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How can century-old multinational companies adapt their marketing and communication strategy to the digital channel and generational evolution: Philips Portuguesa S.A.

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MSc in Marketing

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ISCTE Business School

october, 2020



BUSINESS
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Marketing, Operations and General Management Department

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The decision to develop this pedagogical case was a compilation of two main goals that I have in my academic and professional day-to-day: to be useful to someone besides me and to enjoy doing it. It is not always easy to get the most out of these types of projects, but with the help, love, and support of those around me, all steps were taken more easily, and gradually I managed to reach the end of this path. So, I would like to leave a few words for these people.

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Glossary of Abbreviations & Acronyms

MNC – Multinational Company

SDA – Small Domestic Appliances

GDP – Gross Domestic Product

CGT – Consumer Goods Technology

LDA – Large Domestic Appliances

MG – Male Grooming

GC – Garment Care

KA – Kitchen Appliances

LE – Low-End

ME – Middle-End

HE – High-End

B2C – Business-to-Consumer

D2C – Direct-to-Consumer

TSM – Trade Shopper Marketing

PVPr – Preço de Venda ao Público recomendado – which means “Recommended Retail Price” in English

PPWF - Price Pocket Waterfall

MOQ- Minimum Order Quantity

SLA - Service Level Agreement

POS – Point-of-Sales

PR – Public Relations

SEO – Search Engine Optimization

SEA – Search Engine Advertising

CRM – Customer Relationship Management

KPI – Key Performance Indicators

CPM – Cost per mile / Cost per Thousand

VTR – View Through Rate

CTR – Click Through Rate

CPV – Cost-per-view

CPC – Cost-per-click

QE – Qualify entries

CPL – Cost per Lead

GRP – Gross Rating Point

ROPO – Research Online, Purchase Offline

CSF – Critical Success Factors

CSR – Corporate Social Responsibility

ROI – Return on Investment

CVR – Conversion Rate

RESUMO [PT]

O presente caso pedagógico tem como principais objetivos entender como a evolução do canal digital e das novas gerações, pode influenciar a notoriedade e posicionamento de uma Multinacional com mais de cem anos de existência e verificar como uma mudança estratégica pode influenciar estes resultados.

Para tal, foi utilizado o exemplo da Philips, uma empresa holandesa com 129 anos de existência, com vários marcos ao longo da sua história determinantes para a vida das pessoas de hoje. Estes marcos fizeram esta empresa estar sempre na mente dos consumidores, sendo considerada uma das marcas com mais prestígio nas suas diversas áreas de atuação. No entanto, isto não se manteve nas gerações mais recentes, já que ocorreu uma grande evolução no digital durante a existência dos Millennials, resultando numa grande mudança comportamental. Nesse sentido, para a Philips foi difícil fazer esta transição e manter com estes novos consumidores a mesma relação que tinha nos anos anteriores. Foi assim que foi perdendo posicionamento até ter de reestruturar a sua estratégia.

Este caso irá precisamente abordar estas alterações e a tomada de decisão da empresa em avançar com uma estratégia totalmente diferente, para se adaptar aos novos hábitos e comportamentos dos consumidores, bem como à utilização do canal digital para chegar até eles.

Palavras-chave: Canal digital, Reputação, Notoriedade, Mudança Comportamental, Millennials

JEL Classification System: M31 Marketing; L67 Other Consumer Nondurables: Clothing, Textiles, Shoes, and Leather Goods; Household Goods; Sports Equipment.

SUMMARY [ENG]

The main purpose of this pedagogical case is to understand how the evolution of digital channel and new generations can influence the notoriety and positioning of a century-old Multinational company and to evaluate the impact of a marketing and communication change on company's results.

Regarding to this goal, it'll be used the example of Philips, a Dutch company with 129 years of existence, with several important steps made throughout its history that were decisive for current people lives. These steps made this company being always in the consumers' minds, being considered one of the most prestigious brands in its various areas of operation. However, this didn't hold with most recent generations, as there was a great evolution in digital during the Millennials' existence, thus resulting on a behavioral change. Because of that, it was difficult for Philips to make this transition and maintain with these new consumers the same relationship that it had with previous generations. Due to this, the brand positioning was lost over time, until the moment when the company realized the need to adapt its strategy to the evolution of the context and its target.

This case will approach these changes specifically and the company's decision to move forward with a totally different strategy, so it could adapt to new habits and consumers' behaviour, as well as the use of the digital channel to reach them.

Keywords: Digital channel, Reputation, Notoriety, Behavioral Change, Millennials

JEL Classification System: M31 Marketing; L67 Other Consumer Nondurables: Clothing, Textiles, Shoes, and Leather Goods; Household Goods; Sports Equipment.

I. Introduction

1.1. Problem Presentation

Philips is a company with 129 years and high notoriety because of the big steps and contributions that it gave to the market. The baby boomers and X generation know Philips since they were born, and they have this brand on top of their mind, associating it to quality and reliability. If, on one hand, the brand was in the minds of these people, a lot also due to what was passed on to them by their parents, on the other hand, it was just that: the brand and the respective historical landmarks. The evolution of the brand and the change in strategy and core business have not kept pace with these generations, with Philips losing due recognition and notoriety to these people. This notoriety and these marks were so important and striking when they happened, that Philips never stopped being recognized by them. Of course, this was good when these facts happened but now it is difficult to change the customers' mindset.

As said before, the company's strategy was changing and walking to a strategy more related to health. The problem is that the company's communication didn't follow this strategy change. Consequently, customers' minds also didn't accompany it and they still don't recognize Philips as a healthy company. The actual generations know the brand, but they don't know what type of products the brand has and its value proposition. This lack of efficiency in communication is also related to the new channels of communications that have been appearing along these years. The importance of the online channel is growing fast and these new generations – mainly millennials – make almost all of their stuff online. Consequently, the brands are communicating online, selling online, and creating relations with the customers online. Of course, the youngest brands which have been appearing can “attack” at this channel easily because they construct and define their marketing strategy always considering the online. But for older companies, which have to adapt their strategy and mindset, it's more difficult to leave behind old actions, approaches, and ways of planning.

Nowadays, it's possible to face a new era of the industrial revolution, but in a non-tangible form. This is a digital transformation. The economy has rapidly shifted towards digital and e-commerce business is growing massively. (Telegescu, 2018). According to *Deloitte Malta / Technology* (n.d.) the digital economy is the activity that results from billions of everyday online connections among people, businesses, devices, data, and processes.

Multinational Companies (MNCs) are an important part of this digital transformation as they have the greatest power and the greatest return worldwide. MNCs are sometimes seen as an emerging global class of organizations that have the potential to form their intra-organizational field (Kostova et al., 2008). On the other hand, this situation can be harder for this type of company because of the costs of the online channel, and the consequent necessity to reallocate their investments according to the sales of all different countries, which will result in a non-consistent brand communication between all countries, and the smaller will be more harmed. This is related to the normal mindset of old companies as Philips, which have as a strategy to invest in marketing and communication only after having results and profit. This mindset isn't compatible with these new generation's behaviors and these news communication channels. Because of that, this digital transformation can be very difficult to apply for this type of company, considering the transformation has a lot of variables that can influence and make the process harder: the weight of sales in each country and budget to invest in the digital channel, international guidelines, local destinations context, stakeholder's mindset and capability to keep the notoriety and reputation. These can be barriers that should be analyzed and solved.

About the first variable, the budget depends on the sales of each country and, consequently, the weight of each country globally. Through this fact is easy to understand those small countries will have less budget to invest in digital transformation.

The second and third variables are related because sometimes one of the main difficulties of the firms is to accomplish international guidelines and, at the same time, adapt them to the national context. Some aspects are required internationally but make no sense locally due to consumer culture and habits, and this is a challenge to MNCs. Understanding the culture of people from different geographical environments has the propensity to respond to the challenges of contemporary international business. (Owusu Ansah & Louw, 2019). National culture has strong influences on numerous organizational activities, such as fiscal, financial, and strategic activities. (Owusu Ansah & Louw, 2019).

The fourth and fifth variables are also related because of the company's age. When the scenario is a company with more than one hundred years, a lot of principles, habits, and values could be outdated. Consequently, there may be resistance to change, new trends, ideas, and tools. The stakeholders could also create this resistance, unconsciously, to these changes, and a lot of times a mindset change is necessary to be possible to advance and go along market trends and evolutions. Nowadays a major challenge faced by organizations is how to adapt and leverage new digital technologies, as it requires organizations and their leaders to embrace

different mindsets and skill-sets to develop digital transformation strategies. (Stolze et al., 2018).

Companies must find ways to fight these barriers and follow the market trend. One of the big steps related to digital transformation is e-commerce. According to *GfK Portugal* (2020), between January and June of 2019, the global electronic market grew up to € 80 billion. This fact is creating the necessity to sell 24/7. In terms of Western Europe, the online share grew from 20% in 2016 to 26% in 2019.

Analyzing data is important to understand how the industry is behaving. According to *Statista* (2020), the Small Domestic Appliances (SDA) industry increased globally 15,9 billion U.S. dollars in terms of Revenue, since 2009, which is approximately € 14,3 billion. In 2019, SDA had a growth of 1,8%. All of the data presented previously is global. In Portugal, until December of 2019, the SDA represented € 289 million of total revenue.

Throughout the development of this work, in case-study standards, it will be analyzed the case of Philips, a Dutch MNC with 129 years, with the main goals of analyzing how a century-old multinational company can adapt its marketing and communication strategies to the digital channel and generational evolution. To this end, the factors influencing this adaptation will be analyzed and highlighted: the digital channel, new generational behaviors, and the company's notoriety over the years. In the case of Philips, the company became aware of the loss of notoriety and brand love by current generations, who will be the closest buyers. To be in the minds of current and future consumers, it is important to be at all touchpoints where the competition also is, to understand that the brand can also be competitive, communicating in parallel its current positioning, consequently trying to change the perception of the brand on consumers' minds.

II. Case

2.1. Macroeconomic overview

The session will be based on the indicators that have more influence and impact on Philips' business, from a macro perspective.

In terms of economic context, the Portuguese economy is growing, and people have more purchasing power, spending more money to have products with higher quality. According to *PORDATA* (2020), the Gross Domestic Product (GDP) in 2019 was € 212.302.788, representing a growth of 24,52% in the previous five years. This number represents an expected GDP per capita of € 20.639,40. (See Appendix B). This economic variable has contributed to the economic well-being of the Portuguese population. In 2018, according to *PORDATA* (2020), the economic well-being rate was of 0,308, with a growth rate in the previous five years of 71,11%. This fact helps to understand that people are more stable and, consequently, with a higher propensity to buy. (See Appendix C). Specifying the type of commerce where the company under study belongs, wholesale and retail, according to the same source, in 2018 were registered 217.831 companies in this economic activity (See Appendix D), with a business volume of € 146.251 (See Appendix E), representing 16,82% of the total number of companies and 34,47% of the total business volume, being the sector with the highest business volume. This sector has grown up 25,23% in terms of business volume in the previous five years (See Appendix E).

Thus, is significant to highlight data about the market of Consumer Goods Technology (CGT) in Portugal. According to *Gfk Western Europe* (2020), this market grew 7% in the last quarter of 2019, with revenue of € 1.021.000.000. Comparing to the same quarter of 2018, this number has increased by 3,3%. In the specific case of SDA, and according to the same source, this industry has increased 7,1%, representing the second industry with the highest growth, next to Large Domestic Appliances (LDA) with a growth of 8,4% in the same period.

The social variable is also essential to analyze because this variable represents the situation of the population, its motivation, and willingness to buy, and its behaviors. Terbeck (2014, p.32), referred that “In the complex world of today, technological progress shapes society and vice versa. This induces significant shifts in customer needs and habits. Consumers of the 21st century change their demands dramatically fast and the requirements placed on convenience, personalization, corporate social responsibility. ”.

Besides more qualitative data, there is some important data which influences the buyer decision in the SDA industry in Portugal:

- 74,5% of the Portuguese population had its own home in 2018 *Statista* (2020);
- According to *PORDATA* (2020), the final annual consumption expenditure of households in furniture, home furnishings, household equipment, and housing maintenance, in 2017, was € 6427,8, which represents a growth rate of 9,92% in four years (from 2013 to 2017).

The first data presented above, allows companies to understand that people are more predisposed to invest in their houses because they belong to them. Also, the second data proves that people are investing more in equipment to their houses, with a growth trend. This data allows understanding that people are more motivated and willing to improve their lives more and more, having a greater sense of security to buy and acquire something that makes them feel better and be better, without forgetting the social factor, which influences people to buy a specific brand with good notoriety and quality to show others that they're fine and they have conditions to buy that product. Besides these facts, is also very important to analyze their professional, and consequently, individual economic situation. According to *PORDATA* (2019), in 2018 the monthly average of remunerations was € 970,4 representing a growth rate of 6,46% since the previous five years. This growth trend represents also a purchasing power growth, with a positive trend for the next years.

To make this data useful for solving this pedagogical case, it is necessary to understand who these people are, verifying if they belong to the target of the company under study. According to *PORDATA* (2020), in 2018, 85,1% of the population aged between 25 and 44 years old were employed, which represents a growth rate of 13,32% since 2013. Also, 82,2% of the population with ages between 45 and 54 years old, in 2018, were employed, representing a growth rate of 12,30% since 2013. So, most of Philips' target is inserted in these age range, which is important to conclude that the target is in a stable situation in terms of work, consequently having conditions to buy. Most of this target belongs to the Millennials generation, and this percentage will be higher soon. According to *BBVA* (2015), Millennials will represent 75% of the world's workforce by 2025. 81% of this generation has a profile on Facebook and 83% sleep with their cellphone (*BBVA*, 2015). According to the same source, in terms of social networks, 95% of Millennials use WhatsApp, 65% use Facebook, and 44% use Youtube, all on daily basis.

According to Goldman Sachs (2016), Millennials are “one of the largest generations in history is about to move into its prime spending years. Millennials are poised to reshape the economy; their unique experiences will change the ways we buy and sell, forcing companies to examine how they do business for decades to come”. Similarly, the study of *BBVA* (2015), concluded that these people are more critical, demanding, and volatile. 86% of today’s consumers referred that they would stop doing business with a company if they had a poor customer experience and for this generation in specific, “negative digital experiences online and on mobile devices have a much greater negative impact than on other age groups.” (*BBVA*, 2015). The case of Philips will be precisely a consequence of these behaviors described above, as will be later approached in this case. This generation took Philips to examine and redefine its marketing and communication strategy. While with previous generations, brand awareness and notoriety were enough to guarantee sales, independently of prices, with Millennials it doesn't work like that anymore. According to *AIMIA* (2012), Millennials are more loyal to a brand due to price than quality, although they value quality also a lot (See Appendix H). This is linked to the ease that this generation has in accessing and buying any kind of product.

“Millennials have come of age during a time of technological change, globalization, and economic disruption. That’s given them a different set of behaviors and experiences than their parents. They’re also the first generation of digital natives, and their affinity for technology helps shape how they shop. They are used to instant access to price comparisons, product information, and peer reviews.” (Goldman Sachs, 2020, p.15).

2.2. Market Analysis – External

2.2.1. *The industry of SDA and its evolution*

The SDA industry is growing year by year, and this growth was higher in the last year. More competitors, more new trends related to customers’ homes, different consumer behaviors, and more investment in communication, are some of the reasons which are making this industry grow. According to *GfK* (2019), globally (except North America) this industry has grown € 24.3 billion in the first half of 2019 (growth of 9,3%). In this industry, it’s important to highlight that there are considered different segments. The segments which have contributed more (50%) to this growth were vacuum cleaners, food preparation, coffee machines, air treatment, and male personal care. It’s possible to see through appendices M, N, O, P, Q, and R, how Philips is performing in Portugal in these specific segments since 2018, except Air Treatment, because the company doesn’t receive market data for this category, however, its presence is very

insignificant. The Philips' growth was noted only in Male Grooming (MG) and Coffee, despite the loss of market share in Shavers (the main subcategory of MG) since 2016 (See Table 1). It's easy to understand that these 5 segments have evolved a lot in the last years, thanks to technology and innovation. The main objective of the brands, and what customers are looking for, is simplicity and convenience, and because of that, the brand is constantly trying to develop new solutions and improve current ones facilitating the customers' lives at their homes.

This is also related to generational evolution. The actual customers are mainly Millennials, as it's possible to see in the previous Chapter, which is a generation that values new experiences, technology, and convenience, while the previous generations were more loyal to the brands and the essential functions of the products. More than half of the consumers (52%) agree with this affirmation: "I'm always looking for solutions which simplify my life" (*GfK Consumer Life*, 2019). The topics of simplicity and convenience are becoming more important to the success of the SDA industry. A good example of this behavior and mindset is the vacuum cleaners, in which the cordless hand vacuum cleaners are the most searched because of their practicality, while in the previous generations it was unthinkable to have a vacuum cleaner without a bag, for example. A study of the same source has concluded that these customers want to reflect their identities and ambitions through their objects (*GfK*, 2019). This is the reason that they want the most innovative gadgets, including in their kitchen or room.

This generation is also more worried about the planet, pollution, climate changes, and health. What makes them healthier is important for Millennials, like food and fitness. (See Appendix AF). Because of that, the segment of food preparations is obtaining big importance in customers' lives. The blenders category is gaining a big portion of this segment, having grown up 18%, achieving total revenue of €1.02 billion during the first semester of 2019, according to *GfK Global* (2019).

It is also important to highlight that, even though it has been growing until now, this growth is expected to continue to increase at least for the next 3 years. Between 2014 and 2018, SDA grew 26,19% worldwide, being the second fastest growing industry at the time. It is estimated that between 2018 and 2023, the industry will increase 47,10% more, becoming the industry with the highest growth. (See Appendix F).

2.2.2. *Small Domestic Appliances in Portugal*

According to *GfK Western Europe* (2020), in the Portuguese context, in 2019, the SDA industry, compared with 2018, grew up 7,1%. This was the industry with second highest growth, between seven different industries. The category which had higher growth was LDA

(with a growth of 8,4%), followed by SDA and after followed by telecommunications (with a growth of 4%). This fact also allows us to understand that people have invested in their houses. According to *GfK Portugal* (2020), SDA grew 7,11% between 2018 and 2019 in terms of value (full year) (See Appendix I), and 3,33% in terms of units in the same period (See Appendix J), in Portugal. In this regard, it's possible to conclude that customers are buying more products of Middle-End (ME) and High-End (HE) ranges.

Considering also the European context is important to point out that Portugal was the country with the biggest growth in the SDA industry, in terms of value and considering the local currency, according to the same source. Talking about numbers, this growth was 14,1% (from 2018 to 2019). In this study, it was analyzed twelve different European countries, and the average growth was 7,21%, which means that Portugal had almost the double growth of this number (*GfK Western Europe*, 2020).

2.3. Competitive situation

To correctly analyze the competitive situation, it's important to consider the different Personal health business categories. Currently, Philips Personal Health has nine different categories: Male Grooming, Beauty, Kitchen, Garment Care, Floor Care, Air Treatment, Coffee, Oral Care, and Mother&ChildCare. For the analysis of the competition, the focus will be on the Male Grooming (MG) and Garment Care (GC) categories, which will be the two chosen categories for the strategy which will be mentioned ahead.

In MG, the main competitors are Rowenta, Braun, Remington, AEG, and Becken. According to *GfK Portugal* (2019), at the end of 2019, the market of MG, except hair clippers, worth € 13.961.332, having grown 6,79% since 2018 (See Appendix P). At this category, Philips had 54,7% of the market share in 2019, with a growth rate of 0,92% between 2018 and 2019, in value. These numbers make Philips the market pioneer in this category, followed by Braun, Becken, Rowenta, and Remington. Shavers is the subcategory of Male Grooming which has most of the MG market value, having represented 44,7% of the total MG market at the end of 2019 (See Appendix Q). Regarding top products, and focusing on Shavers, Philips had twelve products in the top twenty selling products in terms of units sold, with three of them in the top five (See Appendix S). Referring values, Philips had fourteen products in the top twenty selling products, representing more than 50% of all these products, and with all the top five positions (See Appendix T). This means that consumers buy more Philips Shavers, especially in the higher price points.

Now about GC, which belongs to Domestic Appliances, the main competitors are Rowenta, Braun, and Tefal (besides Tradebrands). According to *GfK Portugal (2019)*, at the end of 2019 Philips had 20,4% of the total GC Market, representing the second position next to Rowenta, with a market share of 32,5%, and before Braun with a market share of 10,9%. (See Appendix U). Philips has grown 0,6% since 2018. The market has grown 3,81% in value, representing € 29.742.356 at the end of 2019, mainly driven by Philips, Rowenta, Tradebrands, and Braun, which have grown 0,6%, 1,2%, 0,5%, and 1,2% respectively, according to *GfK Portugal (2019)* (See Appendix U). Regarding top products, and focusing on Ironing Systems, in the top twenty selling products, Philips occupied five positions in units sold and eleven in terms of value but didn't occupy the top five (See Appendices V and W). This means that Philips' products with higher price points were the most bought, and this is good because it reflects the consumers' trust in the brand, to the point of buying more expensive products easier because they know that these products are good.

Table 1 – Evolution of Market Shares from 2016 to 2019 (Philips and competition)

	Brand	2016	2017	2018	2019	Δ ('16 - '19)
Male Grooming	Philips	68,90%	67,70%	66,70%	69,10%	0,29%
	Braun	24,30%	24,80%	23,60%	21,90%	-10,96%
	Remington	2%	2,40%	2%	2,60%	23,08%
	AEG	2,50%	2%	3,60%	2%	-25%
	Tradebrands	-	2,70%	2,50%	2,40%	-
	Shavers	€6.225.518	€5.415.688	€5.349.029	€5.430.366	-14,64%
Garment Care	Philips	20,60%	23%	19,80%	20%	-3%
	Rowenta	36,80%	34%	36,70%	39,50%	6,84%
	Tefal	11,10%	11,70%	8,70%	6,70%	-65,67%
	Braun	6,50%	8,30%	9%	10,70%	39,25%
	Tradebrands	3,20%	3,40%	4,40%	4,90%	34,69%
	Ironing Systems	€14.613.000	€15.754.345	€16.190.174	€16.812.055	13,08%
	Total SDA	€235.932.000	€256.825.000	€269.800.000	€288.972.000	18,35%

Source: GfK (2020, 2019 e 2018) - Internal Data

2.4. Internal Analysis

2.4.1. Company's History and business model

Philips is a Dutch company with products related to technology and innovation, in the businesses of consumer lifestyle and health care. The company was founded in 1891, in Eindhoven, and later its headquarters were transferred to Amsterdam, both in the Netherlands. Philips has started producing carbon-filament lamps.

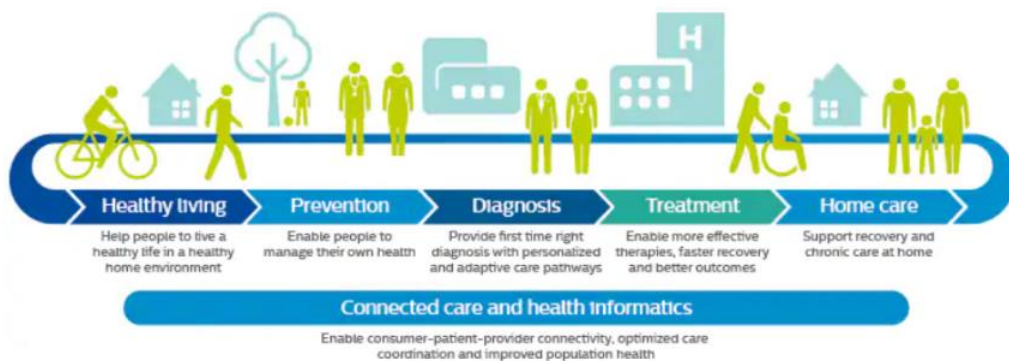
Since its creation, there have been several innovations that Philips has brought to the market, essential for many of the products that are used today. In 1919 started a huge explosion in terms of the number of marketing companies' creations, and that's when Philips started to protect its innovations with patents in areas as x-rays and radio reception, which had booked the beginning of diversification of its products' range. After that, it launched two of the products for which it would be known for, until today: in 1925 the company started its first experiences of TV and launched its first shaver. Years later, in 1940 occurred the beginning of a big evolution in terms of science and technology, and Philips invented the rotative heads, which led to the development of Philipshave – electric shave. Until 1990, Philips made historic production of TVs and Philipshave, and mainly because of that these two products are now the most recognized as Philips' products. In the same year, Philips implemented an important restructuring program, to regain a strong position. Along these years and until 2014, Philips developed consumer lifestyle products – as SDA – and medical equipment. It was at this time that Philips decided to sell the department of audio and video. Two years later, due to the same reason and according to the core business of the company, Philips decided to sell the lightning department. This restructuring made the company focus on consumer lifestyle and medical technology. Nowadays, Philips operates in two distinct business areas: Health Systems and Personal Health. Philips is a leading health technology company focused on improving people's health and enabling better outcomes across the health continuum from healthy living and prevention, to diagnosis, treatment, and home care. Philips leverages advanced technology and deep clinical and consumer insights to deliver integrated solutions.

At Philips, the vision is to strive to make the world healthier and more sustainable through innovation. “Our goal is to improve the lives of 2,5 billion people a year by 2030. We will be the best place to work for people who share our passion. Together, we will deliver superior value to our customers and shareholders.” (*Philips Intranet: Company profile*, n.d.). Today, Philips is a leading health technology company focused on improving people's health and enabling better outcomes across the health continuum – thereby creating value for its stakeholders. With the focus of delivering meaningful innovation, Philips serves both the professional and consumer markets throughout the world in areas of health systems and personal health. In this respect, the company's mission is to improve people's lives through meaningful innovation. The brand promise of the company is: “We're a technology company that cares about people. We listen, discover, and challenge, to deliver meaningful innovation to people with one consistent belief – **there's always a way to make life better.**” (*Philips Intranet*, n.d.).

2.4.2. The company's strategy

Philips' strategy is based on making the world healthier and more sustainable through innovation. As a focused leader in health technology, Philips is determined to build upon its rich heritage by touching millions of lives each year with its innovative technology solutions (*Philips Intranet: Our strategy - Company - About*, n.d.). The company wants to satisfy the need of a lot of people all around the world who are looking for new ways to proactively monitor and manage their health, through the digitalization process in health care business, which is changing the products and solutions in health, “combining systems, smart devices, software, and services, which deliver greater benefits to customers.” (*Philips Intranet: Our strategic focus - Our strategy - Company - About*, n.d.). Philips sees value in integrated forms of healthcare, unlocking the power of data and artificial intelligence at the point of care, while at the same time optimizing care delivery across the health continuum, which is the way that company likes to visualize healthcare – as something continuum, throughout life, and not just in times of illness and disease. (See Figure 1).

Figure 1 – Philips Health Continuum



Source: Philips Intranet

The Personal Health business, which is the focus, in this case, is mainly present in healthy living and home care phases, helping people to create healthier habits and take care of themselves. Philips believes these all factors will help people to avoid unhealthy situations and future diseases. To sum up, Philips helps people giving them a healthier lifestyle, which will help to avoid pathologies and diseases and help to give them health when they're more fragile. The companies' focus is “Helping people live a healthier life.” (*Philips Intranet: Our strategy - Company - About*, n.d.).

