1200ml) and in different fragrances: lavender, chamomile, flowers and aloe vera. The concept is very simple: hot water with Sonasol and the floor will be clean and shiny. The same concept is applied to New Shiny Generation floor cleaners. This range has the same propose but with a higher value proposition, this is a premium range more focus in floor repair and shiny effect. New shiny generation is available in 1100ml and in 4 different fragrances: fresh vitality (lime), universal, euphoria (flowers) and one for wood.

Specialists, as the name indicates for itself, is a more specific range with only 2 variants: bleach and bathroom. This can be used directly in the surface desire or also with hot water. These two products are available in 650ml and 1300ml format. They are very powerful and more directed to consumers that appreciate deep cleaning.

Sprays are a range extension of New Shiny Generation that were created for a more modernize generation that want and desire everything more quick and simple. The concept of sprays is based on the small free time consumers have nowadays and how they can manage cleanness in an easy way. It is available in just one format with 4 different purposes: kitchen cleaner (anti degreaser), bath (with anti limestone components), windows (with water repellent substances) and hygiene (killing 99.9% of bacteria).

Finally, in house cleaning segment, Sonasol Ammonia (Sonasol Amoniacal Verde, as it is recognized in Portugal) - this product is a reference icon in the Portuguese market. It is very strong in terms of substances and smell, ensures a perfect cleaning and disinfection in all surfaces. Since its launch is being consistently growing in terms of sales, being nowadays a segment more stable due to the several new, quicker and more pleasurable solutions that are in the market (e.g. sprays). Although this product is the face and the point of start of the brand, that requires attention and recognition.

Going to WC segment, rim blocks were introduced in the market in 2001. Since then, this segment inside Sonasol brand is being able to develop the brand and market and today Sonasol WC is a clear leader of rim blocks segment with 49.5% of segment share (only considering rim blocks products). This kind of product is more targeted for consumers with high economic stability, which valorize a long term cleaning in their toilet.

This market is divided in liquid and solid rim blocks where the main benefit is an active foam and fragrance with every flush. This range is available in pine (best seller), marine,

flower, lavender and lemon. All these fragrances are available in single packs (1 unit), double packs (2 units) and triple packs (3 units).

### **1.2.2. Price**

There are several factors to be taking into account when defining the price policy. First, profitability: profitability has to be guaranteed and this is the first rule to be applied when defining a price for a Henkel new product. After studying the estimated costs of manufacturing, transportation and packaging, Henkel applies the defined percentage of average margin. Later this calculation, the price is compared with competitors. In FMCG market, Henkel has to be aware of the strong competition and easy exchange by consumers for other substitute products during the search in shelf. Always aware of the quality of the product, in Sonasol price definition, the competition is studied and the price is defined according to it. The third factor of price definition is new in Sonasol: after defining the standard shelf price; sales and marketing team have to take into consideration the promo menu to be applied during the year. Is the price adequate for the promo being felt in stores nowadays? If we do 50% price off, what margin will we have? How are we positioning comparing with the competition?

If some years ago, these calculations and analyses could not be done but, nowadays, they are fundamental.

Sonasol has a price aligned with the principal competitors. Prices in detergents area are very well consolidated and there is no space for big movements. – *strategic of competition.*

Products within the brand are all in the same average price, between 1,99€ and 3,69€. Sonasol is perceived as a quality brand and this perception allows that faithful clients prefer Sonasol's products even when it has a higher price than competition.

### **1.2.3. Place**

Distribution is an essential pillar in FMCG products. Ensuring that the deliver to consumers is made in the correct amount, place, time and with a good quality is the key to a successful brand. Sonasol's distribution is made via two different channels: direct (provider directly to big retailers and its centrals) and indirect distribution (wholesales and Cash&Carry). This workflow is very important and nothing should fail over all the process. Having the right contracts with principal clients and guarantee that small stores



in every single village have the correct portfolio is essential for the brand reputation. The strategy is to be everywhere where the main target consumers are, so teams have to be focus in also trade marketing strategic (presence in leaflets and point of sale materials adequate to the brand and to the space of the stores). Moreover, the relationship between internal sales team and business retailer's partners are crucial, just with this connection n the brand can establish mutual profits for both supplier and distributor.

*Fig. 4 Point of Sale Material (POSM)*



Source: Developed by the author based on Henkel (2017)

#### 1.2.4. Promotion

Communication is the base for a good brand awareness and quality recognition. Sonasol keep the recognizable claim “*O algodão não engana!*” (“the cotton does not lie”) in their communication. This claim was created in 1951 when the brand appears in the market. The main communication strategy used nowadays is above the line, where TV is evidently where there is more investment. The TV commercials communicates the quality and performance of the products and also the butler character, so recognized among Portuguese consumers. This butler is being developed in terms of appearance and benefits. Nowadays it is communicated as the “perfect date” for a woman and a cleaning genius. Additionally, it is being seen a sexiest change is this character. If in the beginning the persona was old and clever, nowadays is young and charming. This is happening also because of the new era lived in the world - target for Sonasol is no longer just housewives with a huge family but also young woman with an active life.

*Fig. 5 Evolution of Butler's appearance since 2004*



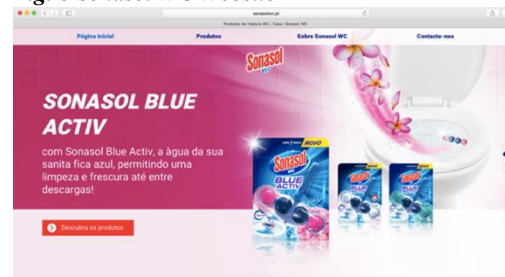
Source: Henkel 2017

Today the main target for Sonasol is active women, since 25 years old – when women start in media living alone - till being disabled. Additionally, Sonasol communicate also in digital platforms, with banners and small videos, mainly in information websites (media capital, sapo, SIC, etc.) and in retailers' websites (Continente online, Jumbo and Intermaché). This presence is really important in the digital transformation that is happening. Sonasol do not have presence yet in social media so this banners are an approach of currently full fill this gap. It is used normally when the brand has a new launch or re launch in their brand or in special moments of the year like Carnaval, Easter of Christmas time. Furthermore, the brand uses public relations to increase awareness and confidence with press. Usually are sent to notorious journalist, TV channel, magazines directors and publishers a paper with the brand presentation, product launch/relaunch and the principal benefit of it. A product sample is also sent to increase the affinity and the willingness to publish something about it. This communication normally causes word of moth and free articles in important media channels.

In below the line marketing strategy, Sonasol invests in sales promotion and trade marketing activities. As already mentioned, promotions are a tool very used nowadays inside fast moving consumer goods. In this way, there is a part of the communications focus in this promotions, usually with 25%, 35% or 50% price off. Associated with this discounts, there are several trade marketing activities occurring. For year, are usually implemented more than 20.000 displays in total Portugal stores that have a huge direct impact in sales.

The website just already exists for WC market. This tool and digital channel was not yet created for the whole brand of Sonasol because of international rules. However, this project is in back office and start being developed to a soon publish. So, for now, the only information online that exists is about Rim blocks products (**Fig. 6 Sonasol WC Website**) and in retailer's online websites. The website of Sonasol WC contains the portfolio and benefits of the product as well as some frequently asked questions (FAQ) made by consumers.

**Fig. 6** Sonasol WC Website



**Source:** Sonasol WC, Corporate Website 2017

### 1.3. COMPETITION

This case study would not be about FMCG products if there were not a strong competition. Inside mass market, the competition is part of the day to day brand living; it is essential to every move and decision. In home care business there are four main competitors to be taken into consideration daily (**appendix 1 and appendix 2**). This selection was made through the level of brands' notoriety, the results that they are being able to achieve and the companies behind them.

#### 1.3.1. Cif

Cif was created in 1969 in France by Unilever company as a multi purpose product for a daily cleaning. Initially introduced with the concept of "powerful cleaning without stretching" and just with products directed to kitchens and bathrooms purpose.

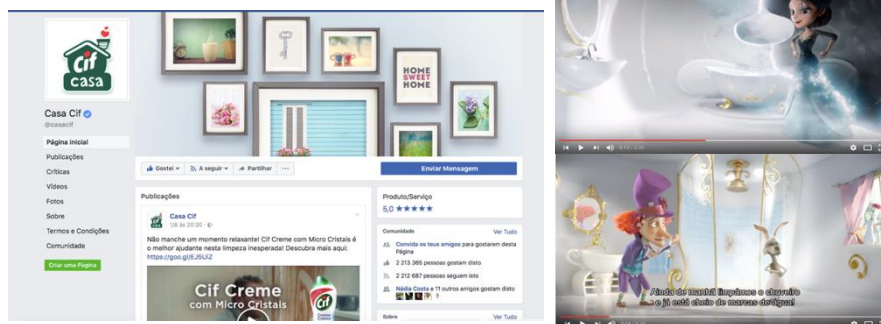
Cif was introduced in Portugal in 1979, having in the Portuguese market 38 years of experience. Even being a brand with lower awareness when comparing with Sonasol, Cif is being clever to develop the brand and win positioning in the market. Nowadays, Cif portfolio is huge and with multiple purposes. Unilever knowledge and investment are being the key success factor for this brand during these years.

Regarding the portfolio, the brand is divided in 4 different segments:

- Pastes: with 6 references inside this range, Cif pastes offer a 100% perfect cleaning in 6 different fragrances. This range is one of the oldest of the brand, is the more traditional that requires more time and persistence. (**Appendix 3**)
- All purpose floor cleaners: available in 8 fragrances. This product allows a shiny and clean floor. To use: hot water, the product and a mop or cloth. This range is available in 3 different fragrances, in wood purpose (2 references) and in bleach (2 references). (**Appendix 4**)
- Sprays: sprays are the new growth platform for house cleaning so this range is being the focus of all market and consequently for Cif. There are available 12 different references for diverse purposes (ovens, kitchen, bathroom, anti-limestone, windows, stainless, bleach, etc.). This is an easy solution for cleaning and very attractive for younger consumers. (**Appendix 5**)
- Dish detergent: this is a smaller segment inside the brand. Dish detergent is used for manual dishwashing and in Cif there are available 3 different references which defer only by its fragrance (lemon, lime green and grapefruit). (**Appendix 6**)

Cif is the leader of home care market with 21.9% of market share in YTD P07 2017 (Nielsen, 2017). It is the brand with higher media and digital investment (MEC, 2017). In 2017, Cif started with a new strong campaign in Portugal, focus in cartoons who explain the benefits of the products. This new campaign came up also with a new signature for the brand “always a beautiful ending”. This is a strategic applied not only in home care products; it is being built as well in WC and laundry brands of Unilever. Following the media investment, Cif created in 2014 a Facebook page where the brand interacts with consumers and also post new news or tutorial videos for a better cleaning. This Facebook page – *Casa Cif* – already have 2,213,365 likes internationally and some content in their feed.

**Fig. 6** Cif's TVC and Facebook page



**Source:** Casa Cif Facebook page

### 1.3.2. Ajax

Ajax is a smaller brand than Cif and Sonasol but is still very relevant for the market. Ajax counts with 9.9% of market share in YTD P07 and bellows to Colgate Palmolive company (Nielsen, 2017). Colgate Palmolive company was born in 1806 in New York with a soaps and candles business. Ajax was introduced in Colgate portfolio in 1947. Since this date, Ajax has been able to develop itself and be on time in the market with good innovations and solutions for consumers.

Ajax portfolio is mainly divided into 2 segments:

- All purpose cleaners: in this range, Ajax has 5 references with different fragrances (lavender, ocean, mint, flowers and freshness) and one reference for wood. **(Appendix 7)**
- Sprays: Ajax is the only brand that works with sprays and its refills. There are 10 different references inside this range but the product it is only available in 5 different purposes: kitchen, bathroom, windows, multi purposes and windows & shiny surfaces. The other 5 references are the correspondent refills. **(Appendix 7)**

Ajax does not have a high brand communication investment. There is no media communication in Portugal and in digital just some in retailers' websites or together with other Colgate Palmolive brand activation. It seems that this brand is not strategically for Colgate Palmolive, however the brand has results just with some promo investment.

