

OLÁ MARKETING PLAN  
THE LAUNCHING OF AN ICE  
CREAM FOR THE SENIOR  
MARKET

Luis Carlos da Silva Martins

Project submitted as partial requirement for the conferral of  
Master of Science in Business Administration

Supervisor:  
Prof. Vítor Santos, Prof. Convidado ISCTE Business School, Departamento de Gestão

December 2010

## **Acknowledgements**

I must thank to my tutor, Professor Vítor Santos from ISCTE Business School for the greatest Marketing classes I have ever assisted and for all the support he has provided.

Thank you to Unilever Jerónimo Martins for providing access to the company's marketing expertise and to the best practices of the FMCG market. Thank you also for the trust, openness and will to help in this work.

Thank you also to my family for all the support.

Thank you to my friends for all the encouragement and especially to Filipe for the greatest packaging I could have.

Thank you Liliana for being the love of my life.

# INDEX

GLOSSARY .....	I
TABLES INDEX.....	III
CHARTS INDEX.....	V
FIGURES INDEX.....	VII
ANNEXES INDEX.....	VIII
<b>1. SUMMARY.....</b>	<b>1</b>
<b>2. EXECUTIVE SUMMARY.....</b>	<b>3</b>
<b>3. DEFINITION OF THE PROBLEM CONTEXT.....</b>	<b>6</b>
<b>4. LITERATURE REVIEW.....</b>	<b>7</b>
<b>4.1. MARKETING FRAMING.....</b>	<b>7</b>
4.1.1. FMCG Business Implications .....	8
<b>4.2. Consumer Behaviour.....</b>	<b>10</b>
4.2.1. Mature Consumers .....	10
4.2.1.1. Memory and Cognition .....	10
4.2.1.2. Persuasion .....	12
4.2.1.3. Decision Making .....	13
4.2.1.4. Barriers to product innovation adoption .....	14
4.2.2. Segmentation Models .....	15
<b>4.3. The Ice Cream Market.....</b>	<b>16</b>
4.3.1. The Portuguese Ice Cream Market.....	16
4.3.1.1. In-Home Market .....	16
4.3.1.2. Out-of-Home Market.....	17
4.3.2. Ice Cream Market Trends.....	18
<b>5. CONCEPTUAL FRAMEWORK OF REFERENCE.....</b>	<b>19</b>
<b>6. DATA COLLECTION AND ANALYSIS METHODS AND TECHNIQUES... 22</b>	
<b>7. INFORMATION ANALYSIS AND CONCLUSIONS.....</b>	<b>23</b>
<b>7.1. External Analysis.....</b>	<b>23</b>
7.1.1. Market Analysis.....	23
7.1.1.1. Mediate Analysis .....	23
7.1.1.1.1. Political and Legal Factors .....	23
7.1.1.1.2. Economical Factors .....	24

---

7.1.1.1.3. Social and Cultural Factors.....	25
7.1.1.1.4. Technological Factors .....	27
7.1.1.1.5. Environmental Factors.....	27
7.1.1.2. Immediate Analysis .....	31
7.1.1.2.1. General Sector Overview.....	31
7.1.1.2.2. Sector Evolution and Future Trends.....	33
7.1.1.2.3. The Ice Cream Consumer .....	35
7.1.2. Competition Analysis .....	38
7.1.2.1. The IH Market Competition .....	38
7.1.2.1.1. Retailers Profile .....	38
7.1.2.1.2. Private Label Business Positioning .....	40
7.1.2.1.3. Private Label Business Performance Analysis .....	43
7.1.2.1.4. Private Label Competitive Advantages .....	44
7.1.2.2. The OOH Market Competition.....	45
7.1.2.2.1. Nestlé Positioning.....	45
7.1.2.2.2. Nestlé Business Performance Analysis .....	46
7.1.2.2.3. Nestlé Competitive Advantages .....	47
<b>7.2. Internal Analysis.....</b>	<b>47</b>
7.2.1. Unilever Vision .....	48
7.2.2. Business Strategy and Positioning.....	48
7.2.3. Portfolio Analysis .....	50
7.2.4. Business Performance Analysis .....	53
<b>7.3. Competitive Analysis.....</b>	<b>53</b>
7.3.1. SWOT Analysis.....	53
7.3.2. Critical Success Factors.....	59
<b>7.4. General Conclusions.....</b>	<b>60</b>
<b>7.5. New Product Launching .....</b>	<b>61</b>
7.5.1. The Senior Consumer .....	61
7.5.2. Segmentation, Target and Positioning.....	62
7.5.3. Marketing-Mix .....	65
7.5.3.1. Product.....	65
7.5.3.2. Price .....	69
7.5.3.3. Place .....	71
7.5.3.4. Promotion .....	72

---

<b>8. IMPLEMENTATION FORMS .....</b>	<b>77</b>
<b>9. PROJECT CONCLUSIONS .....</b>	<b>82</b>
<b>10. PROJECT LIMITATIONS .....</b>	<b>84</b>
<b>11. AREAS OF FUTURE RESEARCH .....</b>	<b>85</b>
<b>12. REFERENCES .....</b>	<b>86</b>
<b>13. ANNEXES .....</b>	<b>93</b>

---

## GLOSSARY

**A&P** – Advertise and Promotion

**ANIGA** – Associação Nacional dos Industriais de Gelados Alimentares

**ATL** – Above the Line. It is the promotion made through media support

**Acts of Purchase** – Average number of acts of purchase that each home has made in a given period

**Average Spent** – Average spent that each home has made in a given period

**Average spent by acts of purchase** – Average spent that each home has made in each act of purchase in a given period (Average Spent / Acts of Purchase)

**BTL** – Bellow the Line. It is the promotion made without media support

**EDLP** – Every Day Low Price. A price policy that sustains a permanently low price with few promotional activities and price rebates.

**FMCG** – Fast Moving Consumer Goods

**GDP** – Gross Domestic Product

**HFC** - Hydrofluorocarbon

**HC** – Hydrocarbons

**IC** – Ice Cream

**IH** – In-Home Market. The market related to the consumption made at home. Sales are made through modern distribution channels (Hypermarkets, Supermarkets and Discounts).

**IHIC** – In-Home Ice Cream. The Ice Cream that is consumed at home after being bought at Supermarkets and Hypermarkets.

**INE** – Instituto Nacional de Estatística

---

**Loyalty Rate** – Percentage of the average consumer spent of a retailer that the retailer is able to attract.

**MS** – Market Share

**OOH** – Out-of-Home Market. The market related to the consumption made in hotels, restaurants and cafes. Sales are made through a national network of warehouses that sell ice cream to hotels, restaurants and cafes.

**PCI** – Private Consumption Index

**Penetration Rate** – Percentage of the total homes that made a minimum of one purchase of a certain product / category / retailer in a given year.

**PL** – Private Label

**PV** – Photovoltaic

**POS** – Point of Sale

**R&D** – Research and Development

**RSP** – Recommended Selling Price

**SOV** – Share of Voice. The relative percentage of media advertisement investment of a certain company or brand compared with the total market.

**US EPA SNAP** – United States Environmental Protection Agency Significant New Alternatives Policy

## TABLES INDEX

Table 1 – Senior consumers top 5 changing factors of recall.....	11
Table 2 – Senior consumers top 5 changing factors of persuasion .....	13
Table 3 – IH IC consumption per capita.....	17
Table 4 – Conceptual Framework of Reference .....	19
Table 5 – Data Sources.....	22
Table 6 – Essential legal requirements for IC production .....	23
Table 7 – Portuguese VAT Evolution .....	25
Table 8 – The Ice Cream Market.....	32
Table 9 – The IHIC Consumers vs the Average Portuguese Person.....	36
Table 10 – OOH IC Distribution .....	46
Table 11 – Unilever Vision .....	48
Table 12 – Olá Positioning .....	50
Table 13 – Olá Portfolio .....	52
Table 14 – SWOT Analysis.....	54
Table 15 – Hierarchical SWOT Analysis .....	55
Table 16 – New Product Gold Positioning Triangle .....	64
Table 17 – New Product Packaging Components .....	66
Table 18 – Olá Original Present Assortment .....	67
Table 19 – Olá Original Light Range .....	67
Table 20 – New Product Pricing - IH.....	70
Table 21 – New Product Pricing - OOH.....	70
Table 22 – Average Portuguese daily time of TV audience.....	73
Table 23 – Portuguese radio audience by age group.....	74



---

Table 24 – Portuguese internet usage by age group .....	76
Table 25 – Implementation Chronogram .....	77
Table 26 – Production Trade Offs .....	78
Table 27 – Results Forecast .....	81
Table 28 – Retailers Profile .....	106
Table 29 – Top 20 Portuguese Advertisers .....	108
Table 30 – Continente Social Projects.....	113
Table 31 – Olá IH IC Products vs PL IC Products.....	114
Table 32 – Consumer Indicators .....	115
Table 33 – Olá impulse products vs Nestlé Impulse products .....	116

## CHARTS INDEX

Chart 1 – Portuguese vs Euro Zone GDP Growth Rate .....	93
Chart 2 – Portuguese vs Euro Zone Inflation Rate .....	93
Chart 3 – Portuguese vs Euro Zone Unemployment Rate.....	94
Chart 4 – Portuguese PCI 2010 .....	94
Chart 5 – % of Portuguese Ice Cream Consumer Homes .....	95
Chart 6 – Portugal Age Pyramids Forecast – 2008 vs 2038.....	96
Chart 7 – The IH Ice Cream Market .....	97
Chart 8 – Average % of OOH Portuguese consumption acts per month .....	97
Chart 9 – The OOH IC Market .....	98
Chart 10 – The IH Market Value .....	98
Chart 11 – The IH Market – Value MS .....	99
Chart 12 – The IH Market – Trends 2009 .....	99
Chart 13 – The OOH Market Value .....	100
Chart 14 – The OOH Market – Value MS.....	100
Chart 15 – The OOH Market – Trends 2009.....	101
Chart 16 – IH consumption by age.....	101
Chart 17 – IH consumption by occupation.....	102
Chart 18 – IH consumption by geographic region .....	102
Chart 19 – IH consumption by social class .....	103
Chart 20 – IH IC frequency of consumption vs other snacks.....	103
Chart 21 – IH IC penetration vs other snacks.....	104
Chart 22 – Private Label MS by category .....	105
Chart 23 – Buying Reasons in Retailers .....	106

---

Chart 24 –Private Label Value MS by Retailer .....	107
Chart 25 – Portuguese Consumer by Social Class .....	107
Chart 26 – IC Value MS by Retailer .....	113

---

## FIGURES INDEX

Figure 1 – Synthesis figure of Literature Review .....	21
Figure 2 – Sociedade Ponto Verde Symbol .....	30
Figure 3 – Olá Price Table .....	49
Figure 4 – New Product Packaging .....	66
Figure 5 – Olá Original Logo .....	68
Figure 6 – Private Label Mupis .....	108
Figure 7 – Retailers Publications.....	109
Figure 8 – Private Label Products .....	109
Figure 9 – In-Store Environment .....	110
Figure 10 – In-Store Placement .....	110
Figure 11 – Price Points Coverage .....	111
Figure 12 – Movement towards premium .....	112
Figure 13 – Healthy PL Ice Creams .....	113

---

## **ANNEXES INDEX**

Annex I – Economical Factors .....	93
Annex II – Social and Cultural Factors .....	95
Annex III – General Sector Overview .....	97
Annex IV – Sector Evolution and Future Trends .....	98
Annex V – The Ice Cream Consumer .....	101
Annex VI – The IH Market Competition .....	105
Annex VII – The Senior IC Marketing Opportunity .....	117

## 1. SUMMARY

This master project has the objective to develop a marketing strategic and operational plan to support the launching of a range of ice cream products specifically designed to target to the senior consumer. This range of products will be launched in the Portuguese market by Olá during the summer of 2012.

In this project we have identified the potential market and verified the value of the new product for Olá. To achieve this we made a strategic and operational study that will allow to evaluate the impact the new product will have for the brand and what will be the need of resources to implement the project.

A marketing strategy was defined and marketing-mix components were designed to create an ice cream that will respond effectively to the senior needs.

Finally, we provided several insights about senior consumer and his needs. We adapted this new range of products to what we find as the expectations of senior people about the ice cream category and Olá.

### **Key-Words:**

- 1) Marketing Plan
- 2) Ice cream
- 3) Product Launching
- 4) Senior consumer

**JEL Codes:** Marketing M3, Intertemporal Choice and Growth D9

## 1. SUMÁRIO

Este projecto de mestrado tem como objectivo o desenvolvimento de um Plano de Marketing ao nível estratégico e operacional de forma a suportar o lançamento de uma gama de gelados especificamente direccionada para o público sénior. Esta gama de produtos será lançada no mercado português no Verão de 2012.

Neste projecto identificámos o Mercado potencial e verificamos o valor do novo produto para a Olá. Neste sentido foi elaborado um estudo estratégico e operacional que permitirá avaliar o impacto do novo produto para a marca e quais serão os recursos necessários para implementar o projecto.

Foi definida uma estratégia de marketing e construído um marketing-mix que permitirá a criação de um gelado que responde efectivamente às necessidades do mercado sénior.

Finalmente, providenciamos também um conjunto de informações importantes sobre o consumidor sénior e as suas necessidades. Adaptámos a nova gama de produtos ao que consideramos serem as expectativas do mercado sénior sobre a categoria de gelados e sobre a Olá.

### **Palavras-chave:**

- 1) Marketing Plan
- 2) Ice cream
- 3) Product Launching
- 4) Senior consumer

**Codificação JEL:** Marketing M3, Intertemporal Choice and Growth D9

## 2. EXECUTIVE SUMMARY

This project has the goal to develop a Marketing Plan that supports the launching of an ice cream which will target the Portuguese senior consumer. This ice cream will be under distributed and sold by Olá.

Olá is a Unilever brand. Unilever is a multinational company, operating in several FMCG categories under three business areas: Foods, Home Care and Personal Care. Unilever is the global leader in the ice cream market.

In Portugal Unilever operates in a joint-venture with Jerónimo Martins: together these two companies form Unilever Jerónimo Martins (55% Unilever and 45% Jerónimo Martins). The company has the brands Alsa, Becel, Calvé, Flora, Knorr, Planta, Lipton, Maizena, Tulicreme, Vaqueiro, Ben&Jerry's, Olá, Skip, Surf, Comfort, Sun, Cif, Dove, Vaseline, Axe, Rexona, Linc, Brut and Lux.

Olá is an Umbrella brand with several other brands underneath it: Epá, Perna de Pau, Super Maxi, Minimilk, Cornetto, Magnum, Feast, Solero, and Calippo.

Olá operates in the IH market and in the OOH market. In the IH market the leadership has been threatened by PL products and in the OOH market Olá is the clear leader with a value MS of nearly 90%.

We detected an opportunity in the Portuguese ice cream market. Ice cream penetration is very inferior in senior consumers when compared with the national average. In average 54,4% of Portuguese homes are ice cream consumers, while in those aged 55-64 this number is 48,8% and in 65+ penetration is only 28,6%.

We valued this opportunity in 3.287.592€ per year and 964.574 new ice cream consumers. Our marketing plan proposes the launching of a senior ice cream range of products in both IH and OOH markets. In the OOH market we expect to reach the result of 1.479.416€ already in 2014 and in the IH market we intend to reach 1.808.176€ in 2015.

Our range of products will be of three 150 ml SKU's for the OOH market and three 500 ml SKU's for the IH market. We will use Olá wide distribution in the OOH market to make our product accessible to our consumers and to potentiate the brand experience of



eating an ice cream and we will launch the product in the IH market in order to take the IH growth opportunity and fight PL advance.

In the Marketing Strategy Plan we elaborate an internal and external analysis, characterizing the Portuguese ice cream market, the company, Olá's competition and the Portuguese consumer. In the Operational Marketing Plan we develop a two-years plan to launch this products range in the Portuguese ice cream market, defining the marketing-mix of the new product: product, price, place and promotion.