2.4.3. *Operating Model and Products*

In the Personal Health business model, Philips offers different products of nine different categories, as it’s possible to understand through the following table:

Table 2 – Philips PH Organization (categories and products portfolio)

	Category	Description
Personal Care	Male Grooming	Male Personal Care, including shavers, beardtrimmers, hairclippers, bodygrooms, multigrooms and detail trimmers.
	Beauty	Female Personal Care, including traditional epilators, IPL epilators, hair dryers, straighteners, curlers and wake-up lights.
Domestic Appliances	Garment Care	The main category of DA, which includes three different subcategories: steam generators, traditional irons and steamers.
	Kitchen Appliances	The second major category in DA, including different SDA for kitchens: hand blenders, liquidizers, centrifuges, juicers, toasters, jars, grillers and fryers without oil.
	Coffee	Includes two different subcategories, although the second one represents a very small percentage of this business: automatic coffee machines and filter coffee machine.
	Floor Care	The category with a big market value, but where Philips doesn’t have yet its expected share. This category includes three different categories: bagless vacuum cleaners, bag vacuum cleaners and vertical vacuum cleaners.
	Air Treatment	The newest category in Domestic Appliances, with a big potential and where Philips is starting now, which includes two different categories: air cleaners and air humidifiers.
Health & Wellness	Oral Health Care	Electric toothbrushes and accessories.
	Mother&ChildCare	A childcare category, with Avent brand, which includes six different categories: breast pumps, soothers, feeding bottles, feeding accessories, bottle warmers and sterilizers.

Source:Self-elaboration (2020)

Talking about the operating model, in Portugal Philips isn’t selling in Business-to-Consumer (B2C) and Direct-to-Consumer (D2C) models, because the company doesn’t have its own stores, neither online nor offline, although most countries is operating in D2C perspective. This means that Philips only sells its products through its retailers of Chains, Mass Market, Traditional Channel, and Online Channel – as Worten, El Corte Inglés, Media Markt, Radio Popular, Auchan, FNAC, Mass Market (Pingo Doce of Jerónimo Martins, Continente of SONAE, Lidl, Intermarché, and Eleclerc), and other smaller retailers in the traditional channel. Each retailer has its range defined, for online and offline channels, communicating Philips’ marketing campaigns and making tactical actions in terms of promotions, newsletters, and leaflets. This type of action is accorded between Philips, specifically the Trade Shopper

Marketing (TSM) department, and the retailer, and Philips support them with a percentage of the final discount, and the retailer supports the rest.

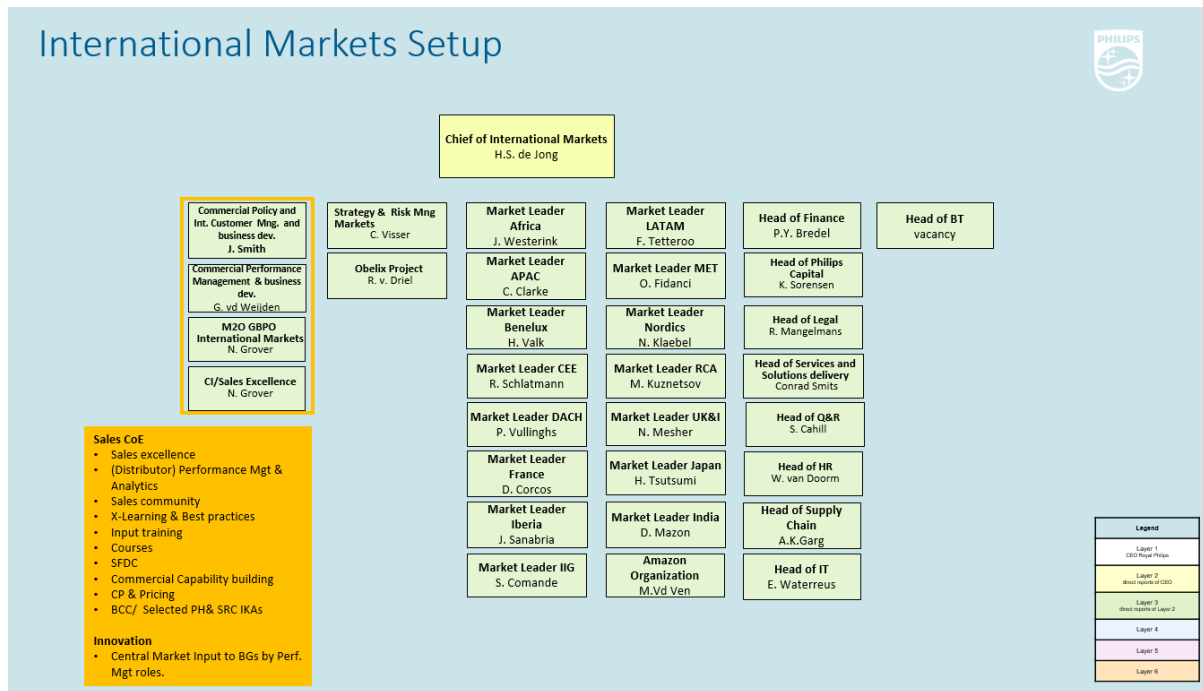
Every month of March and September Philips has new products, which presents to its customers, trying to list them, according to the distribution previously defined. After that, customers update their range if they want to have these products on it and try to sell them to the final consumers. The PVPr (Recommended Retail Price) is defined by Philips and the price which the retailers can buy them depends on the contract and pricing policy defined by Philips, with all the parameters, discounts, and agreements. The final price to the retailer will be the price defined through a Price Pocket Waterfall (PPWF), which includes all these discounts and agreed factors. In addition to the price and discounts previously defined, the minimum order quantities of customers are also defined globally. However, in the latter case, there is no flexibility to adapt. Internationally, when the tariff is defined with the various products, a Minimum Order Quantity (MOQ) is also defined for each product, that is, customers can only buy a certain product if, at least, order its MOQ.

2.5. Philips' Marketing

2.5.1. Marketing department organization

As a Multinational company, Philips is organized in different markets all over the world. There is a Chief of International Markets, who leads all markets except Greater China and North America, which have the own leaders. The Markets organization operates through the International Markets Management Team. In terms of Markets, Philips has 17 different markets all over the world (See Figure 2), being one of those Iberia, where Portugal is included with Spain.

Figure 2 – International Markets Set Up



Source: Philips Intranet - Company profile

As referred above, the International Markets Management Team forms the basis of all operations in the various markets, establishing guidelines, methods, and processes for the various Philips operating areas in the various markets. In each “box” of the blueprint above, there are several departments, within which the Marketing and E-commerce department (See Appendix W), the most important for this case study. This function supports the overall Philips communication and marketing strategy by strengthening the Philips brand with consumers, customers, and employees. Marketing & E-commerce has a core mission to provide direction, expertise, and process excellence, with the highest standards in the Marketing Domain that ensure a consistent Philips experience for customers and consumers. Also, they deliver (if required) shared services or shared operations (based on Service Level Agreement - SLAs) and effective infrastructure for reasons of skill/scope/scale. Within the Marketing and E-Commerce organization, the scope is comprised of brand management, brand positioning, brand experience and guidelines, and creative agency management. This department creates Health Tech Brand content and sponsorship strategy to build strong brand perception and experience across businesses, markets, and brand licensing. This means that all the communication and marketing strategy, for D2C or D2B, is developed by the Global team (Marketing and E-commerce department of International Markets Management Team), which pass the guidelines and basic structures to all the markets and each market will adapt it to its context, always respecting the

brand guidelines and the guidelines defined by the global team. In the case of Iberia, for example, after the market/cluster adaptation, there are also made other adaptations to the national context, considering that there are two different countries in the market, with different targets, habits, contexts and behaviors.

To sum up, throughout the world, the main communication message, the marketing guidelines (offline and online), and the types of campaigns carried out are all similar. What differs are the promotional levels, the products and categories communicated, and the channels, ways, and timings of communicating and / or promoting.

2.6. Philips’ E-commerce in Portugal

As said before, in Portugal Philips doesn’t have any D2C approach because the company doesn’t have its physical stores or online store.

When talking about E-commerce, is important to know that e-commerce is beneficial to the companies mainly because of the costs’ reduction and the proximity of the consumers and their data.

Table 3 – Advantages and disadvantages of E-commerce for brand and consumer

	What?	For whom?
Advantages	Availability 24 hours per day	Brand and Consumer
	More comfortable	Consumer
	Time savings in commuting and waiting	Brand and Consumer
	No physical barriers	Consumer
	The more informed purchasing process	Consumer
	Anytime, anywhere and in a different type of devices	Consumer
	Reduced implementation cost compared to physical stores	Brand
	Measurement of data in real-time	Brand
	Possibility to make quick and easy comparisons between products and brands	Brand and Consumer
	Use of the same resources for several online retailers and D2C store (in case of that) – no store limitations	Brand
Disadvantages	Impossibility to try the product before purchase	Consumer
	No sensory store experience (touching, feeling, smelling)	Consumer
	The product purchase process isn’t immediate involving delivery processes and delays	Consumer
	Not all products can be sold online	Brand
	Online purchases can generate more complaints	Brand
	The brand cannot influence the consumer at the final purchase decision moment	Brand
	During the consideration and research phase, there are several factors that can make the consumer go back (out of brand’s scope)	Brand
	Less Loyalty to brands and more loyalty to the shopping all experience	Brand

Source: Self-elaboration (2020)

In the specific case of Philips, most of the countries have an online store on websites. In Portugal, the online sales still represent a low percentage of total sales in SDA (5%, in average,

according to *GfK Portugal* (2019), which prevents from moving to an online store in Portugal because, internationally, the expected returns, maintaining the usual percentage of online sales, did not offset the costs of opening the online store and maintaining it. But the new generation, which will be the future buyers, is already very oriented towards online shopping and the brand needs to take this into account so that it can define a long-term sustainable strategy. The Portuguese case is different from the other countries because in Portugal there are a lot of people who don't like to buy online. According to *PÚBLICO* (2019), 63% of Portuguese people never made an online purchase, in September of 2019. Even though a recent survey of *Portal do INE* (2019), referring to 2019, found that 38,7% of the residents in Portugal, with ages between 16 and 74, made online purchases in the 12 months before the interview, which represents two percentual points more comparing to 2018. According to the same study of *INE* (2019), despite the growth observed since 2010 in E-commerce – twenty-four percentual points since then – the proportion of users in e-commerce achieved in Portugal in 2019 continues to be lower than the proportion obtained in 2018 for the EU-28 – the European results show 60% of e-commerce use. However, there are some more recent data that demonstrate how this type of consumption is very volatile and easily to changes due to external factors. An example of that is the pandemic situation described in Chapter 2.7.6. This external factor had a huge impact on online consumption. According to *Observador* (2020), this pandemic situation led to an e-commerce growth between 40% and 60%. Besides that, according to *ECO SAPO* (2020), 37% of portuguese people referred that they bought more online after the lockdown and they intend to continue to do so. This post-pandemic effect will be analyzed in more detail in Chapter 2.7.6.

The Philips' target is included in the age range of the previous studies, however, in the specific case of Portugal, it's important to consider that Portuguese people still have the habit of wandering around malls and shopping areas a lot, and it is something they like to do because they find this type of experience interesting. And this experience they do not find on the online channel. However, it's very important and necessary to change this mindset and to start valuing other things besides the offline shopping experience.

In terms of numbers, in all the industries in Portugal three million buyers have bought online, spending € 4,2 billion, in 2017. According to *Ecommerce Foundation* (2018), Portugal finished the year 2017 with an online business volume of € 4,7 billion, with a growth of 12% compared to 2016 (*E-commerce em Portugal*, 2020).

In the total market of SDA, according to *GfK Portugal* (2020), online sales represented 6,17% at the end of 2019, with € 17.835.000 of sales, in a total market of € 288.972.000 (See Appendix I). Comparing to the previous year (2018), this value of online sales has grown

52,93%, whereas offline sales have grown 5,04%. Despite being different numerical dimensions, sales on the offline channel grew much less than online, representing the downward trend in their weight in total sales (See Appendix I). When talking in terms of units sold, the scenario is a little bit different. The online sales have represented 3,58% of the total number of sold units at the end of 2019, with 221.000 sold units in a total market of 6.167.000 units. Comparing to the previous year, this value of online sales has grown 46,36%, whereas the growth of offline sold units has grown only 3,33% (See Appendix J). Also, despite being different numerical dimensions, this represents the downward trend in their weight in total sales. Another relevant data is, as the growth in online sales was higher in terms of value than units, the customers bought more expensive products online, and this is a good sign of customers' trust in e-commerce.

For all the companies which don't have online own store, including Philips, it exists a possibility to implement a Buy Button on brands' websites, which will redirect consumers to retailers' website. This type of alternative has advantages for the brand and, mainly, for the retailers. The main advantage for the brand is that the consumer doesn't feel lost in the brand's website and brands allow consumers to complete their journey, avoiding that they give up buying that brand because they don't know how to buy, and ending up buying the competition. For the retailer, the main advantage is that the brand is directing the buying act to its website, giving sales to the retailer, instead of one that doesn't have the buy button.

As mentioned before, as a multinational company, Philips is organized by clusters and Portugal belongs to Iberia Cluster. This cluster is composed of Portugal and Spain. In the case of Spain, as a bigger country with different values in terms of online sales and digital consumption, the online store is already a reality. On the Spanish website, Philips has its online store D2C, being easier to make the total customer journey, including the purchase stage. This allows the company to have other price positioning and better discounts, because of margins and discounts to retailers, as well as other types of campaigns' implementation, without the necessity of retailers' support. Besides that, another big advantage of its online store is the fact that the company can get a lot of consumers' behavior data, which is difficult with the retailers because they don't want to give data to their suppliers, like Philips. Daily, the company receives a report with the data about e-commerce performance and this data gives information about sales, consumers' behavior in websites, searched products, etc. It's possible to understand which are the more visited products, the evolution of products and categories searched along the day, the comparison with the previous year, and from what channel do consumers reach the Philips website. This information will allow the company to react accordingly, adapting its

digital presence and actions for the channels where consumers reach the most, being these the most conversion-efficient channels.

2.7. One PH Campaign

2.7.1. *The definition of this strategy*

At one point, Philips realized that the market was growing exponentially, but the brand was unable to keep up with that growth. The loss of notoriety related with the lack of recognition by these new consumers at this new channel (digital), made the company unable to keep up with these trends and market growth, demonstrating that if there are no changes in its strategy, in the short term Philips would lose a lot of market share. The innovation and technology of Philips products have not been noticed by the target, fundamentally Millennials, who consider these factors very important. And this lack of perception is mainly due to inefficiency in communication. Thus, Philips decided to reverse the marketing and communication strategy used until then, focusing on these main pillars:

1. Communicate first to make a profit later – until then, Philips launched the products and only after some profit, invested in its communication;
2. Consistency – As Philips has a diversified portfolio, the communication varies from category to category, not existing brand consistency and being, consequently, more difficult for consumers to create brand awareness because they don't identify the brand in the different categories communication;
3. Focus on Innovation and brand message - “There's always a way to make life better” – Philips doesn't sell products, it sells better lives, through its innovative products;
4. Build Brand Awareness;
5. Effective presence on the Digital Channel – until then Philips invested little in the online channel, there is no well-structured 360° communication plan of the brand and products (The focus was the BTL campaigns communicated at the Point-Of-Sales - POS).

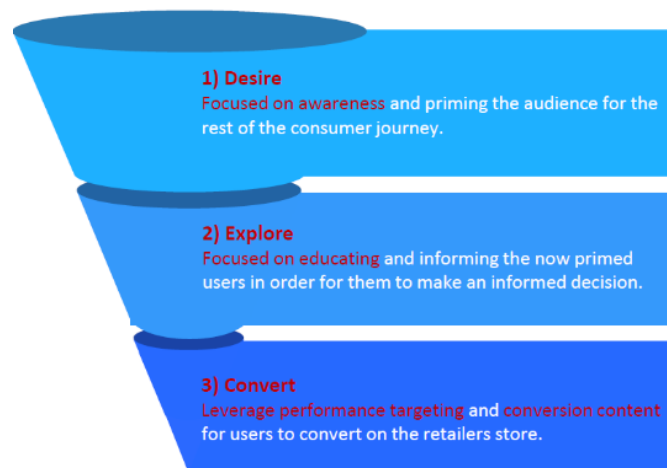
Based on this, Philips created a worldwide strategy called the One PH Campaign, a 360° strategy, with the fundamental objective of communicating the brand, increasing brand awareness and notoriety, with the closest approximation of the target through the right

communication channels and consistency. In this regard, the main characteristics of this strategy are:

- Communication through Star Products of Star categories – HE - and also called Champion Products. The categories chosen in the case of Portugal were Shaving (MG) and Ironing Systems (GC), due to their current positioning and the wide range that both categories contain, with products Low-End (LE), ME and HE. This allows the campaign to produce a Halo effect, which is the effect caused by the desire of the brand and occurs when a consumer has the desire to buy the communicated product of the brand, but being a very expensive product buys a cheaper product of the same brand and category, of a ME or LE range. This effect occurs in the last phase of the campaign, indicated ahead - the conversion phase. It is estimated that in 80% of the conversion this effect occurs, which means that only 20% of people end up buying the communicated products effectively, which allows them to remain in a very premium positioning;
- Steering the investment away from Push to Pull – investing more on Media plan, which means that the most of the communication will be based on communication that the audience has complete control over whether they receive the communication;
- Communication is based on innovations – all the communication must highlight the innovation and the differentiating characteristics of the products;
- Key Visuals and message/copies consistency – the Key Visual is the same for all the campaign, independently of the category or type of material, differentiating only in category color and materials content (See Appendices Y and Z). The communication (written or spoken) is always based on this structure:
 - **If** (you have a challenge) **then** (we make your life better).

This 360° campaign takes into consideration the Customer Journey and all its phases along with the campaign and process buying decision. Thus, the campaign development was made through a funnel approach, which includes these three following phases:

Figure 3 – Funnel approach of One PH Campaign



Source: Philips Internal materials

In other words, with this campaign, the brand creates a desire for the consumer to have a Philips product, regardless of the product it is and its available budget. Thereafter, part of the consumers who are interested in the products start to search for them, trying to know them better. This is the Explore phase. At the end of this phase, the consumers start to consider buying and advance to the Convert phase, going to the POS (online or offline) to complete their purchase decision. All this path, which is the customer journey, increases the consumer's perception of the brand and increases their awareness with consumers and future consumers because they have always, across all the path, the brand in their minds.

2.7.2. The Marketing-Mix of One PH Campaign

One PH Campaign brought several changes to the Philips brand's way of communicating, as well as several changes to the Marketing-Mix of the Philips Personal Health Marketing strategy. Below, you can see the main changes:

Table 4 – Marketing Mix of a traditional strategy/campaign at Philips vs One PH campaign

	Other Strategies/Campaigns	One PH Campaign
Product	Usually, the marketing and communication strategy was defined by category, with no link between the various strategies in the different categories. It was not common for there to be a focus on a small number of products, nor on a single product. Strategies and campaigns were usually done by category.	This strategy was defined internationally, and its basis isn't focused in any category or product. The focus is the message to communicate and the tools to do it. After that, each cluster/country defines the categories and respective products which will be included in One PH Campaign – Philips call them the Champion categories and Champion products.
Price	The prices are defined by each cluster/country according to the tariffs passed internationally, always having pre-defined limitations and PVPr since Global (See Figure X). The promotional marketing actions related to price are managed by TSM, with international guidelines for maximum discounts to be applied to the various customers.	The definition of PVPrs is equal to the other campaigns, but the Champion products have limitations in terms of promotional actions and discounts. These products can never be promoted with discounts or cash backs.
Promotion	Promotion/communication is already predefined internationally, with messages to transmit, how to do it and some key visuals as examples and inspiration. In each country / cluster, translations and adaptations are made according to the main message to be conveyed. Although guidelines do exist, there is space for the various clusters / countries to personalize their communication.	In terms of promotion/communication, as referred before, it's already internationally defined. Not by categories or products, but by brand communication that each cluster must adapt to its products and categories. The communication is based on technology and innovation, and the message/copy must always be based on this structure: If (you have a challenge) then (we make your life better).
Placement	Distribution is also something that has been defined internationally. This definition is made through the classification of customers in A, B, C or D according to some characteristics of them.	The placement was one of the restrictions given by the global marketing team. Champion products must have a selective distribution, mainly focused in A customer. In the case of Portugal, the Champions products are only in Worten and El Corte Inglés.

Source:Self-elaboration (2020)

2.7.3. Implications of this strategy

In terms of implications, it's important to point out that this campaign was implemented in a 360° approach, which means that it was implemented through ATL and BTL investments, involving a very high investment.

Pedagogical Case – Philips Portuguesa S.A.

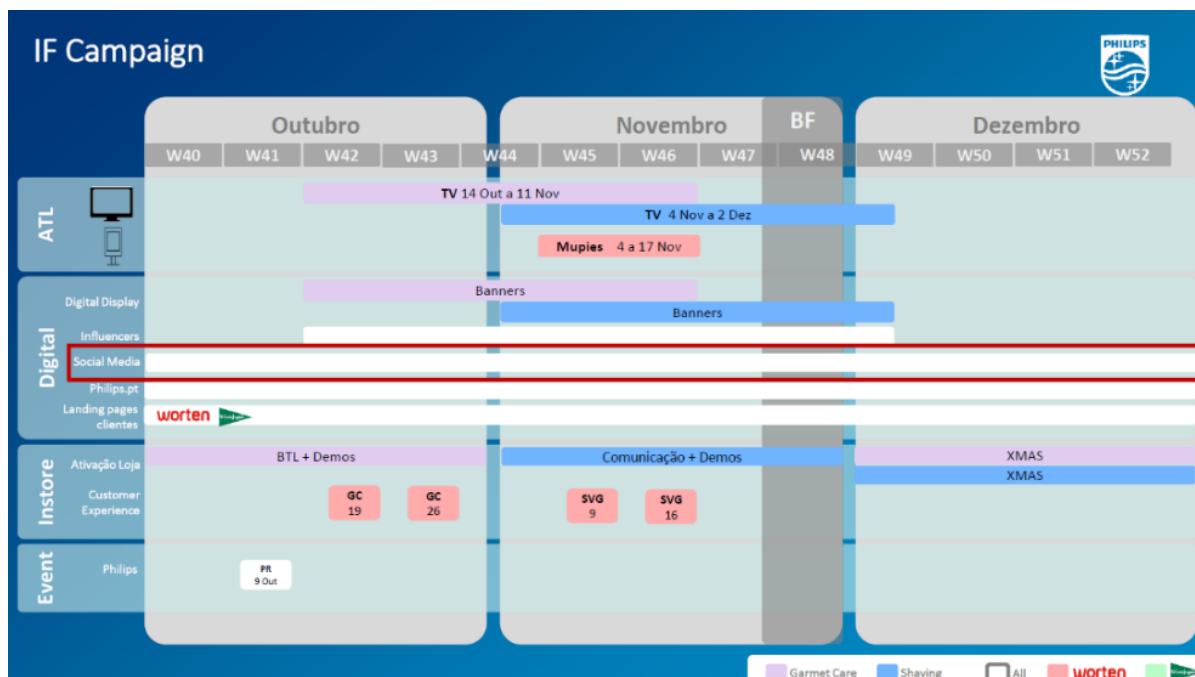
Table 5 – ATL and BTL investments and the correspondent phase(s) affected

	Investment	Phase	Description
ATL	Social Media and Paid Social	Desire, Explore and Convert	The assets are organized per phase and are all published as paid media and remit users to different platforms according to the phase they are in.
	Search Paid (SEO & SEA)	Explore and Convert	This investment allows the brand to appear in the first places on Google Search and, besides that, to appear in Adds to prospects and leads. The right definition of Keywords could target type of consumers, and their needs and interests
	TV	Desire	This is the high investment and it consists in two different adds (MG and GC).
	Philips website	Explore	Implementation of specific and contents and improvements in Shavers and Iron Systems categories, in Home, Category and Product Pages to highlight this categories differentiation, including all the category because of the Halo effect.
	Retailers website	Explore and Convert	Consists on the optimization of all the assets related to the specific products and respective categories of One PH Campaign, in retailers website (photos, videos, R&R banners, landing pages, etc).
	PR – Influencers actions & events	Desire	Communication of star products by influencers/celebrities and dedicated events to the press focusing the technology and characteristics of the products, which demonstrations.
	Prints and Press Releases	Desire and Explore	Inclusion of articles related to the star products in the press (online and offline)
BTL	POS implementations	Desire, Explore and Convert	Two type of implementations: One for champion products and other for halo products. Exclusive materials and implementations for Champion categories.
	POS Muppies	Desire	Exclusive implementations for customers with Champion products, communicating them.
	POS DEMOS	Desire and Explore	In-store demonstrations in all customers, differentiated through Champion and Halo products.
	Promotors	Convert	Specific training focused in Champion products and categories for in-store promotors. Special support by promotors in customers with Champion products.
	CRM & E-mail	Desire and Explore	CRM actions and specific e-mails with Champion products and categories, focused in their technology and IF communication

Source:Self-elaboration (2020)

In appendices AA, AB, AC and AD it's possible to see some examples of Philips Website implementations, PR actions, Social Media implementations, and POS implementations, respectively.

Figure 4 – Example of a 360° implementation plan of all investments in One PH Campaign



Source: Philips internal materials

2.7.4. The adaptation of this strategy to local destinations

As referred in Chapter 2.7.2., all this strategy/campaign was defined by the international team and the responsibility of its adaptation belongs to each cluster/country.

In the case of Portugal, the choice of Champion categories, and their respective Champion products, was based on three main factors: positioning and notoriety, market share and value, and future perspectives in terms of sales and market growth.

As indicated in Chapter 2.3, in Shavers, Philips is the market leader and, although the recent decrease in the market, it's mainly driven by competitors, which means that Philips has an opportunity to gain more market share contributing to the market future growth, also because of the brand notoriety in Shavers' category – as mentioned in Chapter 2.3, the shaver is a Philips' innovation. In the case of Ironing Systems, Philips isn't the market leader but is in second place in a category with high market value. This category has grown continuously since 2016, although this growth has been boosted by the competitors. This means that Philips has an opportunity to increase sales through this new strategy and regarding the actual reputation and notoriety in this category, being able to keep up with the competition and preventing them from gaining more market share.

It is important to highlight that in terms of structural and international processes, there were no changes in this campaign. Whether in terms of strategy definition, products included in the price

list, general distribution of clusters, and logistical issues. The main changes in this strategy are investments, the way of communicating, the adaptation to each country of the categories, and selective distribution.

2.7.5. Results

In addition to the brand wanting to regain its notoriety and create in its target the desire to have a Philips product, it is clear that one of the major goals of the company was to increase its sales and gain market share in the most competitive categories.

So, talking about sales, for Ironing Systems (GC), comparing with the previous year, 2018, the company has increased its sales in Ironing Systems in 5%, selling 15.051 units in 2019. The champion product has increased its sales in more 84%, representing 634 units of the total referred before. This means that the category with the champion product has grown by 7% (*GfK Portugal, 2020*). But the goal wasn't only to increase sales on this product but also gain market share in all categories. In 2019, the Sell Out of the total Market of Ironing systems was € 16.848.055, which represents a growth of 4,7% facing the previous year (retailers data). Philips in specific has increased its sales in iron systems by 5,7%, which means that the brand had grown above the market, gaining market share in more 20 bps (*GfK Portugal, 2020*).

For the Shaving category (MG), the results were also good. The brand has increased its sales in this category by 1,5% comparing with the previous year, and in November and December - months when the campaign was active on TV – Philips' shaving sales have increased 17,4% when compared with the same months of 2018. Also, the medium price of the purchase has increased by 14% (*GfK Portugal, 2020*). This means that the company could reserve the market trend in shavers, because the only month in which the brand could increase in sales compared to 2018 was March, mainly because of Father's Day Campaign. In all other months, there was always a drop in sales, except in November and December, when the company could increase due to One PH Campaign. The Philips Sale Out in shaving was € 1.135.000 in 2019, gaining a market share of 70,8% (retailers data), which has represented more 180 bps of the market share when comparing to 2018 (*GfK Portugal, 2020*).