### **1.3.3. Domestos**

Domestos is a recent brand of Unilever group. This brand was born in 2015 in Portugal inside three different segments: specialists for toilet cleaning, bleach and rim blocks (WC). Since the launch in 2015, the brand was able to achieve 6.3% of segment share (inside WC market) in YTD 2017 P07. **(Appendix 2)**

Domestos portfolio is very balanced (few references but strong ones) and, as mentioned above, divided in:

- *Specialists for toilet care*: Domestos Toilet Gel is used for cleaning the bathroom. Offers a fresh fragrance, kills the germs, contains a powerful gel shield to eliminate the limestone preventing its appearance. It is available in two fragrances: ocean and lime **(Appendix 8)**
- *Bleach*: Domestos Gel Bleaches contains active anti-scale molecules, which act even below the toilet water line, removing dirty and preventing lime scale's appearance. This bleach is available in 3 different fragrances: pink (flower), original, ultra whiteness (more active to a shiny white). **(Appendix 9)**
- *Rim blocks*: In rim blocks there are 3 ranges available; the promise and purpose of the usage is identical around the 3. 3en1 range: basic rim blocks available in 3 fragrances: ocean, lime and pine. The formula has anti germs and anti calcareous

with a fresh fragrance. Turbo fresh range: available in 2 fragrances: ocean and lime. With a rotary system, the product promises no germs and no calcareous as well. Power 5: this range is what the brand considers as its pillar of growth where there is being seen a huge focus and investment. This product appears as a copy of Sonasol WC range in all Europe and it is available in ocean, pine, pink and lime. **(Appendix 10)**

Even with a short history in the market, Domestos has been showing a lot of investment and desire to win. There is a focus on the improving of its image near consumers and also a desirability to increasing the awareness and market penetration of the brand.

To achieve the vision, the brand is investing heavily in media (every month with television commercials) and in point of sales communication. Their tone of voice is fun and explanatory. The brand uses animated germs as the key element in their media communication to explain the concept and key benefits of their products.

*Fig. 7 Animated Germs used in Domestos Communication*



**Source:** Information extracted directly from Domestos

Domestos is present in digital channels with a website and Facebook international page. In the website [domestos.pt](http://domestos.pt) is it possible to find all ranges and product explanations as well as cleaning guides and tips. In the Facebook page the information has a more social intention, being united with UNICEF. With this cooperation, Domestos help disadvantages countries sponsoring organizations that will improve the toilet access and prevention of hygienic diseases.

#### **1.3.4. Pato**

Pato is a historical brand inside WC market. This brand started its activity being the first brand in WC market, what brings awareness and recognition for the brand. SCJohnson is the company that marketed this brand, the firm was created in 1886 in Racine, Wisconsin

near Chicago in America and in 1970 enters in Portugal.

Pato has just bathroom care products, divided into two segments: specialists with bleach and rim blocks. In 2009, the brand was the market leader with 32.0% of segment share (in WC market) and nowadays the brand only has 17.6% in YTD P07 2017, with falling tendency (Nielsen, 2017).

- *Specialist for toilet care*: 13 references inside this segment with different fragrances and types of clean power. The specialist cleaners of Pato have the bottle with a duck format, what actually gave the name to this brand. Fragrances available are ocean, mint, lavender, freshness and bleach. Products with bleach are divided in different types of power. **(Appendix 11)**
- *Rim blocks*: there are more than 25 references in this segment. Pato has a huge portfolio with diversified fragrances (lime, lavender, marine, eucalyptus, etc.). There is available a basic range, a 5in1 range with a better design and also a big innovation created by the brand – cageless segment – called *discos activos* where the product is inserted directly in the toilet surface without a support. *Discos activos* are the most premium range inside the segment that gave to Pato an ability to win versus other competitors. **(Appendix 12)**

Regarding Pato communication and tone of voice: Pato uses the duck animal since its existence. The duck is used in all TV ads, digital communications and point of sales materials. The duck is a very familiar character which transmitted safety and trust. This brand has a strong support in TV campaigns, mainly focus in product specialists for toilet (bleach) and less in rim blocks segment. In digital, there is no presence, neither on Facebook or on a corporate website.

*Fig. 8 Duck character*



**Source:** Pato's youtube channel

Competition is being felt massively, in this market a euro for a competitor means less market share and less market share can origin less attention from retailers. The principal retailers in Portugal have a huge importance in the visibility of each product and brand; if something go wrong with one of them, the future of the brand can be in risk. Each brand has their company behind and this factor is very important to determine brand reputation and potential but each second and specific sale, counts. Because of that, is being felt an aggressive environment in fast moving consumer goods that will imply several changes in the future. Principal companies do not believe more in this price competition strategy where year after year the discounts offered are higher and higher. A 100% discount will not be possible, so what will be next?

The big question is: if we took out every discount and every price different, what product will consumer choose? The brand awareness and quality associated are elements that in the future will sustain brand strength.



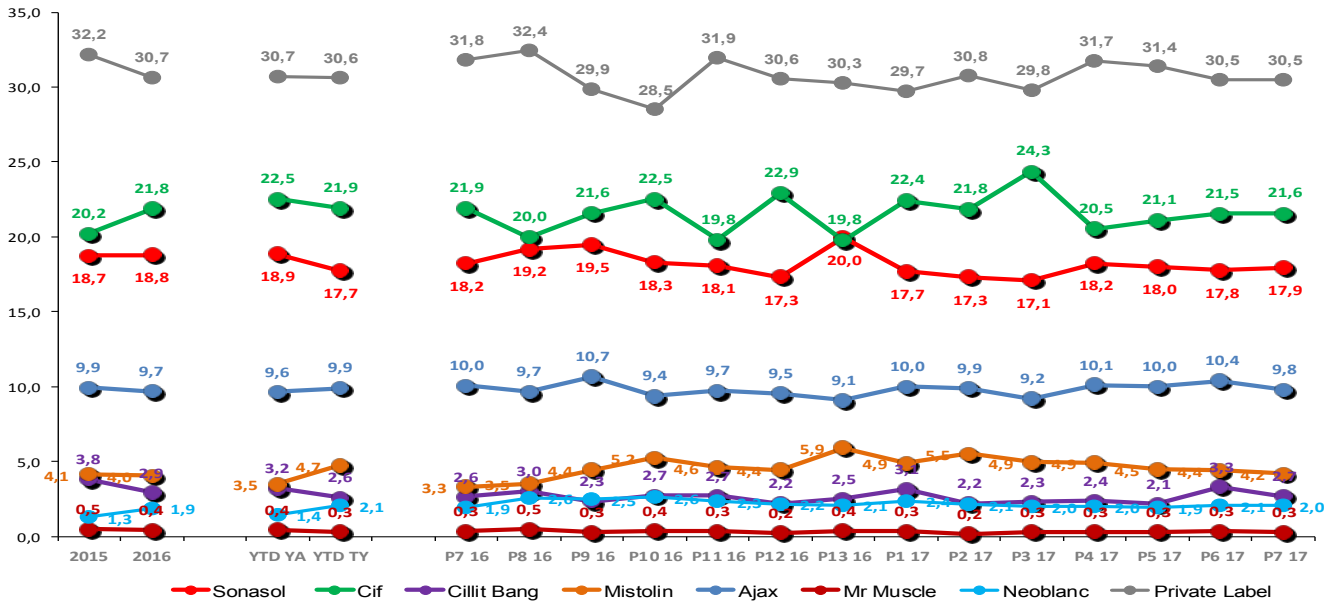
## 2. QUESTIONS

1. Starting with the contextualization of the case, develop a dynamic SWOT analysis of Sonasol brand
2. In your opinion, what are the most relevant issues in Sonasol's strategy, specifically segmentation, target and positioning?
3. Taking into consideration the very aggressive promotional context in supermarkets nowadays; different distribution and implementation strategies should be applied. Within this four human senses - vision, touch, smell and hearing - mention which ones can make sense to be developed and deepened in a perspective of a new store atmospheres creation and why.
4. Do some personal research regarding innovative store atmospheres that are emerging nowadays and identify at least 2 that can be used in the future for detergent category at supermarkets. (Give one example of other brand implementation as benchmark and explain the main advantages)

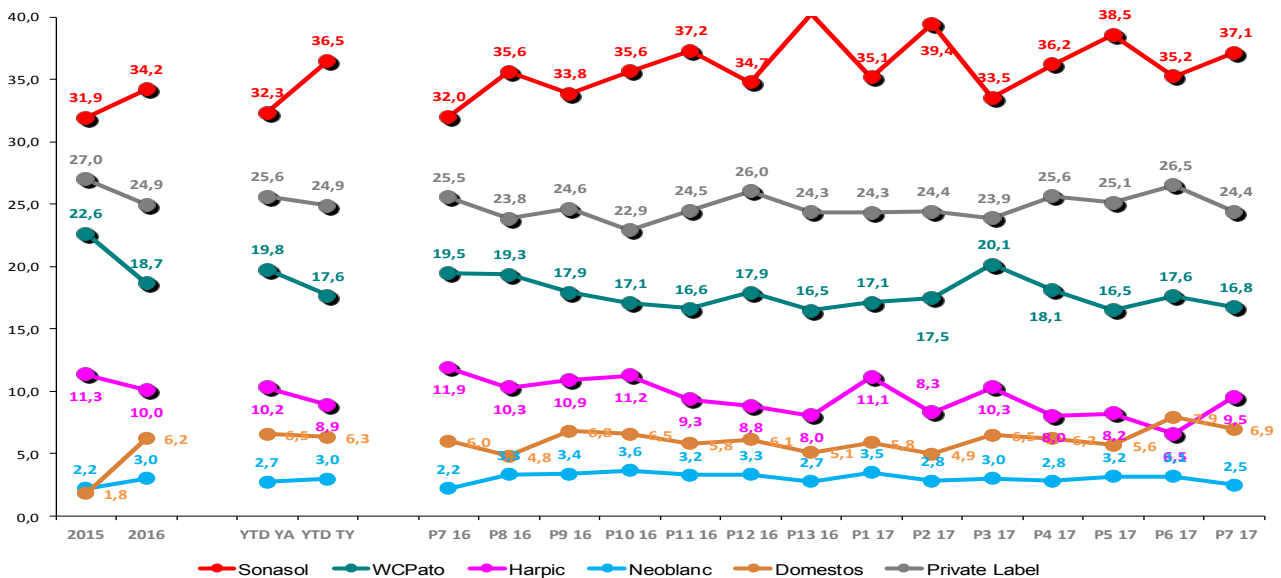
HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?

### 3. APPENDIXES

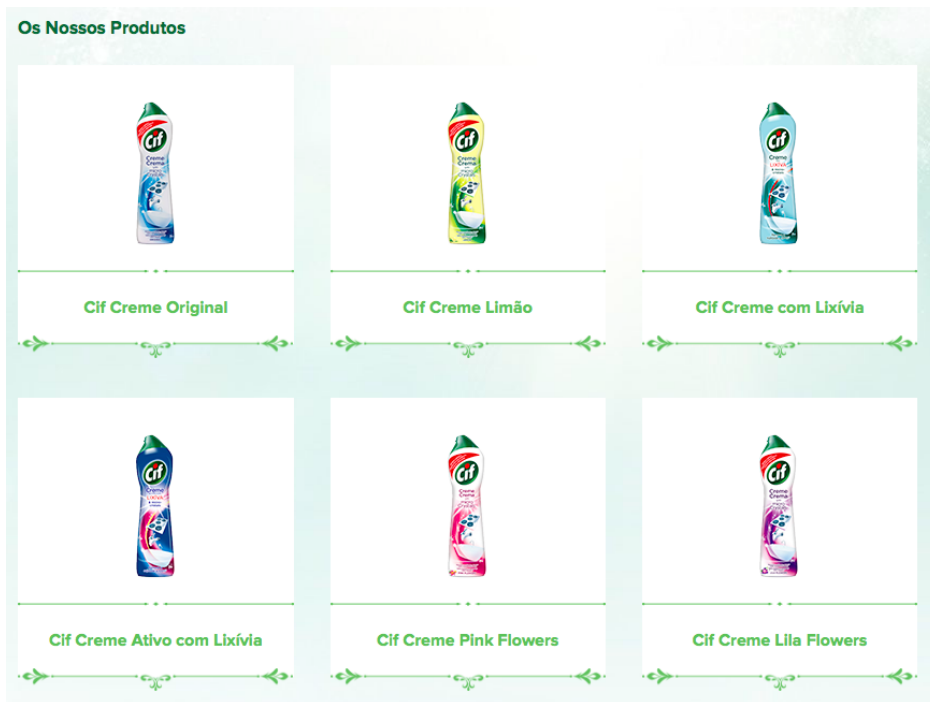
Appendix 1: Market Share Home Care | Source: Nielsen P07 2017