We adapted the new product marketing-mix components to our target needs: emotional connection with the brand, convenience in use, healthy formulas, low-cost prices and flavour attributes.

Our goal is to make the Portuguese senior a more frequent ice cream consumer. We want to increase ice cream consumption within the mature market. This is a growing age group that will become more important in the next years, and so, the opportunity is expected to grow.

This launching will consolidate Olá brand image as a love brand, with a value proposal for all ice cream lovers.

In chapter 7.1 we made an External Analysis. This includes a mediate analysis (political, economical, social, technological and environmental factors) an immediate analysis (a sector overview and future trends and a consumer analysis) and a competition analysis.

In chapter 7.2 we made an Internal Analysis about Unilever Ice Cream business. We went on detail about Unilever Vision, Business Strategy and Positioning and we analysed Business Performance.

In chapter 7.3 we used the previous work to complete a competitive analysis (SWOT and Critical Success factors).

In chapter 7.4 we identified and quantified the senior marketing business opportunity for Unilever and showed the associated gains for Unilever in launching an ice cream specifically targeted to the senior consumer.

In chapter 7.5 we develop this new product. For this we analysed on detail the senior consumer, we defined our marketing strategy and positioning and we built our marketing-mix components (Product, Price, Place and Promotion.)

Finally, on chapter 8 we set an implementation chronogram that will guide the product launching in the Portuguese ice cream market.

---

### **3. DEFINITION OF THE PROBLEM CONTEXT**

Unilever is a multinational company operating in several FMCG product categories. The company is the world biggest ice cream manufacturer. In Portugal its brand Olá has old roots and is the leading brand in the ice cream market.

In the last years western countries have assisted to a deep change in their demographics. The world population is aging at a very fast pace. Companies will have to adapt their marketing strategies to this new reality to win in the future market. Senior consumer is rarely seen as an opportunity from FMCG companies.

Unilever has already reacted to this trend. International Dove Pro-Age success was only the beginning. It has proven that senior marketing will create new opportunities to grow. The senior consumer has heterogeneous behaviour and to understand him is vital to ensure an effective and coherent marketing response.

In the Portuguese market there is a clear opportunity: older consumers are the last in ice cream consumption. Probably due to health concerns, older Portuguese people tend to consume less ice cream than other age groups.

In this project we will develop a Marketing Plan to launch a specific range of products for senior consumers and increase ice cream consumption among the mature market. This will impact Olá image as an innovative brand and will reinforce its umbrella portfolio with a new range of products which will satisfy a consumer that did not have a specific offer.

Finally we will elaborate an action plan to implement our marketing strategy and marketing-mix and impact the senior consumer. The new product intends to change seniors' relationship with ice cream consumption providing them a solution specifically designed to satisfy their needs. It also plans to be a Unilever ice cream business source of growth by increasing the category penetration in Portuguese homes.

## 4. LITERATURE REVIEW

### 4.1. Marketing Framing

The world population is aging. Today there are 759.110 thousand people aged over 60 in the world (11% of the world population). In the year 2050 this number is expected by the United Nations (2010) to be 2.008.244 thousand people (21.9% of the world population). According to the United Nations (2002), the world is facing a unique situation and the XXI century will face an even faster elderly growth. The proportion of children (0-14 years old) dropped worldwide from 34% in 1950 to 30% in 2000. In 2050 the UN expect for the first time in history that the share of persons aged 60 or over will match the share of those younger than 15 (21 per cent each). The organization also expects only a slight variation of the population between the age of 15 and 59: from 60% in 2000 to 58% in 2050.

However, this trend is happening at very different paces around the world. Due to the consistent healthcare and quality of life improvements made in developed countries, people are already living longer than previous generations. In the year 2000 the ageing index in Europe (116%) was roughly ten times that of Africa (12%). As the economic development of the world countries boosts, these indicators will rise in the next years. As referred by to the United Nations (2002), Asian and Latin American countries are expected to quadruple their aging index until 2050, but European number will remain the world's highest (nearly 250 persons aged 65 or over per hundred children under 15).

In Portugal, figures are according follow this scenario. Portuguese people are getting older. This is caused by two main factors: a decrease in birth rates and a decrease in mortality rates. The average age of women at the first child has passed from 25 in 1960 to 28,6 in 2009 and the birth rate as also downturned: from 24,1 in 1960 to 9,4 in 2009. This means there are fewer children in Portugal. Portuguese aging index has passed from 27,3% in 1960 to 102,2% in 2001. So, in Portugal there are already more people aged 65 or over (1.693.493 people) than children under 15 (1.656.602 people). Portuguese life expectancy at birth has increased from 67,1 years in 1960 to 76,9 years in 2001. Old people are growing in number and importance and the trend is expected to continue in the next years. (INE, 2010)

The world population aging will have some very important effects in our society. According to Moschis (2002) the aging population is putting pressure on pension funds and healthcare systems, and is having economic consequences that affect economic growth, savings and investments. For this author the trend is also affecting families and raises issues such as elderly care giving, family composition, living arrangements, and quality of life in old age.

#### ***4.1.1. FMCG Business Implications***

Also for companies this is a very important trend. The mature market will grow in importance and value. Companies will have to respond to this trend accordingly and develop new solutions to answer to new consumer needs.

Lindon *et al.* (2004) enounces the marketing behaviours that support a marketing attitude:

1. To avoid marketing myopia – to see behind the product
2. To keep in touch with your consumer
3. To support your decisions in facts, not only in opinions
4. To keep critical, synthesis and anticipation spirit
5. To permanently watch the competition
6. To take risks – innovating through differentiated products
7. To be consistent
8. To make marketing part of the company culture
9. To make proximity with the consumer the mission of the whole company

When major changes are happening in the market, it is part of the marketing attitude to answer and anticipate those changes, by keeping in permanent contact with consumer. If the consumer is changing we must provide new solutions to serve him in order to answer to his needs and to succeed in the market with our products. An aging population means a different future consumer, with different needs and, therefore, with different consuming patterns. Success will be in creating new ways to approach this new consumer and to reach these consuming patterns effectively and profitably. The change in consumer is expected to be slow and with low-profile in the short term, but in the long term, the change will be very important for FMCG companies.

Companies will have to be prepared to face an “agelessness citizen” with senior people wanting to act young and remain active for longer periods. They will have to improve their marketing mix. Products will have to consider new needs, distribution will have to think in faster ways to get in touch with the consumer, price strategies will have to consider a senior person attitude and communication will have to change. Today communication is set to a younger consumer. In the future this will have to shift to a more senior communication with programmes and channels specially made to target older people.

Nevertheless, it is said by Kotler *et al.* (2009) companies cannot connect with all customers. However, the authors also say companies can divide these markets into groups with distinct needs and wants and to identify which of these groups it can serve effectively. The decision will demand a deep understanding of consumer behaviour and careful strategic thinking. To develop the best marketing plans, we need to understand what makes each segment unique and different.

It is important to remember companies should not focus their attention only in one growing target market. The concept of a Marketing Myopia (Levitt, 1960) associated with the growth of the population. Levitt sustains that when companies target a growing market they tend to stop thinking creatively in new solutions and that myopic attitude may have serious damages in the long-term of the company. Actually this is what is presently happening with companies that used to focus their efforts only in youth target markets – which are now shrinking in importance. This apparent success cannot block corporate creative thinking in developing new products, new solutions, and approaching new targets and succeed in new differentiated ways.

Senior people are a growing market. They are more brands loyal and are willing to pay a premium price over a differentiated product. They also have different needs than those we are currently answering to. To prepare this trend is not only to serve a new target in a new way. Senior marketing will be a growing vehicle for many companies in the next years. It will be the source of profitable, sustainable and useful growth to the companies that will recognize the importance of this marketing area. To foresee this change is to prepare the future.

## 4.2. Consumer Behaviour

### 4.2.1. Mature Consumers

Cuddy *et al.* (2005) refer that in the common views of elderly, senior people are usually considered kindly, warm and friendly, yet at the same time incompetent, ineffective and helpless. These stereotypes are very hard to change and have been shaping the marketing attitude assumed with the mature consumers. To clarify the differences between younger and older consumers is also a way to reach the target more effectively and to develop new and more adequate mature marketing approaches.

#### 4.2.1.1. Memory and Cognition

It is usually considered that aging causes memory lost problems. Research has shown that mature consumers seem to have more difficulty remembering information. In one study of advertising effectiveness, Johnson and Cobb-Wallgren (1994) older viewers demonstrated lower levels of recall and recognition than their younger counterparts.

According with Park *et al.* (1996), long-term memory has also shown declines with age, particularly after the third decade of life in different areas like verbal materials and faces. It is also said by Spencer and Raz (1995) that this lost of memory is particularly high about the source of information – with age it is harder to remember if the information was obtained from a newspaper or through a conversation, or even if it was internally or externally generated.

However, it is important to separate two types of memory: Semantic Memory, about facts and knowledge information, and Episodic Memory, about real life experiences and personal livings. Light (1991) supports the idea that Semantic Memory remains more intact with the aging processes and Episodic Memory registers significant age related declines.

A very important finding is that old people keep picture memory almost unchanged when going through the aging process. Research from Craik and Jennings (1992) has indicated that particularly for pictures that are semantically meaningful seem to be equally remembered by younger and older adults. These results may help marketing

professionals to reduce the degree of cognitive processing demanded to older consumers by providing a series of emotional meaningful pictures.

Emotions are very important for senior consumers. As people age they are more motivated by goals aimed at derive emotional meaning from life. Clary *et al.* (1994) says that messages that are goal-relevant are more able to persuade a senior consumer. This means that, compared with other types of messages, emotional messages are particularly important and relevant to older consumers. Further, Fung and Carstensen (2003) indicate that older adults remember a higher proportion of information from an advertisement appealing to emotionally meaningful goals over those with more rational appeals. These findings may be very useful when communicating with the mature consumer. To establish an emotional meaning that ensures an emotional connection may be decisive to persuade the consumer and to stimulate him to consume our products. Rahhal *et al.* (2002) uphold the idea that socioemotional information acquires special significance with age. In fact, for Charles *et al.* (2003), memory for emotional information, especially for positive emotions, is preserved when aging. Therefore, Yoon *et al.* (2005) have concluded that information must be personally meaningful and relevant to older adults in order to be successfully remembered.

Philips and Stanton (2004) in a study about age related differences in persuasion have demonstrated that for mature consumers 4 in the top 5 recall factors in an advertisement are emotion related. Strong brands like Olá with deep emotional roots in consumer's minds may be benefited by this fact. Having a strong emotional link with the senior consumer is a very important mean to be remembered in the long term.

**Table 1**

**Senior consumers top 5 changing factors of recall**

Young consumers		Mature consumers	
Changing Factors of Recall	Level of Recall change	Changing Factors of Recall	Level of Recall change
Child / infant / animal / animated	33%	Actor playing ordinary person	135%
Cute / Adorable	30%	Cute / Adorable	34%
Demonstration of product in use	28%	Demonstration of product in use	26%
Actor playing ordinary person	25%	Child / infant / animal / animated	13%
Convenience in use	14%	Principal character(s) male	13%

Source: Philips and Stanton (2004)



#### **4.2.1.2. Persuasion**

Philips and Stanton (2004) argue that young consumers may be better able to remember specific information of an advert but are more sceptical to be persuaded by them. Mature consumers, by contrast, may not be able to remember the various elements in an advert, but are much more likely to be persuaded by these elements.

A research from Yoon and Lee (2004) has also found that older adults are more persuaded by a message when they had both the motivation and cognitive ability (during their optimal time of day) to process information.

In a study by Yoon (1997), it is sustained that motivation in younger and older consumers may change according to the optimal time of day. Older adults exhibit equivalent levels of detailed processing compared to younger adults when tested at their respective optimal times of day (in the morning for older adults, in the afternoon and evenings for younger adults). However when the information is personally relevant (e.g. health related products) motivation levels are consistently elevated, but persuasion remains low. Yoon *et al.* (2005) defend that this means senior consumers are more sceptical about persuasive messages related to domains that represent a greater risk or personal relevance.

Hasher *et al.* (1977) have researched about the “truth effect” this stands for the effectiveness repeating of some information. When some information is repeated, people tend to believe it to be true. This behaviour is called the “truth effect”. For Law *et al.* (1998) older consumers seem to be more exposed to it. When a significant amount of information is presented it may be difficult to remember. When this is the case, Morrow *et al.* (1999) advice the providing of written materials and Israel and Schachter, 1997, suggest the giving of visual imagery.

Philips and Stanton (2004) however, remember that mature consumers are pragmatic. They seem to be persuaded by advertisements which show an indirect comparison between products, a product that is convenient to use, a differentiation from other brands and an actual demonstration of the results. However, factors like humorous advertisements, nutrition / health claims or advertisements with a very short time until the product / package was shown had a negative effect in mature consumers’ persuasion.

**Table 2**  
**Senior consumers top 5 changing factors of persuasion**

Young consumers		Mature consumers	
Changing Factors of Persuasion	Level of Persuasion change	Changing Factors of Persuasion	Level Persuasion Change
Convenience in use	119%	Convenience in use	99%
New Product, improved features	105%	Product results demonstrated	55%
Brand differentiating	99%	Brand differentiating	54%
Product results demonstrated	40%	Indirect Comparison	53%
Indirect Comparison	33%	Actor playing ordinary person	38%

Source: Philips and Stanton (2004)

#### ***4.2.1.3. Decision Making***

According with Blanchard-Fields (1995), old people evaluate the risk similarly to younger adults. Older adults are, however, potentially more likely to avoid making decisions by postponing or delegating them. Thus, one way to avoid negative affect is to avoid difficult decisions.

Nevertheless, for Meyer *et al.* (1995) older adults seem to search for less information than younger adults when making decisions or solving problems, which may result from lower working memory capacity. Alternatively, older adults also like to use their experience and life-knowledge to choose and process relevant information in a more effective way.

Also in decision making, emotions are a very important part of the equation. For Bechara *et al.* (1996), it is expected that a lifetime of learning will increase older adults' propensity to allow their choices to be guided more by affect versus controlled cognitive.

#### ***4.2.1.4. Barriers to product innovation adoption***

An important part of FMCG is innovation. Innovation is the responsible for creating trends, developing new products and categories, and satisfying new consumer needs.

To target mature consumers, especially when we are talking about product innovation is especially challenging. Authors such as Bearden and Mason (1979), or Gilly and Zeithaml (1985) support the idea that elderly are usually among the later consumers adopting innovations. Even products that are specially designed for this target have somehow failed.

Ram and Sheth (1989), describe innovation adoption as a multi-stage process hindered by a number of barriers that discourage individuals from trying new products.

Lunsford and Burnett (1992) describe five barriers to product innovation adoption from elderly:

1. **Product Usage** – When the usage of the new product is not compatible with the senior consumer physical ability. The authors suggest marketers to develop universal appeals and solutions allow physical impaired consumers to use it.
2. **Perceived Value** – Some products, despite being new, do not offer an added value to the senior consumer and, therefore, are rejected by it. The solution suggested in the article is to advertise value and experience, instead of styling, social status and possession.
3. **Self Image** – Schiffman and Sherman (1991) support the idea of a “new age elderly”, described as having a cognitive age younger than their chronological age. Therefore, their self image is of someone younger and healthier than they actually are. The authors’ solution is to target promotion to younger individuals than those they actually want to reach, to segment the elderly market by lifestyle so as to identify likely adopters and to carefully choose portrayal of elderly in advertising so that models are consistent with elderly self image.
4. **Enduring Cultural Values** – Values like saving, prudence and brand loyalty are extremely important to senior consumers. The authors sustain that the product image should be consistent with these values.

5. **Risk** – The author refer three types of risk: Physical Risk (the concern that the product may result in some kind of physical damage), Economic Risk (when the consumer predicts he will have a very significant investment) and Functional Risk (the concern of a low product performance). The solutions to reverse the problem are the following:

- Use selling techniques that facilitate information retrieval and product comparisons: free numbers, common standards, and formats of comparison.
- Emphasize relationship building and welcome browsing.
- Be proactive in generating new trial.
- Do not position products as replacements to existing products but as an opportunity to meet unfulfilled needs.