It is also important to understand the main results that influenced this growth in Sell Out and Market Share because most of these results demonstrate that Philips is closer to its target through the digital channel and the efficiency of the brand communication in this channel. To understand that, Philips has defined some KPIs (Key Performane Indicators) for each phase of the campaign, and focused on the digital channel, to know the results, control and take actions through it throughout the campaign to improve it (the social media is the channel where is easier

to take actions immediately). It is not relevant for the case to indicate the results of the KPIs, as there is no comparative term with the same type of investment. The relevant topic is to understand what KPIs were analyzed:

Table 6 – One PH Campaign main KPIs for each phase

Desire	Explore	Convert
CPM	CPM	CPM
Impressions	Impressions	Impressions
Frequency	Frequency	Frequency
Reach	Reach	Reach
VTR	CTR	CTR
Views	Clicks	Clicks
CPV	CPC	CPC
Retention Rate	QE	
QE	CPL	
CPL		
GRPs		

Source: Self-elaboration (2020)

2.7.6. The adaptation of this strategy in the COVID-19 scenario

In March 2020, a pandemic situation related to COVID-19 led to the confinement of the entire Portuguese population. This confinement started on the 18th of March (Week 12) and it ended only on the 2nd of May (Week 18). It was forty-five days of confinement, with a large part of the population teleworking and another large part at home unable to work. Many establishments closed, including shopping and restaurants, and people were limited to going out only for the essentials. This harmed the consumption of some types of goods and services, and the physical commerce stayed conditioned, with high drops in their revenues. On the other hand, new needs arose and the customers had to adapt their daily routines to the new reality. The growth of e-commerce and the changes in the type of products most in demand were the more significant consequences of that confinement.

According to *GfK* (2020), in week 11 (before the confinement), when people were afraid of the situation, total technological sales had increased 6%, because people were preparing themselves to the confinement. In weeks 12, 13, and 14, total technological sales had decreased by 18%, 20%, and 5% respectively. These are comparisons with the previous year (2019). The following table (7) shows the variations in technological sales on the online and offline channels compared to the same weeks of 2019.

According to the same source, Coffee machines, vacuum cleaners, computers, and printers were four of the type of products with sales growth during these three weeks. Still about online sales, in week 13.

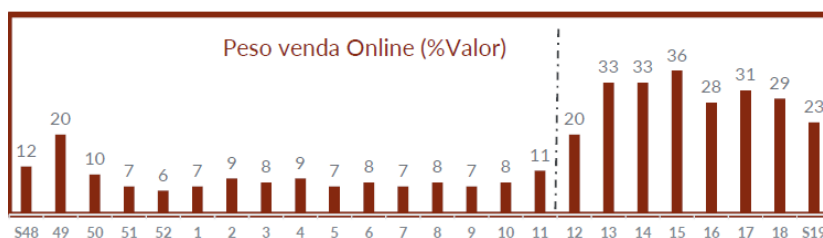
Table 7 – Variation in technological sales in online and offline channels (comparing with 2019)

Week	Technological Sales	
	Offline	Online
12	-28%	84%
13	-42%	241%
14	31%	252%

Source: Self-elaboration (2020)

According to *Gfk Web Conference (2020)*, 83% of the consumers have changed their shopper behaviors after the confinement period. The online sales weight has grown explosively since week 12 until the end of the confinement:

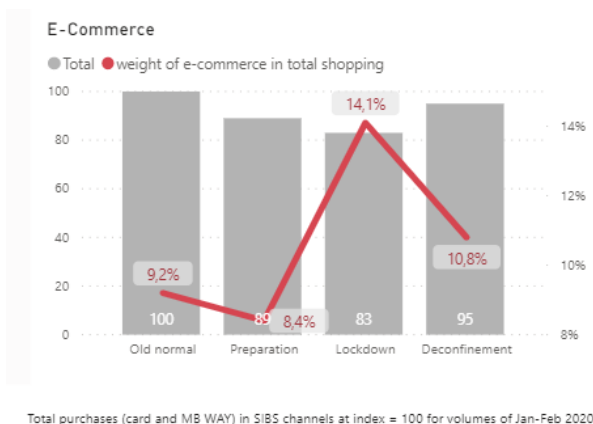
Figure 5 – Evolution of Online Sales Weight between week 48 of 2019 & week 19 of '20



Source: *Gfk Web Conference (2020)*

In this sense, the online sales weight in the total sales increased a lot in the lockdown phase, although the growth was felt in the deconfinement phase, even though the weight remains higher than usual, as it's also possible to understand through figure 6, where a large spike in the weight of online sales is visible in the lockdown phase and a drop during the deconfinement, although this weight (10,8%) remained higher than the values before the lockdown (9,2% and 8,4%).

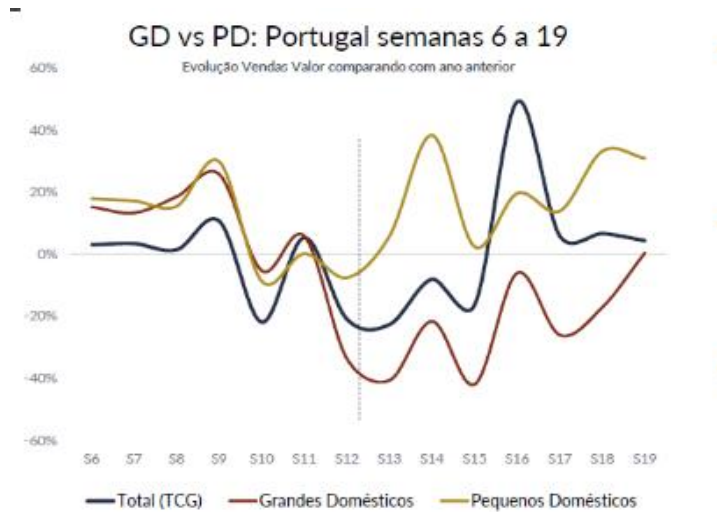
Figure 6 – The middleweight of e-commerce in the different phases of the pandemic



Source: *SIBS (2020) and Nielsen (2020)*

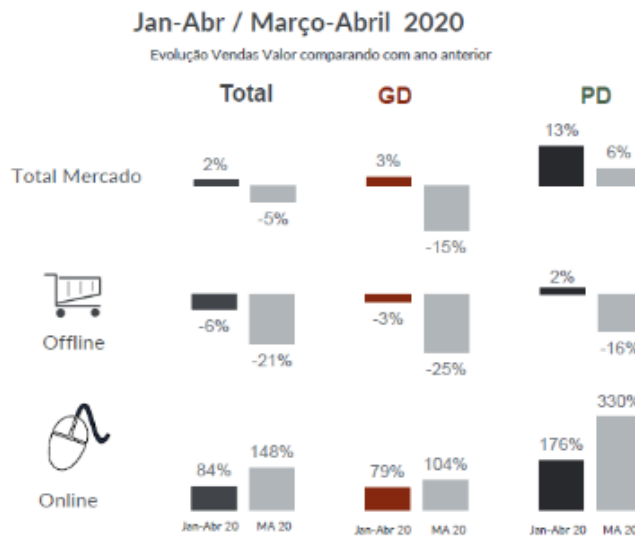
Focusing on this case, as you can see in the figures below, the SDA industry was the one with the highest sales growth during the lockdown, having also maintained a higher level of sales at the end of the lockdown, when compared to LDA. In this connection, it's also noted that the online sales accompanied and leveraged this sales growth in SDA. Only in March and April, the online sales in SDA has grown 330%, which is the triple of the LDA growth in the same period.

Figure 7 – Sales' evolution of SDA and LDA in pandemic period



Source: Gfk Web Conference (2020)

Figure 8 – Comparison of online and offline sales from 2018 to 2019 until April 2020 compared to only March and April

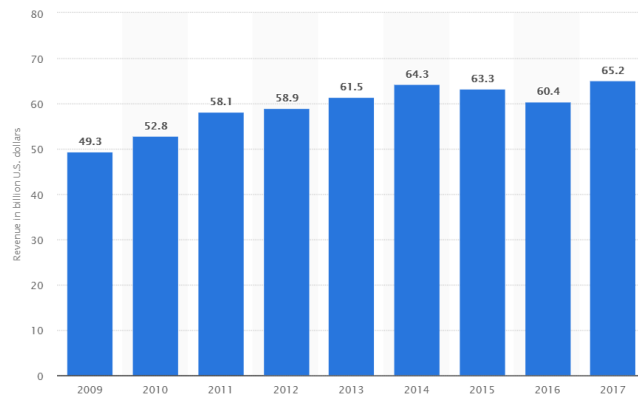


Source: Gfk Web Conference (2020)

All these indicators were showing companies in the SDA industry that they would have the opportunity to be able to recover sales through the online channel, as the demand was still there. In the specific case of Philips, the impact in sales was high, however, the sales drop wasn't as high as expected. The first action of Philips in front of this scenario was to evaluate its investments and how to manage them to reduce costs. As referred, One PH Campaign involves high investment and, in this scenario, Philips realized that consumers won't be very receptive and mentally available for such intensive communication, as the pandemic has brought about several sudden changes in everyone's lives. The most important thing for Philips would be to get closer to its consumers and help them as much as possible to improve their life at home. In this sense, Philips concluded that it would be best to adapt its entire communication strategy to this new context, giving consumers exactly what they need and look for, and not creating new needs. At the same time, Philips froze all One PH Campaign's scheduled investments, especially those of higher value (TV, Paid Media, Search Paid, and Influencers activations), and all the in-store activations were also suspended. In this regard, the company decided to adapt the One PH Campaign to a new campaign focused on the products and categories that most people would look for at this stage who will have to spend more time at home and perform tasks that they previously did not perform. This campaign was called "Let's make home the best place to be" (LMHBPTB), and it took place mainly through social media (without paid media), websites (www.philips.pt and retailers' websites), and CRM (Customer Relationship Management) actions. The main idea of this campaign was to focus on the products most in demand at this stage through the least possible investment and passing on the message to consumers that Philips is at their side to help them meet their new needs caused by this difficult moment. These products were mainly coffee machines, air purifiers, shavers and body groomers, food preparation products, and vacuum cleaners (See Appendix AE), according to *GfK* (2020), which represented a large piece of Philips' portfolio. At heart, the message of LMHBPTB was similar to that of One PH Campaign, but not using the same copy, thus allowing Philips to continue its presence on the online channel (it was an exclusively online campaign) and to increase its notoriety and reputation.

2.8. Appendices

2.8.1. Appendix A – SDA global growth since 2009



Source: Statista (2017)

2.8.2. Appendix B – GNP Per capita in Portugal

PIB per capita (base=2016)
 Quanta riqueza é criada, em média, por pessoa?
 Euro - Rácio

Anos	PIB per capita
2005	15.095,5
2006	15.800,8
2007	16.644,6
2008	16.963,4
2009	16.598,4
2010	16.987,5
2011	16.679,6
2012	16.005,5
2013	16.303,7
2014	16.638,1
2015	17.350,1
2016	18.061,2
2017	19.023,4
2018	Pro 19.866,6
2019	Pre 20.639,4

Source: PORDATA (2020)

Pedagogical Case – Philips Portuguesa S.A.

2.8.3. Appendix C – Well-being index in Portugal

Anos	Índice				
	Índice global de bem-estar	Índice condições materiais de vida			
		Total	Bem-estar económico	Vulnerabilidade económica	Emprego
2004	0,224	0,187	0,020	0,493	0,656
2005	0,274	0,270	0,061	0,522	0,617
2006	0,299	0,310	0,095	0,511	0,615
2007	0,292	0,326	0,123	0,479	0,587
2008	0,291	0,331	0,134	0,467	0,578
2009	0,314	0,352	0,171	0,476	0,536
2010	0,332	0,345	0,184	0,488	0,457
2011	0,334	0,302	0,172	0,436	0,366
2012	0,323	0,251	0,162	0,346	0,281
2013	0,333	0,236	0,180	0,284	0,255
2014	0,353	0,271	0,208	0,309	0,311
2015	0,396	0,319	0,237	0,401	0,343
2016	0,436	0,356	0,254	0,459	0,367
2017	0,459	0,420	0,298	0,530	0,469
2018	Pre 0,471	Pre 0,456	Pre 0,308	Pre 0,577	Pre 0,531

Source: PORDATA (2020)

2.8.4. Appendix D – Number of companies per business unit

Anos	Empresas						
	Setores de atividade económica						
	Total	Agricultura, produção animal, caça, silvicultura e pesca	Indústrias extractivas	Indústrias transformadoras	Electricidade, gás e água	Construção	Comércio por grosso e a retalho (...)
1990	388.892	x	1.388	65.356	54	21.688	172.722
1991	385.555	x	1.410	65.426	70	22.840	169.748
1992	381.695	x	1.309	64.461	72	23.945	164.403
1993	392.134	x	1.622	65.992	99	28.408	160.541
1994	390.757	x	1.412	66.903	131	31.408	151.541
1995	387.772	x	1.255	65.100	124	30.404	154.349
1996	± 600.567	± 38.857	± 1.540	± 84.550	± 239	± 68.717	± 196.027
1997	581.387	39.110	1.431	82.900	247	64.308	196.306
1998	571.580	34.704	1.330	73.408	207	68.522	212.078
1999	617.563	35.739	1.310	76.547	293	77.973	225.026
2000	621.173	35.065	1.216	76.921	294	78.383	230.516
2001	593.574	30.894	1.147	72.362	313	72.890	219.756
2002	645.198	33.271	1.237	78.786	361	82.926	223.536
2003	668.849	32.890	1.239	78.431	390	106.909	229.882
2004	± 1.115.456	± 54.220	± 1.538	± 88.172	± 1.215	± 128.832	± 279.321
2005	1.151.610	54.990	1.541	86.408	1.308	127.149	279.679
2006	1.172.219	58.105	1.498	83.908	1.366	123.103	276.500
2007	1.234.633	56.622	1.485	83.899	1.527	125.570	280.318
2008	± 1.261.452	± 56.716	± 1.490	± 81.387	± 1.761	± 125.045	± 276.418
2009	1.223.578	55.097	1.423	77.278	1.821	116.686	265.645
2010	1.168.265	63.798	1.323	72.273	1.843	106.463	261.463
2011	1.136.266	68.550	1.261	76.625	1.973	97.080	243.873
2012	1.006.915	56.468	1.176	67.495	2.007	87.592	232.925
2013	1.119.447	107.974	1.157	66.423	2.149	81.335	226.044
2014	1.147.154	128.705	1.102	66.201	2.193	77.844	221.840
2015	1.181.406	133.427	1.066	66.729	2.471	77.906	222.034
2016	1.214.206	132.644	1.045	66.953	5.206	78.866	220.359
2017	1.260.436	132.928	1.062	67.555	5.281	81.629	219.190
2018	1.295.299	132.887	1.022	68.214	5.645	85.311	217.831

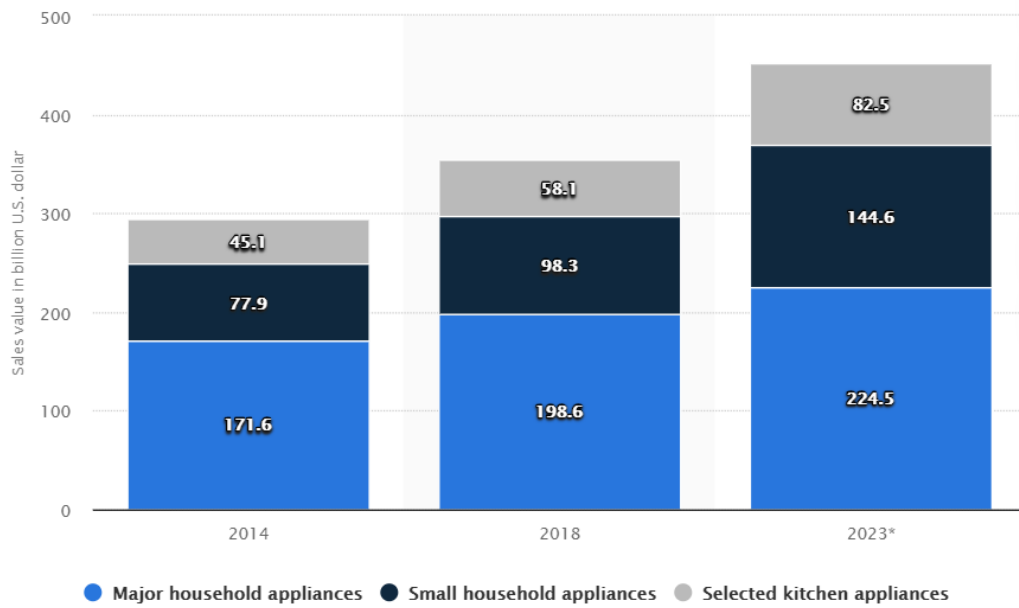
Source: PORDATA (2020)

2.8.5. Appendix E – Business value per business unit

Anos	Euro - Milhões							
	Sectorias de actividade económica							
	Total	Agricultura, produção animal, caça, silvicultura e pesca	Indústrias extractivas	Indústrias transformadoras	Electricidade, gás e água	Construção	Comércio por grosso e a retalho (...)	
1996	x	5.134,7	889,2	59.065,3	5.997,3	17.104,5	93.345,3	
1997	x	5.757,4	1.042,8	63.308,4	6.160,3	21.994,6	100.302,4	
1998	x	5.302,7	971,2	63.543,7	6.675,6	27.868,8	117.886,0	
1999	x	5.496,6	998,2	65.063,8	7.646,0	25.226,2	99.586,9	
2000	x	3.554,8	937,2	67.930,9	8.436,9	21.086,4	110.338,9	
2001	x	3.398,8	1.190,5	69.484,8	9.237,7	25.806,9	113.560,8	
2002	x	3.265,8	1.133,5	69.413,0	10.154,1	26.570,2	113.990,4	
2003	x	3.555,0	1.272,5	69.186,6	10.215,0	29.734,6	120.289,6	
2004	└ 338.255,8	└ 4.230,4	└ 1.072,9	└ 70.106,4	└ 8.940,8	└ 32.015,7	└ 121.795,9	
2005	363.329,0	4.322,3	1.194,3	71.472,4	10.027,6	34.530,5	125.352,8	
2006	372.785,7	4.460,0	1.309,7	75.988,5	11.540,3	34.456,9	129.873,6	
2007	406.279,1	4.804,5	1.404,4	82.053,5	15.699,4	35.052,1	136.960,3	
2008	└ 420.292,3	└ 5.211,5	└ 1.243,6	└ 80.462,9	└ 21.390,7	└ 36.279,7	└ 138.013,1	
2009	376.755,4	4.599,6	1.110,1	69.457,6	17.756,1	34.719,8	127.394,4	
2010	394.594,4	4.733,9	1.163,4	75.326,3	21.077,5	34.863,2	131.887,3	
2011	384.459,8	4.955,5	1.168,6	80.186,1	23.282,1	29.121,9	125.852,0	
2012	360.601,6	5.153,0	1.065,3	78.831,3	24.049,5	22.043,2	117.347,4	
2013	363.904,4	5.548,2	989,0	79.429,0	24.749,8	19.495,7	116.784,8	
2014	365.141,8	5.924,6	954,4	80.583,6	24.820,6	18.134,4	119.578,7	
2015	366.503,8	6.293,2	970,8	82.048,4	24.393,0	17.953,3	123.744,5	
2016	365.805,7	6.543,0	918,5	82.103,0	23.850,2	17.400,7	128.087,7	
2017	397.694,2	7.060,7	1.059,2	90.310,8	24.832,1	19.413,6	137.459,5	
2018	424.272,3	7.448,5	1.137,6	95.185,6	26.479,2	21.212,5	146.251,0	

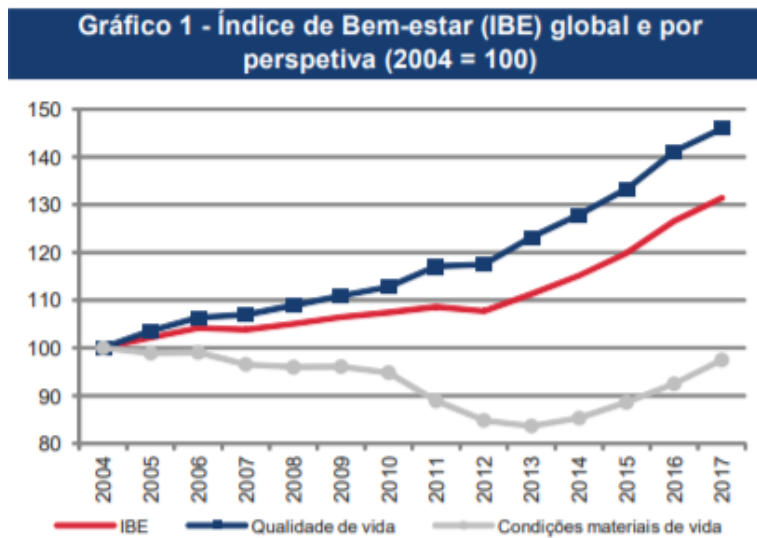
Source: PORDATA (2020)

2.8.6. Appendix F – Global sales evolution of SDA LDA and other KA + forecast until 2023



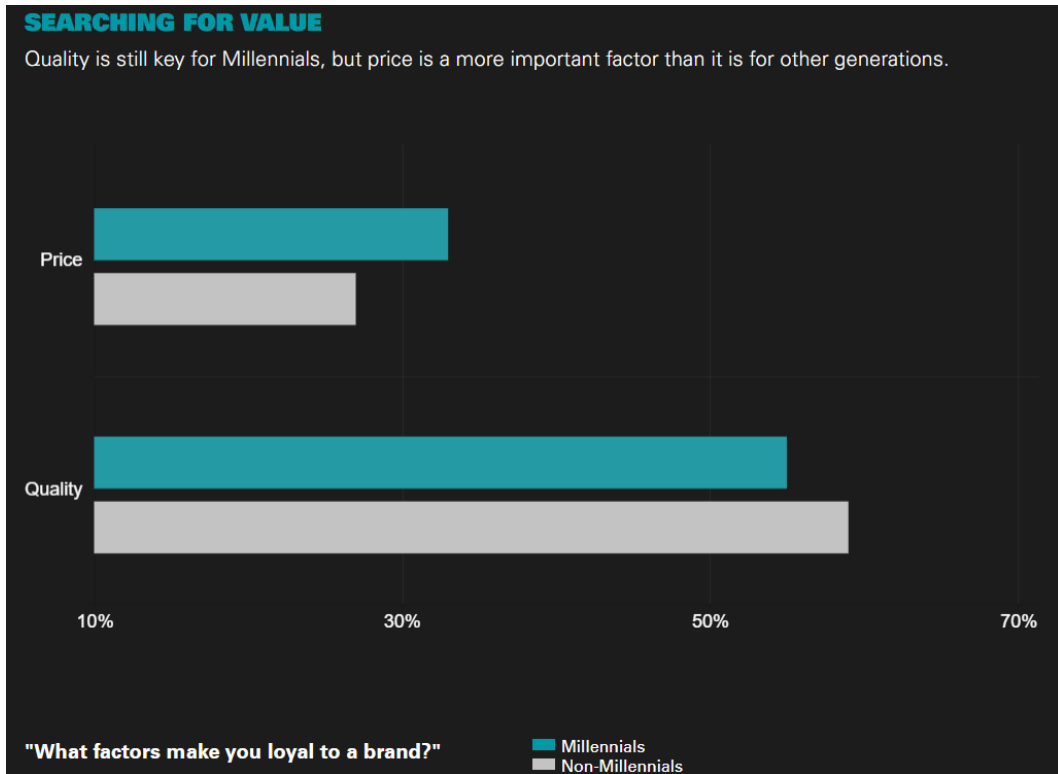
Source: Statista (2020)

2.8.7. Appendix G – Global well-being index



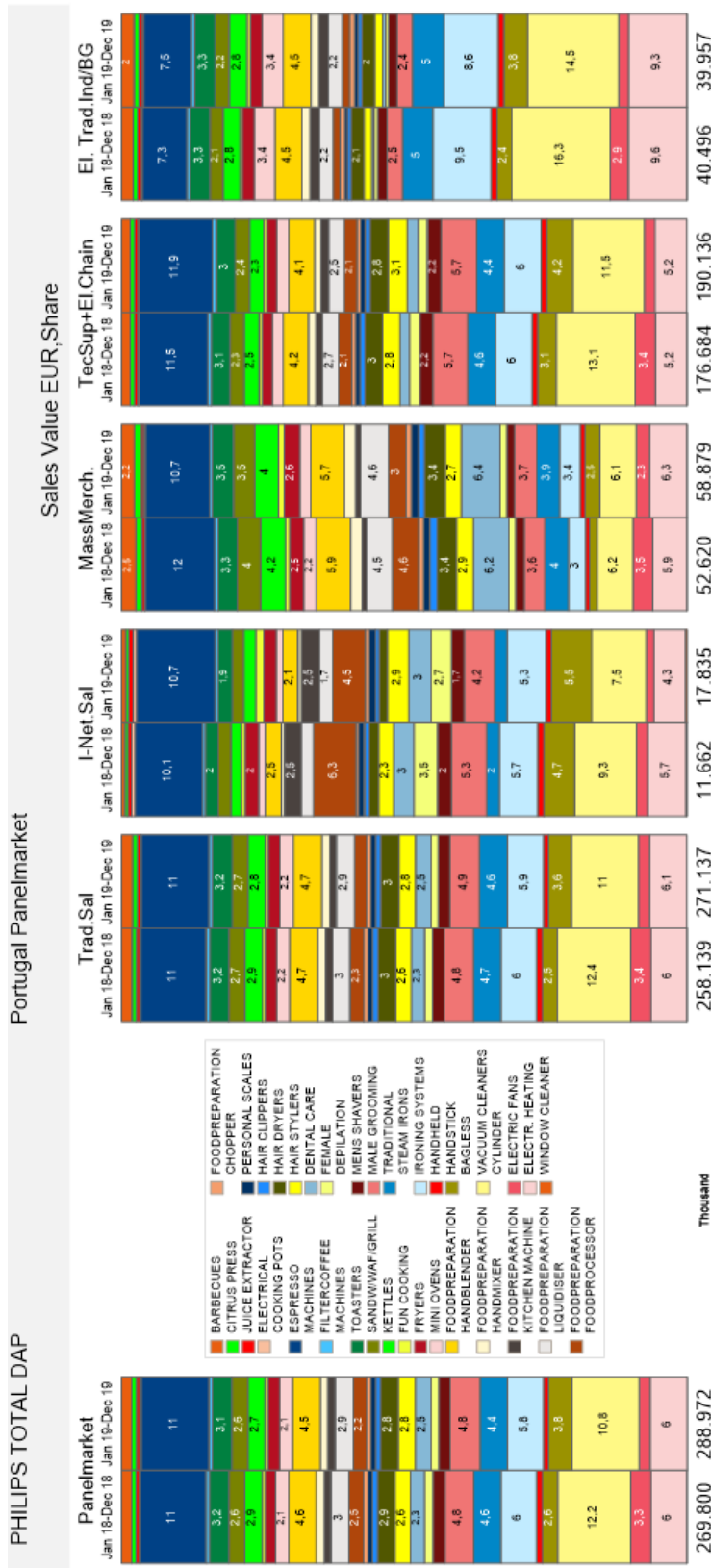
Source: (Portal do INE, n.d.)