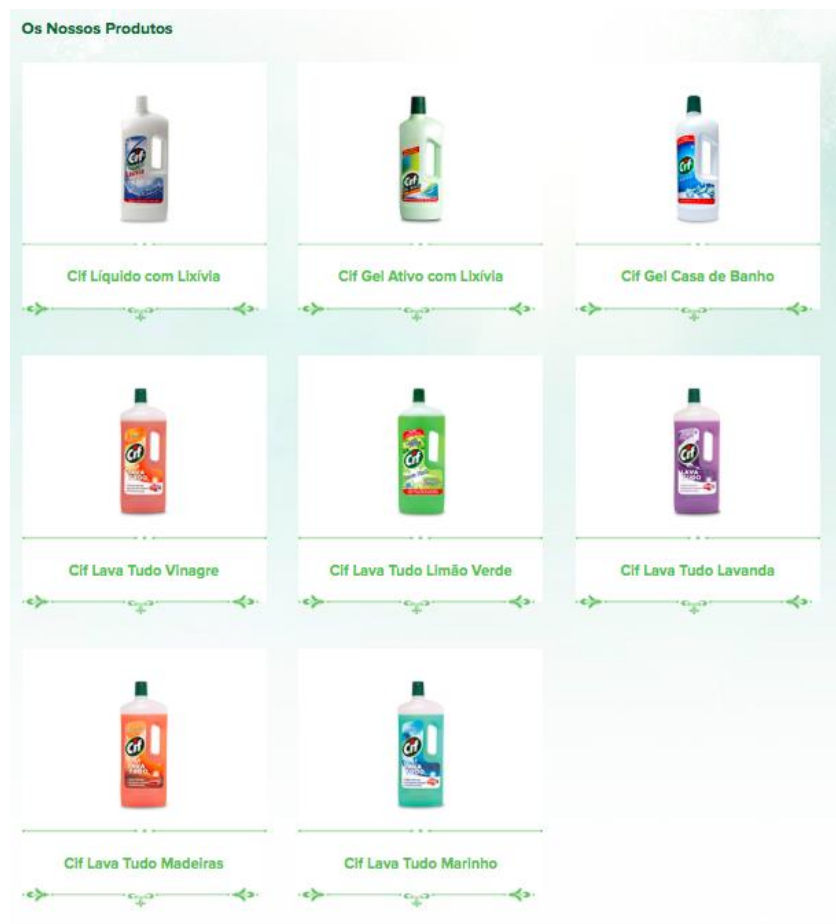
Appendix 2: Market Share WC segment | Source: Nielsen P07 2017



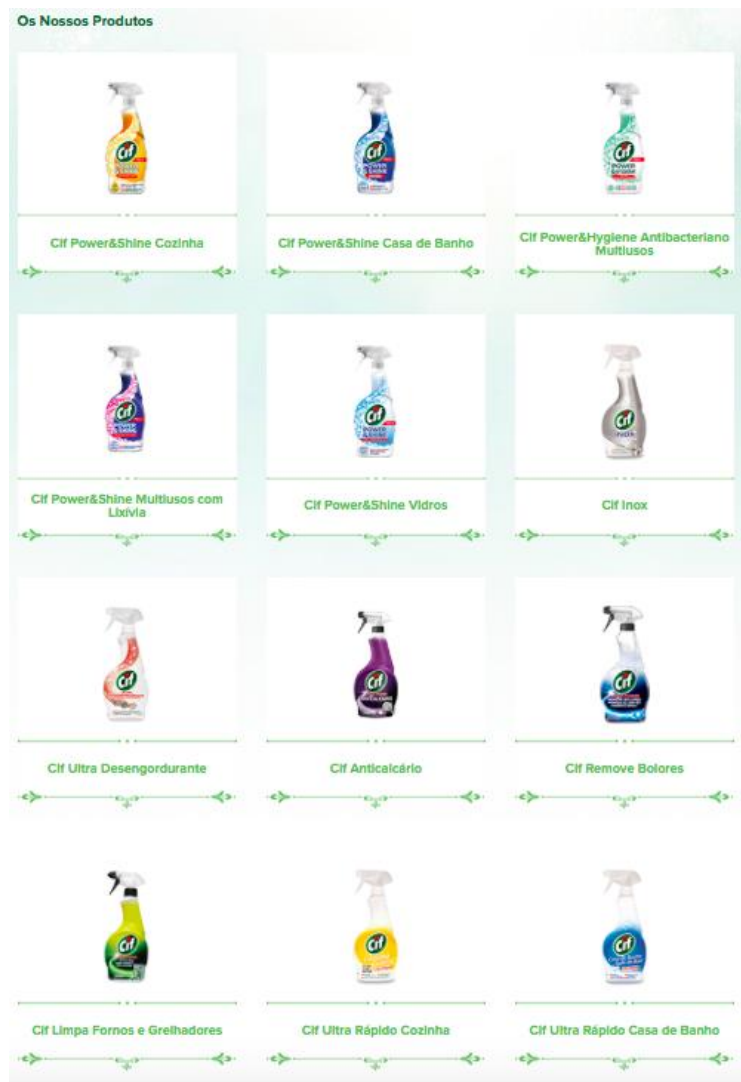
Appendix 3: *Cif Pastes Portfolio* | **Source:** Cif Corporate Website



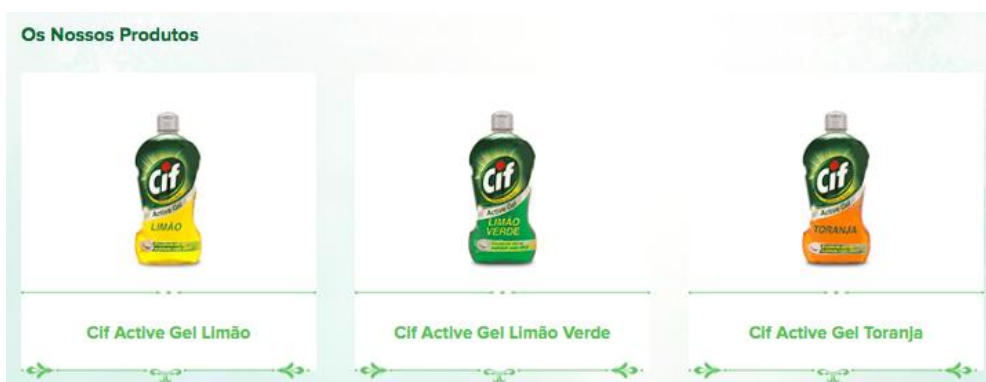
Appendix 4: *Cif All Purpose Cleaners Portfolio* | **Source:** Cif Corporate Website



Appendix 5: *Cif Sprays Portfolio* | **Source:** Cif Corporate Website



Appendix 6: *Cif Dish Detergent Portfolio* | **Source:** Cif Corporate Website



Appendix 7: Ajax Portfolio | **Source:** Continente Online



Appendix 8: Domestos Specialist for Toilet Care Portfolio | **Source:** Domestos Corporate Website



Appendix 9: Domestos Bleach Portfolio | **Source:** Domestos Corporate Website



Appendix 10: Domestos Rim Action Portfolio | **Source:** Domestos Corporate Website



HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?



## **4. TEACHING NOTES**

### **4.1. Case study target**

This case study was developed mainly for bachelor and master students inside management or marketing area that aims to develop their knowledge inside fast moving consumer goods and its challenges in the future. Also, this case study is focused in students that want to learn more about store atmosphere and its benefits in a market full of promotions and discounts. Distribution channels are an important pillar of marketing and because of it, it is important to be aware of the trends and challenges in the category. Finally, this case can be valuable for product managers and brands who wish to power their business and construct a differentiating strategy in offline stores.

### **4.2. Pedagogical objectives**

The main goal of this case study is to demonstrate the fast and hard reality that fast moving consumer goods are facing with. Brands are nowadays being corroded by the promotional environment and the identity and awareness are fewer and fewer an element inside decision-making process. In this sense, this case study was developed with the following educational objectives:

- Understand Henkel Group and its brands inside Laundry & Home Care markets;
- Better understanding the market of detergents in Portugal;
- Understand the concepts used during the case study and specific market characteristics;
- Study the actual importance of specific clusters of consumers and understand its relevance inside a brand;
- Learn and apply a traditional tool, using it from a dynamic point of view, to easily understand the brand – “as is” and how “to be”
- Research relevant articles and online information about future store atmosphere and its importance inside a FMCG market;
- Develop creative capabilities of the students, after having the ability to analyse a market and solve problems.

### 4.3. Literature Review

#### 4.3.1. Market overview

What really is attracting consumers nowadays? The answer can be doubtful. In fact, there are many factors: the price, the product or service itself, the advertising, communication, public relations, etc. Nowadays, attracting consumers can be more than just that. Experiences are growing and consumers are becoming more demanding. According to Kotler (1974: 48), “*people, in their purchase decision-making, respond to more than simply the product or service being offered.*”

In fact, consumers are leaving their rational side away and they are living and experiencing more brand moments (Schmitt, 2010). Marketing is seeing a consumer behaviour change due to five different elements (Basoc, 2015) that will be explained hereafter. The **globalization** and the **easy access to information** allow consumers to naturally know more and have more choices. During time, and with the evolution of technologies, it was being created a **new type of consumer** that give more importance to holistic than to utilitarian satisfaction (Rayburn *et al.*, 2013; Basoc, 2015). This type of consumer allows a **consumer to consumer communication** that exposes their opinion by using the word-of-mouth methodology. Consumer to consumer interaction will provides an effectiveness and efficiency of marketing if they perceive the experience positively (Grubor *et al.*, 2015). It was studied that when consumers share positive feedback through social media or personal communication about their experience, they are reacting according attitudinal factors. Otherwise, when negative feedback is shared, they are being driven by social pressure. Finally, **the consumerism** is increasing the need of differentiation; market is currently saturated, there a lot of brands designed for the same (Basoc, 2015).

Summing up, as mentioned above, consumers are changing, and they change mainly because of globalization, access to information, new type of consumer, consumer to consumer communication and the consumerism (Basoc, 2015).

With this market generation, retailers started looking forward to new ways of experiential marketing. The global business scene has nowadays more importance and store atmosphere began as the solution to meeting products and services and personal consumers needs in offline stores (Farias *et al.*, 2014).

### 4.3.2. What store atmosphere is?

#### 4.3.2.1. The concept

Aligning innovation and evolution present nowadays in retail markets and stores and the desire for finding new ways of experience in shoppers, store atmosphere is being created and defined by Kotler (1974, 50) as “*the air surrounding a shere*”. It is everything that can be included on it. It is part of the design but it is more than that. Atmosphere in marketing can be defined as everything that creates stimulus, emotional effects and reactions in consumers – described as the energies lived in one space (Kotler, 1973). The importance of store atmosphere is increasing; through the environment, consumers can evaluate store as depress, busy, happy, relaxing, etc. and, in fact, this can change the perception of one brand to them.

It is recognized that people not only react to certain products or services itself but also to what they feel about it, influencing shopper cognitions and emotions (Helmefalk, 2017). To manipulate and control this feelings, store atmosphere appears in order to inspire and create loyalty in consumers. Store Atmosphere is suggested as a tool of marketing that can change opinions and create people needs through different components that affect the 4 senses – vision, hearing, smell and touch (Kotler, 1973). Visual stimulus is the most used nowadays but if it was combined with gustatory, olfactory and auditory elements, there would be a multi-sensory experience (Ballantine *et al.*, 2015; Helmefalk, 2017).

The concept is associated with a term used by Donovan and Rossiter (1982) that describe environmental psychology as the heart of interpretation of the effect of consumer experience. Environmental psychology takes into account “(1) *the direct impact of physical stimuli on human emotions and (2) the effect of the physical stimuli on a variety of behaviours, such as work performance or social interaction*” (Mehrabian & Russell, 1974: 4).

#### 4.3.2.2. Stimulus-Organism-Response model (S-O-R)

Mehrabian & Russel (1974) suggested a model of customer behaviour response named S-O-R (Stimulus-Organism-Response). In this model, the authors mentioned that an environment is just completed when there is a stimulus that can change the consumer’s organism state and result in a behaviour/response (Kusumowidagdo *et al.*, 2012; Mehrabian-Russel, 1978). In this studied, Mehrabian & Russel (1978) provided three dimensions that allow a description in emotional states: pleasure, arousal and dominance.

The idea is that with this three different elements, consumers can define a behaviour and a specific attitude (approach or avoidance) about the experience (Chen *et al.*, 2011). Customer's behaviour depends on the type of environment perception felt. Once existing an approach behaviour, consumers tend to explore, stay, interact and feel identify. This attitude will provide a positive impression and a will to repeat. On the other hand, avoidance happen when the environment creates a disappointment, boringness or irritableness to what is surround the consumer. This attitude will create the wish of leave with no returning desires (Chen, 2011).

This analysis is very important to expect possible future attitudes and to manage the environment according the type of consumer stores and brands expect.

#### **4.3.3. What influence Store Atmospheres and how important is it?**

The main 4 senses of human beings are the principal characteristics that can influence and manipulate the consumer's perception about a store. The instant when consumers make their decision (buy/not buy) is strongly affected by what they see, smell, hear and touch around (Kang *et al.*, 2011). So the main 4 senses are important and should be taken into account when constructing a different store atmosphere.

##### **4.3.3.1. Vision**

Nowadays, brands are using symbols and colours to capture and generate attentions. Marketers are using brightness and sizes, darkness and mirrors. These elements are becoming so important to marketing that are several tests rolling up about this topic.

About colours, Tantanatewin in 2016 tested the impact of red and blue in a environment; it was tested the different between this two shades in people's minds and how it is perceive. The results were clear; red is perceived negatively and blue perceived positively. This type of test is just one example of how different colour and lightning affect the impression of space and the feelings in stores (Tantanatewin, 2016).

Light and lighting dictate our everyday activity. It represents our lifestyle and can indicate our mood and the way we understand things surround us (Brooker, 2013). The lighting used in stores is very persuasive and it can evidence what retailers want. It is possible to create a great environment where clients feel comfortable during their shops using just this feature (Farias *et al.*, 2014; Bercik *et al.*, 2016).