#### ***4.2.2. Segmentation Models***

To understand the mature segment we must remember that the mature market is not a homogenous reality. Bartos, Rena (1980) was the first viewing this segment of the population as a large number of people with diverse lifestyles and buying power. Several authors like Bone (1991) or Moschis and Lee (1997) have concluded that chronological age is one of the most common methods suggested for segmenting this market due to the availability of data. But reality shows that objective measures do not produce effective segmentation

Statistically, a human being is considered to be an “old person” when it reaches the age of 65 or over (INE, 2010). However, according with Moschis and Lee (1997), marketers usually use 50 or 55 years, to include people who may have a need for a big range of products and services.

In fact people age differently, in different ways and at different paces. This variable is often used as a proxy for other, more important characteristics like activity level and health. The problem to segment and target the mature market is the aging process. People age differently and in different ways. Moschis (2003) describes three types of aging: physiological, social and psychological aging. Physiologically people experience different bodily experiences, like impairments in vision and hearing and suffer from

chronic conditions in different paces. Socially the aging process also differs regarding the individual assumption of social roles like retiree or grandparent. Finally, the psychological aging is related with thinking of oneself as an “old” person.

According to this, new segmentation approaches have been developed to segment the mature market trying to reach the specifications of this complex reality. Models that use birth groups or cohort segmentation are based in the assumption that people in different generation and cohorts have collectively experienced different external events and circumstances and, therefore, have shaped consuming behaviour in a similar way. Lee *et al.* (2006) have proposed a life events-based segmentation model arguing that life events or life status changes are unique to each individual and create significant changes in consuming patterns. All these models seem to attempt to capture this target diversity. Research from Moschis and Lee (1997) support the idea that we cannot assume this market has homogeneous. Before developing a marketing strategy, marketers should consider segmentation criteria which help to respond differently to marketing efforts.

### **4.3. The Ice Cream Market**

#### ***4.3.1. The Portuguese Ice Cream Market***

When we approach the ice cream market we must focus in two distinct realities: The IH (In-Home) market and the OOH (Out-of-Home) market. According to Nuno Silva (Olá Marketing Director) in an interview to Marketeer Magazine (Pinto, 2009) Olá is the leading brand with nearly 2/3 of the total Market Share (MS).

##### ***4.3.1.1. In-Home Market***

According to an article by Marques (2009), The Portuguese IH Ice Cream market is worth nearly 67 million Euros in value and 16 million liters in volume. However, the growth potential of this market is still very significant. Compared to other European countries ice cream consumption per capita is still very low. This may be caused by the OOH consumption tradition and also by the common usage of the ice cream as a special dessert.

**Table 3****IH IC consumption per capita**

Country	IH Ice Cream Consumption per capita (lt / year)
Portugal	1,0
Northern Europe Countries	4,0

Source: Gonçalves (2007)

This means a huge opportunity for brands to grow. To be able to increase ice cream consumption at home is also a way to decrease seasonality. Ice cream brands are developing several efforts in this direction and the results are already happening. Nuno Silva (in Pinto, 2009) says “The increase in consumption is mainly due to the IH consumption. Today 50% of Portuguese homes are ice cream consumers, two times the number of 5 years ago.” However, summer is still the most important period for ice cream sales (Gonçalves, 2007).

In the IH market a very important trend is Private Label growth. In the last years the market has been growing more in volume than in value, because there is more ice cream being sold at lower prices. According with Gonçalves (2007) Total Private Label ice cream brand are worth nearly 14 million Euros. Jorge Lopes (Unilever Communication Director) in an interview to Hipersuper (Marques, 2009) – recognizes this trend but refers that “The leading brand role is to keep innovating and bringing at first hand the new solutions the consumer is waiting for, boosting the market dynamics and stimulating its growth”.

**4.3.1.2. Out-of-Home Market**

In the OOH market Portugal has one of the highest consumptions per capita in the world. Each Portuguese person reaches an average of 2 lt (Gonçalves, 2007) – and 15 ice creams per year (Pinto, 2009). In this market seasonality has a huge weight and most part of the sales are made during the months of June, July and August. The OOH market, however, is decreasing in importance in the last years because the consumption is being transferred to the IH market (Lima, 2009).

---

#### ***4.3.2. Ice Cream Market Trends***

According to Gonçalves (2007), there are five big trends in the Portuguese ice cream market:

- Search for natural solutions – Consumers want healthy choices, without artificial flavours and additives.
- Sophisticated Ice Creams – Consumers are looking for indulging products. They search for enriched and elaborated flavours, frequently used in ice cream shops and at home.
- Light Ice Creams – The market wants less fat products, less sugar and formulas with fruit ingredients.
- Limited Editions – Time constraint editions during summer periods induce curiosity and increase trial. (Examples: Magnum 5 Senses, Magnum 7 Sins and Magnum Gold).
- Promotions and Special Offers – Especially in the IH market, to offer an ice cream spoon, an ice cream cup or any other ice cream related gift in the purchase of an ice cream usually results in a sales increase.

## 5. CONCEPTUAL FRAMEWORK OF REFERENCE

The main aspects obtained from the Literature Review will be used in this study and in the forms of implementation of this project. Their inputs will be very important to define marketing-mix and the approach to the senior market. They are synthesised in this table.

**Table 4**  
**Conceptual Framework of Reference**

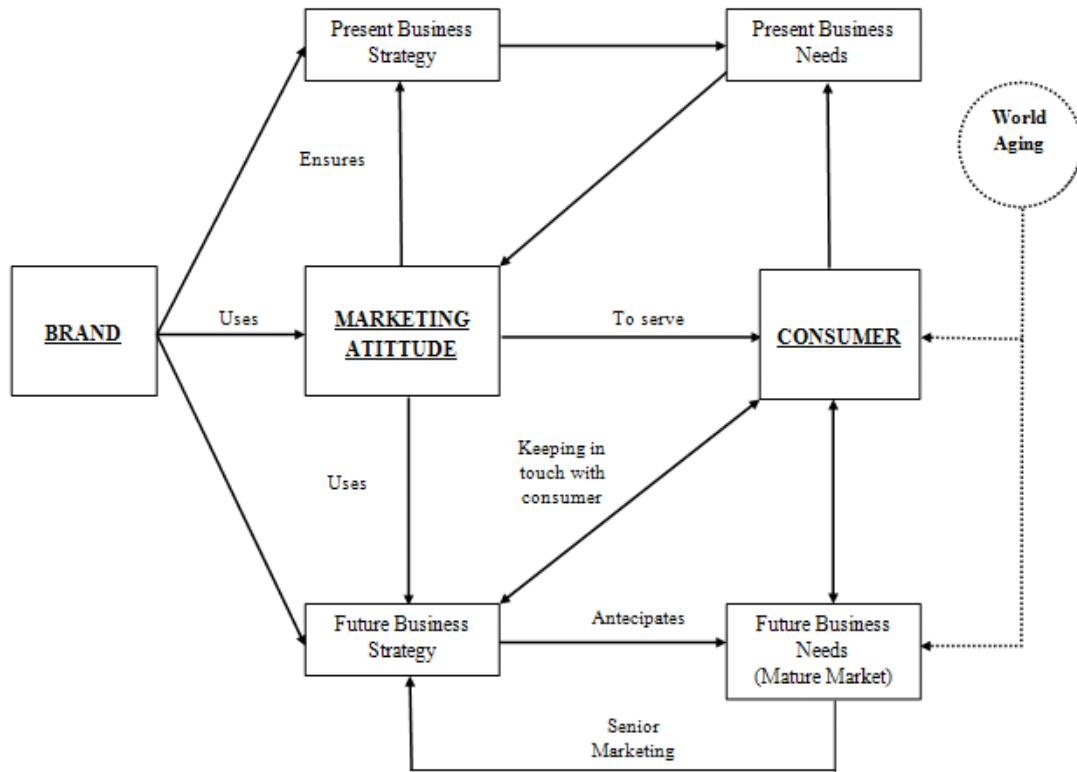
<b>Subject</b>	<b>Description</b>
<b>Marketing Framing</b>	<p>The world is aging. All over the world people are getting older. Today the world population is living longer than the previous generation. The trend is expected to continue and will affect the future of mankind in many ways. Researchers like Moschis (2002) are already indicating the effects that world aging will have in our societies: an intense pressure in pension funds and healthcare systems, a slow down in economic growth, savings and investments. Moschis (2002) also says this will also have a social impact in issues like elderly care giving, family composition, living arrangements and quality of life in old age.</p>
<b>FMCG Business Implications</b>	<p>According with Lindon <i>et al.</i> (2004) a brand should make use of a Marketing Attitude to serve the consumer. In my view this Marketing Attitude may be divided into two big areas: the Present Business Strategy and the Future Business Strategy.</p> <p>In the Present Business Strategy the company has to deal with the most immediate concerns of the business. It has to serve consumer needs but this answer has to reply the short term business needs such as profitability, competition, market evolution, economical strengths... All these factors will affect in a very significant way the Marketing Attitude of the company and the way it answers to consumer needs.</p> <p>A second part of the Marketing Attitude is related with Future Business Strategy. In this area the company tries to forecast the Future Business Needs by understanding the future consumer. As we have said before the future consumer will be different. According with the world aging trend, it will be an older consumer with different needs and consuming patterns. To be prepared to face this mature market is a Future Business Need. The way a company will be able to incorporate this Business Need into the Future Business Strategy is what we will call "Senior Marketing". Senior Marketing will have a decisive impact in the Future Business Strategy. It will create a new Marketing Attitude and will build a new way to serve this new consumer.</p>



<p><b>Consumer Behaviour</b></p>	<p>In the future companies will have to understand the specific characteristics of this new consumer. Many researchers have dedicated their efforts trying to understand the magnitude of old age impairments. Despite the memory issues diagnosed by Park <i>et al.</i> (1996) or Light (1991), Craik and Jennings (1992) have indicated that picture memory remains relatively intact with age, especially when pictures are semantically meaningful. In fact, emotions are extremely important for the old consumer. As referred by Clary <i>et al.</i> (1994) and Fung and Carstensen (2003) older adults are more likely to remember emotional messages. Charles <i>et al.</i> (2003) sustains that memory for emotional information, especially for positive emotions, is preserved with age.</p> <p>Philips and Stanton (2004) have indicated that mature consumers are more likely to be persuaded by an advert than younger consumers. However, older people are generally more conservative when taking a decision. Yoon <i>et al.</i> (2005) sustained that older consumers are more sceptical when messages represent a greater risk or personal relevance. Philips and Stanton (2004) have indicated that senior consumers are persuaded by convenient in use products, product results demonstrated and brands differentiating from other brands.</p> <p>In decision making, Blanchard-Fields (1995) has indicated that senior people are more risk averse than younger people and according with Meyer <i>et al.</i> (1995) they search for less information to make a decision. Bechara <i>et al.</i> (1996) sustains they are more guided by emotions.</p> <p>According with Bearden and Mason (1979) or Gilly and Zeithaml (1985) old people are usually among the last consumers adopting new products. Lundsford and Burnett (1992) have described five barriers to product innovation adoption from elderly: Product usage, perceived value, self image, enduring cultural values and risk.</p>
<p><b>Segmentation Models</b></p>	<p>The future of marketing will have to consider new segmentation models to approach this reality. Several authors like Bone (1991) or Moschis and Lee (1997) have concluded that chronological age is one of the most common methods for segmenting this market. Moschis (2003) has described three types of aging: physiological, social and psychological aging and has indicated that people age differently and at different paces. Several segmentation models that use birth groups or cohort segmentation have emerged and, recently, Lee <i>et al.</i> (2006) have proposed a life events-based segmentation.</p> <p>All these models seem to attempt to capture old consumer diversity. In the future, marketers will have to find an answer to this question.</p>

Source: The author

**Figure 1**  
**Synthesis figure of Literature Review**



Source: The author

## 6. DATA COLLECTION AND ANALYSIS METHODS AND TECHNIQUES

In this marketing plan we obtained secondary data. This secondary data was of two types: internal data and external data. To obtain internal data, Unilever contribution was very important and to obtain external data we used research information from INE, Marktest, AC Nielsen, Kantar World Panel and GFK.

**Table 5**  
**Data Sources**

<b>Secondary Data</b>	<b>Source</b>
Internal Data	Unilever
External Data	INE Marktest AC Nielsen Kantar World Panel GFK

Source: The Author

## 7. INFORMATION ANALYSIS AND CONCLUSIONS

### 7.1. External Analysis

#### 7.1.1. Market Analysis

##### 7.1.1.1. Mediate Analysis

##### 7.1.1.1.1. Political and Legal factors

An ice cream must answer positively to several quality tests and legal requirements. There is a lot of legislation about food safety from European Commission and from Portuguese legal authorities. In this table there are described the main regulations that an ice cream fabricator must consider when producing, distributing and selling its products.

**Table 6**  
**Essential legal requirements for IC production**

Laws	Content
Legal Directive nr. 2001/95/EC from 03.12	On the general safety of food products.
Ordinance nr. 329/75 from 28.05	Establishes the measures relating to hygiene of food consumption
Regulation (EC) nr. 178/2002 from 28.01	Determines the general principles and requirements of food law, creates the European Food Safety Authority and defines procedures in matters of food safety
Regulation (EC) nr. 852/2004 from 29.04	On the hygiene of food products.
Regulation (EC) nr. 853/2004, from 29.04	Lays down specific hygiene rules for food of animal origin
Regulation (EC) nr. 854/2004, from 29.04	Sets specific rules for the organization of official controls on products of animal origin intended for human consumption.
ANIGA Code of Best Practices for the hygiene in the ice cream production	Best practices document based on the European legislation about food safety and on the usual principles adopted by the Portuguese ice cream industry.

Source: Vetbiblios.pt and ANIGA Code of Best Practices for the hygiene in the ice cream production

#### ***7.1.1.1.2. Economical Factors***

Portuguese economy has been facing a fragile situation for a long time. In fact, Portuguese GDP has been growing at a very slow pace in the last years. Since 2001 the average growth rate of the Portuguese GDP is of 0,4%, but in 2003 and 2009 the Portuguese GDP has actually decreased in -1,1% and -2,7%, respectively. Compared to Europe, Portugal situation is very similar to Euro Zone countries evolution. We can, therefore, conclude that the Euro Zone economic climate has a very important impact in the Portuguese economy. (Annex I – Economical Factors – Chart 1)

Regarding to inflation (Annex I – Economical Factors – Chart 2) the average Euro Zone countries inflation has been of 2,4% in the last 9 years and until 2007 the values were between 2,1 and 2,3%. Portugal is making an effort to join to this stability indicators. In 2001 the Portuguese inflation rate was still of 4,4% but in 2005 it was of 2,3%. However, in 2009, and for the first time in 9 years, this number was negative (-0,9%). This is a warning sign about the Portuguese economy. When the average level of prices is falling down it means the economy is not healthy. When producers are not able to sell their products, they tend to reduce RSP's. The reduction will impact a decrease in the company turnover and less investment levels for the next year. Generally deflation is related with a slowing down on consumption levels and a deterioration of social conditions. In this economic climate consumers become high price sensitive and private label may register an important sales increase.

This scenario is also affected by unemployment (Annex I – Economical Factors – Chart 3). Portuguese unemployment rate has grown from 5,1% in 2002 to 9,5% in 2009 (0,5% above the Euro Zone Unemployment rate). This may severely impact the FMCG business, with people refraining their consumer impulses and spending their money only in the most essential goods. In the Ice Cream business this may be an important threat, because Ice Cream is mostly consumed as a dessert or as a dainty and in a crisis people may tend to avoid the consumption of these products.

Additionally in 2010 the Portuguese government has announced a new VAT increase. In July 2010 VAT increased 1% in all rates. This increase had a very significant impact on the Private Consumption Index (PCI). Portuguese consumers have been reducing their consumption since June 2010. (Annex I – Economical Factors – Chart 4). According with INE (2010) this reduction is related with the pre-announcement of VAT

increase by the Portuguese government and the anticipation of purchases for the following months.