2.8.8. Appendix H – Quality and price value for different generations



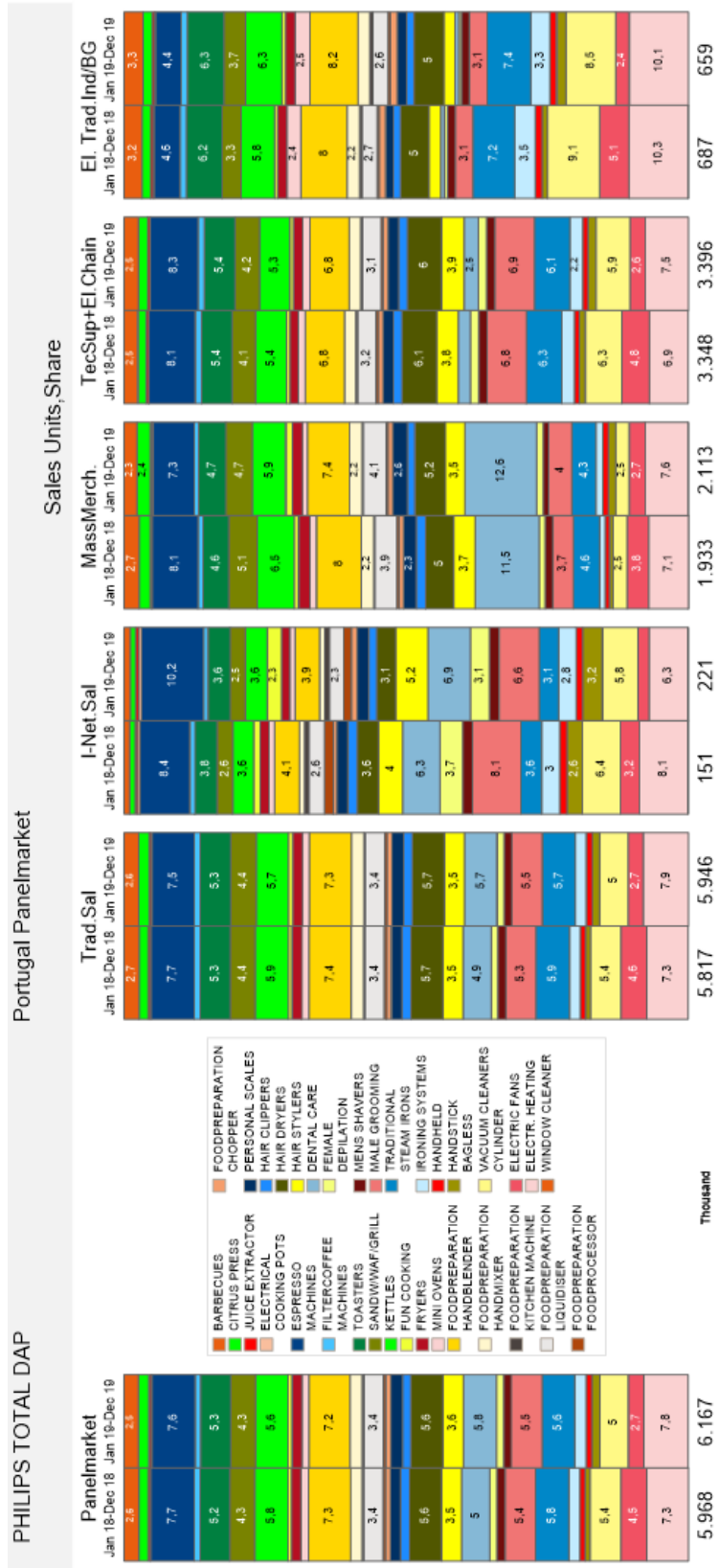
Source: AIMIA (2014))

2.8.9. Appendix I – Total Sell Out SDA (in thousand euros) per channel and categories (PT)



Source: GfK Portugal (2019)

2.8.10. Appendix J – Total sold units of SDA (in thousands) per channel and categories (PT)

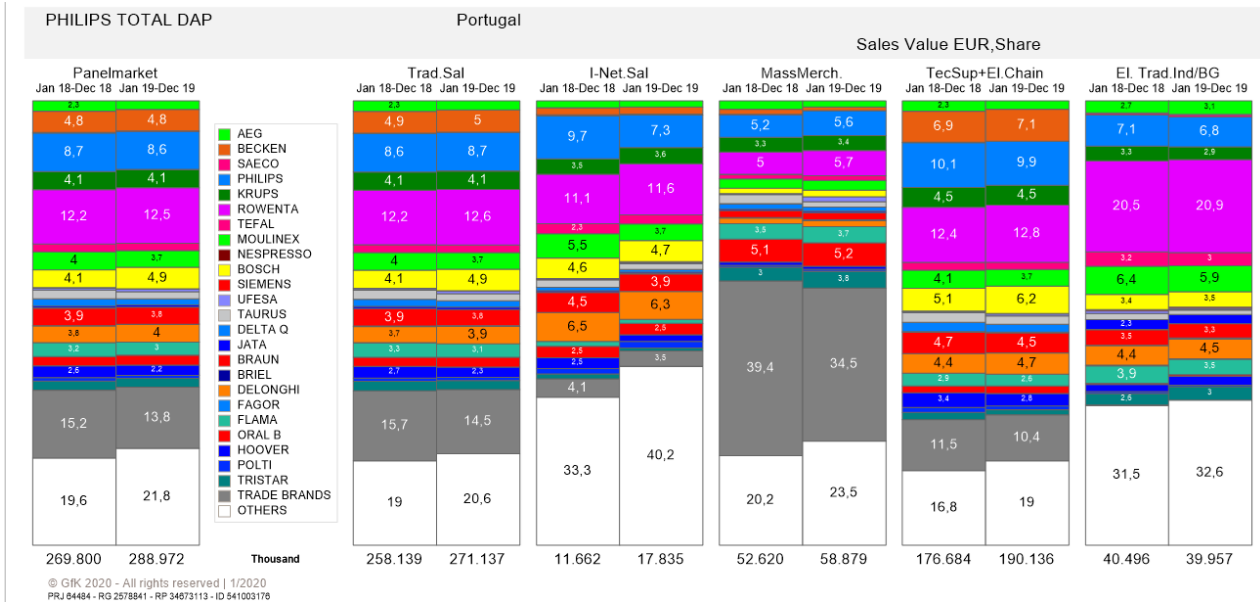


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Source: GfK Portugal (2019)

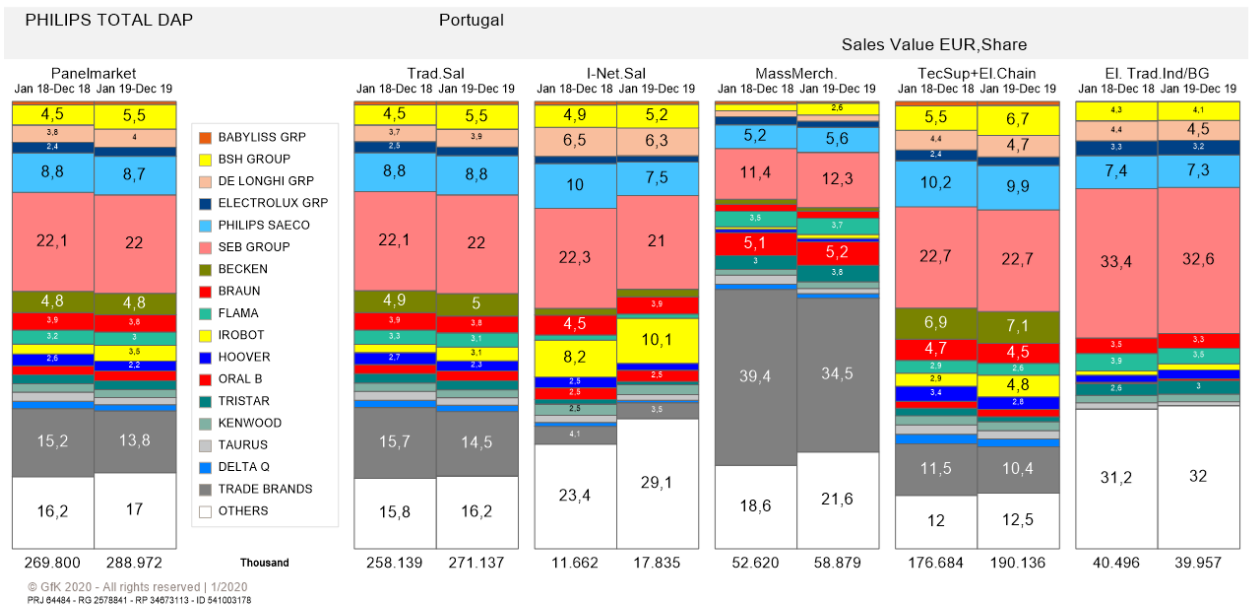
2.8.11. Appendix K – Total Sell Out SDA (in thousand euros) per channel and categories

(PT)



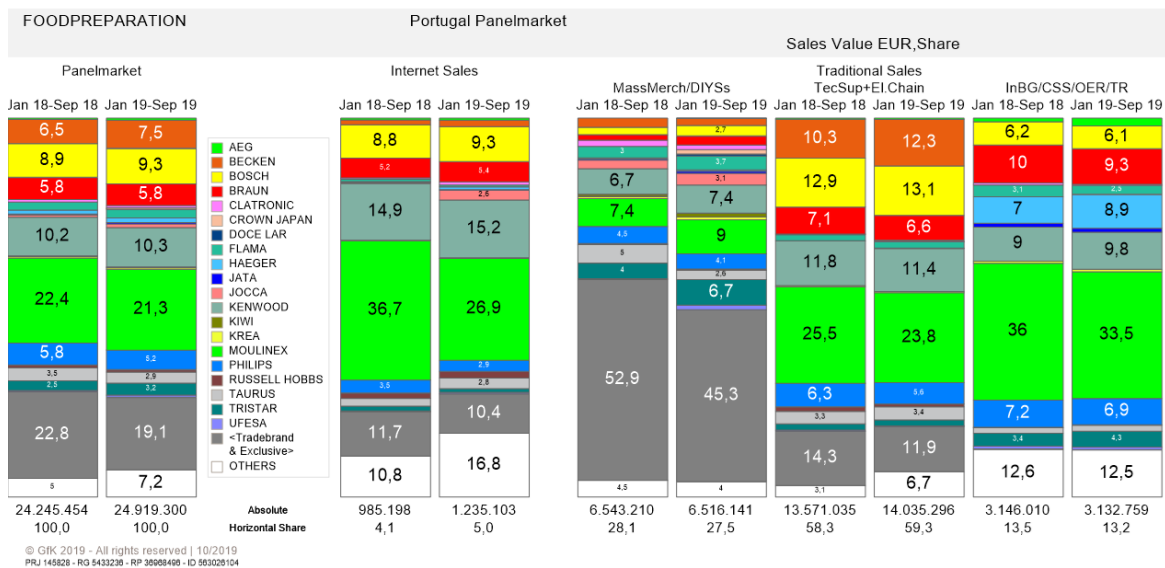
Source: GfK Portugal (2019)

2.8.12. Appendix L – Total Sell Out SDA (in thousand euros) per channel and brands (PT)



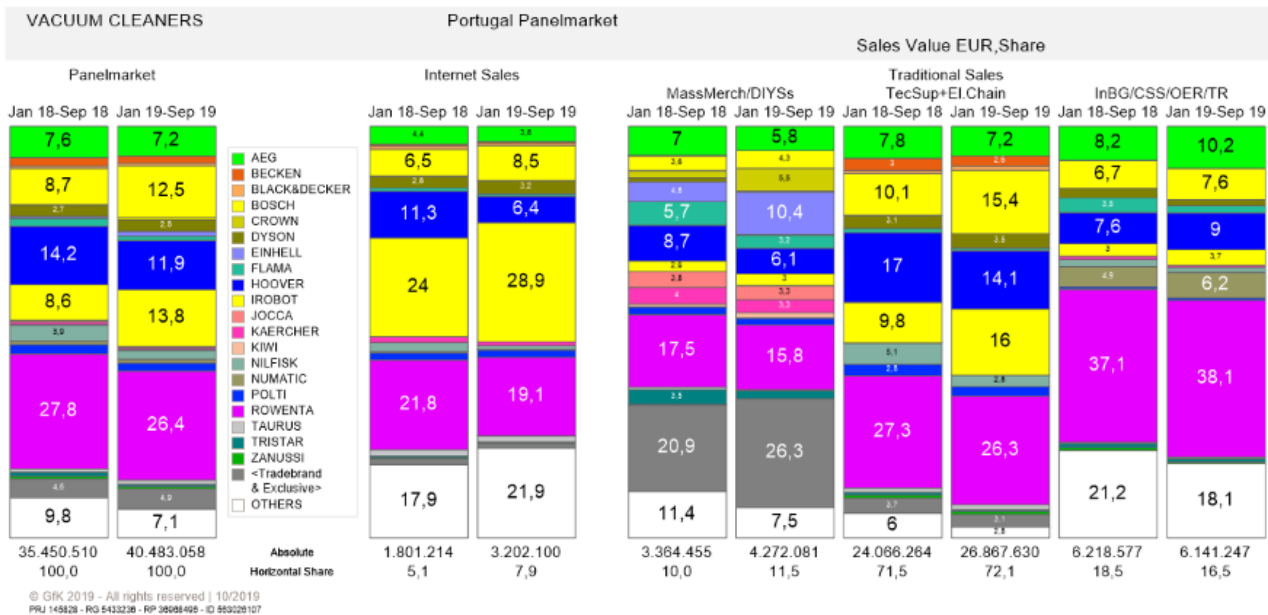
Source: GfK Portugal (2019)

2.8.13. Appendix M – Total Sell Out food preparation category (in euros) per channel and brands (PT)



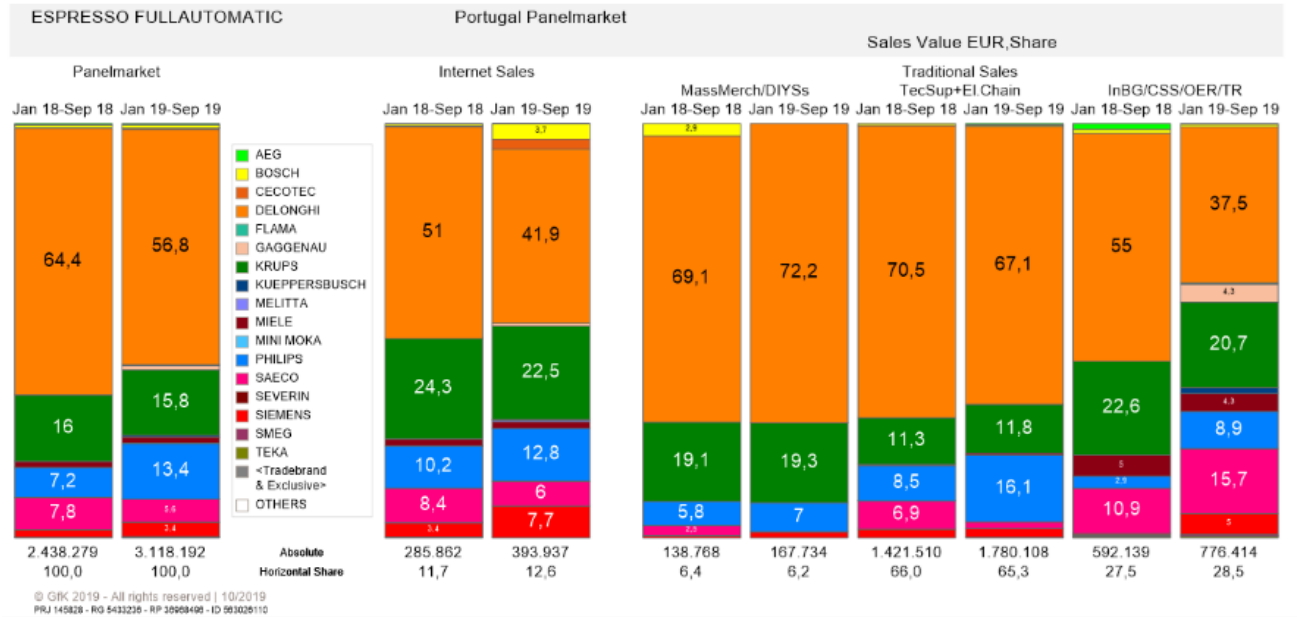
Source: GfK Portugal (2019)

2.8.14. Appendix N – Total Sell Out vacuum cleaners category (in euros) per channel and brands (PT)



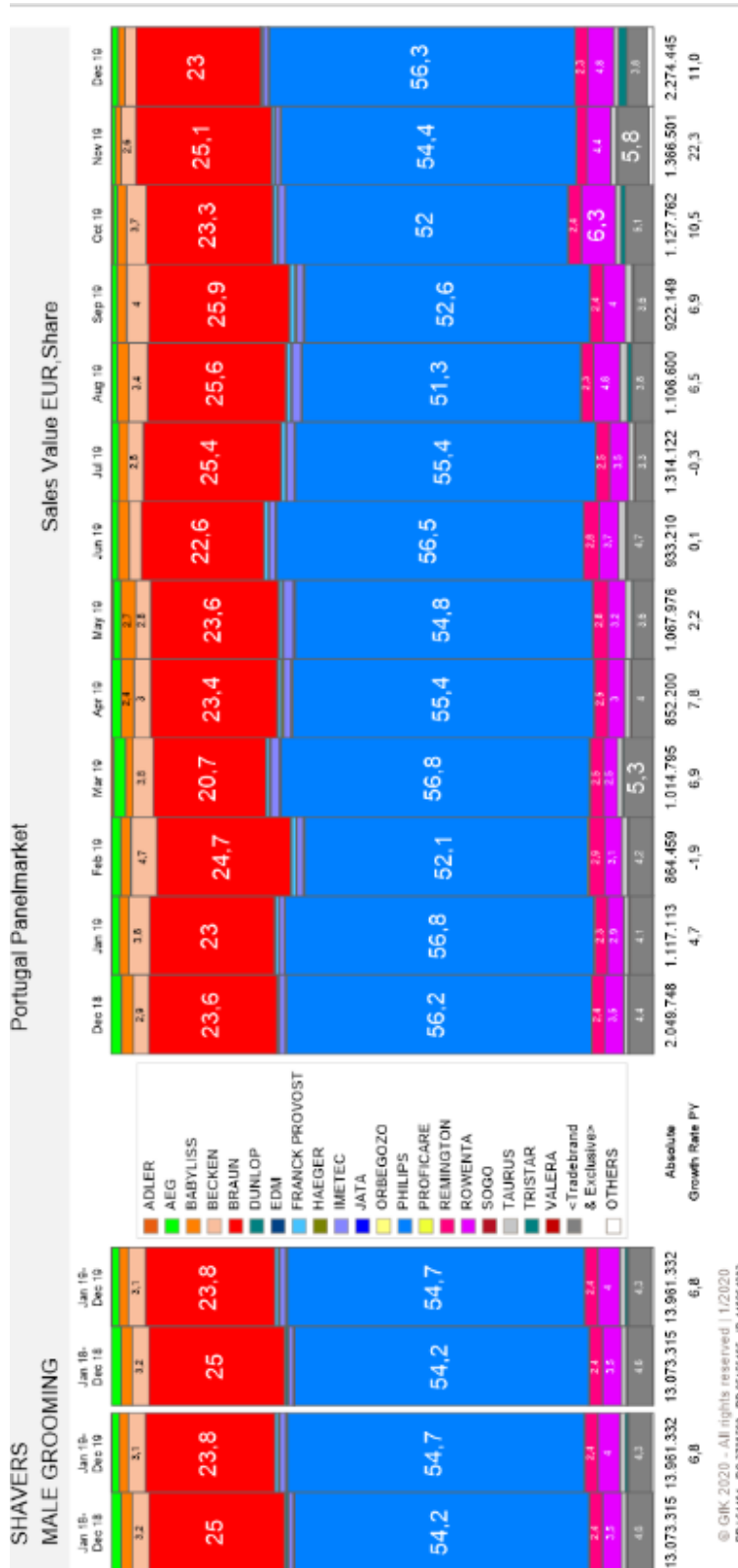
Source: GfK Portugal (2019)

2.8.15. Appendix O – Total Sell Out vacuum cleaners category (in euros) per channel and brands (PT)



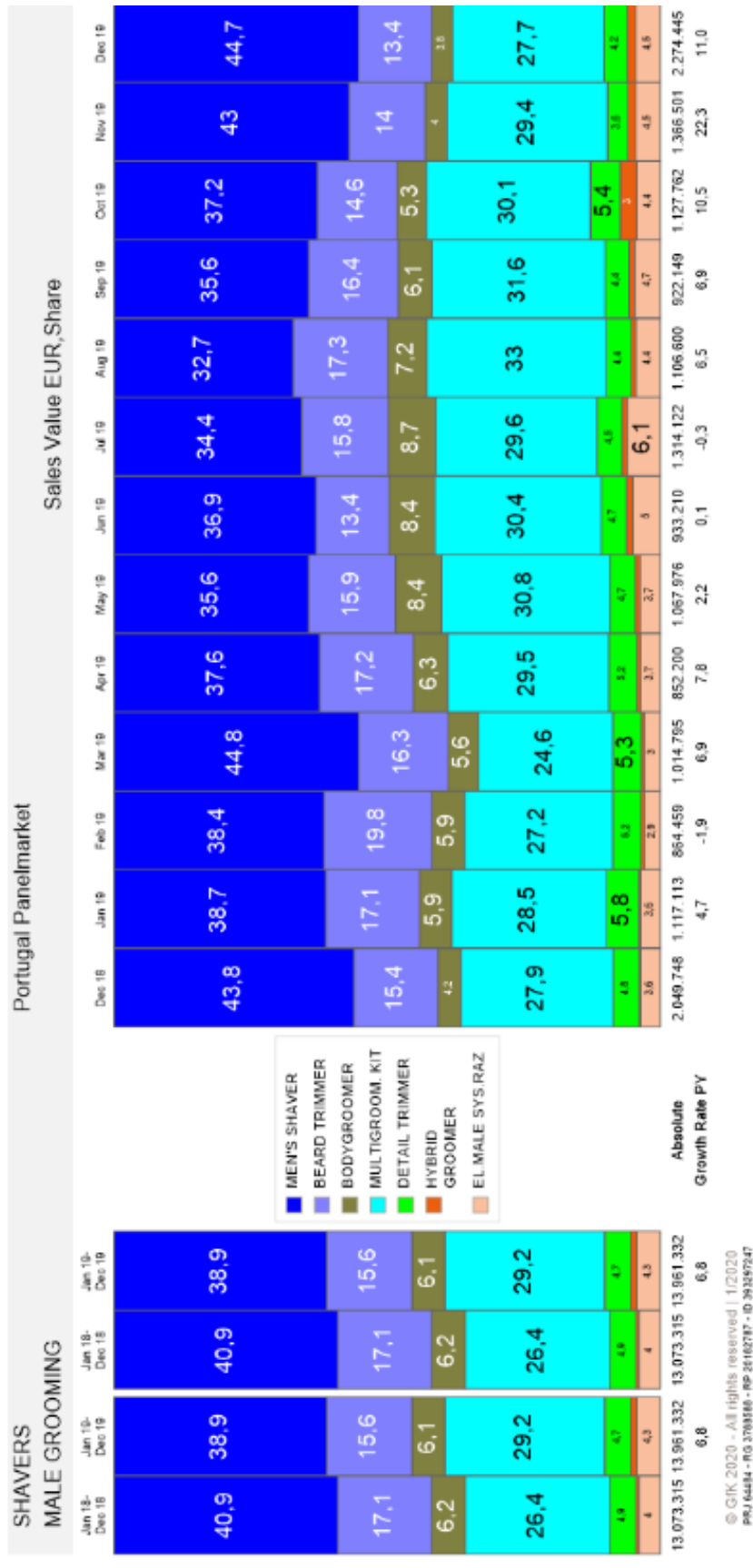
Source: GfK Portugal (2019)

2.8.16. Appendix P – Total Sell Out Shavers category (in euros) per month and brands (PT)



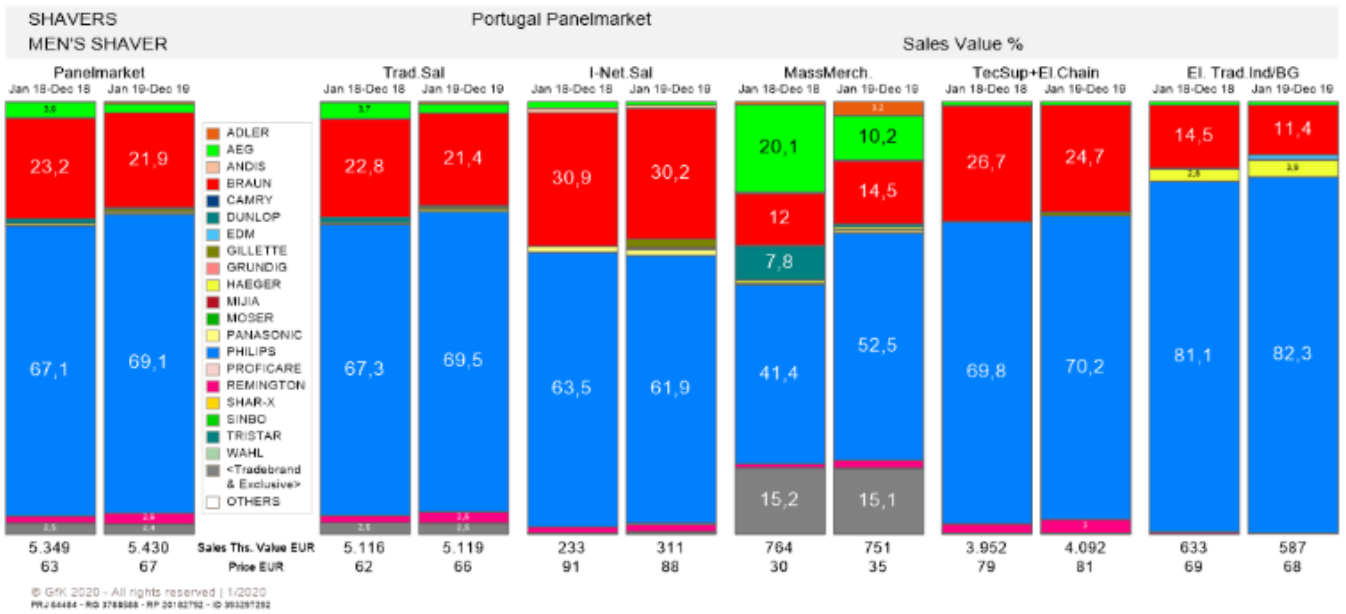
Source: GfK Portugal (2020)

2.8.17. Appendix Q – Total Sell Out Shavers category (in euros) per month and brands (PT)



Source: GfK Portugal (2020)

2.8.18. Appendix R – Total Market Shares of Shavers category per channel and brands (PT)



Source: GfK Portugal (2020)

2.8.19. Appendix S – Top 20 sold units of Shavers category (PT)

SHIVERS MEN'S SHAVER		Portugal Panelmarket		January 2019 - December 2019						
No.	Brand	Item	SALES UNITS	SALES UNITS%	Sales EUR	TOS VAL	D.UNW. TOTAL	D.WGT. TOTAL	PRICE EUR/UN.	
1	PHILIPS	AT 750 AQUATOUC	6.799	8,4	422.424	11,4	5	67	62,13	
2	PHILIPS	AT 620 AQUATOUC	5.600	7,0	269.639	11,9	4	43	48,15	
3	PHILIPS	S1110/04/21	4.619	5,7	225.964	9,2	5	47	48,92	
4	TRADEBRAND	TRADEBRAND	4.590	5,7	73.364	58,2	3	2	15,98	
5	AEG	HR 5654	4.368	5,4	107.909	15,6	6	11	24,70	
6	PHILIPS	S5110/06	4.341	5,4	349.388	10,9	5	58	80,49	
7	BRAUN	SERIES 3 300S	2.970	3,7	143.589	6,7	3	39	48,35	
8	PHILIPS	S 1310/04/02	2.577	3,2	103.066	24,3	4	7	39,99	
9	BRAUN	SERIES 3-3020S	2.513	3,1	198.863	7,7	3	48	79,14	
10	PHILIPS	S5530/06/08	2.372	2,9	246.142	12,0	2	38	103,77	
11	PHILIPS	S3110/06	2.048	2,5	130.196	9,5	3	25	63,58	
12	PHILIPS	S5420/06	2.017	2,5	196.221	8,9	3	40	97,28	
13	PHILIPS	S3510/06	1.963	2,4	138.256	9,1	3	31	70,44	
14	TRADEBRAND	TRADEBRAND	1.563	1,9	28.881	5,4	1	11	18,48	
15	REMINGTON	PR1230	1.501	1,9	54.628	4,5	2	24	36,40	
16	PHILIPS	S1232/41	1.438	1,8	71.199	8,1	1	14	49,51	
17	BRAUN	SERIES 1-130	1.349	1,7	50.835	3,6	2	26	37,67	
18	REMINGTON	PR1330	1.059	1,3	44.534	4,4	1	17	42,06	
19	PHILIPS	S5400/06	957	1,2	80.647	17,8	1	7	84,27	
20	PHILIPS	S7370/12	869	1,1	117.300	10,4	1	20	134,94	
TOTAL			80.573	100,0	5.430.366	100,0	32	96	67,40	

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PRJ 64484 - RG 3789588 - RP 20182792 - ID 50966493

Source: GfK Portugal (2020)

Pedagogical Case – Philips Portuguesa S.A.