The light that is felt around (meaning colour temperature, intensity) can influence consumer perspective and also the physical state and feelings about a brand. This factor is so important that researches find that the highlighter product should be at least 5 times brighter than the rest of the products in a store in order to capture the right attention of consumers (Bercík *et al.*, 2016).

#### **4.3.3.2. Hearing**

Morison, *et al.* (2003: 559), affirm that music “*have the ability to affect shoppers’ emotional states*”. The sound used in a space may cause a potential change in consumer behaviours and attitudes. The volume and rhythm affect consumer’s minds and this changes are reflected in consumer’s feelings. In an economic view, sound in stores increase shop time and purchase intention, which will directly increase the volume of sales. Farias *et al.* (2014: 91) refer that music has “*various features (emotional and physical) that has the potential to evoke desired behaviours in individuals.*”

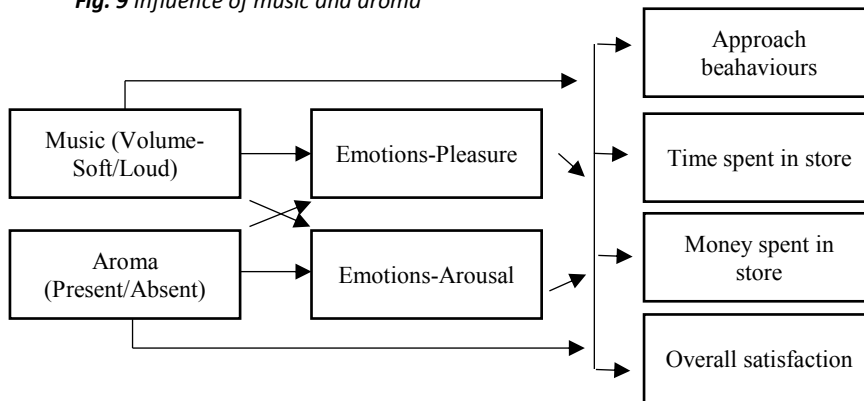
Here it is interesting to search for types of music and its influences. It was founded and tested that when implemented classical music in a store, the space is perceived as having more quality and more premium (Baker *et al.*, 1992; Grewal *et al.*, 2003). However, when implemented a pop music genre, the store and its atmosphere is perceived as more young, cheap and casual (North *et al.*, 2015).

#### **4.3.3.3. Smell**

Regarding smell, there are two different situations to take into account: the smell of the product itself and the smell of the environment. In the first case, depending of the type of product and smell’s importance attributed to it: should transmits quality and safety. This type of smell secures a greater importance when talking about food, cosmetic and cleaning products (Farias *et al.*, 2014).

Concerning the environment; in order to manipulate reactions and buying decisions, businesses should understand how to spread their freshness and scent through their store/space (Farias *et al.*, 2014; Kotler, 1973). Morrison *et al.*, 2011 studied sound together with the effect of aroma in store atmosphere. It was founded a positive increase in approach behaviours, time and money spent in stores and also in the overall satisfaction of consumers.

Fig. 9 Influence of music and aroma

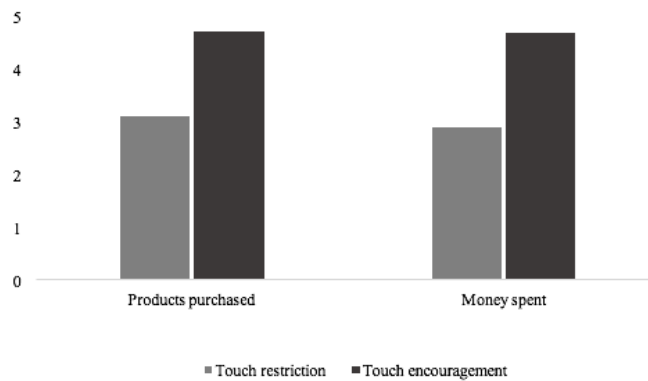


Source: Adopted by the author from Morrison *et al.* (2011)

#### 4.3.3.4. Touch

In tactile dimension, the main elements are temperature, smoothness and softness (Kotler, 1974). Studies find that 85% of consumers say they prefer to shop in stores because they appreciate the feeling of touch in the products instead of just buying it online (Retail Touch Points, 2015).

Fig. 10 Effect of product touch in products purchase and money spent



Source: Adopted by the author from Otterbring (2015)

Accordinging this, there are absolutely some products types where the process of touch and fell are very important in the purchase process. Products like clothes and eyeglasses are the ones that people usually like to try on and examine details more before buying. Also, in groceries, the touch and feel have a high importance for consumers (Kahn, 2015).

In terms of temperature, it was found that there is a “scale” of ideal temperature inside a store, and if it was not pleasant for consumers, it will leave a negative affective state.

There are some researchers made to find the ideal temperature while in store but the fact is that no one is considered as perfect because consumer's opinion change depending on individual preferences and clothes dressed (Pras, 2010).

#### **4.3.4. The importance of a good planned store atmosphere**

The senses and their relation with the store atmosphere facilitate the easy memorability that consumers can have with certain products/services. Although, use this element sometimes can be hard and can confuse consumers' minds. According to the conceptual framework for an extraordinary retail experience, constructed by Farias *et al.* (2014) and based on Verhoef *et al.* (2009), a customer experience is influenced by three elements (and not just by the senses), resulting, after that, in a shopping behaviour. The three elements are:

- The situation moderators - as the type of store, location, convenience, economic climate and time of the year. These elements will have an impact in the experience and satisfaction of the consumer.
- The retail atmosphere – already mentioned above and part of the four senses. The 4 senses have to be worked together and with moderation in order to maximise the experience.
- The consumer moderatos - Consumer moderatos refer to the kind of buying process and kind of product/service the company has. This process can be more rational or experimental. Here, brands have to study if their consumers are in shopping because of necessity or if they are engaging with no necessity but with inherent satisfaction in this activity. The first statement will conclude in a more rational process and the second one in a more emotional one. (Farias *et al.*, 2014)

Atmosphere is something present in every local; it is becoming in a key success factor to some brands. Through stores ambient, consumers are allowed to take their conclusions and understandings about products or services. If firms want to transmit a good utilitarian and hedonic value to their clients, they have to spread their good perceived overall atmosphere. Figuring out all the organization, style and modernization of a store, consumers can perceive an overall atmosphere and then, according to their opinion, they can have a store experience that will have a direct influence in buying decision-makings (Rayburn *et al.*, 2013).

Store Atmosphere provides a competitive differentiation and a brand interaction that is important to retailers in order to form a good relationship with clients. Establishing this approach, brands construct an experience immersion where clients increase their concentration and time spent in a store (Foster *et al.*, 2015). Constructed an overall atmosphere and activating consumer's senses, stores are able to form long-term and loyal relationships with consumers full of infinite benefits.

*But how and what types of Store Atmospheres can companies build?...*

#### **4.3.5. Future Store Atmospheres**

The literature review explained the need of an upgrade in consumer's experience when in stores. The online and mobile market is increasing everyday and the offline have to follow the trend (Pantano, 2012). Brands must have a 360° experience and connect features like e-commerce, social media and digital world with all the physical process and buying offline process.

Once created one exceptional experience within a market or brand, the consumer will be satisfied, willing to try and willing to come back (Pantano, 2012).

There are several ways and future trends in store atmosphere that will be explained below.

##### **4.3.5.1. Storytelling**

In stories, there is always a more effective communication. Telling a story around a brand product or service (storytelling) can transmit a lot of information regarding the product or service that the company want to sell, which will significantly increase sales communication and sales performance (Gilliam *et al.*, 2013).

This technique can be considered content marketing for brands when in stores or in online platforms and it is very important because people will always remember a story better than an actual fact. This kind of stories are normally very emotion and inspirational.

According Guilliam, *et al.* (2013), storytelling is crucial in three categories of behaviour. Firstly, staff category – all the staff will be more productive if they have and if they identify themselves in a mutual interest with the story that the company has/wants to transmit and in their own personality. In this process, it will happen instantly a connection between employees and the business; this connection is part of the second category of behaviour presented by Guilliam *et al.* (2014). If employees were connected they will



have a different behaviour in terms of humour, pleasant conversations and interactions between people. Finally, what is described in this model, is that employees can contribute adding some knowledge and experience, becoming the stories much more rich and with impact.

Build a bear is an example of how this store atmosphere can be applied:

### **Build a Bear**

Children can now not only have a new toy but effectively construct it. The client passes by the different steps through their interactive bear-making stations, creating a very own full personalized animal. With more than 30 fluffy friends to make and hundreds of accessories and outfits to choose each build a bear experience is a new one.

This brand born in USA and nowadays is distributed in 14 different countries; in Europe just in Germany. This brand has the concept of creation a bear and generate their own story around it together with the consumer – the child. The all process is full of “magic” and real decisions for the main target, that turns the process enthralling (Build a Bear, 2016).

#### **4.3.5.2. New ways of payment**

Money is our coin of change. New payment methods involve more easy, fast and safety ways of transfer and pay for product or services. With the evolution of technology, new ways of payment have also to have an upgrade; mobile features and internet are the key for evolution. Traditional payment method is getting old through the time. People lead with mobile versions of everything and it is in this direction that the world in growing.

There are several trends being study in this topic already. **Contactless payment** is being developed for several brands and investigators. In USA is already being applied a method of payment that consists in a physical contact between mobile phone and payment machines; this contact, automatically allows the transfer of the amount of money necessary (Osborne, 2016).

**Amazon** is also developing a new payment method based on selfies. In this example, the face works as the acceptance pin to the transference. This method is save and fast and also very simple and intuitive (Rao, 2014).

As well, in Portugal, is being seen a huge investment by MB Way that is insert in this concept:

### **MB Way**

MB WAY is the first mobile payment solution in the Portuguese banking system that allows to pay for purchases and make immediate transfers using only the mobile phone number. This service allows customer to associate their banking cards (credit and debit) with their mobile number and thus pay for their purchases or make transfers in a simple, fast and secure way through their smartphone or tablet (Santander Totta, 2017; MB Way, 2017).

### **4.3.5.3. Co-creation**

Co-creation is a process that allows a more active and personal involvement of the customer to create a valued experience (Prahalad *et al.*, 2004). Co-creation as definition is an activity that involves at least two “actors” engaging, encounters and sharing information, resulting it in a shared creation value (Frow *et al.* 2012). In this process, companies use their brand idea and value proposition and permit consumer to create their own value involvement in the process (Prahalad *et al.*, 2004).

Co-creation process has been studied and demonstrate a lot of benefits when implemented in stores: higher level of customer value, customer satisfaction, employees’ satisfaction and performance (Chan, *et al.*, 2010; Im, J *et al.*, 2017). According to a Forbes article written by Crandell (2016), “*the more customers realize their vendor is committed to listening, embracing and delivering their precise requirements, the more they want to be involved in that organization.*”.

Companies like Pizza Hut, Swatch and Coca-Cola have good practices with this store atmosphere concept.

### **Pizza Hut (2014)**

Pizza Hut implemented in their restaurant a huge digital screen in tables that allows a better experience in the ordering and creating pizza process. When arriving in stores, consumers are able to select size, ingredients and the arrangement of all of it. After that, the ordering is done and consumers can play games, making waiting time more enjoyable (Kooser, A).

### **Swatch (2017)**

Swatch, after 34 years in the market decides to launch a new product that allows consumers to design their own model. The idea is clear and simple, when in store or online platform, consumers can choose their stylish straps, watch heads, loops and pins. There are available hundreds of combinations in different colours (Swatch, 2017). This new model leaves everything in the hand and creativity of consumers, being a watch much more special and appreciated by them than others already constructed.

### **Coca-Cola (2009)**

In 2009, Coca-Cola introduced in USA a new machine called Freestyle. The concept was based on a mix of flavours and brands in one single drink. Coca-Cola brand has under its mother brand, a lot of very well-known brands (Fanta, Coca-Cola, 7up, flavoured water, etc.). Together with an interactive display, consumers were able to create a fantastic mix based on their favourite drinks. This concept also helped Coca-Cola team with data metrics to select the best assortment of their brands.

#### **4.3.5.4. Customer Employee Interaction**

One of the key successful factors to deliver a pleasant customer experience is the Interaction Company Customer. Many times, frontline employees who are the nearest to customers, are seen as spokespeople for the company in this interaction (Cambra-Fierro *et al.*, 2014).

This type of connection is very importance because it can define the level of satisfaction and engagement, especially when applied in services or complaint management (Cambra-Fierro, 2014). There are many ways to engage people; workers' actions jointly with customer's responds are a great way of communication and a great way of construct trust and loyalty between them (Laer *et al.*, 2010). One good example of this is Apple and what is possible to experience in their stores.