For 2011 the Portuguese government considers that the international credibility of the effort required for fiscal consolidation for the next year requires increasing the standard rate of VAT by 2%, being the new VAT Standard rate of 23% for 2011.

**Table 7**  
**Portuguese VAT Evolution**

	Until July 2010	From July 2010	From Jan 2011
Reduced Rate	5%	6%	6%
Intermediate Rate	12%	13%	13%
Standard Rate (IC)	20%	21%	23%

Source: [www.negocios.pt](http://www.negocios.pt) - adapted

Olá ice creams are today taxed at the Standard Rate of 21%. This tax increase will probably be reflected in a RSP increase, so ice creams will be more expensive. In a set of consumption decline and difficult economic conditions, a new tax increase will shrink families' disposable income. Less essential goods, like ice creams, will suffer in two ways:

1. Consumers will have total less disposable income, so they will tend to control superfluous purchases, and not essential goods like ice cream may be avoided
2. Ice creams RSP will be impacted by the VAT increase from 21% to 23%. Products will be more expensive and, therefore, less attractive for consumers for demanding a higher out-of-pocket.

#### ***7.1.1.1.3. Social and Cultural factors***

In the Portuguese society food acts as social glue. We use meals as moments of sharing, celebration, friendship and life. The act of eating an ice cream is generally considered a moment of pleasure and indulgency. In Portugal, probably due to the hot weather, most of the ice creams are eaten in the OOH Market. Each Portuguese person reaches an average of 15 ice creams per year in this market (Pinto, 2009). Eating an ice cream outside of home is a brand experience. The act is associated with leisure activities, sun,

vacations, beach, friends and family and that is why most part of the sales are made during the summer.

In the IH market Portuguese are still very far from Northern Europe countries. It is not part of the Portuguese cultural tradition to eat ice cream at home. However, either for foreign influences (American movies and TV series) or marketing attempts (Olá has been making a continuous effort to improve off-season consumption) the trend is starting to change. According with Marktest, 2006 (Annex II – Social and Cultural Factors – Chart 5) the IH consumption has double in 5 years. In 2006 54,4% of the Portuguese homes were ice cream consumers. This means a huge opportunity for ice cream brands. The IH market is growing and to explore this trend will impact the business significantly in the future.

Socially, Ice Cream is not always well regarded among consumers. It is considered as unhealthy food with too much fat and sugar. However this is not exactly the truth (Marques, 2008). When ice cream is integrated in a healthy lifestyle and in a balanced diet, it may be an alternative source of calcium, minerals and vitamins. Fruit flavours are a way to ingest natural fruit ingredients. They have A, C and E vitamins and may provide to our organism some essential elements. Ice cream has also a positive effect in our brain (Adam, 2005). According with Unilever researchers, ice cream makes us happy. When somebody tastes an ice cream, pleasure centres in our brain are activated and a happiness sensation arises. Moderate consumption is, therefore, a healthy, tasteful and happy choice. In a world where consumer wants to take care of its body and where health and physical well-being is among some of his main concerns, brands will have to work hard to persuade him of this reality. Brands are also developing healthier ice cream products with lower fat and sugar formulas to capture these consumers – Unilever, 2010.

ONU (2009) indicates Portugal as the world 8th oldest country. TNS Worldpanel (2009) estimates that in Portugal 35% of the total population is already 50 or more years old. Women are being mothers later in their lives, life expectancy is increasing and death rates register a steady decrease. This means that Portugal age pyramid is changing (Annex II – Social and Cultural Factors – Chart 6). Portuguese people are older and the trend is expected to continue in the next years. This change will affect consumer markets in a very significant way. Companies will have to adapt their marketing

strategies to this target. In FMCG companies will adjust their products to senior needs and concerns, or lose senior consumers to competition or substitute product categories. Those which will win among seniors will have a vehicle to grow. It is expected that senior consumption will rise through the increase of senior consumers.

#### ***7.1.1.1.4. Technological factors***

In a market like ice cream, technology is a key element. It can be an important competitive advantage in production but its importance goes even further. In the ice cream business, the main technology functions are:

To produce quality ice creams through the mix of the selected raw materials and ingredients and strong packaging. Unilever holds NP EN ISO 9001:2008 – international certificate of quality management systems – and NP EN ISO 14001:2004 – international certificate of environmental management systems.

- To optimize production with reduced costs and keep a profitable business through economies of scale.
- To maintain ice creams at the appropriate temperature across all the supply chain in order to keep all their properties intact for the consumer
- To distribute ice creams to the largest possible area in the right time, with the right quality products and at the right price.
- To predict and observe sales and production levels to avoid out of stock situations and to control consumption dates.
- To examine and understand consumer needs and developing innovative and differentiated products according with the latest consumer responds.

#### ***7.1.1.1.5. Environmental Factors***

Environmental business impact is part of the world's agenda. Large manufacturer companies are already developing an important environmental conscience and putting it into its business strategy.

Since 1999, and for the 12th consecutive year, Unilever is the leading company of the Dow Jones global Sustainability Index in the category of Food & Beverages. Its strategy



is to double the size of its business in 10 years without increasing its present environmental impact.

Environmental sustainable growth is a Unilever key issue and impacts the ice cream business in several ways.

## **Refrigeration**

Many Unilever food products such as ice cream, margarine, frozen foods and snacks require refrigeration in almost all stages of the supply chain (cold chain). Products like ice tea require refrigeration at POS or consumption. This makes Unilever one of world's largest users of refrigeration.

The sale of ice cream requires specifically designed ice cream freezer cabinets. Each ice cream must be kept in a temperature bellow  $-18^{\circ}\text{C}$ . As the world's leading ice cream supplier Unilever owns approximately two million ice cream cabinets around the world. Most of those are owned by Unilever but managed and operated by kiosk owners, petrol station operators, restaurants employees, etc. In Portugal the wide OOH distribution is only possible through a vast network of operating refrigerators in the large majority of OOH POS.

The refrigerator's main environmental impact is its power usage throughout its life. Unilever is taking several actions to ensure the minimum environmental impact of the working equipments.

- **Actively support ice cream cabinets' replacement.** Leaks may occur from the refrigeration circuit during operation and storage, predominantly from pin (very small) holes in soldered joints. The refrigerant escapes from these holes at a very slow flow rate and the cabinet may continue to run for many months, before the problem is detected.
- **Implement non-HFC purchasing policy.** Hydrofluorocarbons (HFC's) are the most commonly used refrigerant for ice cream cabinets worldwide. HFC's have a strong impact in greenhouse effect. In 2001, Unilever made a commitment to "implement by 2005 a non-HFC policy for ice cream freezer cabinets in all countries where commercially viable alternatives can be used". The only

available alternative was hydrocarbons (HC's), already in use in the domestic refrigeration industry in the form of isobutane (R-600a) but also available as propane (R-290). Propane (R-290), with its higher cooling capacity, HC's was the most appropriate choice of hydrocarbon to meet the high load demands of ice cream cabinets.

In the United States, hydrocarbon refrigerant is still not legally allowed. Therefore, a formal approval application for hydrocarbon as refrigerant in ice cream cabinets has been submitted to the US EPA SNAP Program by Unilever's US-based daughter company Ben & Jerry's.

The differences between HFC's and HC's are very significant:

- Used approximately 9% less energy under comparable conditions (difference between ambient and storage temperatures);
  - Required no additional maintenance or breakdown
  - Maintained the ice cream at the correct temperature and product quality was not affected.
- 
- **Commitment to a HFC-free future.** The 'Refrigerants, Naturally!' initiative was launched in 2004 with the Coca Cola Company, Unilever and McDonald's. In this movement the referred companies committed to an HFC-free future, with a focus on their point-of-sale cooling applications. Additionally, Greenpeace and the United Nations Environment Programme (UNEP) support Refrigerants, Naturally! and have acted as advisory in its management. In 2006, Carlsberg & PepsiCo joined the initiative.
  - **Development of solar-assisted HC cabinets.** Another development project is photovoltaic solar-assisted HC cabinets. HC cabinets that work through sun energy are being tested.

## Packaging

Unilever is making an international effort to reduce the environmental impact of its packaging. Presently Unilever (Unilever, 2010) – is working its packaging policy by the following five guiding principles:

- **Remove:** to eliminate, where possible, unnecessary layers of packaging such as outer cartons and shrink-wrap films
- **Reduce:** to reduce the material used in packages and ensure they are the optimal size and weight for their contents
- **Reuse:** to reuse packaging from the materials received at the factories
- **Renew:** to maximise the proportion of packaging from recycled and renewable resources and to investigate the technical feasibility of biodegradable and compostable materials
- **Recycle:** to increase the use of recyclable and single-material components in packaging for easy sorting and recycling at the end of its use.

Further, many of Unilever packaging (including ice cream packaging) is made of paper and board materials. Sustainable paper and board sourcing has a key role in Unilever sustainability.

The company (Unilever, 2010) has the following ambitious goals:

- Source 75% of paper and board packaging from sustainably managed forests or from recycled material by 2015
- Source 100% of paper and board packaging from sustainably managed forests or from recycled material by 2020

Unilever is the first global FMCG Company to commit to sustainable paper sourcing on this scale within a clearly defined timeframe.

All Olá Ice Creams have the following symbol on its label:

Producers that old this symbol on their packaging pay an annual contribution to Sociedade Ponto Verde to the rerouting or recycling of their packaging. This symbol means that Unilever complies with the legislation regarding packaging waste.



**Figure 2**  
**Sociedade Ponto Verde Symbol**

## **Green Responsibility**

However, Unilever's green attitude is not limited to the internal business achievements on this area. The company wants to spread the word among retailers and consumers to make a worldwide difference.

In Portugal, this attitude is already making part of Olá's business. Olá has put 136 ecopoints in 42 Portuguese beaches through the project EcoPraias, a partnership between Olá and ABAE (Associação Bandeira Azul da Europa). Part of the investment made by Olá in this project, takes the form of financial support to ABAE support the implementation of awareness campaigns and environmental education. The project EcoPraias aims, therefore:

1. To promote beaches environment by supplying recycling facilities to its users
2. To contribute to the promotion of environmental education of beaches users in relation to the benefits associated with the reduction, collection and recycling of waste.

### ***7.1.1.2. Immediate Analysis***

#### ***7.1.1.2.1. General Sector Overview***

The Ice cream market is divided into two main segments: the IH (In-Home) Market and the OOH (Out-of-Home) Market. In Portugal, the most important segment is the OOH Market with a value weight of nearly 75%. In comparison, the IH market has a weight of 25% (Euromonitor International, 2008).

In the IH Market we can find Desserts – that can be divided in Slice Desserts and Scooping Desserts – and Multipacks – Adults Multipacks and Kids Multipacks. In the OOH Market there are Impulse ice creams – divided in Impulse Adults and Impulse Kids – and Desserts – Scooping and Slice Desserts. These divisions can be found in Table 8.

**Table 8**  
**The Ice Cream Market**

IH (In-Home Market)	Desserts	Scooping
		Slice
	Multipacks	Adults
		Kids
OOH (Out-of-Home Market)	Impulse	Adults
		Kids
	Desserts	Scooping
		Slice

Source: Superbrands (2004) – Adapted

### ***The IH Market***

In the IH Market the most important segment is Desserts with a weight of 73% in volume and 58% in value. However, it is remarkable the value that multipacks add to this market. With only 27% of the volume, they generate 42% of the total IH value. (Annex III – General Sector Overview – Chart 7).

The most important of all the four segments is Scooping Desserts (48% in volume and 61% in value). This is the IH typical consumption act. People buy the product in the supermarket to eat it at home as a dessert after the lunch or after the dinner.

The products sold in multipacks are easily found in the OOH market in unit doses and, therefore, this consumption may cannibalise the IH consumption. Because of this factor and also the target dimension, Kids Multipacks are the less important segment of all the four segments in the IH market.

### ***The OOH Market***

In Portugal this is the most important ice cream market. Most of the consumption is made outside of home due to the hot weather and the consuming tradition of the Portuguese people. Also, the OOH wide ice cream distribution has been making very easy to reach an ice cream while being out.

There is very few information about Desserts sales and weight in this market. However, because the OOH market is very vast and complex, and because desserts are almost exclusively consumed in restaurants, we know its weight is extremely reduced: nearly

1% of the total OOH consumption acts (Annex III – General Sector Overview – Chart 8). For a matter of convenience we will not consider any data about this segment and, therefore, the OOH market analysis will only reflect two main segments: Adults Impulse and Kids Impulse.

In the IH Market the most valuable segment is, by far, Adults impulse (Annex III – General Sector Overview – Chart 9). It represents nearly 80% of the total market. This is the segment where the main competitors dedicate their major marketing efforts to capture consumers. Kids Impulse importance is nearly 20%. Because ice cream is still part of the children world, this segment is still very significant for the main market players.

#### ***7.1.1.2.2. Sector Evolution and Future Trends***

##### ***The IH Market***

As we have said before, the IH Market is growing. (Annex IV – Sector Evolution and Future Trends – Chart 10). In volume and value, it seems evident that the Portuguese consuming patterns are gradually changing and people are now eating more ice cream at home than in any other time.

This growth is sustained in the manufacturers marketing efforts to serve the market with the latest formats, flavours and innovations (Gonçalves, 2007) but also in the Private Label growing importance. In fact, according with AC Nielsen (2009), the 10,9% of market value increase in 2009 was represented by 15,8% of growth in volume. This means that there are more ice creams being sold at lower prices. PL growing volumes have made it the leader of the IH market for the first time in 2009. (Annex IV – Sector Evolution and Future Trends – Chart 11). In a difficult economic environment, like the one Portugal is living, people choose low-cost solutions and that also happens in the ice cream market. However, Olá has recovered in 2010 part of the lost territory for Private Label and the IHIC leadership. The continuous brand effort to find innovative flavours, disruptive solutions and powerful ATL and BTL support have made Olá recover the IH market leadership.

These are the main IH players. There are other small players like H. Daz, Ben & Jerry's (another Unilever brand) and Nestlé that we will not consider for this analysis. Ben & Jerry's and H. Daz operate in the Super Premium ice cream segment. Nestlé used to have a much reduced presence in the market (nearly 1%) and has left the IH business in 2009.

The year of 2009 registered an increase of three in four IH market segments (Annex IV – Sector Evolution and Future Trends – Chart 12). We can see that the most important part of the market growth has come from the Adults Multipacks segment (22,99%). Scooping Desserts had contributed with 16,30% and Slice Desserts with 7,74%. Kids Multipacks is the only decreasing IH market segment with -6,20%.

This means that main opportunities for ice cream brands are in Adults Multipacks and in Scooping Desserts because this are the most important market segments and the ones which drive the total market growth.

### ***The OOH Market***

In the OOH market the behaviour has been very different than in the IH market. The market is shrinking (Annex IV – Sector Evolution and Future Trends – Chart 13). From 2008 to 2009 its value has been reduced in 16,9%, which reflected the reduction of 17,52% in volume – AC Nielsen (2009). This means people are consuming fewer ice creams outside of home.

Hipersuper (2009) explains this trend with the economic crisis that is affecting Portugal and the Portuguese consumers. With less available income people tend to spend it wisely, cutting in the most expensive habits like out-of-home consumption. The same article goes further: “there is a clear movement from consumption outside of home to consumption more inside of home”. Lima (2009) refers that 82% of Portuguese people are spending less in out-of-home meals.

In the OOH market there is not Private Label. The market is commanded by Olá with almost 90% of value MS. (Annex IV – Sector Evolution and Future Trends – Chart 14) This leadership is assured by the investment the brand has been making in OOH distribution across the years. Olá fridge equipment present in almost every Portuguese

café has assured an intensive Olá distribution in the large majority of OOH points of sale. Therefore, it is very difficult for players like Nestlé or Menorquina to create their own space in this market. Olá and OOH ice cream is almost the same thing in the Portuguese consumer mindset.

Despite the market volume and value reduction, we can see that Olá has kept its MS almost intact in the last years. This happens because, in spite of the market reduction, Olá's fall is less significant than the total market fall and, therefore, the brand is able to keep certain stability in its MS.