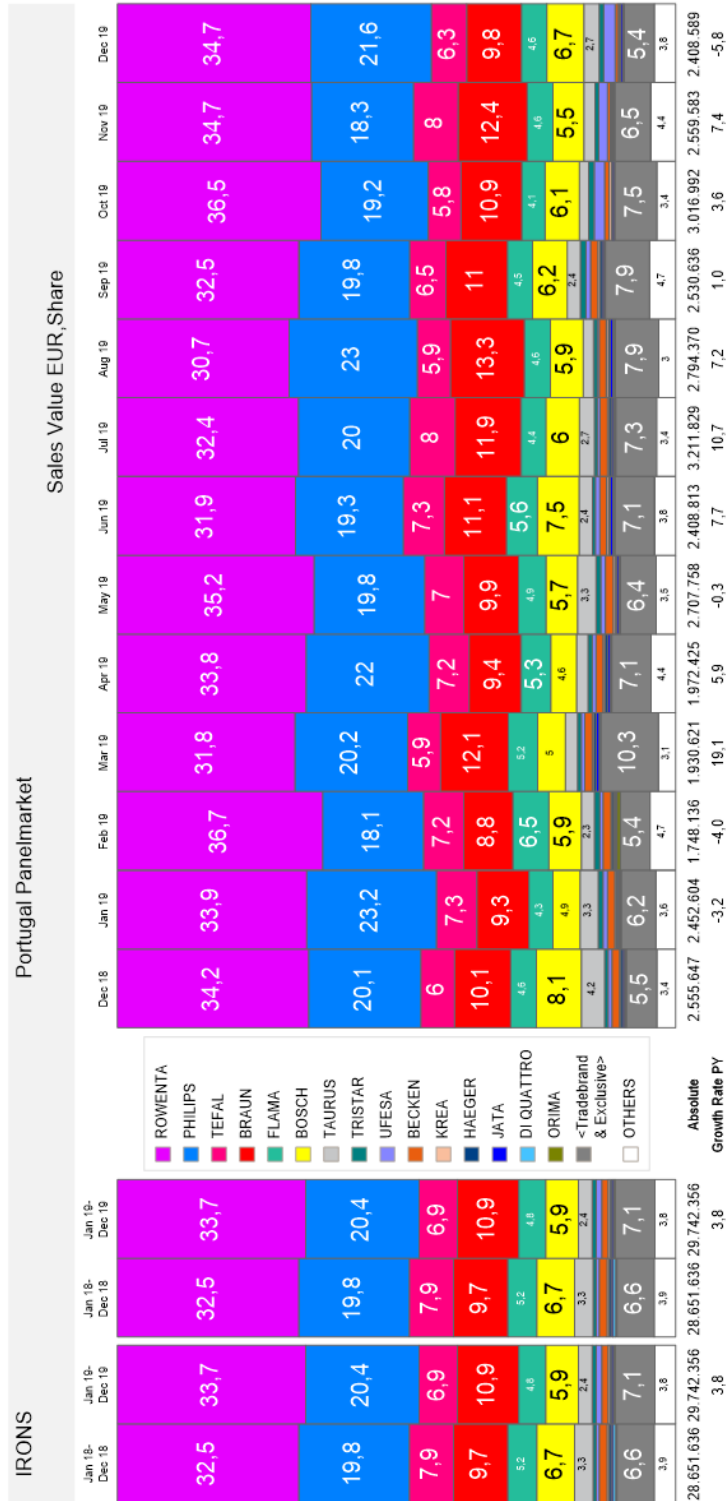
2.8.20. Appendix T — Top 20 Sell Out (in euros) of Shavers category (PT)

SHAVERS		Portugal Panelmarket		January 2019 - December 2019					
MEN'S SHAVER									
No.	Brand	Item	SALES VALUE	SALES VALUE%	Sales Units	TOS VAL	D.UNW. TOTAL	D.WGT. TOTAL	PRICE EUR/UN.
1	PHILIPS	AT 750 AQUATOUC	422.424	7,8	6.799	11,4	5	67	62,13
2	PHILIPS	S5110/06	349.388	6,4	4.341	10,9	5	58	80,49
3	PHILIPS	AT 620 AQUATOUC	269.639	5,0	5.600	11,9	4	43	48,15
4	PHILIPS	S5530/06/08	246.142	4,5	2.372	12,0	2	38	103,77
5	PHILIPS	S1110/04/21	225.964	4,2	4.619	9,2	5	47	48,92
6	BRAUN	SERIES 3-3020S	198.863	3,7	2.513	7,7	3	48	79,14
7	PHILIPS	S5420/06	196.221	3,6	2.017	8,9	3	40	97,28
8	BRAUN	SERIES 9 9292CC	185.609	3,4	604	13,6	1	23	307,38
9	PHILIPS	SP9860/13 S9000 PRESTIGE	169.962	3,1	454	15,6	0	17	374,18
10	PHILIPS	S 9031 /12 /13 /21	143.848	2,6	745	8,7	1	29	193,18
11	BRAUN	SERIES 3 300S	143.589	2,6	2.970	6,7	3	39	48,35
12	PHILIPS	S3510/06	138.256	2,5	1.963	9,1	3	31	70,44
13	PHILIPS	S3110/06	130.196	2,4	2.048	9,5	3	25	63,58
14	BRAUN	SERIES 7 7842S	127.075	2,3	557	9,7	1	22	228,32
15	PHILIPS	S7370/12	117.300	2,2	869	10,4	1	20	134,94
16	AEG	HR 5654	107.909	2,0	4.368	15,6	6	11	24,70
17	PHILIPS	S 1310/04/02	103.066	1,9	2.577	24,3	4	7	39,99
18	PHILIPS	S6680/26 SERIES 6000	91.323	1,7	653	7,7	1	21	139,88
19	PHILIPS	S5400/06	80.647	1,5	957	17,8	1	7	84,27
20	TRADEBRAND	TRADEBRAND	73.364	1,4	4.590	58,2	3	2	15,98
	TOTAL	TOTAL	5.430.366	100,0	80.573	100,0	32	96	67,40

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PRJ 64484 - RD 378558 - RP 20182821 - ID 629864595

Source: GfK Portugal (2020)

2.8.21. Appendix U – Total Sell Out Ironing Systems category (in euros) per month and brands (PT)



Source: GfK Portugal (2020)

2.8.22. Appendix V – Top 20 sold units of Ironing System category (PT)

IRONING SYSTEM		Portugal Panelmarket										January 2019 - December 2019		
No.	Brand	Item	SALES UNITS	SALES UNIT %	Sales EUR	TOS VAL	D.UNW. TOTAL	D.WGT. TOTAL	PRICE EUR/UN.					
1	ROWENTA	DG8226F0	8 990	7,3	2 288 351	203	20	66	253,16					
2	TRADEBRAND	Trade Model	8 462	6,9	462 628	81,8	14	3	64,67					
3	FLAMA	552FL JETPRESS	5 000	4,1	402 420	6,2	12	38	80,49					
4	ROWENTA	DG8662 SILENCE STEAM EXTREME	3 842	3,1	816 204	16,4	8	30	212,44					
5	ROWENTA	DG8651F0	3 229	2,6	589 010	13,5	11	26	182,40					
6	ROWENTA	DG8826F0	3 176	2,6	674 187	10,7	11	37	212,26					
7	PHILIPS	GC883330	2 840	2,4	415 104	5,9	6	42	141,19					
8	TRADEBRAND	Trade Model	2 841	2,3	141 486	3,2	6	26	49,80					
9	FLAMA	551FL JETPRESS	2 280	1,8	144 525	8,3	7	10	63,11					
10	TEFAL	GV 7466 EXPRESS COMPACT	2 186	1,8	392 374	6,8	7	35	179,49					
11	BOSCH	TDS2170	2 088	1,7	254 792	6,7	5	23	122,03					
12	TEFAL	GV 6721 EFFECTIS	2 089	1,7	294 071	5,0	8	35	142,11					
13	BRAUN	IS7156BK CARESTYLE 7 PRO	1 994	1,6	454 806	10,7	5	25	228,09					
14	PHILIPS	GC670720	1 978	1,6	171 291	9,8	2	10	86,60					
15	PHILIPS	GC7820/23/20	1 801	1,5	306 084	10,4	4	17	189,88					
16	BRAUN	IS 2044 CARESTYLE COMPACT	1 759	1,4	230 404	5,8	4	24	130,88					
17	CROWN JAPAN	ACRE2688	1 678	1,4	60 885	31,8	4	1	36,39					
18	ROWENTA	VR7260F0 EASY STEAM	1 674	1,4	214 102	6,4	6	20	127,82					
19	PHILIPS	GC7830/20	1 672	1,4	243 020	10,2	4	14	145,35					
20	BECKEN	BSS-1439	1 653	1,4	164 638	5,2	5	19	99,60					
21	TEFAL	SV6020	1 647	1,3	164 561	3,7	5	26	89,94					
22	BRAUN	IS 2043 BL	1 641	1,3	218 313	6,2	7	21	133,05					
23	FLAMA	548 FL	1 622	1,3	89 931	7,6	6	7	55,43					
24	UFESA	PL2410	1 583	1,3	95 168	6,3	4	9	60,13					
25	TRISTAR	ST-8817	1 488	1,2	53 243	4,4	4	7	35,78					
26	BOSCH	TDS2140	1 400	1,1	144 917	5,3	3	16	103,49					
27	TAURUS	SENSITY NON STOP PRO 818.084	1 323	1,1	109 231	7,8	2	8	82,58					
28	AEG	DBS3340	1 316	1,1	101 495	4,3	6	14	77,11					
29	PHILIPS	HI5910 /20 /21 /25	1 202	1,0	99 108	19,2	4	3	82,47					
30	TRADEBRAND	Trade Model	1 188	1,0	72 838	5,2	2	8	61,31					
TOTAL			122 098	100,0	16 812 055	100,0	99	100	137,69					

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PRJ 4444 - RP 378925 - RP 2019161 - ID 4444423

Source: GfK Portugal (2020)

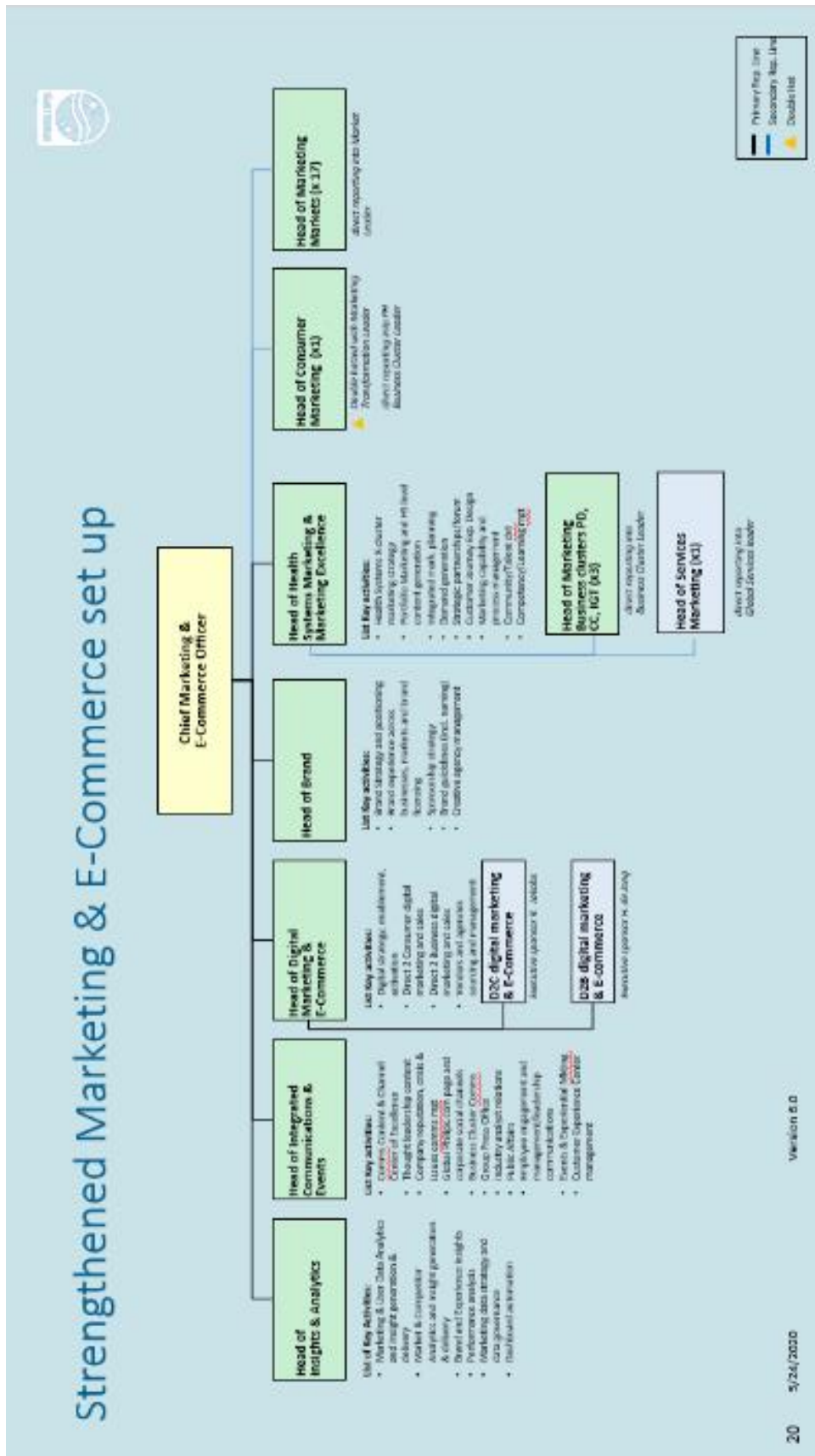
2.8.23. Appendix W – Top 20 Sell Out (in euros) of Ironing Systems category (PT)

IRONS		Portugal Panelmarket										January 2019 - December 2019		
IRONING SYSTEM		No.	Brand	Item	SALES VALUE	SALES VALUE%	Sales Units	TOS VAL	D.UNW. TOTAL	D.WGT. TOTAL	PRICE EUR/UN.			
1	ROWENTA		DG9226F0		2.268.351	13,5	8.960	20,3	20	66	253,16			
2	ROWENTA		DG8962 SILENCE STEAM EXTREME		816.204	4,9	3.842	16,4	8	30	212,44			
3	ROWENTA		DG8626F0		674.187	4,0	3.176	10,7	11	37	212,26			
4	ROWENTA		DG8561F0		589.010	3,5	3.229	13,5	11	26	182,40			
5	TRADEBRAND		Trade Model		462.626	2,8	8.462	81,8	14	3	54,67			
6	BRAUN		IS7156BK CARESTYLE 7 PRO		454.806	2,7	1.994	10,7	5	25	228,09			
7	PHILIPS		GC6833J0		415.104	2,5	2.940	5,9	9	42	141,19			
8	FLAMA		552FL JETPRESS		402.420	2,4	5.000	6,2	12	38	80,49			
9	TEFAL		GV 7466 EXPRESS COMPACT		392.374	2,3	2.186	6,8	7	35	179,49			
10	PHILIPS		GC7920Z3/20		306.094	1,8	1.801	10,4	4	17	169,96			
11	TEFAL		GV 6721 EFFECTIS		294.071	1,7	2.069	5,0	8	35	142,11			
12	BOSCH		TDS2170		254.792	1,5	2.088	6,7	5	23	122,03			
13	PHILIPS		GC7630/20		243.020	1,4	1.672	10,2	4	14	145,35			
14	BRAUN		IS 2044 CARESTYLE COMPACT		230.404	1,4	1.759	5,8	4	24	130,99			
15	PHILIPS		GC9405/80 PERFECT CARE AQUA PRO		225.280	1,3	1.056	8,8	4	15	213,26			
16	BRAUN		IS 2043 BL		218.313	1,3	1.641	6,2	7	21	133,05			
17	ROWENTA		VR7260FU EASY STEAM		214.102	1,3	1.674	6,4	6	20	127,92			
18	PHILIPS		GC9325		212.262	1,3	988	6,8	2	18	214,90			
19	PHILIPS		GC9635/20		209.368	1,2	710	9,5	2	13	295,09			
20	PHILIPS		GC8723/20		190.995	1,1	1.073	6,3	4	18	178,02			
21	ROWENTA		DG8531		187.723	1,1	1.017	15,0	5	7	184,57			
22	BOSCH		TDS6080DE		185.241	1,1	891	5,9	3	19	207,94			
23	ROWENTA		DG7623F0		183.331	1,1	1.105	13,4	4	8	165,89			
24	PHILIPS		GC8715/20		176.889	1,1	930	5,4	3	19	190,19			
25	PHILIPS		GC6707/20		174.291	1,0	1.978	9,8	2	10	86,60			
26	BECKEN		BSS-1439		164.638	1,0	1.653	5,2	5	19	99,60			
27	TEFAL		SV6020		164.561	1,0	1.647	3,7	5	26	99,94			
28	PHILIPS		GC7055/GC7056/20		162.575	1,0	1.156	10,1	2	10	140,66			
29	PHILIPS		GC 7833/80		160.086	1,0	1.087	6,9	3	14	147,26			
30	BRAUN		IS7155 CARESTYLE 7 PRO		158.932	0,9	690	10,8	2	9	230,42			
TOTAL					16.812,055	100,0	122,098	100,0	99	100	137,69			

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 PRJ-04461-RG-3789728-REP-20181812-1-D-44444232

Source: GfK Portugal (2020)

2.8.24. Appendix X – Marketing & E-commerce international structure at Philips



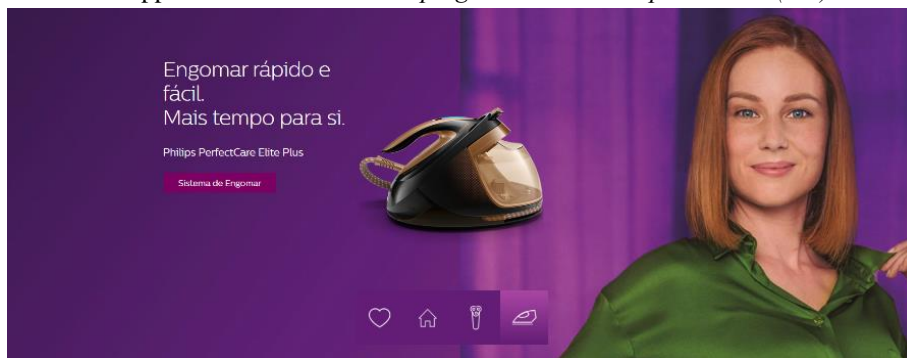
Source: Philips Intranet

2.8.25. Appendix Y – One PH Campaign banner in Philips' website (MG)



Source: Philips - Portugal

2.8.26. Appendix Z – One PH Campaign banner in Philips' website (GC)



Source: Philips - Portugal

2.8.27. Appendix AA – One PH Campaign Landing Page in Philips' website (MG)

**Corta como uma lâmina*
Cuida da tua pele**

**Barbear perfeito, pele suave.
Inclusive em barbas de 7 dias**

★★★★★

A máquina de barbear elétrica Philips S9000 Prestige foi desenvolvida para deslizar suavemente sobre a sua pele, enquanto corta cada pelo de uma forma extremamente rente, até numa barba de 7 dias.

A S9000 Prestige é a nossa melhor máquina de barbear e cada peça foi desenvolvida para satisfazer as suas elevadas expectativas.

Comprar onde preferir em:

Worten Migalhas

Lâminas de precisão NanoTech

Lâminas com rebordos extra fortes e arredos para um barbear mais apurado

As lâminas de precisão NanoTech são refinadas com tecnologia para cortar os pelos com o maior precisão, proporcionando um barbear extremamente suave ao nível da pele.

Opiniões sobre a máquina de barbear elétrica S9000 Prestige.

★★★★★

5/5

- ★★★★★ **Worten** (20/03/2022) Excelente barbear mesmo com barbas de 7 dias. Acabado perfeito. Sem, recomendo este produto.
- ★★★★★ **Worten** (06/03/2022) Excelente corte, suave e eficaz. O design não é adequado para viagens, não é possível levar o estilete numa mala de viagem, nos dias de hoje é um erro grave... Não mais!

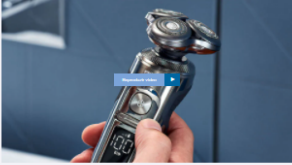
Em totalidade (2)

Prémios




Pedagogical Case – Philips Portuguesa S.A.

Descubra tudo sobre a máquina de barbear elétrica S9000 Prestige



72 150 000

O que está na caixa da máquina de barbear S9000 Prestige?






Descubra tudo sobre a máquina de barbear elétrica S9000 Prestige. Inclui: máquina de barbear elétrica S9000 Prestige, estojo para viagem, aparador de precisão e lâmina premium.

Estojo para viagem O estojo para viagem protege a máquina de barbear e evita danos durante o transporte.

Aparador de precisão O aparador de precisão permite alcançar áreas de difícil acesso e manter a barba curta.

Lâmina premium A lâmina premium oferece uma rasagem suave e confortável, sem irritar a pele.

Compare a nossa melhor máquina de barbear S9000 Prestige com outras máquinas de barbear elétricas da nossa gama.

Barbear mais Apurado	Barbear confortável	Barbear sensível
		
Máquina de barbear S9000 Prestige	Máquina de barbear S9000 Prestige	Máquina de barbear S9000 Prestige
Ver detalhes	Ver detalhes	Ver detalhes
Características	Características	Características
<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare 	<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare 	<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare
Capacidade de Corte	Capacidade de Corte	Capacidade de Corte
<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare 	<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare 	<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare
Facilidade de utilização	Facilidade de utilização	Facilidade de utilização
<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare 	<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare 	<ul style="list-style-type: none"> • Lâmina Premium • Sensor de Temperatura • Tecnologia PerfectCare

Source: Philips - Portugal

2.8.28. Appendix AB – One PH Campaign PR action in Instagram (GC)



claudio_ramos • Seguindo

claudio_ramos ... Avisei logo cedo hoje é dia de lida da casa e vocês já sabem que não era grande fá de passar a ferro até que descobri o PerfectCare Elite Plus da Philips porque me facilita muito a vida. Consigo ter a roupa preparada e perfeita. É passada ao meu ritmo e quando digo ritmo, digo que me posso esquecer dele em cima de uma camisa (não era caso raro) que ela não se queima. E sabem porquê? Porque tem a tecnologia PerfectCare que mantém a temperatura da base constante, sem queimar, e um sensor que o desliga automaticamente, é super leve, fácil de usar, passo na vertical resumindo é um sonho. Meu a dia a dia ser nessa sua tem (11)

Curtido por sofa.fernandes.23 e outras 6.922 pessoas

16 DE NOVEMBRO DE 2019

Adicione um comentário... [Publicar](#)

Pedagogical Case – Philips Portuguesa S.A.



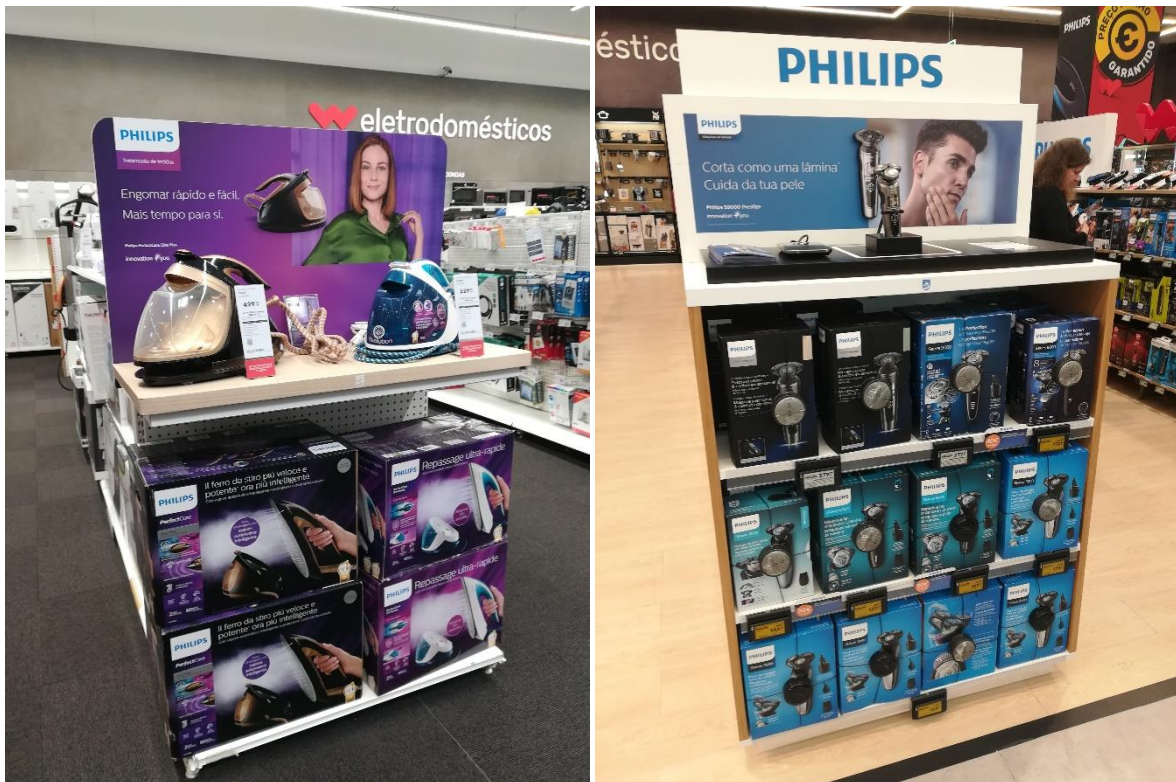
Source: Instagram

2.8.29. Appendix AC – One PH Campaign Social Media Posts (GC)



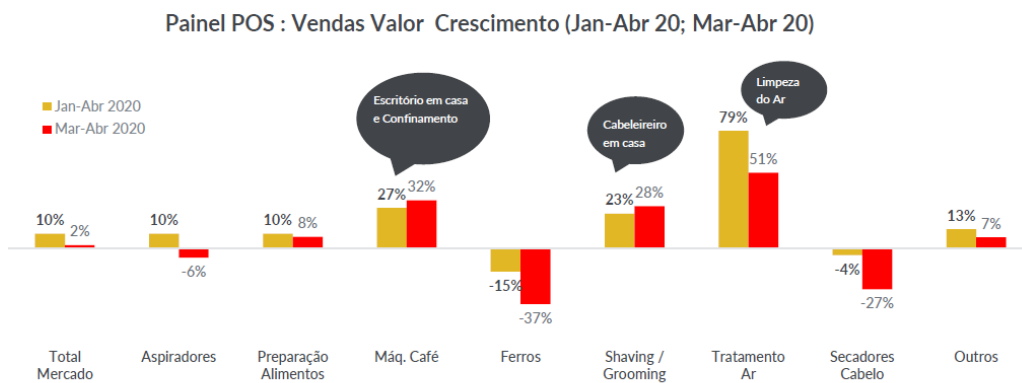
Source: Internal social media post plans

2.8.30. Appendix AD – One PH Campaign In-store implementations (MG and GC)



Source: Philips internal information

2.8.31. Appendix AE – Sell Out growth until Abril 2020, focusing in Marh and April (lockdown period) per categories



Source: Gfk Web Conference (2020)

2.8.32. Appendix AF – “Healthy” definition by different generations



Source: Millennials Infographic (2020)

2.9. Questions

1. At a certain moment, Philips realized that it was fundamental to redefine their strategy according to the new consumers’ behavior. Based on this fact, try to explain how some macroeconomic indicators, small domestic appliances market data, and other relevant associated data may have led to the Philips’ new strategy. Highlight indicators related to generations’ behaviors and the consumption of digital.
2. Based on the 360° implementation of the One PH Strategy described in Chapter 2.7.3., construct the online customer journey with the three phases of the campaign, putting all the investments (ATL and BTL) in each phase and separating the online investment from the offline investment.