### **Apple**

The Apple Store's magic formula: "*Building relationships is the secret to selling more products.*" said Gallo (2012) in an article written for *Forbes*. In this article it is possible to learn that what Apple has in their store are not just the products, are the people inside it that contaminate (in a good sense) the environment and turns the experience into a good

one. The real secret is how they train, qualify and teach their employee to interact with customers (Gallo, 2012). Employees are no intrusive and they are friendly and helpful. They really understand what products are in the store, easily full filling consumers' need with the right products.

#### **4.3.5.5. Hybrid Stores**

A Hybrid Store is a place where it is possible to find more than one business inside. In these businesses, a service covers different sectors of the market place, creating multiple concepts. Brands have to use their knowledge and expertise to create a store that make sense for clients and attract consumer from other areas. The objective is clear; attract new customers, promote slow shopping, create impulse shopping and, in the end, increase sales (Malin, 2014).

These diverse services can be complementary or not, and must create meaningful and memorable experiences always taking into account the brand personality rather than transactional purchases. Below, an explanation of how Louis Vuitton and Baeta Café are applying hybrid stores in their spaces.

#### **Louis Vuitton (2012)**

Louis Vuitton opened a store in 2012 in Rome that contains a screening room where the brand present different short films every month and host movie premieres. More than a store, this concept, which features an in-store movie theater, is a tribute to Italian cinema (Louis Vuitton, 2017). With this concept the brand can deliver to their clients, not just their products but also the experience of watching a movie in a stunning store.

#### **Baeta Café (2015)**

Baeta Café is a space where men can shave and, at the same time, have a snack. This space opened in Lisbon in March 2015 and its location is in a very typically Lisbon neighborhood. This space offers a truly welcoming experience; the environment is very cozy and vintage, but essentially very comfortable. With this hybrid solution, consumers can definitely have a good experience when they need to shave and at the same time enjoy a soft meal (Nit, 2015).

#### **4.3.5.6. Retailtainment**

According to Ritzer (1999: 99), “*Retailtainment is the use of sound, ambience, emotion and activity to get customers interested in the merchandise and in the mood to buy*”. To applied this store atmosphere, it is important to use the store as a service centre, refashioning it and rebalancing the space.

It is notable that nowadays consumer wants more experiences than the simple product. Retailtainment comes to fill this need and to create a consumer experience based on escapism and entertainment. The main reason for this trend is the increase in in-home entertainment and gaming that is making the more traditional forms of commercial in shopping centers less attractive for consumers. Retailers and restaurants are now combining theatrical concepts and audiovisual attractions along with traditional retailing concepts to improve the experience of shopping and eating (Gonsior *et al.*, 2016).

#### **American Girl**

There is a store called American Girl that is a good example of this trend. American Girl is more than a store, it is a place where girls can come and let their imaginations soar. Girls schedule their favourite American Girl dolls for stylish new hairdos, ear piercing, and a bit of pampering with them. The company also offers delicious dinner menus, parties, dancing, crafts where girls can have fun and have a huge imagination with their favourite doll. (American Girl, 2017)

#### **Sacoor**

Sacoor is a Portuguese fashion lifestyle brand that adds unique classiness, quality and design to menswear, women and kids. The stores have inside beautiful flowers, different fragrances and musical instruments, where customers can listen cool jazz music. This allows the store to have a cool luxurious atmosphere where customers can appreciate the whole experience of shopping (Sacoor Brothers, 2017).

#### **4.3.5.7. Store Mood Zones**

According Gallo (2013), consumers that only want to simply buy a specific product, they do it online but for those who enter in a store, them propose it to learn and to experience the environment full of brands’ personality and its products/services.

For that reason, it is important that the store transmits something and reduce the barriers between employee and clients (Gallo, 2013).

Creating store mood zones is a technique to decrease and minimize negative moods and to increase positive ones. The idea is to apply different zones inside one single store depending on the type of products, target and lifestyle. One practical example is **Intermaché**, a French retailer that is based in Portugal. In 2017, the retailer opened a new hyper store in the south of Portugal with large dimensions. In this hypermarket it is possible to easily find specific parts for each kind of product, decorated according. The store created an all atmosphere for fishmonger (e.g.) where the freshness blue is felt and gave to consumer a special experience. Also for sushi, bread and vegetables were created a special area according the specification of the products (Marcela, 2017).

Also, Quicksilver is being developing their offline stores via innovation and the biggest example of that is based in Portugal.

#### **Quicksilver (2017)**

In Portugal, the major store of quicksilver, a fashion brand target essentially for surfers and skaters, is in Ericeira. It is possible to find in this store, a modern and inclusive environment where surfboards are sliding in the ceiling, where skates invade the walls and where consumers can check their emails, watch videos or navigate in their social media; everything in one store (Visão Sete, 2011; Briefing, 2011). This store is very multifunctional. Woman, man and children cloth is visible separated, skaters can buy and test their skate in the skate park that belongs to the store, and also there is a special space dedicated to surfers (with all the accessories needed) (Visão Sete, 2011; Briefing, 2011).

#### **4.3.5.8. Interactive Screens**

Consumers are evolving. Nowadays, consumers are much more related with technology and second screen syndrome. We live in a generation “why” where is a paradigm of fast shifting - the change seems to be the only constant. This generation consumes differently and because of that stores need to go along with this trend.

Although human factor (employees) remains a valuable asset in a store atmosphere, the combination of an interactive screen makes the process of consuming much easier (Anderson, 2005).

Touch devices provides a faster and intuitive interface for users and can simplify customer interactions and transactions. Users do not have to know how to use the devices

and can simply touch the display to make selections. No keyboard is required, saving space and complexity. Interactive screens make customers' experience, when in stores, much more enriching and different than what they are used to. They are ideal for product advertising, retail merchandising and point-of-sale promotions.

Beyond the example of Telepizza mentioned below in **topic 4.3.5.3** where an interactive screen was used to facilitate the ordering process and entertain the client, Gucci Milan and McDonalds are also two companies that applied this feature.

#### **Gucci Milan (2014)**

Gucci, to commemorate the 90<sup>th</sup> anniversary, opened in Milan a new concept store with digital screens. This store has fashion shows and iPads to choose the clothes and see it in a mannequin. The store is absolutely modern and with good appearance associated with the quality of the brand. Gucci did not forget the young target, and created a video wall for kids as well. The screen has a teddy bear which dances to beats and sounds created by children who interact with the wall (Smart Insight, 2014).

#### **McDonalds's (2012; 2014)**

In the UK, McDonalds's created an interactive projection on the floor called "Happy Meal Play Zones". The play zone offers to kids a serie of unique and movement-activated interactive floor media games, linked to each Happy Meal promotion. This gesture technology is now available in 250 restaurants (Buss, 2012).

Also, nowadays, it is possible to find in each McDonalds's restaurant a modernize store were balconies almost disappear to give space to interactive screens. Through this screens, clients are able to make their orders, having access to all kind of menus step by step. After that, the customer pays in the machine or in a balcony reserved for this effect. This process is nowadays very normal and implemented in the society (Ribeiro, 2015).

#### **4.3.5.9. Reverse Channels**

The traditional distribution channels are made by: producer, intermediary and final, consumer. In reserve channel the concept is, as the name indicates, inverted. Reserve channel workflow is made by: consumer, intermediary and then producer/beneficiary (Bhasin, 2016).

In reverse channels there are a corporate social responsibility where there are moral, ethic, and philanthropic values and responsibilities (Carroll and Buchholtz, 2003). With this

process, the idea is that companies think more in social responsibilities and not just be focused on maximizing profits. Rao and Holt (2005) argue that implementing Green Supply Chain Management (GSCM) will reduce or eliminate the environmental impacts of productive activities on purchasing processes, production, distribution, service provision, reverse logistics and, particularly, if there is involvement of suppliers, distributors, partner companies, competitors, government and consumers.

## **H&M**

*“Together we can close the loop”*, *“Great fashion should never go to waste”* and *“Look great, feel good, be conscious”* are the mottos for H&M’s campaign, a fashion brand distributed worldwide.

H&M was the first fashion company to launch a global garment collection initiative. Its customers hand in the clothes that they do not use anymore and this company will provide them a new life through three different ways: re-wear (clothes in good conditions, were sold as second-hand products), reuse (old clothes were transformed into other products) and recycle (the clothes were transformed into textile fibres). In order to benefit consumers, the brand gave a discount in the next H&M purchase (Packham, 2015)

## **Banco Alimentar (2017)**

Banco Alimentar is a Portuguese social institution (IPSS) that serves other institutions fighting against hunger. Banco Alimentar locally collects and distributes several thousands of tons of goods to many organizations. In turn, these organizations will distribute prepared meals and food baskets to people who have difficulties.

Usually, Banco Alimentar volunteers’ go to supermarkets two times per year in order to collect food donations from people (which is their most known campaign). Their approach starts by kindly ask supermarket’s customers that have just entered the store, if they are interested in supporting the cause. If their reply is positive, then a plastic bag will be given to these people so that they can full fill it with every food supply that they want to donate (Banco Alimentar, 2017).



#### 4.4. ACTION PLAN

Session	Objectives	Action Plan	Time
1 <sup>a</sup> session	Develop the students' interest in the case study	Distribution of the case study to the students Introducing FMCG market and its issues Introducing Henkel and Sonasol brand Creation of work groups	90'
Out of session	Know the case study	Individual case study reading, diagnosis and comprehension Initial case study analysis and group discussion	30'
2 <sup>o</sup> session	Understand the case study Presentation of the first set of questions	General questions are made to students to create a healthy discussion about what they learn about Sonasol During the class, each group have to develop the first 2 questions and present orally	90'
Out of session	Students research about new store atmosphere	Initial research about what is and what type of store atmosphere already exist Study new trends	45'
3 <sup>o</sup> session	Introduction of new store atmosphere Learn what type of store atmosphere exist and which brands are doing it Clarification of any doubt	Together with students, the teacher should explain what store atmosphere is and its importance Transmit the concepts of literature review Motivate students for this trend	90'
Out of session	Case study resolution and presentation preparation of the missing questions	Complementary research about topics that left doubts Resolution of the last questions Development of the case study presentation	120'
Final session	Case resolution presentation and discussion	20 minutes' presentation for each group Questions and general class discussion Lecture conclusions and sum up of the main group conclusions	90'
Out of session	Score work groups	Case resolution (50%) + Presentation (30%) + Discussion (20%)	

#### **4.5. ANALITIC FRAMEWORK PRESENTATION**

This case study should have two different approaches when solved: qualitative and quantitative approach. Just with this two methods, students can deeply understand the positioning and strategies of the brands. The quantitative approach will teach students how to lead with Nielsen company and how results are demonstrated to FMCG companies. This perception is very important and interested because, in fact, it demonstrates the market and brands in a way they have never had access to.

In order to give an adequate response to the problem of Sonasol, it is essential that the students carry out a rigorous analysis of the brand as well as quantitative data that enable students to make decisions based on the following data:

- Evolution of sales volume and value inside home care and inside different segments;
- Portfolio evaluation of the brand and its competition;
- Evolution of sales volume of ammonia sub-segment and why its importance in the market during these 65 years;
- Sales evolution of home care segments by distribution channel: mainly differentiation between evolution of dynamic channel (hypermarkets and supermarkets) and traditional channel (Cash&Carry and small retailers);
- Analysis of socio-demographic profile of home care consumers;
- Analysis of consumers regarding the profile, consumption habits and purchasing decision process;

The qualitative study based on the literature review also imposes itself as a useful tool of the case analysis, providing the knowledge of the most relevant characteristics of store atmosphere and its trends.

#### **4.6. ANIMATION QUESTIONS**

- What do you know about FMCG market? Which type of segments exists inside this market?
- What do you consider to be detergents brands? Which are your “top of mind” detergents brands?
- How do you see the evolution of Sonasol through the time?

- Do you consider Sonasol a brand recognized by Portuguese consumers?
- What is the decision making value with more importance nowadays? Price?
- Do you think that only price is important nowadays when people go to supermarket?
- What kind of strategies can brands adapt to differentiate themselves from the competitors?
- Which are the senses that influence the buy decision making process? Are there always the same?

#### 4.7. CASE STUDY RESOLUTION PROPOSAL

The resolution proposed is merely indicative, and may be complemented or changed due to the dynamic market environment in which the case is inserted. The answers will serve as a reference for the teacher /trainer in order to constitute an element of pedagogical support and learnings.

#### 1. Starting with the contextualization of the case, develop a dynamic SWOT analysis of Sonasol brand.

##### SWOT analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- S1: Historical reference within Home Care segment</li> <li>- S2: Portuguese brand</li> <li>- S3: Association of quality and confidence</li> <li>- S4: Leader in the most important sub segment in the market (all purpose cleaners)</li> <li>- S5: Successful launch and development of premium products for the category</li> <li>- S6: Consistent and strategic innovative pipeline</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- W1: Dependent on basic ranges with low added value (reference with higher market share)</li> <li>- W2: Promo strategy not as strong as market leader</li> <li>- W3: Very dependent on Ammonia product (Sonasol Verde)</li> <li>- W4: Viewed as traditional and not modern by young consumers</li> <li>- W5: Not view as a loved brand</li> </ul>
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HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?