In the OOH market competition is less intense than in the IH market. Olá is the clear leader with a value MS of 87,39%, and Nestlé is the second player with only 10,73%. In 2009 all the OOH market has registered a sales decrease. (Annex IV – Sector Evolution and Future Trends – Chart 15). This trend comes from the two main impulse segments. However, like in the IH market, children solutions are facing more difficulties. In the OOH market Kids Impulse segment has registered a volume decrease of 25,65%. But also the Adults Impulse segment is decreasing 14,97% in volume.

#### ***7.1.1.2.3. The Ice Cream Consumer***

Due to some lack of data about the OOH consumer, the consumer analysis we will make will be based on the IH consumer.

According with Marktest (2006) the number of IH consumers is growing. Since 2001 it has more than double. Part of the OOH consumption is now being absorbed by the IH market. It is, therefore, important to understand who is this consumer and what does he look for in an ice cream.

In a study conducted by Marktest (2006) – Annex V – The Ice Cream Consumer – Charts 16, 17, 18 and 19 – we can define a typical IH IC consumer: He has 25-34 years old, lives in the Great Porto or in the Great Lisbon, and he is what we can define as A social class. The problem for ice cream brands is that this is not the typical Portuguese person. The average reality of the Portuguese population is very different: the typical Portuguese citizen is in average 38,5 years old, lives in the Great Lisbon and has an annual income inferior to 10.000€(INE, 2010).



To increase penetration and MS, ice cream brands will have to try an approximation between the average Portuguese ice cream consumer and the average Portuguese person. With this numbers we can already see that the average IH consumer is much younger and has a higher income than the average Portuguese person.

We can see that ice cream brands most fragile position is among households with an average age of 55 to 64 and over 64, non active people, interior north geographic location and in lower social classes.

These figures indicate that there is a need to develop a low cost solution to an older consumer to increase penetration in the mass market. This movement of the IH ice cream consumer in the direction of the mass Portuguese population may result in a very significant sales increase and represent an opportunity to a sustainable growth in the future.

**Table 9**  
**The IHIC Consumer vs the Average Portuguese Person**

	<b>Average IH IC Portuguese Consumer</b>	<b>Average Portuguese Person</b>
Age	25-34	38,5 (average age)
Social Class	A/B	D/E
Geographic Area	Great Lisbon / Great Porto	Great Lisbon

Source: INE (2001) and Marktest (2006) adapted

### ***Consumer reaction to Marketing Strategies***

A GFK (2009) research sustains that ice cream penetration and frequency of consumption are still very low when compared with other snacks (Annex IV – Sector Evolution and Future Trends – Charts 20 and 21). This may partially explain the IH market growth and represents a great opportunity for the brands present in the IH market.

According with GFK (2009) the IH ice cream purchase is an impulsive purchase. This study sustains that only 6% of the ice cream buyers actually plans the purchase and 74% of the purchases are decided in the ice cream section. Moreover, visibility is crucial in the supermarket:

- In the primary space: consumers take more time choosing an ice cream than choosing most part of the analysed benchmark categories
- In the secondary space: 71% of the consumers who detected ice creams in gondola ends actually bought the product there

The same study refers that consumers consider these as the most important attributes of an ice cream:

1. Brand
2. Flavour
3. Format
4. Price
5. Type of usage

These are good news for the strong brands operating in this market. According with this study, consumers are willing to pay a premium price for a quality and traditional brand. In fact, price is only the 4th most appreciated attribute in an ice cream product.

This data seems to contradict the Private Label growth of the last years. In fact, there may be an important difference between what consumers have answered in this study and their true decision factors when buying an ice cream in the IH market. If price is, in fact, only the fourth most important attribute of an ice cream, Private Label brands would not have such a significant growth.

On the other hand, consumers may not understand the importance of price in their buying decisions. Price may affect their buying behaviour in a more subtle way, so that, they do not indicate it as an important ice cream attribute.

Finally this result may illustrate the growing of Private Label brands equity. Portuguese distributors have made very strong investments in marketing campaigns and some of their brands are starting to be very well regarded among consumers. If price is only the 4th most important factor in an ice cream purchase and PL brands are growing, perhaps brand and flavour are contributing to this growth – which means that PL products quality is improving.

## **7.1.2. Competition Analysis**

### **7.1.2.1. The IH Market Competition**

In the IH market, the main players are Olá and Private Label brands. This is Olá main competitor. Due to their low cost solutions (very well fitted into the present difficult economic situation), and also to the very significant marketing efforts of Portuguese distributors to improve their marketing mix, PL are growing in value and volume.

#### **7.1.2.1.1. Retailers Profile**

The trend in almost all FMCG categories is for PL competitors to win value and volume MS (See Annex VI – The IH Market Competition – Chart 22). Therefore, it is important to understand what are the competitive strengths and the business performances of retailers behind these brands (See Annex VI – The IH Market Competition – Table 28).

##### ***Hipers***

With all types of solutions and a large assortment, Hipers are the store format where Portuguese spend more money in each visit: approximately 36,66€

According with TNS (See Annex VI – The IH Market Competition – Chart 23), variety and proximity are the two main reasons that attract consumers into Hipers. Hipers have a large assortment policy, with several solutions and price points for all kinds of consumers.

Hipers try to attract shoppers with promotions and fidelity cards that will make them to visit the store. Once inside the store, they are stimulated by several in-store communicated promotions that will promote non-planed purchases. However, because visits are less frequent (an average of 15,1 visits in 2009) the total year spent is 553,61€ Continente is the leading Hiper in Portugal with a value MS of 15,40%).

It was not allowed for Hipers to be open during Sundays to protect the smaller retailers that still represent 21,6% of value MS. However a recent law allows Hipers to be open also in Sundays, so it is expected that Hipers will increase

their MS. On the other hand, Supers and Discounts will probably decrease their MS.

### *Supers*

With the highest penetration rate (97,1%) Supers reach almost all Portuguese consumers. They also have the highest loyalty rate (45,1% of the total consumers spend are made in Supers) and they are the most visited retailer format (an average of almost 38 store visits in 2009). All these factors build a value MS of 36,40%. In Supers, Pingo Doce is the leading player with a value MS of 13,10%, followed by Modelo (11,20%) and Intermarché (10,30%).

According with TNS (See Annex VI – The IH Market Competition – Chart 23), proximity is the most important buying reason in Supers. With excellent geographical location, Supers attract consumers by being close to them. They are easy to reach and they have the essential assortment to supply the basic daily consumer needs. Supermarkets are smaller than Hypermarkets but in-store environment and staff professional treatment are generally very important. Pingo Doce, the most important Supermarket chain in Portugal, avoids short term promotions and applies an EDLP policy, making Pingo Doce the first Supermarket in price.

### *Discounts*

With a strong low-price strategy and a reduced assortment this retail format presents the lowest loyalty rates. Only 18,4% of the total Discounts' consumers spends are made in a Discount. LIDL and Minipreço are the two main competitors with 8,6% and 8,0% value MS but competition is also intense with Supers and Hipers because discounts present very aggressive promotional plans and try to cover the lowest price-points, selling only the basic assortment, with best-selling brands and PL products. Dia also uses Dia loyalty card, a powerful tool to reach consumers through one-to-one promotions. Due to the reduced assortment, consumers are used to make small purchases in Discounts. This is the reason why Discounts register the smallest basket size (only 16,42€ in each purchase).

When we look at retailers (See Annex VI – The IH Market Competition – Chart 24) we conclude that PL presence is much more significant in Discounts (LIDL – 65,8% and Minipreço – 50,3%). This may be caused by the strong presence of Discounts among highly price-sensitive consumers. In fact, price is the main reason for consumers to buy in Discounts (See Annex VI – The IH Market Competition – Chart 23).

These consumers search for low-cost solutions that allow them to balance their familiar economies more efficiently, without sacrificing their basic consumptions.

#### ***7.1.2.1.2. Private Label Business Positioning***

We can define PL Business Positioning in three main items:

1. Awareness – Creating the Need
2. Persuasion – Influencing the Purchase
3. Reinforcement – Influencing Experience / Use

##### ***1. Awareness – Creating the Need***

To create awareness is to be known among consumers. For this to retailers need to invest in market research, media advertisement, product development, consumer promotions and Public Relations.

Today PL competitors have several instruments to invest in Market Research. They have fidelity cards (E.g. Continente, Minipreço, Auchan, Leclerc, and Intermarché), TNS and Nielsen studies, Suppliers know-how and specialized market research departments. All these tools give PL knowledge of consumer behaviour strategies and latest trends

On the other hand distributors are presently very strong media advertisers. In Portugal, Modelo Continente is the SOV leader, leaving P&G and Unilever Jerónimo Martins with the 2nd and 3rd place. But in the Top 20 we can also see Pingo Doce and Intermarché (See Annex VI – The IH Market Competition – Table 29). They use TV, Outdoors, Radio and Press to promote their stores and

to promote their own brands. (Annex VI – The IH Market Competition – Figure 6). They also distribute promotional leaflets and newspapers in the homes of their potential consumers (Annex VI – The IH Market Competition – Figure 7). This way they are constantly calling attention to the quality and low-price of their brands, using the retailer brand image that people are used to recognise.

Finally, Private Label competitors dedicate their efforts developing new and better products, suitable to their consumers and coherent with the latest market trends. (Annex VI – The IH Market Competition – Figure 8).

All these factors have made PL, producers' main competitors in several product categories and also in stimulating brand and product awareness and creating a need. A role that used to be under producers' responsibility – generally through larger A&P budgets – is now also an important part of retailers' activity.

## ***2. Persuasion – influencing the Purchase***

In FMCG price is a key factor to win MS. Through PL products, retailers try to present solutions similar to those presented by branded products at lower prices. In a set of difficult economic conditions, people tend to choose cheaper options and to be more sensitive to price.

In-store environment is a distribution territory. Retailers try to captivate consumer through in-store decoration, lightening, furniture, music, information and service. Frequently, in-store decoration materials are also used to promote PL purchase (Annex VI – The IH Market Competition – Figure 9) and to influence the purchase of PL products. Stoppers, informative boards and several other POS materials are often used by retailers to stimulate PL products rotation.

In-store placement is divided between Producers and Distributors. Brands have sales forces that work hard to improve their products' space inside the store. Primary Space is the top-priority but Secondary Space (Aisles and Gondola Ends) activations are crucial to win in the market place (Annex VI – The IH Market Competition – Figure 10). However the general in-store placement is retailers' responsibility. This is why PL products have generally the most visible

shelf locations when compared with branded products. Retailers try to keep them in the most attractive locations to boost volume sales on PL products.

#### Price Points Coverage

Retailers try to cover the largest number of price points within their assortment. Usually, permanent assortment / non-promotion branded products are associated with higher price-points and PL products are directly linked with lower price-points. Some retailers have divided their PL offer in two distinct ranges: 1st Price brands and Private Label brands (Annex VI – The IH Market Competition – Figure 11). This way they can build some PL brand equity and still provide the most economical price to highly price-sensitive consumers.

#### Movement Towards Premium

Private Label products are becoming more appealing. From top-budget solutions and basic needs attendants PL products are starting to reach a more restrict audience. There is a trend for PL to develop more sophisticated and premium solutions with extra-quality attributes and a differentiated value proposal from what we usually see in a PL product. PL is also becoming an innovative player, creating innovative solutions, sometimes one step ahead of branded players (Annex VI – The IH Market Competition – Figure 12).

#### Heath Concerns

Some PL products are already responding to the latest market trends, with light and no-sugar ice creams. (Annex VI – The IH Market Competition – Figure 13). These solutions were made to the consumers that avoid ice cream consumption due to their unfavourable perception about the ice cream nutritional content.

#### Social Responsibility

Retailers are aligned with society concerns. Environment, health and social responsibility are some of these concerns. (Annex VI – The IH Market Competition – Table 30). Retailers are taking part on social issues, working their brands image in a sustainable, pro-active and positive way.

### ***3. Reinforcement – Influencing Experience and Use***

Reinforcement is related with the product value proposal. The more the product is able to present an added value proposal to a consumer, the more it is able to reinforce and influence the experience and use of that product in the future.

The adverse image associated with Private Label quality has been gradually changing. Distributors have intensified the search for quality image, new product categories, bigger profit margins and more variety in PL assortment. The present PL performance is better than it was in the past. In the last years very significant improvements have been made in terms of quality and brand image. (Farinha, 2009). This has made several studies indicate that many consumers consider that Private Label have the same quality levels that leading brands (Gutwillig, 2000). Today PL choice is made based on price, quality and image (Farinha, 2009). In these three factors PL products have been making a very important movement of improving their position.

#### ***7.1.2.1.3. Private Label Business Performance Analysis***

Private Label has benefit from a growing behaviour in almost every consumer categories in the Portuguese market. With much lower prices when compared with branded goods and intense marketing efforts, Private Label is Olá's main competitor. When we analyse PL Value Market Share (Annex VI – The IH Market Competition – Chart 22) we see that PL have won Value MS in all categories, with exception of Home Care products. This trend has made Private Label to win 2,3% in the total FMCG without perishable goods in 2009. PL already represents in Portugal a total of 33,3% of the FMCG market. These numbers are a sign that Private Label is becoming a very important part of Portuguese consuming acts.

In the Frozen Food category in particular, PL has a value MS of 44,2%, the highest value in the analysed categories. This can be a sign that this category may be becoming a commodity, so people are being less emotionally evolved in the purchase and, therefore, are buying on a more rational basis – with more rational criteria like price.

In the IH Ice cream market, PL has been growing since 2004 Annex VI – The IH Market Competition – Chart 11). Low-cost products, strong marketing efforts and the



difficult economic Portuguese climate has conducted this growth and made them to lead the IH market for the first time in 2009 – a situation that has been inverted in 2010 with Olá recovering the IH market leadership

When we analyze the Ice Cream market in the most important Portuguese retailers we see that PL is extremely strong in Pingo Doce and Discounts (with more than 65% of value MS) but in Hipers (Continente and Auchan) Olá is still a dominant leader (Annex VI – The IH Market Competition – Chart 26).

However, if we look at other consumer indicators we will see that PL is still a very important threat for Unilever (Annex VI – The IH Market Competition – Table 32). In 2009 both Olá and PL have increased penetration, which means that there are more people consuming Olá and PL Ice Creams – which illustrates the IH market growth. But looking at relative penetration we will see that if we consider only ice cream buyers, the trend is very different: Olá is losing and PL is winning territory. Among IC consumers there are more people consuming PL and less people consuming Olá. The average PL purchase is higher than the average Olá purchase (4,75€ vs 2,71€) because people buy bigger volumes of PL than the volumes they buy when buying Olá. PL frequency of consumption has also increased from 3,70 to 3,80 purchases per year while Olá frequency of consumption has been kept stable in 2,60 visits per year.

Therefore, we may conclude that the IH market growth is mainly sustained by Private Label Ice cream behavior, which constitutes a very important threat for Olá and Unilever. PL has been growing at a very intense pace and in Discounts it has already the dominant position.

#### ***7.1.2.1.4. Private Label Competitive Advantages***

Private label activity has some very important competitive advantages that have been sustaining its growth over the last years. These are Ice Cream PL main competitive advantages:

- Price – PL ice creams reach the lowest price-points.
- Products – PL ice creams copied the most visible characteristics of branded products: packaging, positioning and labelling. However, the product is usually of inferior quality standards, with poorer nutritional formulas and more sugar.

Due to the similarity between Olá and PL products the consumer is induced to consider the same perceived value for both, with very different price points (Annex VI – The IH Market Competition – Table 31).

- In-Store placement and visibility – Retailers promote their own brands in the market place, giving them the best shelf spaces when compared with branded goods.
- Advertising – retailers have large A&P budgets to promote their brands and they have their own press publications where PL is always present.