Suggestion: Start by explaining the different phases of the online customer journey, relate them with the phases of One PH Campaign, and build a table with all the investments in the different phases.

3. One PH Campaign was a campaign with high investment involved, thus being relevant to evaluate the campaign's efficiency. Based on that and the table 6 of chapter 2.7.5., pick two or three KPI's for each phase (in a maximum) and explain how all these KPI's are related. Focus only on online shopping.
4. Recently, Philips has communicated to its employees that will separate part of its business – Domestic Appliances area – which means that the categories of Kitchen, Garment Care, Floor Care, Air Treatment, and Coffee will be managed by a different entity, other than Philips. Do you think that this separation is compliant with the brand strategy? Take into consideration the vision, mission, and values of the company, as well as all the business changes which have occurred along these 129 years.
5. In March 2020, a pandemic crisis caused by COVID-19 has settled in all over the world, as is described in Chapter 2.7.6. Many commercial and industrial activities have stopped and most commerce has closed and stopped. Also, people were forced to stay at home, teleworking, if they have this option. In Portugal, this situation started in the middle of March and the emergency state only ended on the 2nd of May. Although schools remained closed and many people were still at home, there were many restrictions on being on the street, shopping, in cafes, etc. As you can imagine, companies faced a situation of a big crisis, which initially was only sanitary but quickly grown to an economic crisis, and, besides that, there are some direct consequences which were immediately observed:
 - Online Sales Growth;
 - Limited time in-store, when shopping offline;
 - ROPO (Research Online, Purchase Offline) growth;
 - Less economic power;
 - Consumers spend more time at home, starting to perform various functions at home that they didn't do before (example: cooking more instead of going to restaurants, getting a haircut at home, shaving at home, and drinking coffee at home).
- a. Indicate and justify 3 actions that Philips can take to adapt its communication strategy (One PH Campaign) to this new reality, satisfying the consumers' needs and, consequently, increase market share.

- b. In front of this scenario, suppose the international structure allowed implementing an online D2C store in Portugal, through an external partner. This would imply a reduction in workload concerning the implementation of the store (which would be implemented locally), as well as cost optimization.
 - i. Based on the One PH Campaign structure, the actual operational model of the company and e-commerce data mentioned in Chapters 2.6 and 2.7.6, indicate three parameters which will be improved with the D2C launch in PT.
 - ii. Indicate two new KPIs related to e-commerce, which can be added to table 6.

6. According to your understanding of the concept of Multinational Companies, compile a list of critical success factors for the Brand Reputation with the evolution of the digital channel, and:
 - a. Try to explain why Philips Portuguesa S.A. has faced some difficulties related to each critical success factors.
 - b. Based on Chapter 2.7, explain if Philips has improved all these CSF through One PH Campaign, and how it managed to do it. Put the factors in ascending order, from what is less impact by this strategy to what is more.

III. Pedagogical Notes

3.1. Case Study Target

This case study was developed for the following targets:

- Undergraduate and master students from the areas of Marketing, Business Administration, and Management, who have a special interest and want to develop their knowledge in Digital Marketing and E-commerce, Multinational Companies structure, and their notoriety evolution as well as the digital brand building;
- Entrepreneurs, managers, and juniors of Small Domestic Appliances companies, with the main focus on Multinational Companies but also inspiring smaller companies, can use this case to improve their business, bringing new ideas and specific initiatives to the digital channel and the suitable target (the current target and the future target), increasing their competitiveness and marketing their position through modern strategies without losing their notoriety;
- Teachers, who may want to give this case as an example in curricular units related to the themes mentioned above, in the business area also mentioned.

3.2. Pedagogical objectives

The present case study was developed to provide strategic examples and recommendations based on real data (industry data, market trends, target changes and company's structure, and real problems), to the case of Multinational Companies and their adaptation skills to Digital Channel and commerce changes.

With the resolution of this case study it's intended that respondents achieve the following objectives:

- 1) Be conscious of the business environment, structure, and limitations of a Multinational Company;
- 2) Understand the Small Domestic Appliances industry and how it has been changing, as its target;
- 3) Reflect and learn about the importance of a brand in keeping us to date, regardless of its notoriety until then;
- 4) Groom students to become aware of the relationship between a company's age, structure, history, and a company's notoriety;

- 5) Realize how the company's notoriety can be affected through target behavioral changes and the development of a new communication and sales channel (Digital Channel);
- 6) Recognize the influence of external factors on business or market, regardless of the performance until then – the example of COVID-19;
- 7) Be aware of the constant adaptation skills which are crucial and mandatory to the companies towards the digital channel and target behaviors evolution;
- 8) Reflect how a change in marketing and communication strategy can influence the target's buying behaviors and preference.

3.3. Literature Review

3.3.1. *Brand Reputation and Notoriety*

Reputation is the information used to make a value judgment about an object or a person. The reputation represents opinions of individuals on enterprises, on their products or on their employees, which are many times connected with own experiences, or based on gained information from their surroundings or mass media (Zraková et al., 2017, p. 1001). Another view of the reputation is presented by Barnett & Pollock (2012), who says that Reputations is a prediction of future behaviors that are based on an assessment of how past behaviors meet the role expectations that follow occupying a particular social status. In other words, the reputation of a brand is mostly related to customers' experiences but also related to others' opinions and experiences. Because of that, brand managers have always to think that everyone can influence and advocate a firm's reputation. In the case of enterprises, the reputation and its renown are very important and valuable, as Buckingham (2014) referred to.

When brands have good reputations, there are a lot of advantages to them. A positive reputation is helping an enterprise in competing and it can influence its market value (Zraková et al., 2017). This market value is created not only by market share alone but also by its maintenance and growth.

An important aspect that influences brand reputation is customer loyalty. According to Toufaily, Ricard, & Perrien (2013), there is a different type of focus on customers' loyalty: loyalty to a brand or a product, loyalty to a store, or loyalty to an organization. These turn out to be the different motivations a consumer may have that make them loyal. (Toufaily et al., 2013). As referred, loyal customers are a lot of times a consequence of good reputation and

notoriety, but although having a satisfied customer base is a laudable goal that is not to be questioned, its impact on loyalty and performance outcomes is not as obvious. Notoriety consists in measuring the number of people who are aware of the brand, the product, or the company. (Alameda et al., 2006).

In reality, the question concerning the efficacy of the satisfaction–loyalty link is much more nuanced than of a simple yes, it exists, or no, if it doesn't. (Kumar et al., 2013). In other words, if a brand wants to have and maintain a good reputation and, consequently, increase its loyal and satisfied customers, it can't consider this aspect as a static factor, because customers are always changing and opinions are always changing.

A good and fast accelerator of the formation of opinions and reputation is social media. Consequently, the term “media reputation” emerged, to refer to the overall evaluation of a firm in the media. (Etter et al., 2019). The main issue is to understand how a brand has to be in media and social media to best optimize its reputation.

3.3.1.1. The Case of Multinationals when adapting to local destinations

According to *MBA Tuts* (2019), a multinational company is an enterprise operating in several countries but managed from one (home) country. Generally, any company or group that derives a quarter of its revenue from operations outside of its home country is considered a multinational corporation.

In a multinational company, sometimes is difficult to maintain the same reputation and image in all countries because all customers are different, mainly in different cultures. Because of that, this type of companies decides to be interdependent, to maintain its corporate image. According to Prahalad & Doz, (1987), the need to maintain and leverage a corporate image can and often does impose interdependencies across businesses. According to Aguilera-Caracuel, Guerrero-Villegas, & García-Sánchez (2017), investments on CSR – Corporate Social Responsibility it's a usual method of companies to improve their reputation. Corporate Social Responsibility is defined by *INVESTOPEDIA* (2020) as a “self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.”. This is a good path to maintain a good reputation and notoriety in multinational companies and the media's evolution is helping to transmit this type of information all over the world and, besides that, technological frames also help multinational companies to share information and be more consistent all over the world.

According to (Aguilera-Caracuel et al., (2017), the best way to keep a good reputation is trying to communicate it near all stakeholders, investing in Stakeholder Marketing, which represents a firm's orientation toward its marketing activities that go beyond consideration of the interests of immediately targeted consumers to include others that may be affected by the firm's activities (Bhattacharya & Korschun, 2008), including individuals, employees, institutions, groups, communities, publics, governments, and society at large. (Gundlach & Wilkie, 2010). In Multinational cases, these types of companies operate in different countries and regions with varied institutional profiles (Kostova et al., 2008). Through internationalization, they can attend to the needs and demands of stakeholders in the different contexts and markets in which they operate thereby achieving the image of responsible, legitimate, transparent entities committed to the environment. (Christmann, 2004). This type of activity can have very positive repercussions for both their social performance and significant improvement in their reputation driven by this social performance. The study of article Aguilera-Caracuel et al. (2017) concluded that improvement in the MNC's social performance positively affects its reputation. MNCs, in contrast to local firms, are more sensitive to socially responsible and irresponsible behavior (Mahmood & Humphrey, 2013).

3.3.2. *The Millennials*

A generation can be defined as a country's subculture that reflects the prevalent values of a historical period, determined by significant cultural, political and economic developments (Egri & Ralston, 2004). The concept of generation is useful to understand changes and transformations in values, practices, behavior, management challenges, learning styles, social networking, and information processing abilities that are determined by demographic characteristics (Maulding et al., 2012).

According to that, generational changes are something common over the years due to all the changes in lifestyle, interests, resources, and their availability. All these changes lead to behavioral changes that will define differences between different people, mostly proper to people age, childhood, and teenage years, in which they create habits and personality characteristics that will be visible throughout their lives, influencing their behaviors, acts and preferences. Mannheim (1952; cited in Maulding, 2012, p.14) referred that "a particular generational cohort subculture develops in response to societal changes occurring during a generation's preadult years." The main changes between generations occur in these categories of values: openness to change (self-direction, stimulation), conservation (conformity, security, tradition), self-enhancement (achievement, hedonism, power), and self-transcendence

(benevolence, universalism). Therefore, each generation may show a particular combination of these categories of values. (Maulding et al., 2012).

For this case study is relevant to analyse Millennials generation. Millennials refers to people born between 1982 and 1999 (Anderson et al., 2017). According to Calk & Patrick (2017), this generation represented approximately 76 million of people in 2017, aging 31 and younger in 2020. This generation is mainly characterized as “a generation in which knowledge is acquired, shared, and created as an extension of the primacy of relationships and networks and embedded in the connections that information technology provides” (Maulding et al., 2012, p.13). In specific to behaviors that have more impact in this case study context, according to Vasco Brinca (2016) conclusions through a Daymon Worldwide’s study, the top five traits of millennial shoppers are:

- The worldwide sharing tribe: More important than having experiences, is to share them in social media;
- Eating to be healthy/social-driven diets: This is the most health conscious generation;
- Eco(nomic) consumers: Millennials is very aware and worry about ecological and sustainable problems;
- Unstructured shoppers: Less planed purchases and shopping trips, mainly driven by immediate need or moods;
- Brand disaffected: Less brand loyal. More willing to try private brands.

According to *Estudo de Tendências de Consumo: Geração Y Millennials – AgroCluster*, n.d., Millennials are fully enjoying the massification use of the internet and other technologies, from their appearance until today. They were educated and grew up using new technologies, being the first generation created in the digital age that saw in lovo the boom of gadgets. They’re an experience-oriented generation, where digital is always present. (*Estudo de Tendências de Consumo: Geração Y Millennials – AgroCluster*, n.d.). Because of that, and according to the same source, this is a generation that can obtain and share information in a very easy way, making these people more demanding with the brands, with a loyalty and satisfaction based on good experiences, with the most different and innovative produto and/or service. .

It’s mandatory for brands to keep millennials’ affinity for technology and experiences in mind, retailers should look to start adopting new in-store technologies in order to provide a relevant and engaging personal shopping experience. (*The Next World: How Millennials Will Shape Retail*, n.d.).

3.3.2.1. New Customer Journey

In the last years, and mainly because of generational changes referred above and digital channel evolution, the customer journey has been the object of a lot of studies, because of all changes in terms of variables that influence it. The customer journey describes the path of sequential steps and interactions that a customer goes through with a company or brand (touchpoints), product and/or service (*Customer Journey Definition - What is a Customer Journey?, n.d.*). In other words, the customer journey is related to the “route” the customers take until the moment of purchase and, after that, post-purchase.

Through rapid technological advancements, customers have gained access to a multitude of ways to interact with product and service providers (Barwitz & Maas, 2018; Leeflang et al., 2014). Consequently, customers can make this path in a lot of different ways and mainly in an easier way. A lot of times, because of technology and digital evolution, this path isn't visible for the brands or when it's visible, is difficult for the brand to be in all touchpoints of the customer's path.

For firms, it's becoming more and more difficult to get our prospects' attention, hold that attention, and get them to understand the value of working with us (Lieberman & Lane, 2019). Companies must adapt and define their strategies taking in consideration these journey's changes, to be at the same place of customers to engage and get attention from their customers, because customer engagement is the key to success in the new relational marketing processes and, nowadays, companies may need to consider them if they wish to create favorable conditions for a lasting relationship with customers (Marino & Presti, 2019). The actual customer journey is made as a cyclone and not more as a funnel. While in the funnel model, people flow to the top of the funnel and descend over time, appearing at the bottom as customers, in today's cyclone model, the customer journey is brutally turned upside down from the inside out. Outside, with little left to identify it as the clean and straightforward process it once was. Unfortunately, this makes managing your brand much more complicated (Lieberman & Lane, 2019).

To better meet customers' needs and preferences, executives have embraced the customer journey concept and broadly implemented multi or omnichannel strategies (Barwitz & Maas, 2018). Omnichannel is defined as using many channels, like the Internet, mobile devices, and physical stores, all within the same transaction process (Tyrväinen & Karjaluoto, 2019), and it's a trend on the customer journey. Besides adapting their strategies to an omnichannel approach, mainly in the branch of communication, brands have to pay attention to the others, because with only one channel, all brands are there, so the customer is receiving a lot of

information at the same time, from different brands, and this can make the customer confused. As *McKinsey & Company | Global management consulting* (n.d.) explains, “Faced with a plethora of choices and communications, consumers tend to fall back on the limited set of brands that have made it through the wilderness of messages”. That simply means prospects and customers are confused, and when people are confused, they tend to do what is safe, which is often nothing.

With all these studies and conclusions, it is possible to understand that the concept of the customer journey is changing mainly because of technology and digital evolution. This new perspective of omnichannel is very relevant to understand a new perspective: shopping behavior is changing drastically regarding the utilization of Internet-enabled devices.

3.3.3. *Digital Marketing*

According to Faustino (2019), digital marketing is an application of communication strategies and marketing with the main goal of promoting and communicating products and services through digital channels and electronic devices.

Baynast, et al. (2018) says that the digital context has introduced new ways to interact and, at the same time, a lot of good business opportunities, for customers and organizations. Internet usage is the main driver behind it, although the forces of market fragmentation and rapid change are everywhere (Day, 2011). This evolution of the internet is leading companies to a digital transformation, which encompasses an organization’s ability to adapt, respond, and position itself for success in the face of rapid technological evolution (Guinan et al., 2019).

The digital transformation in society and marketing creates tremendous challenges for firms. Much of the focus of the teams have been on agile methodologies and processes but there is less research to inform organizations on digital team dynamics such as roles, empowerment, learning, and leadership development (Guinan et al., 2019). In terms of practical appliances of that, according to Leeflang et al (2014), company home pages, e-mail, and social media are most commonly used today by the companies on digital marketing. Social media and mobile applications represent the biggest growth areas for companies. All these channels are mandatory for the digital transformation journey. Picture (2019) refers if the companies aren’t embracing on this digital transformation journey, they’ll be flying blind without the instrumentation and computing capabilities to keep them focused on their target and goals.

Digital Marketing, besides changing tools used by companies, also changes the way companies can get customers data because it increases access to data and insights, and the ability to reach new customer segments (Leeflang et al., 2014). Digital Marketing belongs to a

total digital transformation that companies have been going through as a result of a digital economy, which is impacting worldwide. This digital economy can transform traditional markets and create new markets with through digitized environment, agility, speed, adaptability and innovation (Telegescu, 2018). As a result, companies have to develop their capabilities of analyzing data and act more with the main goal of having a stronger performance in a digital environment. Marketers and marketing departments should be more assertive and their functional responsibilities should be assumed by more digitally oriented functions, such as IT (Leeflang et al., 2014).

Basically, and besides their internal digital transformation, according to all these definitions, for companies to make digital marketing, they have to define marketing strategies to engage the digital generation (Ballestar et al., 2018).

3.3.3.1. E-commerce

According to Laudon & Traver (2014), e-commerce is defined as the use of the Internet, the World Wide Web, and mobile apps to transact business. Although the terms Internet and Web are often used interchangeably, they're two very different things: the internet is a worldwide network of computer networks, and the Web is one of the Internet's most popular services, providing access to billions of Web pages.

Internet is defined as an interconnected network of thousands of networks and millions of computers linking businesses, educational institutions, government agencies, and individuals, by Laudon & Traver (2014). The Internet has become one of the most important marketplaces for transactions of goods and services. (Leeflang et al., 2014).

The 1990s being the decade of e-commerce, the early part of the 21st century has become the era of social commerce (Fader & Winer, 2012). E-commerce change the shopper typology, and the development of shopper typologies is a well-established stream of research in retailing with over 40 studies investigating retail patronage behavior using a variety of bases, such as retail attribute importance, shopping motivations, attitude toward shopping, shopping frequency, and store loyalty. (Ganesh et al., 2010).

According to past research, online shoppers are thought to be more concerned with convenience, are willing to pay extra to save time, and may also dislike regular shopping (Burke, 1997; Li, Hairong, Chang K, 1999; Morganosky, Michelle A.; Szymanski & Hise, 2000). Besides, customers are changing their behaviors in terms of shopping with respect to the utilization of Internet-enabled devices. (Wagner et al., 2018). This fact is changing the way that brands provide different touchpoints to shoppers (Verhoef et al., 2015). Further, Wagner et

al. (2018) concluded that this customer behavior depends on the e-channel touchpoint. Wagner et al. (2018) define an e-channel as a category of Internet-enabled devices (for example, mobile devices) that consumers can use to interact with and purchase products from an online retailer. By e-channel touchpoint, the same source means a specific digital shopping format (for example, a mobile shopping app) that a retailer employs to provide consumers with an online shopping opportunity.

3.3.3.2. The Role of Digital Communication Tools

According to *Online Business Dictionary - BusinessDictionary.com*, “communication is a two-way process of reaching mutual understanding, in which participants not only exchange information, news, ideas, and feelings but also create and share meaning.”. In general, communication is a means of connecting people or places. In business, it is a key function of management - an organization cannot operate without communication between levels, departments, and employees. By the same source, a tool is defined as an item or implementation used for a specific purpose. So, it’s possible to define a communication tool as an item used to communicate. Consequently, there are a lot of different communication tools that companies can opt to use. As referred by Baynast et al. (2018), there are a lot of variables of communication that a company can opt: Salesforce, Publicity, Direct Marketing, Public Relations, sponsorship and patronage, promotion, merchandising, and digital communication.

Considering the digital communications tool, and according to all this information above, it’s possible to define them as a digital item used to communicate.

Nowadays, the world is very actively changing and online digital communications are becoming more and more significant (Sharakhina et al., 2018). Because of that, companies tend to invest more on digital marketing and adapt the other variables to the digital channel, as Sharakhina (2018, p. 57) said: “The Internet can offer many opportunities and instruments, but it is also possible to observe the phenomenon of traditional communication tools transformation in the digital space, where instruments are implemented online.”. Because of that, in real business life, professionals are faced with the necessity to change and significantly improve traditional management methods and tools (Pogorelova et al., 2016). It mainly concerns marketing. Besides the high need for adaptation to the digital channel, companies can also get a lot of advantages using digital communication tools. One of the key features of communication strategies workout in digital space is the ability to perform deeper analysis and detailed segmentation of the target audience. Technology and the Internet help to address companies or brands target audiences “directly” without lots of communication barriers.

(Sharakhina et al., 2018). The role of customers on the online channel is also an advantage to the brands. Customers and users also participate in brand image formation and create content. Also, companies can use content created by users and directly relate them to the brand, as an example, photos and videos on Instagram with hashtags of the company/event (Sharakhina et al., 2018).

One good example of a digital communication tool is a social technology. According to *McKinsey & Company | Global management consulting* (n.d.), Social Technologies are the least integrated into the workflow for operations processes, such as order to cash and demand planning. They are the most integrated into Public Relations, Customer Relationship Management (CRM), and marketing processes—where these technologies are a natural extension of existing tools. As a result, executives say the use and integration of social tools have had the most significant impact on the day-to-day work for many customer-facing activities. Through a study of *McKinsey & Company | Global management consulting*, it was possible to conclude that the social tools which are mostly used for customer engagement and least in operations processes are Public Relations, CRM, Executing Marketing Activities, Developing customer insights, Recruiting /Hiring.

3.3.3.3. Technology as a Tool to Sales

According to *Online Business Dictionary - BusinessDictionary.com*, technology is the purposeful application of the information in the design, production, and utilization of goods and services, and in the organization of human activities.

As said before, a tool is defined as an item or implement used for a specific purpose. So, a tool for sales is an item used to sell something – a product or a service, or both.

The development of technology was the reason for the appearance of all the tools which allow, today, people to buy things at their own homes, and companies sell things in a non-physical way and presence. The big revolution step was made when the Internet, which is defined above, had come. According to the same source, the Internet provides approximately 2,3 billion people around the world with services such as e-mail, apps, newsgroups, shopping, research, instant messaging, music, videos, and news. Regarding this, it's easy to understand that this is the best network that companies and people can be to know everything, to sell and to buy most effectively. So, companies have to consider the world in their market, because Internet development gives the same opportunities to all users, as referred by Baynast, et al. (2018).

The new technology wave allows connectivity and interactivity between individuals and groups as a result of the impact of three major forces: cheap phones and computers, accessible internet services, and availability of the sources, which contribute to the development of individual expression and cooperation between people (Roman et al., 2015). Besides, the progress made in the field of technology has brought about major changes for producers, consumers, and markets. The new wave of digital technology enables people to connect anywhere across the globe (Roman et al., 2015).

Digital Marketing, which is defined above, is possible to exist to the brand because of technology. According to De Bruyn & Lilien (2008), digital marketing has four main aspects that are found in a business platform. These aspects help companies to sell and buyers to buy:

- Web/mobile marketing refers to the mobile platform that allows businesses to sell (Fierro, Isidro, et al., 2017);
- Search Engine Optimization (SEO): According to Faustino (2019) SEO is a set of websites optimization techniques and strategies, which the main goal is to make the project easier understood by search engine robots;
- Social Networks: According to *Online Business Dictionary - BusinessDictionary.com*, a social network is family, and friends and their families, that together create an interconnected system through which alliances are formed, help, and information are obtained and transmitted. Fierro, Isidro, et al. (2017) said that social network is the most popular online communication instrument. It enables people to build a network to interact with other people (Boyd & Ellison, 2007);
- Customer Relationship Management: According to *BarnRaisers, LLC* (n.d.), CRM is a computerized system for identifying, targeting, acquiring, and retaining the best mix of customers.

3.4. Analytical Framework presentation

This chapter of the pedagogical note relates and highlights the analytical approaches and tool that were needed to the development of this pedagogical case, answering its main question and meeting the pedagogical objectives set in Chapter 3.2. After this case analysis and resolution, the respondents will be prepared to understand and come with a well-argued and justified response to the main question: “How can century-old multinational companies adapt their marketing and communication strategy to the digital channel and generations evolution?”.

This case was developed based on information granted by Philips Portuguesa S.A, through two formats: internal data, data available from Philips online platforms, and interviews with all the Philips Portuguesa S.A, as well as quantitative and qualitative analysis to the refurbished market, in Portugal. For a better analysis, the resolution should be based on two types of analysis, quantitative and qualitative. In this vein, the two approaches complement one another and allow a better perception of the market under analysis, as well as the firm and its performance measurement process. Through these analyses, it is expected that respondents can solve the case, as well as being able to give recommendations and develop their critical spirit on the subject. The quantitative analysis tries to help them understand the company's contextualization and its market, and all that surrounds them, such as external indicators to the firm, macroeconomic indicators, and market evolution, as well as internal indicators. Hence, the analysis has its base on the following secondary data sources:

1. Small Domestic Appliances industry and wholesale and retail:

- SDA sales worldwide, European and Portuguese contexts;
- Comparison between global and regional in the global Small Domestic Appliances industry;
- SDA in Portugal: offline and online sales;
- SDA growth to the future;
- E-commerce in SDA;
- Sales data during and after the COVID-19 pandemic.
- Macroeconomic and social indicators data:
- GDP and Population economic well-being;
- Number of companies in the wholesale and retail business;
- The business volume of wholesale and retail business;
- Population consumption in homes;
- Average monthly income;
- Employed population;
- Generational Evolution.
- E-commerce penetration in Portugal;
- E-commerce data during and after the COVID-19 pandemic.

2. Philips' internal data:

- Market share of Male Grooming and Garment Care categories, both included in the Small Domestic Appliances industry;

- One PH Campaign Results;
- Sales and market shares by categories and competitors.

The qualitative analysis intends to complement the quantitative analysis, providing essential tools for the case study analysis, as well as valuable insights to the subject, due to its strategic character. Thus, it is expected that students consider the following sources of analysis:

- A broad analysis of Philips such as their history, mission, and vision, business idea, operating model, structure, categories, and products. Furthermore, the focus is on their marketing department: the structure and the definition of this new strategy adapted to digital growth;
- Strategic focus and positioning;
- Industry trends;
- Marketing investments;
- Consumer behavior;
- Trends during and after the COVID-19 pandemic;
- Literature Review on the subject.