<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- O1: Social media as the new communicate platform for brands</li> <li>- O2: Top of mind brands have competitive advantages in a very competitive market</li> <li>- O3: Innovation is crucial in this market</li> <li>- O4: Interest growing in organic and environment friendly products</li> <li>- O5: Differentiate the brand on the shelf</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- T1: Competition promo pressure with heavy 50% off discounts</li> <li>- T2: Private labels development across ranges</li> <li>- T4: Change in the role of women and cleanliness</li> <li>- T5: Increase in the number of domestic workers contracted and enterprises</li> </ul>
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**Dynamic SWOT analysis**

<p><b>SO Strategy</b></p> <ul style="list-style-type: none"> <li>- (S1/S2x01) Construct a digital social media platform in order to accelerate communication and be more close to consumers (e.g. Facebook page with easy cleaning advices posts or an influencers strategy that has a huge impact in younger generations)</li> <li>- (S5x04) Launch a new sub-market in the market with a new trend concept (e.g. natural and organic ingredients)</li> </ul>	<p><b>WO Strategy</b></p> <ul style="list-style-type: none"> <li>- (W3X02/03) Take advantages of the popular Sonasol Amoniacal Verde that already have a lot of awareness and create a more modernize and sophisticated range around it</li> <li>- (W4x05) Construct an innovative strategy to apply in offline store (e.g. a new store atmosphere)</li> </ul>
<p><b>ST Strategy</b></p> <ul style="list-style-type: none"> <li>- (S1XT2) Study a new distribution channel via opening a unique store for Sonasol in big malls with workshops and cleaning tips.</li> <li>- (S3XT4) Construct products more concentrated and communicate this benefit to younger consumers who value the efficacy and quickness in their cleaning.</li> <li>- (S1XT5) Invest in cleaning companies and construct a partnership with them. If housewives perceive Sonasol products as the favourite of their domestic, they will trust them and buy it</li> </ul>	<p><b>WT Strategy</b></p> <ul style="list-style-type: none"> <li>- (W2xT1) Instead of price competition, create a gift campaign with prizes related to the time of the year (Christmas, Carnival, Summer, etc.)</li> <li>- (W3xT4) Take advantages of the popular Sonasol Amoniacal Verde that already have high awareness and create a modernize and sophisticated range around it</li> </ul>

**2. In your opinion, what are the most relevant issues in Sonasol's strategy, specifically segmentation, target and positioning?**

**Segmentation**

Choosing one or more targeting criteria, among all possible criteria, assumes that it is possible to evaluate and compare their qualities and defects. The qualities that a segmentation criterion must have are three: relevance, measurability and operative value (Lendrevie *et al.*, 2015).

For segment Sonasol's consumers, it will be applied a geographic, demographic and psychographic fragmentation.

First of all, in terms of *geographic* criteria, Sonasol is a Portuguese brand so the only segmentation applied here is Portuguese territory. Henkel has in their international portfolio more than one brand name under the same products. So, for example, in Spain, brand name is Bref but there are a different communication and personality of the brand. In terms of *demographic*, it is possible to split into gender and age. People with different gender have different tasks and functions in their day-to-day. Age in this segment is a clear segmentation target; people too young or too old will not have capability or interest in have this commission and buy Sonasol products. Yet regarding demographic classification, the family members and profession are also important to take into account. This two last topics, will run on with the economic class of each family/person.

Psychographic segment it is important to analyse the life style and values that consumers have. People who care about deep cleaning and are obsessed with cleaning are different that people that just need to clean sometimes and can live with a more superficial cleaning.

**Target**

Sonasol's target will consist in two types of consumers, the current and oldest consumers of the brand and the younger consumers for whom the brand is having difficulties in reaching. This division is essentially important because of the change in the role of woman nowadays. In this days, women are more active in society and consequently, busier. This behaviour is special important fundamentally in the communication of the brand that can not anymore be traditional and boring, for this new type of consumer. In

the other hand, there is some attributes like deep cleaning that are the most important ones when the brand need to reach more traditional consumers.

Because of that, nowadays the brand work with two defined targets:

Current old Sonasol consumers:

Non-active housewives of middle, upper and upper middle class, over 38 years old. They are consumers who value and waste a lot of time cleaning the house, they are perfectionists and cleaning experts. They value products with Ammonia or Bleach as it gives them confidence in disinfection.

Current and future younger consumers:

Active Housewives, who value the balance between the personal and professional life of middle, middle and upper social classes, live mostly in littoral and large urban centres like Lisbon and Porto. They are consumers between 25 and 38 years old, who do not want to spend too much time cleaning the house. This target is looking for practical solutions that allow them to be thoroughly cleaned and disinfected. They are consumers who do not value aggressive ingredients such as ammonia or bleach. These consumers tend to have no children and their homes are made up of one or two people. They value their career and products that are comfortable and that make the task of cleaning simpler, easier and enjoyable. These consumers prefer to spend more money on a product that is certain, a product that added value and where there is brand trust.

We can see that the current role of women in society as well as the tasks and importance given to cleaning the house have undergone major changes over time. More and more, women are taking an active position in society to the detriment of their exclusive role as housewife. The new consumers continue to value the cleaning but have a more practical and simple view of it, often leaving the cleaning responsibility on the products they buy. The consumers are more informed, have more specific needs and value more than ever the free short time they have in life. Therefore, it is natural that the time spent cleaning is decreasing, with the focus being on the purchase of products that are effective and in which they have confidence.

## Positioning

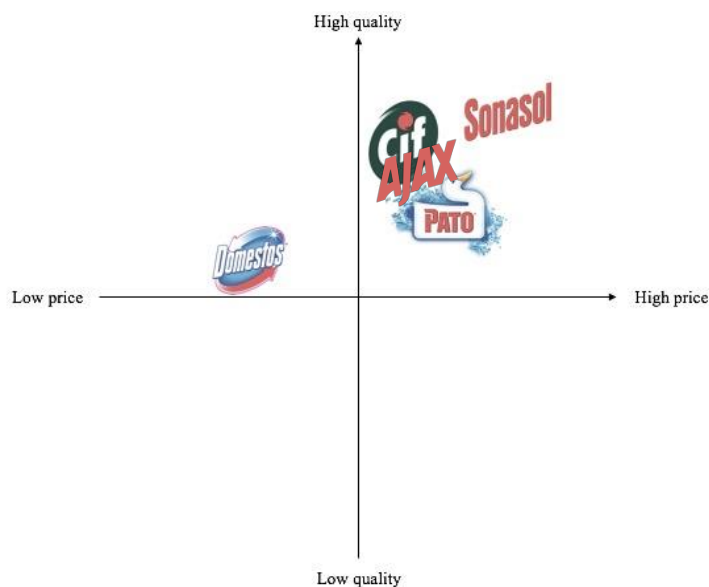
Currently, Sonasol is focused in two different statements: "Deep Cleaning and Disinfection" and "Perfect cleaning that shine". These two statements are the point of start of any launch or brand communication. In this way, it is easier to create associations in the mind of consumers. The first positioning is the old one and it is the base for all brand, it is from here that all movements are thought and it is with this idea that the main target of Sonasol buys the products – oldest consumers.

On the other hand, with a premium launch and with the focus in the new generation target, the brand is changing the positioning of some products in order to be more appropriate to the kind of needs of these younger consumers. So, because younger consumers have less time for cleaning, they want and desire easy products that achieve the final results faster and with perfection. With premium shiny products, there is a promise of a visible bright result.

So, Sonasol is a familiar brand that is in Portuguese homes for more than 65 years. This traditional value is used by the brand and it is strongly associated with the values and concept that consumers linked with.

## *Perceptual map*

**Fig. 11** *Perceptual map in terms of price and quality*



**Source:** Developed by the author based on Henkel (2017)

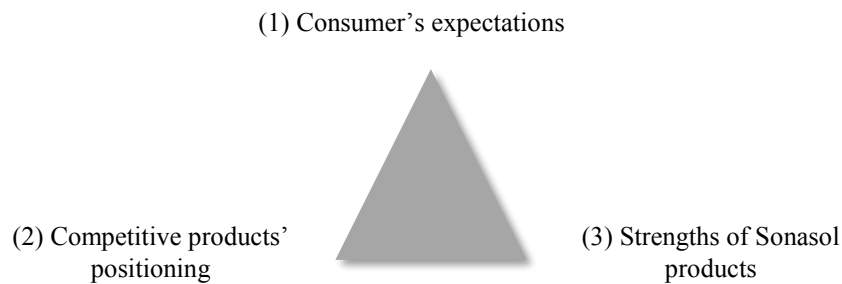
Perceptual map is really important to easily understand and provide information regarding different market segments and identify how well products are inside the market. Also, with this analysis it is possible to see how consumers perceives the brand. In this case, it was used two different benefits: price and quality. This two benefits were choosing based on the main elements in the consumers' decision making process nowadays in detergents market. It was tested that in the decision process this are the two mainly factors that consumers take into account and also it is how they differentiate each brands from each other.

Starting with **Sonazol**: the brand is the one with highest quality associated; products are concentrated and tests proved that the brand “do what promises” better than competitors. Internal European tests affirm that Sonazol has a premium quality that is also recognized in Portuguese market. Regarding price, the brand is the more expensive in the market in this segment. The quality of these products does not allow a margin sufficient large to decrease prices. This is also consequently of the promotional strategy lived by other brands, that Sonazol can not enter. Second, **Cif**: Cif is a worldwide brand that also offers high levels of quality. Some products, when compared with Sonazol have mildly less quality but this do not mean that the products are weak. Regarding price Cif is more attractive to consumers than Sonazol. Cif can provide more promotions and special packs, that consequently hold to an increase of sales and consumer's preference. **Ajax**: Ajax is a good and trust brand with good products. The promise is viable and consumers tend to like and appreciate the results. In terms of price, the brand is cheaper than Sonazol and Cif and have several discounts moments through the year. **Pato**: Also this brand is a historical one inside WC and home care market associated with quality and trust. Despite this strong icon for Portuguese consumers, the brand is being losing their positioning in the market, being nowadays considered as not evolved and not innovative brand. The solutions given to the market some years ago, are no more interesting and with no added value. Because of that, the quality of the products is reducing but the price is still higher than competition mainly because of the big awareness of the brand, that permit sales even with higher prices. **Domestos**: The brand inside Unilever was created to penetrate the market with a very basic solution that correspond to a lower price. These products, despite the basic solution, works in Portuguese market where consumers try to find easy and simple products. With a lot of investment, this brand came to recruit new consumers, although the results in the year to date are reduced the brand has growth potential.



## *Gold Triangle*

**Fig. 12** *Gold Triangle*



**Source:** Developed by the author based on Mercator (2015)

### (1) Consumer's expectation

#### Targeting market buying criteria


1. 40% Quality
2. 30% Price
3. 25% Smell
4. 4% Packaging

Consumers have clear expectations when they search for home care cleaning products. The quality of cleaning full fill 40% of the making decision process, being the main attribute that brands should carry out. After the quality, consumers specially look at the price, that nowadays has a higher impact in consumers' mind. After checking the first and second benefits, consumers fell in love with the smells felt. The product' smell will be the fragrance scent in consumer's home so this attribute is really important and have a huge meaning after quality and price. Forth, the packaging; there are several tests and research about the impact of packaging in consumer's preferences. A good design and image quality, can transmit better a message and trust to the potential buyer. If colours, texts and message are harmonious, the products are better receive and understood.

### (2) Competitive products' positioning

Competitive environment has quite the same characteristics and benefits. The quality of each brand change but the endorsement elements are conversion for the same benefits. This market is very competitive and what is being seen is a constant change in all products according what other competitors do. During time, all movements made by one simple brand are, after some time, emitted by others. Detailing each competitor:

<b>Principal Benefits</b>				
<b>Cif</b>	Price	Quality	Packaging	Smell
<b>Ajax</b>	Price	Packaging	Quality	Smell
<b>Pato</b>	Smell	Quality	Price	Packaging
<b>Domestos</b>	Price	Packaging	Smell	Quality


  
 more important and competitive for the brand – less important

Cif is becoming, as Sonasol, a family brand for Portuguese consumers. Young generations, due to the heavy communication that the brand does, already recognize this brand as an example of the market. Their positioning is helping make the life easier and the house cleaner and beautiful. It is with this base that the brand constructs their products and their communication launches together with a competitive price. Ajax's positioning is the creating of a clean environment for the family with quality products that clean and protect the surfaces of your home. Ajax is focus in quality and in pass this message for consumers, it is a younger brand, more modernize that essentially works with sprays. In Portugal the brand is not very relevant. Pato is brand focused in problem solvers, the positioning of the brand is a fast disinfection without problems. The ranges of this brand promises no germs and a freshness smell easily, being the brand focus in its quality. Main positioning of Domestos is that is better than other brands, the brand communicate that kill the germs others don't however the products' quality is not better than competitors. Benefits associated with Domestos are special the price and the simple appearance.