#### ***7.1.2.2. The OOH Market Competition***

In the OOH Market there are more players but competition is not so intense. Olá is collecting the results of a strong investment in OOH distribution and it is the clear leader of this market. Despite the negative behaviour of the market, Olá leadership seems not to be threatened. Nestlé is the main competitor with a value MS of 10,73% and other players have a competitive position inferior to 5%. For the OOH competition analysis we will only study Nestlé.

The difference between Olá and the other ice cream brands is so big we can divide the OOH market competition in two main strategic groups:

1. Olá
2. Nestlé, Menorquina, Globo, H. Daz, and Mars

This means that there is few or no direct Olá competition. However, all the movements made by these small players, especially in improving distribution must be carefully watched by Olá.

##### ***7.1.2.2.1. Nestlé Positioning***

As Unilever, Nestlé is one of the world's biggest FMCG companies. The main difference between these two companies is that Nestlé is focused in the foods sector, while Unilever business is divided in Foods, Home Care and Personal Care. Nestlé covers the product categories of Bottled Water, Baby Food, Breakfast Cereals, Chocolate & Confectionery, Coffee, Dairy Products, Drinks, In the Kitchen, Nestlé Professional, Nutrition and Health, Petcare and Ice Cream.

Nestlé is a very powerful brand. Being present in all these product categories with the same brand ensures a constant presence in the minds and purchase acts of consumers. Olá is mostly limited to the ice cream category and to the summer period to sustain the majority of its sales. As a brand we can say Nestlé touches the consumer more often than Olá. But, as we will see, in the ice cream category Olá has a dominant position.

Nestlé holds a good ice cream portfolio. Like Olá, Nestlé is an umbrella brand with several sub-brands underneath it. These brands, despite being less known than Olá brands, have products very similar to Olá's. In some of the products there are nearly no difference between Olá and Nestlé and this could be a way for Nestlé to increase OOH penetration using Olá's strength in the category (Annex VI – The IH Market Competition – Table 33).

#### **7.1.2.2.2. Nestlé Business Performance Analysis**

In the Ice Cream category, Nestlé is no longer present in the Portuguese IH market. Its ice cream business is now only made in the OOH market. However, there are huge differences between Olá and Nestlé. Starting on distribution, Nestlé is very far from OOH distribution levels of Olá Ice creams. This situation is due to the fact that most OOH points of sale select only one ice cream supplier and will keep it in the long term. In Portugal, the preferred ice cream supplier is Olá, and so, there is very little room for Nestlé ice cream business.

**Table 10**  
**OOH IC Distribution**

<b>Brand</b>	<b>Apr-May 2009</b>	<b>Jun-Jul 2009</b>	<b>Aug-Sep 2009</b>
Olá	79	82	79
Nestlé	14	11	11

Source: AC Nielsen (2010), Impulse segment Weighted Distribution, 2009

This has a very significant impact in value MS. By sustaining such a dominant distribution, Olá is the leader in MS with almost 90% (Annex VI – The IH Market Competition – Chart 14). This has been the trend in the last years and so it is expected to continue.

Nestlé is the leader of its strategic group. The brand has more distribution and value MS than their competitors, and so, its position is quite solid on the leadership of these players.

#### ***7.1.2.2.3. Nestlé Competitive Advantages***

We can conclude that Nestlé has a stable competitive position in the Portuguese ice cream market but its presence is of little relevance for the total market – only 10,73% of value MS (Annex VI – The IH Market Competition – Chart 14). However the expertise that the company has in the food sector and the strong Nestlé umbrella brand that covers all the foods and ice cream businesses are important competitive advantages when compared with its direct competitors Menorquina, Globo, H. Daz, and Mars.

## **7.2. Internal Analysis**

Olá is a Unilever-owned ice cream brand. Unilever is one of the world's largest FMCG companies. The company has a global turnover of more than 40 billion Euros per year (divided equally between three major regions: Western Europe, the Americas and Africa / Asia / Central-Eastern Europe). Unilever sells products in 150 countries and has more than 400 production facilities around the world. The company is present in three big business areas: Foods, Home Care and Personal Care. In Foods Unilever is the world's largest ice cream manufacturer (Unilever, 2010).

Olá has old roots in the Portuguese society. In 1912 Ferreira e Trancoso society was found with the goal to explore fridge industry in all of its segments. In 1959 this society was acquired by the company Estabelecimentos Jerónimo Martins & Filhos, Lda. and 74% of its Equity was transferred to Unilever. The Joint Venture between Unilever and Jerónimo Martins has given name to the Portuguese company: Unilever Jerónimo Martins (55% Unilever owned and 45% Jerónimo Martins owned).

### ***7.2.1. Unilever Vision***

Values like vitality, sustainability and continuous improvement are part of Unilever DNA and way of doing business. According with Unilever international website (Unilever, 2010) the company vision is expressed in the following statements:

**Table 11**  
**Unilever Vision**

<b>Unilever Vision</b>
We work to create a better future every day.
We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.
We will inspire people to take small, everyday actions that can add up to a big difference for the world.
We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.

Source: Unilever (2010)

### ***7.2.2. Business Strategy and Positioning***

Despite its global presence, the Unilever brand assumes several names across the world (Algida, Breskler, Eskimo, Frigo, Frisko, GB Glace, Strauss, HB Ice Cream, Holanda, Kibon Kwalit Wall's, Lagnese, Miko, Lusso, Streets, Tio Rico, Wall, Good Humor, Ola and Olá). The brand is continuously innovating in new flavours and formats in a permanent movement to exceed expectations and provide to consumers the best moments while eating ice cream.

Recently Olá positioning has become more emotional: the “Share Happy” positioning enounces “Ice Cream Makes You Happy”, based on a research made by Unilever international R&D department that sustains that the act of consuming an ice cream generates a happy feeling in the consumer. This means a shift from rational to emotional communication. In the last years, the brand has been communicating the quality of its products (fighting the stereotype of ice cream as unhealthy food). The “Share Happy” positioning links the brand with the deepest consumer emotions, making the ice cream consumption act an act of sharing, friendship, empathy and life.

In Portugal Olá brand name is associated with values like proximity, quality, trust, innovation and tradition (Superbrands, 2004). The respect for local specific tastes is part of the brand DNA. According with Nuno Silva in Pinto,2009, Olá ice creams are adapted to Portuguese tastes and some of them are Portugal exclusives, so that, the brand is easily seen as a local brand. In addition, the brand is easily found all over the country in thousands of points of sale. It is present in Portuguese consumer's daily routine for years and it is, in fact, part of their lives. Since 2000, this point has gained a new dimension. Olá has now nearly 40 own-stores, strategically placed in shopping centres, a place that has become part of the Portuguese consumers shopping habits.

Unilever has 7 ice cream factories across Europe. One of them is located in Portugal. Olá holds an ice cream factory in Santa Iria da Azóia. Nearly 50% of the total production is exported. The 9 production lines produce 18.000 Cornetto ice creams per hour. The factory also produces brands like Calippo, Solero and the local brands Epá, Super Maxi and Perna de Pau.

In Portugal Olá's leadership is based upon an Umbrella Portfolio of several brands. Each one of them was designed to answer to different consumer profiles and needs, so that each consumer can find his favourite ice cream in Olá. Therefore we can consider Olá's target consumer has "everybody who enjoys an ice cream". There is virtually no limit to the consumer profile the brand wants to reach. That is why Olá is the favourite Portuguese ice cream brand – Nuno Silva in Pinto (2009).

The difference is not only in the values each brand is communicating. Product attributes differ from brand to brand: format (from mini milk with 35 ml to Cornetto with 125 ml), type (stick, cones and cups) and flavour (chocolate, fruit, milk) make each ice cream a distinctive mixture of features made to find a consumer in every corner.

**Figure 3**  
**Olá Price Table**



Source: Unilever (2010)

**Table 12**  
**Olá Positioning**

Strengths	<ul style="list-style-type: none"> <li>• Brand Equity and Brand Awareness</li> <li>• Ice Cream Tradition and Marketing Expertise</li> <li>• Local brands</li> <li>• Enlarged Umbrella portfolio to cover nearly all ice cream consumers</li> </ul>
Consumers Expectations	<ul style="list-style-type: none"> <li>• Excellent flavours</li> <li>• Innovative solutions, formats and flavours</li> <li>• Quality components with the right nutritional value</li> </ul>
Differentiation	<ul style="list-style-type: none"> <li>• Leading ice cream brands</li> <li>• Quality and healthy ingredients</li> <li>• OOH Distribution</li> </ul>

Source: The author

### ***7.2.3. Portfolio Analysis***

Olá's Umbrella Portfolio is divided in several brands with different value proposals designed to satisfy several consumer profiles. With these brands Olá is able to be present in all the market segments – See Table 13 – Olá Portfolio.

Each of these brands was specifically designed to target different consumer profiles, with specific needs. This means that each brand provides the consumer with differentiated added value proposals. Here, we shortly describe the positioning of each one of these brands.

- **Carte D'Or** – Sophistication. When someone buys a Carte D'Or, he knows he will find the most exquisite taste. This brand has rich ingredients, elaborated recipes and it is the ice cream everybody wants to experience. The consumer will pay a premium price when compared to other competitors but he will have a special product. It is present in IH and OOH markets in the scooping desserts segment.
- **Olá Original** – this is a low-cost solution. It is an IH exclusive brand and it was design to compete directly with Private Label competitors. It provides simple flavours for consumers to share with their friends and family, under Olá traditional brand name.

- **Viennetta** – It is the typical slice ice cream dessert. Consumers associate this ice cream with tradition and crispy chocolate. A classical flavour and a complete dessert. It can be found in both IH and OOH markets in the Slice Desserts segment.
- **Romântica** – Not so popular like Vienneta but still an important slice dessert in IH and OOH markets, Romântica is a mix of vanilla ice cream, caramel, chocolate and dry fruits with crunchy biscuit.
- **Magnum** – A moment of pure individual indulgency, Magnum formula has the best chocolate composition and it is one of the most important Olá brands because it is present in the most important OOH segment (Adults Impulse) and also in IH (in the Multipacks Adults segment).
- **Cornetto** – It is produced in Portugal and has simple and authentic flavours with the best biscuit cone. It is associated with love and sharing values. The Ice Cream was made for young adults and teenagers. It is present in the same segments that Magnum: OOH market (Adults Impulse) and IH market (Multipacks Adults segment).
- **Feast** – In the outside it is dreamy ice cream chocolate – light, smooth and studded with bits of biscuit. Inside, it has the taste of solid chocolate. (Olá, 2010). It is only present in the OOH market.
- **Solero** – It gives to consumer a fruity ice cream, with low fat content and without dyes and artificial flavours. It is only present in the IH market.
- **Frutare** – It is made with natural fruits with really fruit bits and fruit juice and low fat content. It is only present in the IH market.
- **Calippo** – A fresh fruit flavor solution. Present in IH and OOH markets.
- **Epá / Perna de Pau / SuperMaxi / MiniMilk** – Their formulas are rich in milk, calcium, fruit and cereals and provide the best nutritional value that children can have in an ice cream. They are present in the IH and OOH markets.









In the OOH market people buy an ice cream in a single dose to eat right after the purchase moment. That is why we call to the most important OOH segment “impulse”. Here it is extremely important to be present with the largest possible brand assortment (See Table 13 – Olá Portfolio). Brand visibility is, therefore, extremely important. It allows to impulse consumers an immediate contact with Olá, and may generate an impulsive purchase. This is an important investment for the brand in the OOH business.



Arks, sun hats, chairs, tables, napkins supports, garbage cans and other decorative elements provide visibility for the brand in the OOH points of sale.

In the IH market the brand variety is more reduced than in the OOH market. By questions related with shelf space and PL competition, only the most popular brands and best-seller references are present. The average price per ice cream is lower than in OOH and the goal is to capture OOH consumers to IH consumption through the same brands and quality products they are used to have in the OOH market.

**Table 13**  
**Olá Portfolio**

			Olá Brands
IH (In-Home Market)	Desserts	Scooping	
		Slice	
	Multipacks	Adults	
		Kids	
OOH (Out-of-Home Market)	Impulse	Adults	
		Kids	
	Desserts	Scooping	
		Slice	

Source: The author

## ***7.2.4. Business Performance Analysis***

### ***The IH Market***

In the IH Market, Unilever has been losing value MS in the last 6 years (Annex VI – The IH Market Competition – Chart 11). In 2009 Olá has lost its leadership for PL brands but regained that position in 2010. The fight for price points coverage and low-cost segments has made Olá to create low cost solutions (like Olá Original) that has helped to regain some territory vs PL brands. However, the difficult Portuguese economic condition seems to be affecting in a very significant way Portuguese consuming habits. Olá is losing in a growing market Annex VI – The IH Market Competition – Chart 10), which means PL competitors are winning this opportunity. Nevertheless, Olá seems to have inverting this trend in 2010 and, for the first time in 6 years, has gained value MS to Private Label and is again the IH leader.

### ***The OOH Market***

The OOH Market is a decreasing market. OOH general consumption is shrinking and, therefore, so it is the OOH ice cream consumption. However, Olá is defending its leadership extremely well. Value MS has remained stable over the last years (87,39% in 2009) and seems not to be affected by the market behaviour. This is a market which is clearly dominated by Olá and the trend is expected to continue.

## **7.3. Competitive Analysis**

### ***7.3.1. SWOT Analysis***

In this chapter we will execute a SWOT analysis of Olá. This analysis will consider the company internal positive points (strengths) and internal negative points (weaknesses) and also market opportunities and threats. This analysis aims to enlarge the benefits of Olá's strengths and prevent the damages originated in weaknesses. We will also define the relative importance of each one of these factors:

- Strengths and weaknesses will be evaluated in importance: from 0 (no importance) to 5 (maximum importance)
- Opportunities will be assessed in according with their attractiveness: from 0 (no attractiveness) to 5 (maximum attractiveness)

- Threats will be ranked according with the estimated impact: from 0 (no impact) to 5 (maximum impact).

We will also try to forecast the future evolution of strengths, weaknesses, opportunities and threats in three trends: increase, decrease or steady.

**Table 14**  
**SWOT Analysis**

<p><b><i>Strengths</i></b></p> <ul style="list-style-type: none"> <li>• Brand Equity and Brand Awareness – Top-of-Mind</li> <li>• Ice Cream Tradition and Marketing Expertise</li> <li>• Portuguese ice cream factory</li> <li>• Local brands</li> <li>• Enlarged Umbrella portfolio to cover nearly all ice cream consumers</li> <li>• OOH market competitive position and distribution</li> <li>• Competitive position in Hypermarkets</li> <li>• R&amp;D and Innovation – new formulas, formats and flavours</li> <li>• “Share Happy” – emotional brand positioning</li> <li>• Olá Original IH low-cost solution</li> </ul>	<p><b><i>Weaknesses</i></b></p> <ul style="list-style-type: none"> <li>• Competitive Position in Supermarkets and Discounts</li> </ul>
<p><b><i>Opportunities</i></b></p> <ul style="list-style-type: none"> <li>• IH total Market growth</li> <li>• Category penetration among older consumers</li> <li>• In-Store Visibility: IC purchases are not planned</li> <li>• IH consumers consider brand and flavour the most important factors when buying an ice cream.</li> </ul>	<p><b><i>Threats</i></b></p> <ul style="list-style-type: none"> <li>• PL In-Home growth</li> <li>• Ice Cream commoditisation</li> <li>• VAT increase in 2%</li> <li>• Kids segment decrease</li> <li>• OOH total market decrease</li> <li>• Business Seasonality</li> <li>• Consumer perception of ice cream as unhealthy and fat food</li> <li>• Nestlé’s similar products</li> </ul>

Source: The author

**Table 15**  
**Hierarchical SWOT Analysis**

**Internal Analysis**

<b>Strengths</b>	<b>Importance</b>	<b>Evolution Forecast</b>
Brand Equity and Brand Awareness – Top-of-Mind	5	Stable
Ice Cream Tradition and Marketing Expertise	5	Stable
OOH market competitive position and distribution	5	Stable
Enlarged Umbrella portfolio to cover nearly all ice cream consumers	5	Steady
Local brands	4	Stable
Portuguese ice cream factory	4	Stable
Competitive position in Hypermarkets	4	Decrease
Olá Original IH low-cost solution	4	Stable
“Share Happy” – emotional brand positioning	4	Increase
R&D and Innovation – new formulas, formats and flavours	4	Increase
<b>Weaknesses</b>	<b>Importance</b>	<b>Evolution Forecast</b>
Competitive Position in Supermarkets and Discounts	4	Decrease

**External Analysis**

<b>Opportunities</b>	<b>Attract.</b>	<b>Evolution Forecast</b>
IH total Market growth	5	Increase
Category penetration among older consumers	4	Increase
In-Store Visibility: IC purchases are not planned	4	Decrease
IH consumers consider brand and flavour the most important factors when buying an ice cream	3	Decrease
<b>Threats</b>	<b>Impact</b>	<b>Evolution Forecast</b>
PL In-Home growth	5	Increase
Ice Cream commoditisation	5	Increase
Business Seasonality	5	Decrease
VAT increase in 2% will result in a consumption decrease	4	Increase
OOH total market decrease	4	Increase
Kids segment decrease	4	Stable
Consumer perception of ice cream as unhealthy and fat food	3	Decrease
Nestlé’s similar products	2	Stable

Source: The author

## Strengths

Olá's Brand Equity and Brand Awareness is probably the most solid and most important strength of Olá. The image of quality and tradition that the brand has in the Portuguese ice cream market is a very important asset. Many changes may happen in this market but this image will hardly be affected. Olá will remain has the Top-of-Mind ice cream brand in the Portuguese market.