3.5. Action Plan

Table 8: Action Plan

Session	Objectives	Session Plan	Time
1st lecture	<ul style="list-style-type: none"> a) To develop students' interest, curiosity and awareness in the case study b) To share the current knowledge about Philips company 	<ol style="list-style-type: none"> 1. Presenter: Share with the audience "How Technology is Rapidly Changing Generation Z and Millennials" video, in order to open a discussion about behaviors' changes and brands' adaptation to that: https://www.youtube.com/watch?v=SiMQyPzvm7Q 2. Presenter: Open a discussion about Digital consumption and generational evolution - in groups of 3 or 4, the students must present 3 main characteristics of these new buyers 3. Presenter: Share with the audience the case study 4. Presenter: Share with the audience the Philips' value proposition video: https://www.youtube.com/watch?v=Injj9qZaLxs 5. Presenter: Head to animation questions 1 and 2 to an open discussion 6. Distribution of the case study 7. Definition of work groups and presentation of schedule and assignments (Recommended group size: 4 students) 8. Q/A 	80 minutes
Out of the lecture	<ul style="list-style-type: none"> a) To analyze the case study b) Familiarization with Philips, SDA industry and target changes c) Answer Question 1 	<ol style="list-style-type: none"> 1. Individual case study reading, diagnosis, analysis and identificatio of the main topics 2. Group analysis and discussion with a brainstorming of ideas and division of tasks, timelines and methods (agenda) 3. With all members' inputs, construction of the question 1 (in written form and with additional research, if needed) 	120 minutes
2nd lecture	<ul style="list-style-type: none"> a) Presentation of the agenda b) Presentation and discussion about question 1 c) Discussion about relevant topics for the two next questions 	<ol style="list-style-type: none"> 1. Presentation of the agenda 2. Presentation of the first answer 3. Discussion between all groups about the different answers 4. Discussion about differences in customer journey along the years 5. Discussion about ATL and BTL investments and different examples of KPIs for all the customer journey touchpoints 	90 minutes
Out of the lecture	<ul style="list-style-type: none"> c) Answer questions 2 and 3 	<ol style="list-style-type: none"> 1. Case study analysis and discussion with relation to the topics approached in the last class 2. Answer questions 2 and 3 	90 minutes

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3rd lecture	<p>a) Presentation of second and third questions</p> <p>b) Discussion about relevant topics for the next three questions</p>	<p>1. Presentation of second and third questions</p> <p>2. Discussion about these two questions</p> <p>3. Deep understanding and explanation about Philips structure and strategy, as health and century multinational company</p> <p>4. Presenter: Introduce the COVID topic, with a situational explanation</p>	120 minutes
Out of the lecture	<p>a) Answer questions four, five and six</p> <p>b) Elaboration of the final presentation</p> <p>c) Discussion about main findings and topics, in order to answer the main question of the case study</p>	<p>1. Deep discussion about the topics discussed in-class</p> <p>2. Development of individual findings about these topics and their influence on Philips strategy</p> <p>3. Answer questions 4, 5 and 6 individually</p> <p>4. Discussion about different answers and develop a common written answer for each questions</p> <p>5. Final presentation development, with the main topics and conclusions about each question and with the answer of the main question: "How can century-old multinational companies adapt their marketing and communication strategy to the digital channel and generational evolution?" - in a professional format, using Power Point or other similar tool</p>	180 minutes
4th and 5th lecture	<p>a) Case Study proposal resolution by different groups presentations</p> <p>b) Discussion between all the groups</p> <p>c) Other questions</p>	<p>1. Groups presentations (30 minutes per group)</p> <p>2. In-class discussion after all the presentations</p> <p>3. Presenter: Final learnings about the case</p> <p>4. Q&A</p>	240 minutes
Out of the lecture	<p>a) Grades attribution by the presenter</p>	<p>1. Evaluation weights: Report (45%) + Final Presentation (35%) + In-class participation (20%)</p> <p>2. Evaluation distribution (total = 20): Q1 (1) + Q2 (1,5) + Q3 (1) + Q4 (1) + Q5a (3) + Q5b)i (2) + Q5b)ii (1,5) + Q6 (3) + Q6a (2) + Q6b (4)</p>	-
6th lecture	<p>a) Presenter's feedback</p> <p>b) Grades communication by the presenter</p>	<p>1. Presenter: Communication of the grades to the groups</p> <p>2. Presenter: General feedback to all the class</p> <p>3. Presenter: Main highlights and conclusions</p>	45 minutes

Source:Self-elaboration (2020)

3.6. Animation Questions

The Chapter of Animation questions is developed with the main goal to actuate in a discussion about the case, to make the respondents think and reflect on the topics covered here and check their current knowledge on those same topics. Besides, this discussion will also reflect the interest of those involved in digital marketing and multinational companies. This discussion could be done in a class, between professors, or inside a meeting of a certain company.

1. Have you heard about Philips? How?
2. Do you know what kind of products are included in Philips' portfolio?
3. What suggestions would you give to Philips to improve its communication strategy?
4. Have you ever seen and read communications related to SDA products on your social networks? Do you follow any brand of the SDA industry on your social networks?
5. What SDA brands are you familiar with?
6. What are the most important characteristics of brands' online communication?
7. In your opinion, how important is the digital channel for brand awareness, reputation, and notoriety?
8. How do you see the generational evolution until today? What are the main behaviors which have changed in Millennials when comparing to previous generations?
9. What was the main challenge found in this pedagogical case?

3.7. Case Study Resolution Proposal

3.7.1. Question 1

At a certain moment, Philips realized that it was fundamental to redefine their strategy according to the new consumers' behavior. Based on this fact, try to explain how some macroeconomic indicators, small domestic appliances market data, and other relevant associated data may have led to the Philips' new strategy. Highlight indicators related to generations' behaviors and the consumption of digital.

According to Chapter 2.1., the economic activity of wholesale and retail had a business volume of 146.251€ in 2018, having grown 25,23% in the previous five years. This number represents 34,47% of the total business volume, being the sector with a higher business volume (See Appendix E). Also, the market of Consumer Goods Technology (CGT) grew 7% in the last quarter of 2019, with revenue of € 1.021.000.000. Comparing to the same quarter of 2018, this number has increased by 3,3%. In the specific case of Small Domestic Appliances (SDA),

this industry has increased 7,1%, representing the second industry with the highest growth, next to Large Domestic Appliances (LDA) with a growth of 8,4% in the same period. All this data allows to conclude this is a fast-growing industry, and it is estimated that this growth will be even greater in the coming years, as it's referred to in Chapter 2.2.1. In this scenario, brands must analyze whether they are following this growth or letting themselves be left behind, while also having a sustainable positioning and notoriety to accompany this growth in the years to come. In the case of Philips, since 2018 there has been a loss of market share in the total SDA industry. The brand only gained share in the traditional and mass channel, although we are talking about only 0.1 and 0.4 share points, respectively. However, the biggest drop was in the online channel, which is worrying given the growing importance of this channel in this industry (See Appendix I). Other worrying data is related to the categories of SDA that most boosted its growth. As mentioned in Chapter 2.2.1, these categories were vacuum cleaners, food preparations, coffee machines, air treatment, and male personal care, have contributed to around 50% of the industry's growth. It's mandatory to understand how it has been Philips' performance in these categories:

1. Vacuum cleaners: as Appendix N reflects Philips has such a small market share that it does not even appear in the market data, therefore there is no brand visibility in this segment;
2. Food preparations: the scenario is better, even though the brand has lost market share in all channels (See Appendix M);
3. Coffee machines: as it's possible to see in Appendix O, Philips has been having excellent performance, in a market that is quite dominated by its competitor Delonghi. There was a very large growth in market share (in general, almost doubled);
4. Air treatment: as referred in Chapter 2.2.1, the company doesn't receive market data for this category, however, its presence is very insignificant;
5. Male Personal Care: Philips is gaining market share in all channels, except in the online channel, which is, again, worrying given its evolution in recent years (See Appendix R).

This data reflects Philips' need to boost its growth in market share, so as not to let its competitors drive industry growth and gain market share. As indicated in Chapter 2.2.1, and as you can see in Appendix F, the growth of this industry will be increasing in the coming years, which means that if Philips continues with the performance it has had so far, will lose a lot of market share and, consequently, consumers.

As said before and referred in Chapter 2.2.1, the segments that mainly drive this growth have evolved a lot in the last years, thanks to technology and innovation. Philips is also an innovative brand, with differentiating technologies that make its products very competitive, so they should also grow together with the industry and even ahead of the competition. Unfortunately, the results didn't show that, and Philips has been losing its notoriety and positioning over the years, despite the products it offers, because of the entry of new competitors, target changes, and inefficiency in brand communication. As cited in the same chapter, these categories that have undergone the most technological changes, offering more innovative solutions, are the categories which customers are looking for. Nowadays, and related to generational evolution, customers are searching for simplicity, convenience, and innovation in their products. These customers are mainly millennials, which is a generation that values new experiences, technology, and convenience. While previous generations were more loyal to the brands and the essential functions of the products, this new generation is looking for all the experience. As referred in Chapter 2.1, almost all Philips' target are Millennials, the generation which will represent 75% of the world workforce. In other words, the majority of buyers are already Millennials and can achieve a percentage of 75% in 2025, which a big part corresponds to the period in which the largest growth in the SDA industry is expected. This generation, in addition to being more demanding, having easier access to all information, and always looking for new experiences through technologically developed and innovative products, affirms that "negative digital experiences online and on mobile devices have a much greater negative impact than on other age groups." *BBVA* (2015). Besides that, this generation is more loyal to a brand due to price than quality, although they also value quality a lot (See Appendix H), and this is in stark contrast to previous generations, who were loyal to the brands when they trusted a brand, did not question the quality of their products, being able to pay a high price to have the product of that brand.

Throughout its history, Philips has dealt with precisely this type of behavior, having been a very impacting brand for previous generations (Baby Boomers and X generation). As you can see in chapter 2.4.1, there were several innovations that Philips launched on the market, which are quite remarkable for history. Nowadays, with the exponential increase of competitors and the difficulty of differentiation, Philips has lost notoriety among its current buyers. This loss was not due to the decrease in the quality, technology, and innovation of its products, but rather because it was unable to communicate them effectively with its target. This communication must be mostly carried out through the digital channel, according to these new generational behaviors. And it was precisely at this point that Philips was left behind, as can be seen in the

losses on the online channel indicated above. The wide variety of products that Philips has already had, but whose business areas have already been sold in the meantime (such as TV and audio, as stated in chapter 2.4.1), causes these consumers to be confused when trying to understand what Philips sells today and what is its value proposition. In this sense, a change in the brand's marketing and communication strategy is imperative, so that Philips can get closer to its target and their interests. Philips has all the tools needed to be one of Millennials' favorite brands, just needing to communicate them better. An example that portrays this very well is its strategy and vision. As mentioned in Chapters 2.4.1 and 2.4.2, the company vision is “to improve the lives of 3 billion people a year by 2030. We will be the best place to work for people who share our passion. Together, we will deliver superior value to our customers and shareholders.”, and the company believes that these better lives are achieved through continued health care, what it calls the "Health Continuum" (See Figure 1). Such care is achieved through new ways to proactively monitor and manage their health, through the **digitalization** process in health care business, which is changing the products and solutions in health, “combining systems, smart devices, software, and services, which deliver greater benefits to customers.”. More than curing diseases, the company believes that continued care for well-being and health, throughout life, through products in the Consumer Lifestyle business area, will substantially improve future life and even prevent certain diseases and health problems. And this is precisely the thinking of Millennials. This generation is much more concerned with lifestyle, well-being, and health, always seeing a great advantage in combining technology with that. In Appendix 31, it's possible to see that this generation sees healthy life as something continuous and the result of daily commitment – and Philips can help a lot here.

It was for all these reasons that the new strategy was born - One PH Campaign - which focuses much more on the brand and creating awareness among the target, putting Philips in their minds, and sending precisely the message that *“there's always a way to make life better”* (See Chapter 2.4.1).

3.7.2. Question 2

Based on the 360° implementation of the One PH Strategy described in Chapter 2.7.3., construct the online customer journey with the three phases of the campaign, putting all the investments (ATL and BTL) in each phase and separating the online investment from the offline investment.

Suggestion: Start by explaining the different phases of the online customer journey, relate them with the phases of One PH Campaign, and build a table with all the investments in the different phases.

When defining a marketing and communication strategy, a company must take into consideration its consumer and, consequently, all the steps that the consumer takes until he reaches his purchase decision and then repurchases. These steps build a path called Customer Journey. The traditional customer journey has four different stages: awareness, consideration, purchase, and retention. As referred in Chapter 3.3.2.1., the rapid technological advancements brought to the consumers multiple ways to interact with products and services. This also means that consumers take more actions and consider a lot of other factors, before their purchase decision, as is described below. In this context, the customer journey has a new template and it's composed of five different phases: Awareness, Search, Reputation, Conversion, and Experience. The main changes are:

- Consideration in the online channel is divided in Search (organic search online, for example) and Reputation, which is the phase that customers search for reviews, social media opinions, and online Word-of-Mouth;
- Purchase is specified as the Conversion phase, which can be an online booking, a website order, or an in-store purchase;
- Retention is referred as Experience, because this phase involves all the Post-purchase experience, including the contribution with online content to future customers (Ratings and Reviews, Writing Social media posts and stories with opinions, and others).

To adapt it to One PH Campaign, it's important to understand what the equivalent phases are. Based on the explanation of Chapter 2.7.1. and the Desire phase is in the Awareness phase of the customer journey, Explore phase is the Search and Reputation phases, and Convert is the Conversion phase. The Experience phase isn't directly included in One PH Campaign, taking into account that this campaign does not focus on the After-Sales phase directly, although many actions can also contribute to consumer loyalty and repurchase, and also this type of content created by customers can boost the campaign results, by increasing the number of potential consumers and increasing Philips' notoriety, through recommendations, opinions and Digital Word-of-Mouth.

According to Table 5, this campaign has communication through actions in ATL and BTL investments and online and offline channels. All these actions and investments are contributing to customer journey development and involvement throughout the campaign.

Below are the various types of investments, ATL and BTL, which are part of One PH Campaign’s customer journey on online and offline channels, throughout the various phases of the campaign.

Table 9 – ATL and BTL investments across Online Customer Journey

Awareness		Search + Reputation		Conversion	
Desire		Explore		Convert	
Online	Offline	Online	Offline	Online	Offline
PR: Influencers	TV	Search Paid	POS implementations	Product pages philips.pt	POS implementations
Search Paid	POS implementations	CRM & E-mail	POS DEMOS	Product pages retailers	Promotors
Paid Social	PR Events	Philips.pt	Promotors	CRM & E-mail	
Social Media	Press Releases	Retailers’ Websites			
		Paid Social			

Source: Self-Elaboration (2020)

3.7.3. Question 3

One PH Campaign was a campaign with high investment involved, thus being relevant to evaluate the campaign’s efficiency. Based on that and the table 6 of chapter 2.7.5., pick two or three KPIs for each phase (in a maximum) and explain how all these KPIs are related. Focus only on online shopping.

Answering phase by phase, according to Chapter 2.7.1., the Desire phase has as the main goal to cause desire in the consumer and the desire to buy the product, but more than that, to buy something of Philips. In this sense, the company's goal is to be able to cause a desire on people as much as possible. Regarding this, and also considering the channels which were used in One PH Campaign, the number of leads who watch a Social Media post related to this campaign is an important KPI to understand if this goal of achieving more and more people, creating this desire, is being accomplished. This KPI is the number of impressions. According to *BigCommerce (n.d.)*, a impression occurs when an advertisement or any other form of digital media renders on a user's screen. Impressions are not action-based and are merely defined by a user potentially seeing the advertisement, making CPM campaigns ideal for businesses intent on spreading brand awareness. This means that this KPI shows the brands the number of times which the social media post (in this example) appears and is seen by a lead. But a post can be

seen a lot of times by the same person, so the Impressions don't represent the number of people who have seen the post. To understand how many people see the post, we have to consider other KPI: Reach, which is a KPI "that indicated how far the brand's message is traveling -- how many eyes it's getting in front of." (*Impactplus, n.d.*). According to the same source, measuring reach on social media can be misleading at times as it only shows how many people potentially saw your post or that it was made available.

Another channel which is included in this campaign is TV. This is the channel with the highest investment, so it is important to ensure its efficiency. The most important and known KPI of this channel is the GRPs. According to *Marketingprofs* (n.d.), GRP (Gross Rating Point) is a standard measure in advertising. It's calculated through a percent of the target market reached multiplied by the exposure frequency. This means that if the advertisement is shown to 30% of the target market and the brand gives them 4 exposures, the result will be 120 GRPs.

All these KPIs are only valid at this Desire phase, as they end up limiting some conclusions that the brand can draw regarding the effectiveness of the campaign. More than knowing who sees the communication, it is essential to understand who interacted with that communication and become involved with it. Only this will make the brand understand the consumers' interest in the product and/or brand. Here the brand is tapering the leads to the next phase, as it's possible to see in Figure 3, entering the Explore phase, where consumers are interested in knowing more. In this phase, it's important to consider all the ways that a consumer can interact with the brand. In the case of Social Media, the most common KPI is the number of clicks in a post, which represents the number of times that someone clicks on the post to know more information, which represents how many people are interested in that content, among all who saw it. With more qualitative interactions, the number of likes, comments, and shares are also three other KPI's which belongs to the Explore phase. It's possible to take some conclusions relating to the number of clicks with the number of likes, comments, and shares. "A large number of clicks with very few likes and shares shows that your post got their attention but didn't deliver the exceptional quality needed for the viewer to engage." (*IMPACT, 2020*). On the other hand, a lot of likes, comments, and/or shares with a low number of clicks, indicates that the brand needs to work on how it pitches its content by testing different titles or visuals.

As referred at chapter 2.7.1., the last phase of One PH Campaign is Convert. In this phase, what is analyzed is mainly the conversion rate, which is the percentage of leads that take an action to buy. In the specific case of this campaign, the number of clicks to customers' websites is a KPI for this phase, considering that customers' websites are where the customers can buy.

According to this, the CPC (Cost per click) is an important KPI to evaluate the efficiency of the campaign and how much a click costs. But more than understanding how many people are interested in buying the product and/or the brand, it's important to understand how many people effectively bought. Of course that this KPI isn't the clearest and precise, because there may be many other variables that influence the sell out, but to analyze whether the campaign was effective or not, it is necessary to analyze sales, comparing them with the previous months and years, and, considering the investment costs of the campaign, understand whether the return on sales was as expected. This takes the brand to look further than the number of sales: ROI analysis.

3.7.4. Question 4

Recently, Philips has communicated to its employees that will separate part of its business – Domestic Appliances area – which means that the categories of Kitchen, Garment Care, Floor Care, Air Treatment, and Coffee will be managed by a different entity, other than Philips. Do you think that this separation is compliant with the brand strategy? Take into consideration the vision, mission, and values of the company, as well as all the business changes which have occurred along these 129 years.

As mentioned in chapter 2.4.1, along these 129 years there were many changes at Philips' portfolio and strategy level. Innovation has always been the maximum exponent of the brand, always aiming to continue to innovate regardless of the business area. As there was a greater offer for the competition of products launched innovatively by Philips, the company decided to continue to innovate in other areas to offer a better life to its consumers in several and different aspects. Since 1891, Philips has been constantly innovating, until today, which the main purpose of making customer's lives better.

The vision of the company is “to strive to make the world healthier and more sustainable through innovation. The company's goal is to improve the lives of 3 billion people a year by 2030” (See Chapter 2.4.1). Today, Philips is a leading health technology company focused on improving people's health and enabling better outcomes across the health continuum (See Figure 1) – thereby creating value for its stakeholders. The company bases its strategy, according to Chapter 2.4.2, on this Health Continuum, to convey the message that health is not something we should be concerned with when we have some diseases, but something continuous and that must be taken care of to avoid future problems or make it less serious. As referred to in the same chapter, the Personal Health business is present in the Health Continuum cycle in the phases “Healthy living” and “Home

Care”. Considering this information, it’s possible to understand that “Healthy living” is directly related to a healthy lifestyle, mainly in the younger generations that are not normally in the following phases of the cycle. This means that this lifestyle is closely related to the areas of Personal Care, Health and Wellness, and Home Care and food preparations could also be considered, although they’re not directly related to the previous ones. These two subcategories/areas belong to the Domestic Appliances business, and although their non-direct relation with this phase of the cycle, the company has decided to sell this part of the business and separate it from the Philips brand. So, this makes sense according to the company’s strategy: the company only wants the categories which improve lives directly. But the question should be: Why has Philips deleted also food preparation and home care? As referred in Chapter 2.2.1, in Air treatment (one of the two categories of Home Care), the company’s presence is very insignificant and in Floor Care (the other category of Home Care), as it’s possible to verify in the Appendix N, the situation is the same: Philips doesn’t have a position in this market. Thus, even though the company has considered continuing with these categories of Domestic Appliances, this hypothesis has been put aside due to the low volume of business in these categories, as it is not possible to sustain the business area. Finally, about the last category which could be a hypothesis, as it is logical and rational, to maintain the business area only through the kitchen category, its business volume should be very high and sustainable, as well as the growth forecast for the future. Unfortunately, as it’s possible to see through Appendix M, the scenario has not been favorable for food preparation.

To sum up, given the scenario presented, the company decided to focus on two business areas that contribute significantly to the Health continuum cycle, with a sustainable business volume for the future, keeping in its brand the following categories: Male Grooming, Beauty, Oral Care, and Mother&ChildCare. These four categories are directly related to the well-being and care of consumers, from the male to the female target and from the youngest to the oldest target. Thus, the brand remains present since the beginning of consumers' lives, taking care of their well-being, and making their lives better, always assuming that personal care is the beginning of healthcare.

3.7.5. Question 5

In March 2020, a pandemic crisis caused by COVID-19 has settled in all over the world, as is described in Chapter 2.7.6. Many commercial and industrial activities have stopped and most commerce has closed and stopped. Also, people were forced to stay at home, teleworking, if they have this option. In Portugal, this situation started in the middle of March and the emergency state only ended on the 2nd of May. Although schools remained

closed and many people were still at home, there were many restrictions on being on the street, shopping, in cafes, etc. As you can imagine, companies faced a situation of a big crisis, which initially was only sanitary but quickly grown to an economic crisis, and, besides that, there are some direct consequences which were immediately observed:

- **Online Sales Growth;**
 - **Limited time in-store, when shopping offline;**
 - **ROPO (Research Online, Purchase Offline) growth;**
 - **Less economic power;**
 - **Consumers spend more time at home, starting to perform various functions at home that they didn't do before (example: cooking more instead of going to restaurants, getting a haircut at home, shaving at home, and drinking coffee at home)**
- a) Indicate and justify 3 actions that Philips can take to adapt its communication strategy (One PH Campaign) to this new reality, satisfying the consumers' needs and, consequently, increase market share.**

In this COVID-19 scenario, companies had to deal with a crisis. Knowing how to manage and take advantage of it, was a big challenge for companies, considering all the changes that occurred due to this pandemic crisis and, more than that, all the changes that remained in a post-COVID period.

As referred at Chapter 2.7.6, this pandemic crisis changed people's lives, creating new needs and deleting others that already existed. One of the major changes in Portugal was related to online sales. Until now, Portugal was a country in which online sales represented only a small percentage of sales. In the specific case of the SDA industry, online sales represented only about 5%, as referred to in Chapter 2.6. In the Small Domestic Appliances industry, online sales have grown 330% only in March and April of 2020, which were the two months with highest impact from during the confinement due to the pandemic. Besides that, many other habits have changed in people's daily lives. Many activities started to be carried out at home and, even after the end of the confinement, people realized what they could do at home and continued to do so. In this sense, the brand must act to offer solutions that consumers are looking for, never forgetting their economic restrictions. Many of the activities carried out at home by consumers can be carried out with SDA products, which is a great advantage for this industry. Due to this, the SDA industry was the one that showed the best results, when comparing to LDA, as it fulfilled

consumers' needs without very high investments, as can be seen in figure 8. Also, it was the industry with the highest peak of online sales during the lockdown phase, which is easily understood through general industry sales, consumers' safety buying online, and the size of the products. In Portugal, there has always been huge insecurity when buying online, and this is reflected in the usual weight of online sales, this insecurity being greater when the purchase is related to products of higher values (as is the case of LDA). Likewise, the entire online purchasing process becomes more complex when it comes to large households. Therefore, Philips, being a company belonging to the SDA industry, should take this opportunity to be closer to the consumers.

Considering these factors it's important to highlight that the One PH Campaign is a campaign with high investments, as referred in Chapters 2.7.1 and 2.7.2. ATL investments are the most expensive, so in a crisis, it is important to manage them in the best way and canalize the investment towards the one that has the most return under the circumstances. One of the three actions suggested is exactly related to the investment. Philips can canalize TV investment to SEO and SEA investment because consumers are not willing to receive much advertising information on TV as they are concerned about the pandemic and economic situation in the country and the world. In this sense, instead of having a very large investment in the Desire phase, it makes more sense to have this investment in the Explore and Conversion phases, because in this crisis it is more difficult to create needs and awareness on consumers, which is why the brand must be able to satisfy existing needs rather than creating new ones. Thus the Desire should be suspended, and the focus should be on the Explore of the actual consumer needs, to Convert in Philips' purchases. With the exponential growth in online sales and ROPO, being at an online channel is mandatory to brand visibility. Then, the high investment in Search Paid (SEO and SEA) will help the consumers to complete their customer journey and make their purchase decision earlier, because when they search for something according to their need, Philips will appear at the top, according to the explanation of Table 5 in Chapter 2.7.3. At the same time, the constant adaptation of the keywords to the pandemic context will help consumers to find Philips' products at the same place. In that sense, in Table 10 are some examples of these keywords which the company can adapt in front of this scenario and according to consumers' needs:

Table 10 – Keywords update according to the new consumers' need

Category	Keyword
Male Grooming	Cut hair at home
Male Grooming	Male depilation at home
Beauty	IPL Depilation
Beauty	Depilation at home
Kitchen	Cook at home
Kitchen	Immune boosting smoothies

Source: *Self-Elaboration (2020)*

The second action suggested is related to Promo Added Value Campaigns. These campaigns are campaigns without a promotional discount in the final price but with an added value to the final consumer (for example, cash backs, free trial campaigns, extra warranty offer, an offer of other products). This means that this type of campaign gives something with value to the consumer without offering discounts on the products' prices (not changing the price positioning). In this case, as this pandemic scenario will decrease the economic power of the consumers, the proposal is to apply this campaign in Low-End and Middle-End ranges, which will be the most wanted products and it will be the products that people are most willing to pay for. In the case of Philips, because of this loss of economic power, the company may lose some consumers who will have to choose cheaper options, namely Tradebrands, which are gaining market share, as referred to in Chapter 2.3 and reflected in Table 1. Chapter 2.3 refers that the growth trends in Philips' categories are driven mainly by the products of higher value. Now, in a crisis, it is expected that whoever habitually buys HE products, can continue to do so, but whoever buys ME, will probably start to choose the LE option (it's known that in a crisis, the middle class is the one that tends to decrease). Finally, the consumers who already buy LE, in this scenario, will look for cheaper products (as Tradebrands), or simply will not buy. In this sense, to motivate these people to continue buying ME instead of LE, as well as those who normally buy LE continue to do so, the company will offer something more to give motivation and offer something more to consumers for continuing to buy these products.

The campaign can be done through two different promotional dynamics (these are suggestions):

1. The offer of a product when buying another one;
2. The offer of a discount on the next purchase.

The third action which will be suggested is to implement a special After-Sales service for purchases related to the products included in the campaign “Let’s Make Home the Best Place to be”, referred to Chapter 2.7.6. This special After-Sales service consists of a specific chat box in www.philips.pt to purchases of these products, and the main goal is to help consumers more easily, considering this special phase that leaving home is not recommended. It will be provided by specialists in these products to answer all the specific questions and doubts which can appear when consumers are using them in their homes. Besides these facts, this service will also motivate consumers to buy online, because they will feel more secure when doing so, knowing that they have support with solutions just a click away and immediately, in case something goes wrong or there are doubts about the products which they’re buying without seeing or touching them.

An adequate and effective After-Sales service is essential to motivate consumers to repurchase and, consequently, their loyalty to the brand. It is often in these most fragile moments that consumers are loyal to the brands that were with them.

a) In front of this scenario, suppose the international structure allowed implementing an online D2C store in Portugal, through an external partner. This would imply a reduction in workload concerning the implementation of the store (which would be implemented locally), as well as cost optimization.

i. Based on the One PH Campaign structure, the actual operational model of the company and e-commerce data mentioned in Chapters 2.6 and 2.7.6, explain how all this data leads to the need to create an online D2C store in Portugal, and indicate two parameters of One PH Campaign which will be improved with the D2C launch in PT, as examples.