### (3) Strengths of Sonasol products

As already worked in SWOT analysis, the principal strength of Sonasol are: it historical name and reference within home care segment, the fact that is a Portuguese brand, the association that Portuguese consumers made with quality and confidence and the strong concept of products that already are in the market.

Regarding the principal characteristics of the products, and the main focus of the brand on it:

Principal Benefits:

1. Quality
2. Smell
3. Packaging
4. Price

The importance of the quality, is well perceived by both, however when talking about price, the paradigm changes. Sonasol has the price as the last key priority because of costs that the brand can not change. In the other hand, all products have a special strong fragrance that are tested and confirmed with potential consumers before every launch. The smell is very priority for the brand; in a company view the smell is the one thing that consumers can “feel” about the product when in store so should be taken seriously.

### *Sonasol Strategy*

Sonasol is a detergent brand of home care that combines quality and innovative products, always with a perfect cleaning guarantee.

This is the main strategy for Sonasol that include all movements made through the year. Sonasol launch at least 2 references every year, associated also with a re-launch of all the standard ranges; ensuring a constant modernization of all elements inside the brand. The innovation is the key for this brand without never forget the main traditional products that keep the brand healthy and sustain sales if anything goes wrong with the new product. A good relationship with retailers allow a good development inside them, that brings visibility and reputation to the brand. Being a challenger in the category, reducing the gap with Cif in terms of market share, is the main objective of the brand for this year.

**3. Taking into consideration the very aggressive promotional context in supermarkets nowadays; different distribution and implementation strategies should be applied. Within the four human senses - vision, touch, smell and hearing - mention which ones can make sense to be developed and deepened in a perspective of a new store atmospheres creation for Sonasol and why.**

The main 4 senses of human beings are the principal characteristics that can influence and manipulate the consumer perception about a store. Sonasol brand is inside home care detergents which have specific cleaning ingredients that may be hazardous and harmful to both humans and the environment, and these aspects should be taken into consideration.

### **Smell**

Aromatic messages are processed instantaneously and instinctively. That is why aromas have a great effect, surprising and acting in the brain centres, provoking reactions that

can be emotional or physical. Seen this, it seems clear that the secret is to invest in the reactions that can be triggered by smell (Neto, 2017).

The smell, after the product propose, it is the main decision factor to an act of purchase or not purchase made by consumers. The smell that will be felt in home after the cleaning process it is what consumers most like and appreciate (being the cleaning something that they already expected to happen) (Henkel, 2017). Considering information behind, the first aspect to be taking into account is the smell of the product. It must be favourable and pleasant. It has to correspond to Portuguese favourite smells and traditions. This aspect is allocated to the company and its legal and R&D department.

Second, the smell felt inside a store and near the interested products, can have a lot of influence in the experience of the consumer, and can have a positive increase in approach behaviours, time and money spent. Through the smell felt around, the product can be associated with freshness (Farias *et al.*, 2014; Kotler, 1973) and good times and can sometimes take people to old memories that bring happiness and affection. There are many new ways nowadays that allow a smell experience of the product while in store. The positive part, is that consumers can instantly smell what the product it is and appreciate its aroma. On the other hand, if there is more that 5 products/brands doing it, it can be confusing or intrusive and brands have to

### **Vision**

Inside a wall full of products, if the eyes see, more probable is the act of buy. Vision is what make customers feel the brand and the product. It is what can differentiate and what Sonasol work for in their packshots. If all the elements that allow a good visibility in the store are aligned and correct there is a guarantee that at least the consumer will be impacted by the brand/product.

The light should be the indicated assuring the visibility of the product. In supermarkets, brands have a no direct influence in each light hall but there are already many solutions as frames, displays or accessories that can do the effect intended. Studies indicate that highlighter products should be at least 5 times brighter than the rest of the products in a store. This research informs also that just with this light differentiation, consumers captures the product in the right way (Bercík *et al.*, 2016). Also, nowadays are available digital screens that can be applied and insert in vision element. Content passing out and

for example tips and tricks can influence the interest and knowledge of a brand that give a positive image and feedback regarding it.

### **Hearing**

Music has an emotional power in people. The bits and lyrics can influence mood states and can inspire, calm or accelerate people. Because of that, it is a very important sense and a good atmosphere feature. Generally, in supermarkets the music used is classic. This kind of music leave consumers more calm and susceptible to spend more money. This element is already used nowadays in big supermarkets and the results are clear; there is no doubts about the use of this sense. Since, in detergents halls, there is no specific type of music already used, this can be an opportunity. Change the type of music of this specific area will transform the experience more fun and familiar.

Young consumers appreciate more rhythmic music and if the product is for this target, there can be an opportunity.

**Touch** will be not considered in this question because surfaces would not change their characteristics at a touch level.

#### **4. Do some personal research regarding innovative store atmospheres that are emerging nowadays and identify at least 2 that can be used in the future for detergent category at supermarkets. (Give one example of other brand implementation as benchmark and explain the main advantages)**

Store atmosphere is a new trend and started to be fully explored recently. Traditional advertising (TV ads, radio, mupis) communicates verbally and visually the brand and product benefits, the experimental marketing has the mission to tries to immerse consumer into the product by engaging as many human senses as possible. In this way, experiential marketing can cover a variety of other marketing strategies.

In this research, it was found 9 types of store atmosphere that can be the future for offline stores and retailers and should be also a point of attention for brands and marketers.

So, possibilities are: storytelling, new ways of payment, co-creation, customer employee interaction, hybrid stores, retailtainment, store mood zone, interactive screens and reserve channels. Depending on the objective and issues that marketers find in their business, a

multiple combination of store atmosphere can be applied, always recorded about the problems and first impressions of consumers.

### **Interactive Screens**

Interactive screens are a big trend nowadays with multiple benefits. Brands are starting implementing this feature in their business with many objectives and specifications.

This is a way to communicate with customers or potential customers and to create innovative experiences by replacing the old posters and flyers with a more interactive communication and the great advantage of saving money and time.

A brand that uses this functionality very well is McDonald's, a worldwide chain of fast food restaurants, that adopt their stores to the new digital world and replace the service counters by digital screen where consumers can order and pay their hamburgers. This screen was a success and a digital transformation which accelerated the process and made everything simpler and more intuitive. People are already advanced enough to accept this kind of new solutions in stores.

Through the interactive screen it is possible to pass TV commercials of the brand but it is also possible to pass some useful content that because of the high costs of television, can not be done in TV commercials. For example, Sonasol Sprays Windows, have a very advantageous benefit that consumer do not know or understand – once used, this detergent not only cleans the glass and drops of water but also leaves a repellent coating that will not let the dirt get caught up so quickly. This kind of benefits that are not strongly enough to appear in television commercials, but at the same time are relevant to consumers, can work very well through short videos at the store point. Also, the market of detergents has nowadays a lot of offer and the true is that consumers can not truly differentiate the propose of each one. There are to main segments and specifications; the process of choose the “best product for my need” is to many hard. For this reason, is important to simplify and give people the right and needed information for this selection. Over a digital screen is possible to construct a virtual butler of cleaning (the face of the brand) that can explain and select the best product with only a few touches on the screen.

On the other hand, when the brand has some specific promotion or challenge with awards, it is very hard to communicate to everyone; consumers are not really informed about it in general. The information scattered in the store is normally confused to consumers and have not the effect that brands deserve to or equivalent to the money investment.

Fig. 14 Illustrative Interactive Screen for Sonasol



Source: Developed by the autor

Fig. 14 The "butler explains" application to implet in supermarkets



Source: Developed by the autor

Vantages	Disadvantages
Attraction of consumers Dynamic vs traditional ads Infusion experience; High contact and consumer participation.	Initial huge cost; Need of expertise to develop the software; Ad avoidance felt by consumers who tend to ignore it.

### Storytelling

People will always remember better a story than a brand. Although storytelling is more easy to use through digital channels via video. The fact is that this kind of communication can also be used and transposed to an offline store.

Through this store atmosphere, brands can tell millions of stories and important facts about the products and its evolution. Storytelling is not a new concept; telling stories is something that has been around since the emergence of the human being. Even though it's an old-fashioned activity, it really works.

A brand like Sonasol with 65 years old in the Portuguese market can use storytelling to engage consumers and retain all that already know it and remember its history since the beginning. If a brand has strong awareness because of its temporal presence in the market, so consumers can not forget it. An emotional side can be use here.

According what Olenski (2015) wrote in a Forbes article, storytelling is a way to convey the personality, that means that this marketing tool is the perfect platform to let the

personality of the brand shine through and to show this to consumers. Here consumers, can see the brand as not just a product and a lot of elements and qualities around it. Also, hitting the motional quotient, is another tip of Olenski (2015). The author mentioned that storytelling is the best way to hit emotionally someone; tell stories that are real or based on real ones, will evokes feelings and emotions very fast.

Sonasol, as a historical brand in the Portuguese market, should take advantages of this while in store. Marketers can arrange a way of tell the brand history through point of sales materials or with an activity with promoters. The true is, old consumers mainly know how and when Sonasol appears and its quality association; this target perceives the brand and know the main values of it. But what about the new target for Sonasol? The new generation of housewife? This generation should know the progress of this brand and the value it brought to the market.

Sonasol can have a point of sale material decoration where the brand tells the main relevant points of change in the brand or the revolutionary/innovative products along time.

Also, some experience with promoters can be added. Through a real story of dirty and cleaning while in store, consumers can have a better perception of the benefits and specificities of each product.

**Guide:**

Act 1: Promoter dirty the floor with some type of soil or dust previously supplied by the brand in a small space in the store.

Act 2: Promoter calls on some client to seize the opportunity to clean and see the benefits of the product. In this process the promoter should be very educate and attentive in order to explain to consumer that this will be a funny experience and not a boring housework. Also, in this activity, the brand will offer product in a sampling campaign to attract consumers.

Act 3: The client accepts and chooses the product for the floor that he/she wants to use. The product is added to warm water and the fragrance is pleasantly felt in the store.

Act 4: With the promoter help, the consumer passes the mop through the dirtiness and the floor becomes clean, shinny and fragrant.

In the end, consumer choose the product to take home (the one he/she experienced or another one) for free. This will be an experience unforgettable and even seeming very



simple, it can impact people and elevate the brand to top of mind and consumer preference. The story of cleaning is normally taken as boring but with this funny moment in the store consumer will remember as a good story to take home.

*Fig. 15 Storytelling example for Sonasol*



Source: Developed by the author, 2017

Vantages	Disadvantages
<ul style="list-style-type: none"> <li>• Higher identification between client and brand;</li> <li>• It shows another side of the company that is not just "selling";</li> <li>• Easier to remember the message;</li> <li>• Emotional side.</li> </ul>	<ul style="list-style-type: none"> <li>• Hard to develop it well;</li> <li>• May not be well perceived;</li> <li>• Consumers can not give attention to it;</li> <li>• Can be boring.</li> </ul>

#### 4.8. CASE STUDY RESOLUTION SLIDES

## How can store atmosphere be applied in Sonasol brand?


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A case study of Henkel company

Sonasol



## Case Study Presentation

 The presented pedagogical case study aims to study the importance of the **new store atmosphere** trends in a fast mover consumer good brand, **Sonasol**, in Portugal.

**Problematic:**  
Fast mover consumer good's brands are experiencing a dramatic reality regarding price competitiveness. Since May 1<sup>st</sup> 2014, when one of the major chains of the country has advanced with a strategy of 50% price cut off in all store, the market has been getting more and more aggressive.

*Is conventional marketing enough to attract new and existing consumers? Has, a brand that has been on the market for 65 years, ability to grow and differentiate itself versus the competition? What is really attracting consumers when they are impacted by hundreds of completely different products in a store?*


**Objectives:**

- Through in-depth analysis of market trends
- The comprehensive study of the market and the consumers allowing to identify market opportunities and new strategic paths for the brand
- Activate curiosity for new trends in offline stores and the consequent learning of what store atmosphere is and its importance nowadays and in the future
- The types of store atmosphere trends that have been already implemented in some stores all over the world.

HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?


**Question 1** Starting with the contextualization of the case, develop a SWOT analysis of Sonasol brand and, after it, a dynamic SWOT.

<b>SWOT</b>	<b>Strengths</b> S1: Historical reference within Home Care segment S2: Portuguese brand S3: Association of quality and confidence S4: Leader in the most important sub segment in the market (all purpose cleaners) S5: Successful launch and development of premium products for the category S6: Consistent and strategic innovative pipeline	<b>Weaknesses</b> W1: Dependent on basic ranges with low added value (reference with higher market share) W2: Promo strategy not as strong as market leader W3: Very dependent on Ammonia product (Sonasol Verde) W4: Viewed as traditional and not modern by young consumers W5: Not view as a loved brand
	<b>Opportunities</b> O1: Continue developing all purpose cleaners with innovative and premium references O2: Take advantages of top of mind brand O3: Continue develop innovation in the market O4: Invest in digital channel with social media webpages O5: Differentiate the brand on the shelf	<b>Threats</b> T1: Competition promo pressure with heavy 50% off discounts T2: Private labels development across ranges T3: Change in the role of women and cleanliness T4: Degradation of the brand (price) and its profitability, if there are no valued innovations



**Question 1** Starting with the contextualization of the case, develop a SWOT analysis of Sonasol brand and, after it, a dynamic SWOT.