Part of this strength has being built through an intense effort in OOH distribution. Olá is present in almost OOH POS in Portugal. It has made the ice cream affordable and physically close to consumer. This is also why the OOH MS is so distant from the other competitors in the market.

The vast umbrella portfolio is a very important strength for Olá. It is expected that Olá products will continue to respond to the different needs of each ice cream consumer.

In the Portuguese market Olá has an important strength. The Ice Cream factory allows some flexibility in responding to the Portuguese specific needs. Some good examples are local brand Epá, Perna de Pau and Super Maxi, only available in Portugal. The Ice cream factory also allows avoiding out-of-stock situations through more flexibility in production. The importance of these two strengths is expected to be kept.

Hypermarkets are still a very important territory for Olá in IH ice cream. The brand has a strong presence among consumers that know the quality product of an Olá ice cream. However, the difficult economic conditions may result in more price-sensitive consumers also in Hypermarkets and this position may in risk.

Olá Original is crucial to fight PL products and win MS in Supermarkets and Discounts, where PL ice cream has a very good performance. To sell a low-cost ice cream with Olá brand attached to it may result in a significant decrease of PL products, which have price has the main differentiation criteria.

The new brand positioning "Olá Share Happy" has made emotions a bigger part of the business. By spreading this message Olá is potentiating the emotional connection between the consumers and the brand (one of its major strengths). To make ice cream consumption an emotional act is something that the brand is used to do. Tradition and quality image, as well has brand equity and consumer trust are very powerful arguments

to link with consumer emotion. These assets (not owned by PL brands) may result in very important earnings for the brand.

Olá is also known by presenting the latest innovation in ice cream. Unilever R&D department has been able to create new formulas and flavours for ice cream consumers. Being innovation one of the factors that boosts this market, the ability of Unilever in developing new solutions is a very important strength in differentiating Unilever products from competition.

### **Weaknesses**

IH most fragile territories for Olá are Supermarkets and Discounts. Because PL importance is so significant, Olá faces some pressure in Pingo Doce, Dia and LIDL. However this trend is expected to decrease with Olá Original – a low-cost solution created to fight private label position.

### **Opportunities**

The IH total market growth is a very important opportunity for Olá to explore. People are gradually changing their ice cream consumption habits, increasing the consumption at home. This is a great opportunity for Olá to explore and it is expected to increase in the next years.

Older consumers are the target in less contact with the ice cream category. Olá's umbrella portfolio reaches the younger and adult ranges of the Portuguese population but senior people don't have a product meant to capture their consumption. The situation is particularly important when we know that Portugal has an aging population and it will continue to grow in the next years. To reach this target is a great opportunity for ice cream brands.

In-Store visibility is a big opportunity for Unilever. 94% of the IHIC purchases are not planned. Being the strongest branded ice cream producer, with the largest assortment, Unilever can benefit from this consumer behaviour. Using its sales force to conquer nice shelf spaces and extra display in Supermarkets and Hypermarkets, Unilever will stimulate Olá consumption and will increase the category penetration. This opportunity is expected to decrease as the IHIC consumption gets more present in the Portuguese

consuming habits. In the future, the IHIC purchase will be more planned, and so, the visibility effect will not be so powerful.

Finally, a consumer study (GFK, 2009) sustains that IHIC consumers consider brand and flavour the most important buying factors to buy an ice cream. This still may represent an opportunity for the brand, especially when it is making an important effort to become even more emotionally connected with the consumer. However, the PL rapid growth and the difficult economic conditions in Portugal may quickly change this reality and ice cream consumers are expected to become more price-sensitive in the future.

### **Threats**

PL in home growth and ice cream commoditisation are the major threats of Olá IH business. Price is expected to win relevance in consumer's decisions and, therefore, PL will be Olá biggest threat.

Business seasonality is a threat for Olá and all ice cream market operators. Ice cream is a seasonal business and it will continue to be. However, the brand is making a very important effort in reducing seasonality, developing new IH winter solutions and stimulating the ice cream consumption during all the year (Annex VI – The IH Market Competition – Figure 14).

For 2011 the Portuguese government has decided an increase of 2% in VAT. This increase in taxes will affect the consumption in a negative way because people will have less disposable income and goods will be more expensive.

The OOH market decrease is a very important threat for Olá. Being the leading brand in this market, Olá will be the most affected by its reduction. This is the most important market for the brand and its reduction may severely impact its results. However, the brand has being able to sustain its dominant MS through the wide distribution and the important brand communication. The trend is expected to increase. Has the Portuguese economy keeps struggling, people will tend to decrease their OOH consumption acts.

Kids are today more stimulated by several IH and OOH candies then they were ever before. Kids' consumption is, therefore, becoming less important in the ice cream market and the trend is expected to continue.

The consumer perception of ice cream has been slowly changing. Recent years Olá ATL communication has highlighted the quality of its components and the Portuguese consumer knows that Olá has the best ice creams in terms of ingredients and health issues. The brand has also communicated the low-calories content of its products, so that the consumer knows this should not be a concern when buying an ice cream. As a result, this threat is expected to decrease as people get more informed about the ice cream properties and its content.

Finally Nestlé's similar products (Annex VI – The IH Market Competition – Table 33) may somehow induce consumers that there is little difference between these two brands. However, Nestlé is not present in the IH market and in the OOH market its MS and distribution are not enough to impact Olá's business in a significant way.

### ***7.3.2. Critical Success Factors***

The given analysis results in the understanding of the Portuguese ice cream market critical success factors. In my point of view these are the essential elements that a company must have to succeed in this market.

**To have a quality product** – In the foods sector consumers are extremely sensitive to the perceived quality of the product. It is mandatory to develop healthy components, quality ingredients and the right nutritional contents.

**To have a good flavour** – Ice cream most important choice criteria is flavour.

**To be close to consumer** – Develop a distribution network that makes ice cream available.

**To be visible to the consumer** – Develop IH and OOH visibility. IC purchase is generally an unplanned purchase. It is very important to be sought to stimulate the purchase.

**To have a strong brand** – Ice cream second most important choice criteria is brand.

**To be relevant** – To develop a portfolio able to reach every type of consumers and to be consistent with their needs.



**To be affordable and price-competitive** – To develop low-cost solutions to cover the different price points and fight Private Label advance.

#### **7.4. General Conclusions**

We have analysed Olá ice cream business. An external and internal analysis has been made. The IH and OOH market were evaluated. The brand portfolio was analysed, the Portuguese ice cream consumer was defined. Olá's strengths, weaknesses, opportunities and threats were explained.

In both IH and OOH markets Olá's competitiveness was examined. In the IH Market Olá position is threatened by PL progress, but the market is growing. In the OOH market Olá's leadership is immaculate but the market is shrinking.

In both markets one opportunity stands out from the rest. Older consumers are not being directly targeted by any brand. In the present reality, ice cream consumption is being directed to kids, teenagers and adults but there is not a product designed to the Portuguese older consumer. In a country where people aged 65 or over already outnumber children under 15, it is important to provide a solution for this target.

Senior Marketing is a huge opportunity for FMCG companies to explore. The trend is for this market to grow in the next years. As world population gets older – particularly in western developed countries – companies will have to create new solutions to answer to this new consumer.

Unilever is the world's largest ice cream manufacturer. Olá is the Portuguese ice cream market leader, with deep roots in the Portuguese culture and consumers lives. Olá's best selling products are part of the Portuguese consumers' childhood memory. Olá is associated with tradition, healthy and nutritional products but also fun and innovation. The company is continuously launching several innovations and consumers are used to expect new products and new solutions from the brand.

The launching of a senior targeted ice cream seems to be the most adequate solution to approach this market need. The senior consumer has a very specific profile, and so, only a specific product will respond to his needs.

Olá has an opportunity of 3.287.592€/ year (See calculations in Annex VII – Senior IC Marketing Opportunity). These expected incremental earnings are, however, based on 2001 demographics. We know that the Portuguese population is aging, and so, it is expected that the 2001 reality has evolved to an even older society. This trend will continue in the next years and the estimated annual earnings are expected to grow, as population gets older.

We believe Olá should take this opportunity. Gains will also be reflected in brand awareness and reputation. Ice cream category will engage new consumers through a specific product designed for them and Olá will have first mover advantage. The new product will link more people to the brand and will reinforce Olá's leadership among consumers.

## 7.5. New Product Launching

### 7.5.1. *The Senior Consumer*

We already know that, as population ages, senior people will be more important for companies when launching a product.

However, before launching a product targeted to the mature consumer it is important to know who this consumer is, what his needs are and what his expected evolution is. Statistically, senior consumers are:

- **More emotional driven** – As demonstrated in the Literature Review – Cary *et al.* (1994), Fung and Carstensen (2003), Rahhal *et al.* (2002), Charles *et al.* (2003), Yoon *et al.* (2005) – senior people tend to consider their emotions very strongly when they make a consumption decision. They are more motivated and persuaded by emotionally meaningful messages.
- **More loyal to brands** – Kantar Worldpanel (2009) sustains that in 2008 PL had a weight of 30,6% in the Portuguese retired people purchases (total FMCG without perishable goods). This compares with a national average of 31,6%.
- **More loyal to retailers** – Kantar Worldpanel (2009) indicates that retired Portuguese people visit an average of 4,1 retailers per year while the national average is 4,7 retailers per year.

- **More pragmatic** – In the Literature Review (Philips and Stanton, 2004) we indicated that senior people are persuaded by advertisements that show an indirect comparison between products, a differentiation from other brands and an actual demonstration of the results.
- **More convenience-lovers** – Also in the Literature Review (Philips and Stanton, 2004) we indicate that senior people are persuaded by products that are convenient to use.
- **More conservative** – Authors such as Bearden and Mason (1979), or Gilly and Zeithaml (1985) have argued that senior people are among the latest consumers adopting innovation and Lunsford and Burnett (1992) indicated several barriers for senior product innovations adoption.

### *7.5.2. Segmentation, Targeting and Positioning*

#### **Segmentation and Targeting**

In our product segmentation we used demographic and psychographic segmentation criteria, corresponding to age and consuming patterns segmentation variables.

Despite the Literature Review inputs that indicate chronological age as not being the most appropriate segmentation model (Bone, 1991; Moschis and Lee, 1997) we will use age as the main differentiation criteria between individuals. We understand and recognize the importance of these authors' conclusions but due to the data that is presently available, this procedure will simplify this part of our project.

Schiffman and Sherman (1991) referred a “new age elderly”, described as having a cognitive age younger than their chronological age. This means that senior people see themselves as someone younger and healthier than they actually are.

Moschis and Lee (1997), indicate that marketers usually use 50 or 55 years to include people who may need a big range of products and services.

Finally in our consumer analysis we have concluded that the average Portuguese person has an annual income inferior to 10.000€ and due to the economic difficulties the country is living they tend to adopt low-cost and PL solutions.

Therefore our target will be:

- Portuguese people aged 55 or over
- Ice cream lovers
- People who have decreased or abandoned ice cream consumption
- People who have health concerns
- People with a low annual income, who recognize the leading brand value but are forced to look for cheap solutions and PL products

With this new product we estimate to recruit 964.574 new ice cream consumers.

### **Positioning**

Our product will have a differentiation versus competition by being directly targeted to old consumers' needs. Product specific characteristics will respond to consumers needs in flavour, price, healthy formulas, convenience in use and emotional appealing. Lindon et al. (2004) describe positioning as the fusion of two concepts:

**Identification** (the characteristics that identify our product)

- Olá Ice cream

**Differentiation** (the characteristics that differentiate our product from its competitors)

- Quality flavour
- Low fat and sugar content
- Low-cost branded solution
- Usage convenience

**Table 16**  
**New Product Gold Positioning Triangle**

Consumer expectations	Senior people expect a quality flavour, with an healthy nutritional formula. They also expect an affordable solution.
Competition Positioning	Me-too products that copied Olá most visible characteristics but contain poorer formulas and, this way, lower costs and price points.
Potential Product Strengths	Good flavour, healthy product with low fat and sugar content, Olá brand, emotional appealing, usage convenience.

Source: Lindon *et al.* (2004) - Adapted

Our communication messages will be emotional but pragmatic. We will refer the brand long-term link with the Portuguese consumer and the advantages of this new product: a light solution, with the same delicious flavour of all Olá ice creams but also a low-cost solution. We will not communicate clearly for senior people but we will use more mature models than in traditional Olá communication, so that, older people can be reached in a subtle way.

In our TV advertisement we will use a 50 years old couple, dating in the garden, while eating their 150 ml Olá Original ice cream (one for both). We will emphasize flavour (the most important factor in an ice cream), low-calories content and price.

- She says: “It’s good isn’t it?” – he says
- He says: “It has always been. It’s Olá Original.”
- Commercial voice: “Olá Original, the new Olá ice cream with low-calories formula and the same original flavour. Olá Original, the best price, the best flavour.”

### **7.5.3. Marketing-Mix**

#### **7.5.3.1. Product**

As we have previously seen (chapter 7.1.1.2.2. Sector evolution and future trends) the main IH opportunities are in the segments of Adults Multipacks and Scooping Desserts. The new IH product will be launched in the Scooping Desserts segment because we consider it stronger in terms of usage convenience than multipacks. In the OOH market there seems to be no clear opportunities, but due to Olá's clear leadership position in distribution and MS we will also launch the product in this market. This way the new product will cover both IH and OOH markets and will be reachable to all Olá consumers. This will happen in the IH market – the market that is capturing new consumers through their habits transformation – and the OOH market – the traditional IC market where people associate ice cream consumption with a genuine brand experience of leisure, beach, good weather and feelings of sharing and happiness.

To achieve this goal the chosen brand is Olá Original. This is a brand that recaptures Olá essential flavours and provides to consumer a low-cost solution. In the IH market the brand is already installed. We will extend the brand to the OOH market to leverage this senior marketing opportunity.

#### **Intrinsic Product Characteristics**

##### **Formula**

- Natural ingredients of chocolate, milk, and fruit
- Low-fat and low-sugar contents

##### **Performance**

- Less caloric components
- Same flavour performance

##### **Design**

- Ben & Jerry's same packaging materials
- Packaging 90% made of recyclable paper

**Packaging**

In the ice cream category, packaging is very important. Packaging has two main functions: Technical Functions – helps to protect, use, storage and transport the product – and Communication Functions – impacts consumer, expresses brand positioning (Lindon *et al.*, 2004).