As mentioned in Chapter 2.4.3, in Portugal, Philips always works through retailers, as it does not have its D2C store. In this sense, there are some limitations, as the brand is always very dependent on retailers and their availability. At the end of the day, the retailer is the one who has direct contact with the consumer to buy. As can be seen in Chapter 2.5.1, marketing and communication strategies are defined internationally, in more detail by the chief Marketing and E-commerce Officer and the correspondent team and, after that, this is transmitted to the different areas of Marketing & E-commerce to be set up, and later adapted in each cluster/country. This allows Philips to constantly have several “tools”, campaigns, and

resources to improve its performance and provide a better purchase experience to the final consumer. However, in the case of Portugal, most of the implementations are dependent on the retailers, and many good actions may not go forward or not be implemented in the best way due to the retailers' lack of availability and responsiveness. These questions are valid for offline and online channels, and the last one allows brands to be much closer to their consumers, knowing them much better, as mentioned in Chapter 2.6. In the same chapter, it's possible to understand that in this channel and this type of purchases, in Portugal, are slightly different from the rest of Europe, but this trend is changing, as we can see from Chapter 2.6 with the study of *Portal do INE* (2019), which also addresses the Philips target. In the specific case of the SDA industry, from 2018 the online sales have grown 52,93%. All this increase of e-commerce was further driven by the COVID-19 pandemic described in chapter 2.7.6, in which it is possible to conclude that in addition to the increase in online sales during the entire confinement period, the values of e-commerce continued to be high when comparing to the usual behavior of the Portuguese people regarding this type of purchases, which allow to conclude that it is a trend that will remain in the future, as also mentioned in Chapter 2.6.. In front of this scenario, it is becoming even more necessary for brands to have their online stores, to be able to take advantage of all these benefits. In the case of Philips in particular, there is a part of the One PH campaign that ends up being conditioned by the lack of a D2C store, as Philips loses the tracking of its consumers from the moment they go to the retailer's store or go to the retailers' websites to buy, failing to understand whether the campaign is resulting in sales, as there are many other factors that can influence them besides the campaign, in addition to not gaining new knowledge about the behaviors and preferences of their consumers.

In line with what was previously mentioned, two parameters which will be improved the One PH Campaign with the D2C launch in PT are:

More effective measurement of campaign ROI, as it is possible to verify whether consumers who arrived at the online store from campaign assets and links, effectively bought. Thus, it is easier to make a comparison between the campaign investment and the return on sales, checking if the campaign is being profitable, and taking improvement actions if necessary.

Consumers' data and preferences obtaining, which allows Philips to optimize Search Paid and Paid social accordingly, achieving a more restricted segmentation for different types of consumers, communicating more effectively.

ii. Indicate two new KPIs related to e-commerce, which can be added to table 6.

The new KPIs related to e-commerce which can be added to existing ones, are KPIs directly related to the moment of search and purchase in the online store. Specifically:

1. Conversion Rate (CVR): Indicates the number of visits that effectively reverted to sales;
2. Bounce Rate: Indicates the percentage of consumers who access the website but leave it immediately without taking any action.

3.7.6. Question 6

According to your understanding of the concept of Multinational Companies, compile a list of critical success factors for the Brand Reputation with the evolution of the digital channel, and:

- a) Try to explain why Philips Portuguesa S.A. has faced some difficulties related to each critical success factors.**

According to *INVESTOPEDIA (n.d.)*, “a multinational corporation (MNC), or multinational enterprise/company, is an international corporation that derives at least a quarter of its revenues outside its home country. Multinational advocates say they create technologically advanced goods in countries that otherwise would have access to such goods. A multinational company generally has offices and/or factories in different countries and a centralized head office where they coordinate global management.”. These companies, also known as international, stateless, or transnational corporate organizations tend to have budgets that exceed those of many small countries.

In Philips’ context, as referred to in Chapter 2.4.1, the company has its home in the Netherlands. The company is organized in 17 different markets all over the world, organized in three different groups: North America, Greater China, and International Markets (See Chapter 2.5.1 and Figure 2). In the specific situation of Portugal, the country belongs to the Iberia market, which belongs to the International Markets. Usually, in MNC, factories and warehouses are centralized for several countries, mainly due to logistical organizations, issues related to warehouse and factory costs, as well as raw materials. However, this can often cause some problems, mainly in terms of delays in deliveries of products, which will delay the delivery of the product to the final consumer as well.

Parallel to this, the evolution of the Digital Channel brings a lot of good things to daily routines, facilitating access to information. Therefore, consumers, and especially Millennials, which are the actual and future buyers of Philips (See Chapter 2.1.), are used to obtaining the information they need quickly, with a single click, through their devices, social media, and simple search. The challenge for companies is not only to provide this information via the web, social media, and other channels but also to supply their products or services equally quickly. Nowadays, consumers aren't willing to wait a lot of time to have their product or service, because it will give us a bad experience. And negative experiences, in this generation, are decisive to brand loyalty. These people are more critical, demanding, and volatile. 86% of today's consumers referred that they would stop doing business with a company if they had a poor customer experience and for this generation in specific. This generation consider that negative digital experiences online and on mobile devices have a much negative impact on their shopping experiences. *BBVA (2015)* - See Chapter 2.1.

In the case of Philips, as explained in Chapter 2.4.3, the company doesn't have a D2C store, so it sells its products through retailers, which means that the brand can also sell online in retailers' websites. However, as Philips is the retailers' suppliers, all these logistical factors impact on the retailers' online sales. Related with it, we can consider **Customer Service & Purchase Convenience** and **Product Availability** as critical success factors to the Brand Reputation.

Another advantage of the digital channel evolution is that consumers can get a lot of information at the same time and, more than that, get knowledge about all the options, with all advantages and disadvantages, which they have to satisfy their needs and make some comparisons between all the products and brands. So, from a brand perspective, this means that a brand must be better than the competition, offering better products/services. The brand must do it through good products and, more than that, the right and assertive communication of these products' characteristics. Therefore, the other two critical success factors are the **products' innovation and technology** and **efficient communication**.

About Philips' difficulties, related to the Customer Service & Purchase Convenience, the company is highly worried about the customers and invests a lot in the After-Sales service, contributing to a good Customer Service in this customer journey phase. However, the main difficulty is related to all the logistical processes and the non-existence of a D2C store (neither offline nor online). The logistical process that exists today could cause delays in delivering products to retailers and, consequently, to the final consumer. Besides, the non-existence of a D2C store makes all the buying process slower because of the number of intermediaries and,

consequently, more issues and problems can appear along the process. A good example of these difficulties is Marketplace and products without stock. Nowadays, it's very common that the retailers have brands' products on their websites as Marketplace or introduced on the website without real stock, which means that the product is only asked to the brand by the retailer when a consumer buys it in the website. This has two main issues: how long it will take the product delivery (considering all the actual logistical process at Philips) and the impossibility to provide few quantities of a product by Philips (sometimes, it's just one or two units), because the products have a MOQ, which is globally defined, as referred in Chapter 2.4.3, not allowing orders with the number of units below this MOQ. For the consumers, who don't know anything about these processes and only see the product on the website to buy it, represents a situation that can leave them very dissatisfied.

In relation to the other two critical success factors, about the Innovation, Philips has not been experiencing many difficulties because the brand has been able to innovate through its technology and it has been able to stand out from the competition through these innovative products with differentiating characteristics (See Chapter 2.4.1.). Even so, considering that the products are created centrally for the whole world, in terms of adaptations for the different countries, there may be some acceptance problems. What makes sense for one country may not make sense for the context of another country with a different lifestyle. In this sense, the lack of adaptability of products for all countries can sometimes be a difficulty and the product may not achieve the expected success despite its innovation.

In the specific case of Portugal, in addition to what was mentioned before about the adaptation of products to the context of each country, the fact that it is a small country causes the level of sales to be lower than the other countries. In this sense, and being a multinational company, the marketing and communication budgets available for each country are also allocated according to sales performance. This also leads to the last critical success factor mentioned: Efficient Communication. As the products are developed in a centralized way, communication strategies and guidelines are defined internationally and, subsequently, adapted to each market and country, as is the case of the One PH Campaign, whose adaptation is described in Chapter 2.7. This creates some limits for the company at the local level, and it is not always possible to adapt these strategies effectively to the different targets and contexts due to the guidelines to be followed. Besides, when it comes to brand communication, it's known that there has been a very large and rapid evolution of the digital channel, with Millennials having experienced these changes the most and those who live more closely with digital and online sales today. Now, this generation is the same that no longer recognizes the Philips brand

precisely because of the weak presence of the brand in this channel, which is the main channel for research and absorption of information by this target. In the case of Portugal, due to the issues of budgets and international guidelines already mentioned, the brand is often unable to have an adequate presence in this channel, not only due to the costs involved but also due to the delay in approvals that makes the brand arrive after the competition, failing to properly communicate the innovation of its products.

b) Based on Chapter 2.7, explain if Philips has improved all these CSF through One PH Campaign, and how it managed to do it. Put the factors in ascending order, from what is less impacted by this strategy to what is more.

About the **Product Availability**, as is mentioned in the Chapter 2.5.1 and the previous answer, structurally speaking, Philips, as an MNC, has some limitations related to the immediate availability of products. From logistical issues to order limitations, several factors make this product availability more conditioned. About One PH Campaign, this strategy has not improved or changed this process, as is referred in the Chapter 2.7.4, so it has not contributed to the improvement since CSF, as can be seen in table 4, in which it is said that the focus of the strategy is not on products but on its communication. The only change in terms of products in this strategy is the products and categories chosen for its communication, with no change in terms of internal processes. To sum up, the **Product Availability** is a CSF which isn't improved by One PH Campaign.

Still related to the products, **Products' innovation and technology**, is directly related to the Philips' portfolio of Philips. The innovation and technology of this portfolio are the same, independently of this strategy, because these are the focuses of Philips when creating its products, being always presented in Philips' products and discoveries, as it's possible to understand through the descriptive company's history in Chapter 2.4.1. This means that One PH Campaign doesn't contribute to this CSF improvement. However, a flaw felt by the company was precisely that with all the products it already had, it was not able to communicate its current portfolio effectively, not passing on its differentiated innovation and technology, as mentioned in Chapter 2.7. So, this will lead to other CSF: **Efficient Communication** which will be approached further.

Considering the CSF of **Customer Service & Purchase Convenience**, Philips was able to make its products more available for consumers to buy, through the online channel. As it's possible to see in Chapter 2.7, more specifically in Figure 3, there is a phase of the campaign entirely dedicated to conversion, that is, a phase whose main objective is to convert consumers

to the point of sale and, later, to the sale. This means that, through this strategy, the brand is facilitating the access to points of sale and, consequently, making the purchase process more convenient. Also, as referred in point 5 of Chapter 2.7.1, the focus of the campaign is the digital channel and an effective presence on it, and as it's possible to understand through the table 5, Philips has made the various platforms more attractive and user-friendly to direct consumers to the final purchase decision. From its website, its social media communication and investment in Search Paid, to the improvement of the retailers' website and points of sale, several investments brought this campaign greater consistency, which collaborated with the customer journey of the consumer, making it easier for the consumer to be directed until the end of the customer journey (conversion phase), and ending up buying the brand that has always accompanied him properly throughout all phases. All these factors contribute to a better **Customer Service & Purchase Convenience**, also a lot due to the focus on digital, as online shopping is always more convenient for the final consumer.

Lastly, the **Efficient Communication**. This is the main CSF that Philips wanted to improve with this strategy. As can be seen in Chapter 2.7, three of the five main pillars of the campaign are related to communication: the moment of communication (when), the way of communicating (how), and the main communication channel (where). In this sense, through this strategy, Philips can improve this CSF communicating:

1. With its target at the right time, capturing its attention to the brand and products and awaken in the target the desire to have a Philips product, creating a need;
2. Consistently, thus increasing the identification of the various products as being Philips by its target and, more important than that, the Philips' message and value proposition;
3. More focused on the right channel – digital channel – which is the channel where its target spends more time, researches more, and receives more information.

Besides, it can be seen from Table 4 that communication was the "P" of the Marketing Mix that suffered the most changes due to this strategy (Promotion). Its definition continued according to the company's structure and processes (demonstrated in Chapter 2.5.1), however, a common message was created to all clusters, countries, categories, and products involved in this strategy. Also, the consistency mentioned above was created visually. All this consistency of the message and visuals made the brand more recognized by its target, increasing brand awareness, and being better defined by its value proposition and the products it sells to meet it. Besides, it also contributes to the customer journey path being completed by its target, as there is consistency between all touchpoints in its various phases.

In a nutshell, this is the increasing order of impact on the different CSF: Products Innovation and Technology, Product Availability, Customer Service & Purchase Convenience, and Efficient Communication.

1.8. Case Study Resolution Slides



Agenda



- ✓ Case Study Presentation
- ✓ Case Study Resolution Proposal
- ✓ Managerial Implications



1. Case Study Presentation



- MNC with 129 years
 - High notoriety due to the big steps and contributions that it gave to the market.
 - Mainly known by Baby Boomers and X generation – high loyalty customers
 - Constant changes in product portfolio all over the years
 - Constant strategy and value propositions changes all over the years
 - Today Philips is a health company
 - Innovative products with high quality
- A lot of international guidelines
 - Strategies are defined internationally
 - Lack of recognition as a health company by actual target
 - Weak presence on the digital channel
 - Budget restrictions according to country's sales and performance (smaller countries = less sales = less available budget)
 - Difficulty in positioning itself because many products, although already sold to third parts, remain Philips for the final consumers (for example, TVs still have Philips written in their design structures).

3

1. Case Study Presentation



The main problem is that Philips isn't recognized by its target and it isn't at the target is, because the company is not communicating properly and has not been able to adapt to the various changes that have occurred in generational behaviors and due to technological and digital developments.



How can century-old multinational companies adapt their marketing and communication strategy to the digital channel and generational evolution?

4

2. Case Study Resolution



Question 1 - It was here that Philips realized that it was fundamental to redefine their strategy according to the new consumers' behavior. Based on this statement, try to explain how some macroeconomic indicators, small domestic appliances market data, and other relevant associated data may have led to the Philips' new strategy. Highlight indicators related to generations' behaviors and the consumption of digital.

Macroeconomic data	SDA Market data	Generation & the Digital	Other data
<ul style="list-style-type: none"> Economic activity of wholesale and retails had a business volume of € 146.251 in 2018 (growth of 25,23% in the previous five years) CGT grew 7% in the last quarter of 2019 	<ul style="list-style-type: none"> Fast-growing in SDA More competitors year after year Growth of 7,1% (between Q4 2018 and Q4 2019) 	<ul style="list-style-type: none"> Philips' target is mostly composed by Millennials Millennials: Easier access to information (through digital) This generation is more loyal to the brands due to price than quality, although it values quality also a lot Millennials are more worried about lifestyle, well-being and health, as Philips. 	<ul style="list-style-type: none"> Philips lost market share since 2018 Philips' online market share is dropped Low performance of Philips in categories with higher growth Differentiating categories and with innovative technologies are those with greatest growth Loss of notoriety by Philips

5

2. Case Study Resolution



- Small Domestic Appliances growth represents a industry with expected growth for the future
- Competitors are driving this growth more than Philips



- Philips isn't communicate in an effectively way with its target



- Solution: redefinition of marketing and communication strategy – **One PH Campaign**

6

2. Case Study Resolution



Question 2 - Based on the 360° implementation of the One PH Strategy described in Chapter 2.7.3., construct the online customer journey with the three phases of the campaign, putting all the investments (ATL and BTL) in each phase and separating the online investment from the offline investment.

Suggestion: Start by explaining the different phases of the online customer journey, relate them with the phases of One PH Campaign, and build a table with all the investments in the different phases

Online Customer Journey:



7

2. Case Study Resolution



Customer journey phases and respective campaign's steps:



8

2. Case Study Resolution



Adaptation of investments of Table 5 in the customer journey:

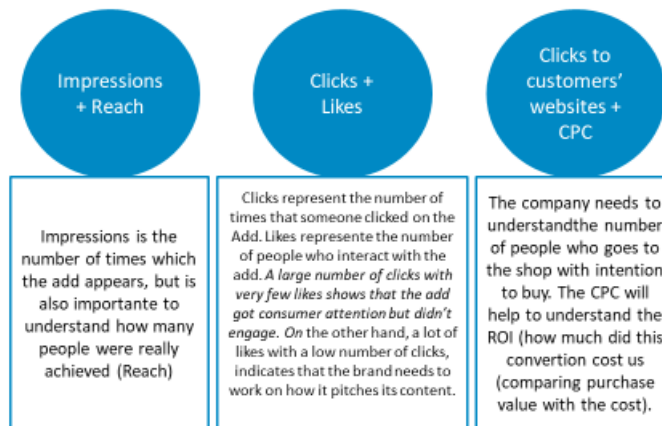
Awareness		Search + Reputation		Conversion	
Desire		Explore		Convert	
Online	Offline	Online	Offline	Online	Offline
PR: Influencers	TV	Search Paid	POS implementations	Product pages philips.pt	POS implementations
Search Paid	POS implementations	CRM & E-mail	POS DEMOS	Product pages retailers	Promotors
Paid Social	PR Events	Philips.pt	Promotors	CRM & E-mail	
Social Media	Press Releases	Retailers' Websites			
		Paid Social			

9

2. Case Study Resolution



Question 3 - One PH Campaign was a campaign with high investment involved, thus being relevant to evaluate the campaign's efficiency. Based on that and the table 6 of chapter 2.7.5., pick two or three KPI's for each phase (in a maximum) and explain how all these KPI's are related. Focus only on online shopping.



10

2. Case Study Resolution



Question 4 - Recently, Philips has communicated to its employees that will separate part of its business – Domestic Appliances area – which means that the categories of Kitchen, Garment Care, Floor Care, Air Treatment, and Coffee will be managed by a different entity, other than Philips. Do you think that this separation is compliant with the brand strategy? Take into consideration the vision, mission, and values of the company, as well as all the business changes which have occurred along these 129 years.

<ul style="list-style-type: none"> • A lot of changes in Philips' portfolio, along these 129 years; • Innovation is a maximum exponente of the brand 	<ul style="list-style-type: none"> • Philips' vision: "to strive to make the world healthier and more sustainable through innovation. The goal is to improve the lives of 3 billion people a year by 2030" • The company wants to be a health company, through its Health Continuum cycle 	<ul style="list-style-type: none"> • Domestic Appliances is the area with the least direct relation to the company's goals, vision and strategy
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11

2. Case Study Resolution



Question 5 - In March 2020, a pandemic crisis caused by COVID-19 has settled in all over the world, as is described in Chapter 2.7.6. Many commercial and industrial activities have stopped and most commerce has closed and stopped. Also, people were forced to stay at home, teleworking, if they have this option. In Portugal, this situation started in the middle of March and the emergency state only ended on the 2nd of May. Although schools remained closed and many people were still at home, there were many restrictions on being on the street, shopping, in cafes, etc. As you can imagine, companies faced a situation of a big crisis, which initially was only sanitary but quickly grown to an economic crisis, and, besides that, there are some direct consequences which were immediately observed:

- Online Sales Growth;
- Limited time in-store, when shopping offline;
- ROPO (Research Online, Purchase Offline) growth;
- Less economic power;
- Consumers spend more time at home, starting to perform various functions at home that they didn't do before (example: cooking more instead of going to restaurants, getting a haircut at home, waxing at home, and drinking coffee at home)

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2. Case Study Resolution



Question 5.1. - Indicate and justify 3 actions that Philips can take to adapt its communication strategy (One PH Campaign) to this new reality, satisfying the consumers' needs and, consequently, increase market share.



To canalize TV investments to SEO and SEA investments + Search keywords redefinition → consumers are not willing to receive much advertising information on TV as they are concerned about the pandemic and economic situation in the country and the world

Category	Keyword
Male Grooming	Cut hair at home
Male Grooming	Male depilation at home
Beauty	IPL Depilation
Beauty	Depilation at home
Kitchen	Cook at home
Kitchen	Immune boosting smoothies

13

2. Case Study Resolution



Promo Added Value Campaigns:

- To apply a campaign in Low-End and Middle-End ranges. The campaign can be done through two different promotional dynamics (these are suggestions):

- The offer of a product when buying another one;
- The offer of a discount on the next purchase.



Special After-Sales service for purchases related to the products included in the campaign "Let's Make Home the Best Place to be" → specific chat box in philips.pt to purchases of these products, and the main goal is to help consumers more easily, considering this special phase that leaving home is not recommended

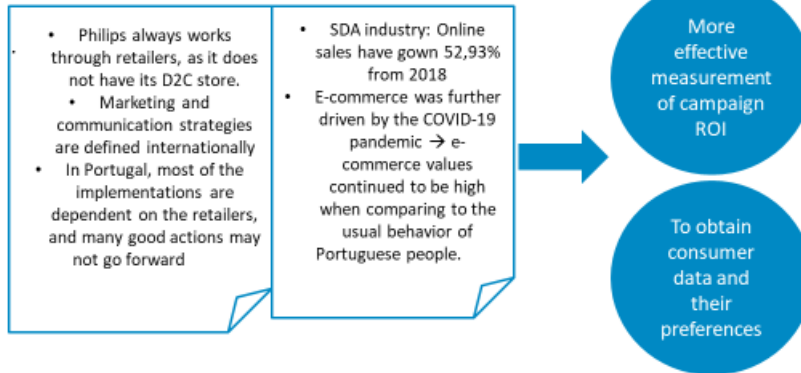
14

2. Case Study Resolution



Question 5.2. - In front of this scenario, suppose the international structure allowed implementing an online D2C store in Portugal, through an external partner. This would imply a reduction in workload concerning the implementation of the store (which would be implemented locally), as well as cost optimization.

i. Based on the One PH Campaign structure, the actual operational model of the company and e-commerce data mentioned in Chapters 2.6 and 2.7.6, explain how all this data leads to the need to create an online D2C store in Portugal, and indicate two parameters of One PH Campaign which will be improved with the D2C launch in PT, as examples.



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2. Case Study Resolution



ii. Indicate two new KPIs related to e-commerce, which can be added to table 6.



Conversion Rate (CVR): Indicates the number of visits that is effectively reverted to sales



Bounce Rate: Indicates the percentage of consumers who access the website but leave it immediately without taking any action

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2. Case Study Resolution



Question 6 - According to your understanding of the concept of Multinational Companies, compile a list of critical success factors for the Brand Reputation with the evolution of the digital channel, and:
a) Try to explain why Philips Portuguesa S.A. has faced some difficulties related to each critical success factors.



Customer Service & Purchase Convenience: Non-existence of a D2C store;



Product availability: logistical processes could cause delays in delivering products + MOQ quantities.



Products' innovation and technology: the products are created centrally for the whole world, in terms of adaptations for the different countries, there may be some acceptance problems. What makes sense for one country may not make sense for the context of another country with a different lifestyle.



Efficient communication: the communication strategies and guidelines are defined internationally and, subsequently, adapted to each market and country. This creates some limits for the company at the local level, and it is not always possible to adapt these strategies effectively to the different targets and contexts due to the guidelines to be followed + rapid evolution of digital channel and Millennials experiences.

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2. Case Study Resolution



b) Based on Chapter 2.7, explain if Philips has improved all these CSF through One PH Campaign, and how it managed to do it. Put the factors in ascending order, from what is less impact by this strategy to what is more.

Impact

Product Availability: isn't improved by One PH Campaign. As a MCN, Philips has some limitations related to the immediate availability of products. From logistical issues to order limitations, several factors make this product availability more conditioned. About One PH Campaign, this strategy has not improved or changed this process

Products' innovation and technology: they're the same, independently of this strategy, because there are the focuses of Philips when creating its products

Customer Service & Purchase Convenience:

- Specific convert phase – the brand is facilitating the access to points of sale, and, consequently, making the purchase process more convenient;
- Philips has made the various platforms more attractive and user-friendly to direct consumers to the final purchase decision.

Efficient Communication: This is the main CSF that Philips wanted to improve with One PH Campaign. In specific:

- With its target at the right time, capturing its attention to the brand and products and awaken in the target the desire to have a Philips product, creating a need;
- Consistently, thus increasing the identification of the various products as being Philips by its target and, more important than that, the Philips' message and value proposition;
- More focused on the right channel – digital channel – which is the channel where its target spends more time, researches more, and receives more information.

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3. Managerial Implications and Main Conclusions



Main learnings in the business world:



- **Stay up to date**, knowing better consumers and consumer behaviors, preferences and needs, and knowing all external factors that may influence the business in the short, medium, or long term.



- **To focus on communication:** When structuring a communication strategy, the company has always to look at its target, how it can communicate with, and where it should do it.



- **Adaptation skills:** it's important that companies have enough agility to adapt to situations, not failing to be close to their target or failing to satisfy target's needs.

IV. Managerial Implications and Main Conclusions

Since the emergence of the internet until today, there have been several changes that have led to the evolution and adaptation of companies in the face of new means and existing behaviors. According to Lissitsa & Kol (2016, p. 304), internet connectivity and usage have risen dramatically in the first decade of 2000, “providing people with easier means for obtaining information, and engaging in economic and social exchanges, social activities, and online communities.”. This digital revolution leads to a new generation that grew up with the internet and electronic devices, having watched and continued to watch the various innovations that are emerging. As they are the most attentive and interested online users, they are also the first to interact with this type of innovations, arousing their interest and dependence on technology. All this evolution has caused a double change in the business world: the means of communication and consumer behavior. Most part of these consumers belongs to the Millennial generation, and, as referred by Lissitsa & Kol (2016, p. 304), “this generation is considered the first high-tech generation and is perceived as being consumption-oriented and sophisticated in terms of shopping.”.

The media has changed a lot in the last two decades due to the rapid evolution of the digital channel. In parallel, this evolution has generated different behaviors in consumers. Both feed on each other, as generational behaviors change due to the digital channel and the evolution of technology and, consequently, this channel is constantly evolving due to the greater demands of consumers, becoming something cyclical and constant.

Regarding this context shift, companies and businesses need to adapt their strategies for dealing with Millennials, because they’re being forced by media attention (Fishman, 2016). For companies with several years of existence and multinational approaches, this adaptation becomes more difficult for several reasons, including outdated company’s mindset, working methods over several years and consequent habits in the operation of the company not adaptable to the digital channel, international guidelines, lack of autonomy in each country/cluster and lack of skills to adapt to targets with behavioral differences. Most of these factors have a negative impact on this adaptation due to the stability and comfort of the company, which, over the course of several years, managed to maintain its position with its target through the same methods, which is sufficient to sell and remain competitive until this digital revolution.

To counteract this effect, companies must take some actions in order to avoid changes in their positioning, loss of notoriety, and, consequently, sales and consumers. According to the example presented, Philips had to put some actions into practice in order to achieve the result of One PH Campaign:

- Redefine its strategy as a brand;
- Restructure the mindset of the company and its employees;
- Adapt to the channels and media where its target is most present;
- Redefine its KPIs according to this adaptation mentioned;
- Redesign its customer journey;
- Invest early to make better long-term profits (change investment from push to pull);
- Focus more on product communication and not just product innovation.

Through these actions, it was possible for the company to create a more assertive marketing and communication strategy, with its target, satisfying their needs. The main learnings of One PH Campaign were:

- Online communication effectiveness is superior to the effectiveness of offline communication;
- It's easier to measure results through the online channel;
- When consumers go to the store to buy (converting), they already have their pre-defined idea of what they'll buy;
- Online users are more demanding consumers when comparing to consumers who aren't in the online channel;
- Nowadays it's more difficult to have totally loyal consumers;
- This people who are in the online channel already represents a large part of today's Philips consumers;
- It's not enough to have better products than the competition. Only with the correct communication would be possible to win over the competition;
- It's more important to communicate the brand than the products because the products change constantly but their brand doesn't.

As referred by Venter (2017, p. 497), “communication is fundamental to human existence. There is a link between quality of communication and quality of life.”. So, Philips was failing in this important step to the construct of a consistent bridge between the brand and its consumers. As a company who sell health and quality of life, communicate this in an effective way is mandatory to get consumers heart, feelings, and loyalty. It can be considered that the three main pillars and conclusions to be drawn from this case study as learnings in the business world for other companies, people, teachers, or students, are:

1. Companies must always stay up to date, regardless of their sales, performance, and positioning, in order to guarantee sustainable and long-term success. This includes

knowing its target, target behavioral changes, preferences, and needs, knowing its competition and the way it is positioned, and knowing all external factors that may influence the business in the short, medium, or long term;

2. The focus should always be on communication. When structuring a communication strategy, the company has always to look at its target, how it can communicate, and where it should do it. This makes it easy and simple to satisfy its target's needs, where the target is and how it likes to receive information. A company will never be able to succeed in the long term without proper communication, regardless of what it has to offer;
3. It's essential that companies have adaptation skills. Everything can change quickly, and it is important that companies have enough agility to adapt to situations, not failing to be close to their target or failing to satisfy target's needs.

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