<b>Dynamic SWOT</b>	<b>SO Strategy</b> (S1/S2xO4) Construct a digital social media platform in order to accelerate communication and be more close to consumers. (S5xO3) Launch a new segment in the market with a new concept (e.g. more natural and organic)	<b>WO Strategy</b> (W2xO2/O4) Combat the promotional market with a new communication base on the leadership of the brand in digital channels. A brand as Sonasol have enough force to interact with their target (W4xO5) Construct an innovative strategy to apply while in store (e.g a new store atmosphere)
	<b>ST Strategy</b> (S1xT4) Study a new distribution channel via opening a unique store for Sonasol in big malls with workshops and tips. (S5xT5) Invest in launches with a clear added value so consumers are able to pay more for them. Communicate via TV or digital channels this benefits	<b>WT Strategy</b> (W2xT1) Instead of price competition, create a gift campaign with prizes related to the time of the year (Christmas, Carnival, Summer, etc.) (W3xT4) Take advantages of the popular Sonasol Ammoniacal Verde that already have a lot of awareness and create a more modernize and sophisticated range around it



**Question 2** In your opinion, what are the key factors in Sonasol's strategy such as segmentation, target and positioning?

**Segmentation**

Geographic: Portuguese territory

Demographic: Gender and age

Psychographic: Life style and cleaning values

**Target**

Non-active housewives of middle, upper and upper middle class, over 35 years old. They are consumers who value and waste a lot of time cleaning the house, they are perfectionists and cleaning experts. They value products with Ammonia or Bleach as it gives them confidence in disinfection.

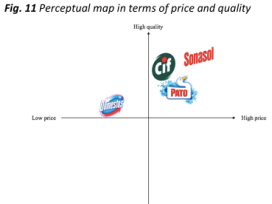
Active Housewives, who value the balance between the personal and professional life of middle, middle and upper social classes, live mostly in littoral and large urban centers like Lisbon and Porto. They are consumers between 25 and 35 years old, who do not want to spend too much time cleaning the house.

**Positioning**

**"Deep Cleaning and Disinfection" & "Perfect cleaning that shine"**

Easy usage products that achieve the final results faster and with perfection

**Fig. 11 Perceptual map in terms of price and quality**



Source: Developed by the author based on Henkel (2017)

HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?

**Question 2** *In your opinion, what are the key factors in Sonasol's strategy such as segmentation, target and positioning?*

**Gold Triangle**

**Targeting market buying criteria:**  
 40% Quality  
 30% Price  
 25% Smell  
 4% Packaging

(1) Consumer's expectations

(2) Competitive products' positioning

**Principal Benefits:**  
**Cif:**  
 Price, Packaging, Quality and Smell  
**Pato:**  
 Smell, Quality, Price and Packaging  
**Domestos:**  
 Price, Packaging, Smell and Quality

(3) Strengths of Sonasol products

**Principal Benefits:**  
 Quality  
 Smell  
 Packaging  
 Price

**Strategy**

Sonasol is a detergent brand of home care that combines **quality and innovative products**, always with a **perfect cleaning guarantee**.

**Question 3** *Taking into consideration the very aggressive promotional context in supermarkets nowadays: different distribution and implementation strategies should be applied. Within the four human senses (vision, touch, smell and hearing), mention which ones can make sense to be developed and deepened in a perspective of a new store atmospheres creation and why.*

The main 4 senses of human beings are the principal characteristics that can influence and manipulate the consumer perception about a store.

**Smell**

**Product itself:** The smell, after the product propose, it is the main decision factor to an act of purchase or not purchase made by consumers

**Atmosphere:** The smell felt inside a store and near the interested products, can have a lot of influence in the experience of the consumer, and can have a positive increase in approach behaviours, time and money spent

**Vision**

If all the elements that allow a good visibility in the store are aligned and correct there is a guarantee that at least the consumer will be impacted by the brand/product.

The light should be the indicated assuring the visibility of the product. Studies indicate that highlighter products should be at least 5 times brighter than the rest of the products in a store.

Digital screen can be also used to increase consumer attention.

**Hearing**

Music has an emotional power in people. The bits and lyrics can influence mood states and can inspire, calm or accelerate people. Because of that, it is a very important sense and a good atmosphere feature. Generally, in supermarkets the music used is classic. This kind of music leave consumers more calm and susceptible to spend more money. Since, in detergents halls, there is no specific type of music already used, this can be an opportunity.

**Question 4** *Do some personal research in what kind of future store atmospheres are being created nowadays and identify at least 2 that can be the future for detergent category while in supermarkets. (Give one example of other brand implementation as benchmark and explain the principal advantages)*

Store atmosphere is a new trend and started to be fully explored recently. Traditional advertising (TV ads, radio, mupis) communicates verbally and visually the brand and product benefits, the experimental marketing has the mission to tries to immerse consumer into the product by engaging as many human senses as possible. In this way, experiential marketing can cover a variety of other marketing strategies.

- Storytelling
- New ways of payment
- Co-creation
- Customer employee interaction
- Hybrid store
- Retailtainment
- Store mood zones
- Interactive screens
- Reverse channel

HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?

Question 4

Do some personal research in **what kind of future store atmospheres** are being created nowadays and identify at least 2 that can be the future for **detergent category** while in supermarkets. (Give one example of other brand implementation as benchmark and explain the principal advantages)

Interactive screens

→ This is a way to communicate with customers or potential customers and to create innovative experiences by replacing the old posters and flyers with a more interactive communication and the great advantage of saving money and time.



Vantages	Disadvantages
Attraction of consumers Dynamic vs traditional ads Infusion experience; High contact and consumer participation.	Initial huge cost; Need of expertise to develop the software; Ad avoidance felt by consumers who tend to ignore it.

**Communication:**  
Ad commercials, challenges, special promotions, etc.

**Virtual butler:**  
Menu with purpose of cleaning intention and tips redirecting to what kind of product are more indicated.

Question 4

Do some personal research in **what kind of future store atmospheres** are being created nowadays and identify at least 2 that can be the future for **detergent category** while in supermarkets. (Give one example of other brand implementation as benchmark and explain the principal advantages)

Storytelling

→ A brand like Sonasol with 65 years old in the Portuguese market can use storytelling to engage consumers and retain all that already know it and remember its history since the beginning. If a brand has strong awareness because of its temporal presence in the market, so consumers can not forget it. An emotional side can be use here.

Vantages	Disadvantages
Higher identification between client and brand; It shows another side of the company that is not just "selling"; Easier to remember the message; Emotional side.	Hard to develop it well; May not be well perceived; Consumers can not give attention to it; Can be boring.

**Point of sale material:**  
Telling the brand relevant points along time  
Story of most innovative products

**Promoters activity:**  
Through a real story of dirty and cleaning while in store, consumers can have a better perception of the benefits and specificities of each product.



HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?

## 5. MANAGEMENT LESSONS

The Home care market is a highly competitive market that does not grow through new customer's acquisition, it is a market with a high degree of competition and where the functional differentiation of products practically does not exist (Henkel, 2017). The market is practically stable with just some oscillations in brands market share per periods (Nielsen, 2017). It is an extremely complex market since there are more than 600 references inside it. In the last years, private labels have entered with very similar functional offer and with a price that in some cases reaches half of the main brands. This phenomenon won in a very short time 30,7% of the market share inside home care detergents, being the leaders of almost all segment inside FMCG (Nielsen, 2016).

The importance of brand innovation and differentiation is increasingly in relevance as it will enable brands to differentiate and build a competitive advantage *vis-à-vis* versus their competitors. Investing in awareness will not necessary pay off in short-time sales effect but will slowly construct brand equity that in long term lead with more stable sales and market performance (Anselmsson *et al.*, 2015). The importance of having the brand in consumer's top of mind is what can make brands being the chosen ones over others; brands must be able to convey consumers about their benefits in a coherent and intelligent way in order to capture their attention and in order to have not the element 'price' in a high level in decision-making process (Dodds *et al.*, 1991)

Sonazol is a brand with high recognition, however big brands do not last forever and to avoid this forgetfulness, brands have to adapt themselves according new consumers and also evolve agreeing with the right market trends.

It becomes clear that the growth of home care detergents market must be done through a constant innovation, differentiation, superior quality and whenever possible introduction of new store attractiveness.

Inserted in the current dynamic and competitive context in which Sonazol is found, the study of this case allows a comprehension in:

- Through in-depth analysis of market trends, consumer analysis and portfolio analysis it is possible to identify the strengths and weaknesses of Sonazol in order to improve its competitive position: Current direct competitors are very strong and focus on the business. As the market is stable, brands have constantly to fight for their position in the market instead of just increase penetration and recruit new consumers. This aggressive

situation converges to a high level of investment in communication and point of sale materials differentiation;

- The comprehensive study of the market and the consumers allows to identify market opportunities and new strategic paths for the brand: in a promotional environment, brands have to learn how to increase curiosity and interest in a specific brand or product. It is clear an opportunity to increase experimental marketing in offline stores. Experimental marketing aims to create an exclusivity bond to strengthen the company's relationship with its consumers, encouraging them to partake in experiences with products, services or brands. In this sense, it is not enough just to see; according to experiential marketing, the brand must be felt, listened or experienced creating an emotional connection between the consumer and the brand – using elements such colour and light. With this marketing strategy, consumers cease to be just a receiver of information, to be part of the brand. (Zambuja *et al.*, 2016);

- Activate curiosity for new trends in offline stores and the consequent learning of what types of store atmosphere are and its importance nowadays and in the future: Store atmosphere is inside the concept of experiential marketing. In a well constructed atmosphere, consumers can feel and live inside a brand personality. Store atmosphere provides a competitive differentiation and a brand interaction that is important to retailers in order to form a good relationship with customers. Establishing this approach, brands construct an experience immersion where clients increase their concentration and time spent in a store (Foster *et al.*, 2015);

- The types of store atmosphere trends that have been already implemented in some stores all over the world. Based on the main 4 senses that can be stimulate inside a store atmosphere, it is possible to create zones when consumers feel more comfortable and enthusiastic about the product or service. There are many global brands that are nowadays starting successfully investing in this marketing strategies. **Storytelling** is a strategic very easy and with good results in digital channels, where brands can easily tell the history pretended, facts or funny processes of its product thought images and videos. Inside stores the implementation is not so easy but when done have a great impact in consumer's minds, giving the felling of being inside something real and not just buying a product. **New ways of Payment** are the future; there are already some solutions and discovers about this process. People want everything more fast and simple so everything that will facilitate the long waiting lines and the digitalization of codes in a security way



will be well accepted. **Co-creation** came as the “part of process” feeling. When products or services are delivery with the help of customers and its evolvment in the process, it becomes a lot more special and significant. **Customer Employee Interaction** seems like a simple and acquire service but, in fact, when did in the right way and with the right education, can change the quality perception of the service and also can change the need of the consumer. Being with someone that gently explains and guide the shops, increase the satisfaction and also the money spent. **Hybrid stores** – why not two at the same time as one? – this store atmosphere came to simplify and to seize the spaces. Consumer can in this store enjoy two different business (that normally are complementary) and enrich their experience. **Retailtainment** is a funny way of entertain consumers, as the name indicate. In a store where the ambient is rigid and destined just to see, catch and buy, this store atmosphere can make the different. Why? It delivers to consumer’s theatrical concept and audio-visual attractions, for example, that get customers interested in the products and in the mood to buy. **Store Mode Zones** transforms specific areas in more conceptual ones where clients can organize better the thoughts and understand where specific products are. **Interactive Screens** are the future of stores since digitalization is the new era of marketing. This screens came to facilitate consumer’s life and be more intuitive than leaflets and posters. There are many ways of activation of this application – just informative, videos passing, applications with menus, etc. Finally, **Reserve Channels** where there is a social responsibility; the idea is that companies think more in ethnical or humanitarian elements that will add value to the brand. Here, instead of the normal process, companies receive product/material to change them into final ones again or to donate.

Conclusively, even though the importance of new experiential marketing strategies and store atmosphere have been insufficiently researched by academic researchers, FMCG companies start to gain the necessity of doing something different than done until today and recognize the importance of store atmosphere. In fact, as the actual Henkel CEO Kasper Rorsted mentioned in an interview for Mckinsey & Company, Henkel is already considering some new ways of improving their shop’s experiences but nowadays mainly in Beauty Care department (Behrenbeck, 2014). In this sense, detergent companies should continuously focus on changing their mindset that different marketing strategies and experiences for consumers are a “nice to have” to a “must have” to leverage their business.

HOW CAN STORE ATMOSPHERE BE APPLIED IN SONASOL BRAND?

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