**Figure 4**

**New Product Packaging**

In order to gain in economies of scale through packaging we will use the same packaging that Ben&Jerry’s uses (150 ml and 500 ml) but with Olá Original labels. We know that old consumers appreciate usage convenience, so our packaging will also attend this need. With this packaging our product will be very similar in terms of format to H. Daz and PL Pingo Doce (Annex VI – The IH Market Competition – Figure 13). Here are some of the components of our packaging:

**Table 17**

**New Product Packaging Components**










	Packaging Functions	Packaging Components
Technical Functions	Product protection and preservation	<ul style="list-style-type: none"> <li>• Polyethylene coating - makes waterproof casings.</li> </ul>
	Ease of use	<ul style="list-style-type: none"> <li>• Cylindrical cups of paper with a plastic spoon (OOH).</li> <li>• Consumer indication to wait 10 min after taking the ice cream from the freezer.</li> </ul>
	Ease of transport and storage	<ul style="list-style-type: none"> <li>• Small cylindrical cups of paper with 150 ml and bigger ones of 500 ml.</li> </ul>
	Environmental Protection	<ul style="list-style-type: none"> <li>• Cups of 90% recyclable paper</li> <li>• Water-based inks in the cups printing</li> </ul>
Communication Functions	Visual impact	<ul style="list-style-type: none"> <li>• Simplicity in the packaging decorative elements</li> </ul>
	Recognition (Brand)	<ul style="list-style-type: none"> <li>• Olá Original Logo</li> </ul>
	Identification (Product)	<ul style="list-style-type: none"> <li>• Ice cream pictures</li> </ul>
	Expresses Positioning	<ul style="list-style-type: none"> <li>• Well visible slogan</li> </ul>
	Consumer information	<ul style="list-style-type: none"> <li>• Well-visible label contents (expiration date, legal obligations) through higher font sizes</li> </ul>
	Purchase Appeal	<ul style="list-style-type: none"> <li>• Main product attributes indication (low-fat and sugar content, natural ingredients and appealing price)</li> </ul>

Source: The author

**Product Range**

Olá Original is already an established brand in the IHIC market. Present Olá Original Assortment is the following:

**Table 18**  
**Olá Original Present Assortment**

Basic Range 1L (RSP: 1,79€)	Basic Range 2L (RSP: 2,99€)	Complex Range 900 ml (RSP: 2,49€)
Vanilla 	Vanilla 	Caramel 
Strawberry 	Vanilla / Strawberry 	Straciatella 
Chocolate 	Vanilla / Chocolate 	Tiramisu 

Source: Unilever (2010)

To this range of products we will add the following range:

**Table 19**  
**Olá Original Light Range**

Light Range 500 ml (IH)	Light Range 150 ml (OOH)
Vanilla / Strawberry	Vanilla / Strawberry
Straciatella	Vanilla
Tiramisu	Vanilla / Chocolate

Source: The author



## Services

Our new product range will have the following services:

**Consumer Phone number** – this service was created to provide free information to senior consumers. As they are conservative and tend to delay the adoption of new products, senior people will have a way to make questions and get quick, correct answers about these products. They can get in touch through general Olá consumer phone line - 808 500 707.

**Web site** – Internet penetration is still very low among Portuguese senior consumers – only 32% of 55-64 people and 12,7% of 65-74 people use computer and internet in 2010 – Source: INE (2010). However, all information about this range of products will be included in Olá website [www.ola.pt](http://www.ola.pt).

## Brand

Olá Original is the chosen brand because it is more emotionally connected with the senior consumer.

Firstly, because it represents a total range of ice cream brands that may have been in touch with this consumer in the past.

Magnum, Cornetto, Epá, Perna de Pau, etc... could be too specific brands to this consumers and, therefore, could avoid some of them due to the differences of positioning existent in the different brands. Being directly linked with the Umbrella brand, Olá Original fits all the consumer profiles, aggregating all the potential differences among senior consumers. Olá Original adds all the benefits of its several sub-brands. We believe that when presenting Olá brand to different consumers each one of them will remember his/her favourite ice cream brand experience.

Secondly, using the brand name Olá, the name has more value and history in the consumer mindset. Most part of visibility IH and OOH materials communicate Olá. The brand equity is stronger than any other sub-brand because it is associated with values of know-how, tradition innovation (Superbrands, 2004) and, since 2010, happiness. It is part of the memory and the consumer Portuguese culture.



**Figure 5**  
Olá Original Logo

Finally, the name Original is a signature of authentic, real genuine flavours that remind us the simple pleasure of an ice cream experience with Olá.

In terms of competitiveness, Olá Original was created to represent Olá in the low-price segment of the IH market, where PL is installed. To reinforce Olá presence in this segment is one more step to gain MS to PL proposals.

### **7.5.3.2. Price**

We will use a penetration strategy. Our objective is to re-attract low-income senior consumers for the ice cream category through our new range of products.

Lindon et al. (2004) describe three main factors that affect RSP:

- Costs
- Demand
- Competition

Because information about Unilever costs is strictly confidential and demand is very hard to predict since there is no historical sales information about this product, we will mainly consider competition to define our RSP.

### **IH Market**

We want to be a low-cost solution in IH market. We know that PL often uses very aggressive price-points. But Olá Original is a brand that was created to compete with PL and 1st price brands. It usually has very aggressive price-points and we believe we can gain in the senior IH market. PL most similar proposal to our product (Pingo Doce PL without sugar) has a very aggressive price-point (1,99€), but its price / Lt is not so aggressive. When compared with Olá Original assortment, this format has a RSP / Lt very high. We calculate our RSP following the RSP / Lt of the Complex Range (because having a different technology we might expect extra-costs from this product) we added a premium of 36,5% to cover packaging costs and profit margins and to obtain a 1,89€RSP to our product.

Olá Original Light Range 500 ml RSP / Lt =  $2,77 * 0,5L * 1,365 = 1,89$

**Table 20**  
**New Product Pricing - IH**

Product Description	RSP (€)	RSP / Lt (€)
Olá Original Basic Range 2L	2,99	1,50
Olá Original Basic Range 1L	1,79	1,79
Olá Original Complex Range 900 ml	2,49	2,77
Pingo Doce PL without sugar 500 ml	1,99	3,98
<b>Olá Original Light Range 500 ml</b>	<b>1,89</b>	<b>3,78</b>

Source: The author

This way we will be 5% (0,10€) bellow PL price-point and we will be the lowest operator in the senior market.

## OOH Market

In the OOH Market, since there is only one supplier in each OOH POS and little competition, we will consider only our products to define our RSP. We want to be the cheapest adults brand in Olá price table, in order to bring additional consumers to the ice cream category through a cheaper adults solution.

We also expect that the psychological price of 0,99€ will recruit new consumers through price appeal.

In Table 19 we can see the current RSP's in the OOH Market and the way the new range of products would be priced.

**Table 21**  
**New Product Pricing - OOH**

Product Description	RSP (€)
Magnum Dar Temp Car / Chocolate	1,90
Magnum Cone	1,70
Magnum Classic / Amendoas / Caramel / Double	1,50
Magnum Sandwich	1,50
Cornetto Enigma	1,50
Cornetto Love Choc	1,30
Solero Exotic	1,30
Cornetto Strawberry / Chocolate / Classic	1,20
Magnum Choc Bar / Caramel & Nuts	1,00
Rol	1,00
<b>Olá Original Light Range 150 ml</b>	<b>0,99</b>
Calippo, Fizzi Cone, Guitar	1,00
Feast, Mega Perna de Pau, Twister	0,90
Fruttare, Epá Fit	0,80
Perna de Pau / Epá	0,70
SuperMaxi / Cooki Snack	0,60
Mini Milk	0,50

Source: The author

Either in IH or OOH market, the impact of this launching must be measured. We are playing in low-price segment, when many of our brands are premium brands (e.g. Carte D'or, Magnum, ...). So we must watch very carefully potential cannibalization effects. After the launching of this product range an assessment must be made:

- If new product range gains in volume are enough to win in the IC category and compensate the losses in more profitable brands → the project should continue.
- If new product range gains in volume are not enough to recover from the losses in more profitable brands → leave the project

### **7.5.3.3. Place**

We will use an Intensive distribution strategy. Our major goal is to be present in the largest possible number of POS in order to be easily reached by the senior consumer. Our range of products was created to be present in both IH and OOH markets. We want to be where our potential consumer will be.

#### **IH Market**

In the IH market Olá uses the following distribution circuit:

**Producer → Retailers → Consumer**

We will use our 500 ml range In the IH market. In Hypermarkets, Supermarkets and Discounts we should focus our listing efforts in the summer period and consider the category seasonal assortment of some retailers. Some retailers enlarge their ice cream assortment during the summer months. If additional listings are not possible we must have a backup plan to substitute some of the current assortment references.

#### **Hypermarkets**

Hypermarkets are very large store formats. Generally, they use an Attraction Assortment Strategy to capture more consumers through their products variety. We will try to list our total IH range of products (3 SKU's) on-top of the current category assortment.

### **Supermarkets and Discounts**

We will defend an increase of the total category assortment during the summer period and prepare a back-up substitution plan to our current category assortment. If we consider that our assortment is already optimized, we should list only part of the total range (two or even one high-potential SKU).

### ***OOH Market***

In the OOH market Olá uses the following distribution circuit:

**Producer → Warehouses → Small Retailers and OOH POS → Consumer**

We will put our range of 150 ml in the OOH market. Due to the lack of space in the OOH price table, we will sacrifice some of the last year innovations to promote this new products range.

### **7.5.3.4. Promotion**

Communication is crucial for our consumers to know the new products and the new Olá's value proposal. Therefore, in the launching momentum we will communicate our product ATL with the objective to be known among consumers and generate experimentation. Once they have tried the product they will be surprised with the product performance (a light solution with a good flavour) and will keep their consumption. It is important to understand that there is only one launching momentum for a product. This is the moment where more A&P resources will be allocated to this products range, and so, it is the most significant opportunity to touch the senior consumer.

Resources should be used carefully and efficiently. We will apply our know-how about senior consumer most effective advertising methods. Polyak (2000), tells us that even in an increasingly segmented market, the traditional methods of advertising are still an effective way to reach the older consumer. The author refers that older consumers watch more TV and spend more time reading the newspaper than younger consumers because they usually have more free time to do so. As a result, we will use these methods to

reach our target. Nevertheless, we prepared a 360° communication campaign to reach our consumer in several ways.

However, in the long term we will not sustain our sales on strong media support. Our main form of communication will be BTL communication, which will allow us to be closer to the final consumer and to spend our A&P resources more efficiently.

### ATL Promotion

- **TV**

Marktest (2008) showed the following results on TV consumption habits:

**Table 22**

**Average Portuguese daily time of TV audience**

Age Group	Average daily time of TV audience
Total Portuguese Population	03:29:36
Aged 4-14	02:40:32
Aged 15-24	02:40:20
Aged 25-34	02:52:28
Aged 35-44	03:01:32
Aged 45-54	03:27:36
Aged 55-64	04:24:03
Aged 65+	05:10:51

Source: Marketest Audimetria / Media Monitor (January - December 2007) – hh:mm:ss

According with this research senior people is the Portuguese age group that most watches TV. This is the most expensive form of communication. But is also the most intensive one and the most likely to reach our target. Even though, it will equally reach several other consumers that will not feel this as a relevant value proposal. We will communicate through a 30 seconds TV advert, mainly broadcasted during morning ours, when senior consumers most watch TV.

Our long term objective is to decrease TV importance in our communication strategy and promote more BTL communication.

- **Radio**

Senior people usually like to keep old fashion values and are more conservative and resistant to changes. So we would be tempted to think that they have high radio listening habits. However, Marktest (2010) is showing very different results.

**Table 23**

**Portuguese radio audience by age group**

Age Group	% of radio listeners
Total Portuguese Population	54,6
Aged 15-17	50,4
Aged 18-24	65,4
Aged 25-34	73,0
Aged 35-44	62,4
Aged 45-54	55,9
Aged 55-64	43,4
Aged 65+	31,6

Source: Marketest Bareme Radio (3<sup>rd</sup> Quarter 2010)

This research indicated that 54,6% of the total Portuguese population listens to radio. However, if we decompose these numbers by age group, we see that senior people are well below the national average. Only 43,4% of people aged 55-64 and 31,6% of those aged 65+ listens to radio. So, we will not make any radio advert to promote our product. Radio is not adequate to reach the senior consumer.

- **Outdoor**

We will use outdoor only in the launching momentum of our products range. It is important for us to make consumers aware of our new products range, and so, we will make an important effort on visibility in this key-moment. However, after this moment we will stop outdoor advertising because this is mainly a mass communication method and, therefore, will reach more consumers than those we are targeting.

- **Press**

This will be the only long term ATL support that we will use. Senior people have more time to dedicate to newspapers and magazines reading and so, we

will use this advertising method more intensively. We will communicate our product in the top 5 best selling Portuguese newspapers (Source: Marktest 2008):

- Correio da Manhã
- Jornal de Notícias
- Público
- Diário de Notícias
- 24 Horas

In the launching moment press promotion will be stronger but later we will continue to use this form of communication. We will also use regional and local newspapers to reach the senior market, once these publications usually have a strong penetration among mature consumers and are less expensive than national press.

We will communicate our senior solution to media so that they can cover our practice's ability to serve seniors. According with Pittock (1999) this can be a fruitful option to call attention and to get free promotion to our product.

- **Internet**

We will not make internet promotion. Marktest (2010) reveals that internet is strongly implemented in the Portuguese society (nearly 63% of Portuguese homes has internet access) but it is only present in 15,5% of 60+ homes. Internet is not adequate to reach our target, so we will not use it in our communication strategy.

However, Marktest (2010) shows that internet national penetration was of only 2,4% in 1997, and has registered a very fast evolution since then. It is expected that it will reach senior consumer in a later period, so we consider revising our internet usage when it will be strong among senior consumers.



**Table 24****Portuguese internet usage by age group**

<b>Age Group</b>	<b>% of internet users</b>
Total Portuguese Population	62,9
Until 30	91,2
Aged 31-45	87,9
Aged 46-60	58,1
Aged 60+	15,5

Source: Marketest Bareme Internet (2010)

**BTL Promotion**

- **Sponsoring**

We want to be present in local events. We will associate our brand to local celebrations – usually happening during the summer – by sponsoring them and get promotion and visibility.

- **Tasting sessions**

It is important for our consumers to know that, despite being a light solution, our product flavour is able to satisfy them. Therefore, we will make tasting sessions in Hypermarkets and Supermarkets but also in the streets and in public beaches to make them try the new product and see for themselves its flavour properties.

- **Brochures**

Pittock (1999) refers that direct mail pieces such as brochures and has many advantages: they can be targeted; they are cost efficient and they allow a larger and more descriptive message. We will use easy-to-read brochures in direct mail, sending them for residential areas more populated by senior people. We will also leave them in public locations like pharmacies, shopping centres and cafes.

## 8. IMPLEMENTATION FORMS

To implement this project we built a chronogram that will guide us through the different steps that must be made to launch the product in the market.

The product will be launched in May 2012 but the plan starts in March 2011. This chronogram is the execution plan of this launching. In the next years, actions to be taken will be different because the product will be already part of Olá assortment.

**Table 25**  
**Implementation Chronogram**

Action	2011												2012												
	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
<b>Product Development</b>																									
Product testing																									
Marketing Plan Development																									
<b>International and Local Approval</b>																									
Consumer Research																									
Marketing-Mix Development																									
<b>Product Production</b>																									
<b>Sales Force Training</b>																									
<b>Distribution</b>																									
- Hipermarkets																									
- Supermarkets																									
- Discounts																									
<b>ATL Promotion</b>																									
- TV advertising																									
- Press Advertising																									
- Outdoors Advertising																									
<b>BTL Promotion</b>																									
- Local Events Appearances																									
- Tasting Sessions																									
- Brochures distribution																									
<b>Sales</b>																									
<b>Results Assessment</b>																									

Source: The author

### Product Development

The product will be produced in the Portuguese ice cream factory. In the product development we will make several formulation tests in order to find the best balance between flavour, healthy formulas and low-cost. It is a very hard process because these three factors are expected to generate important trade-offs. Healthy formulas require more technology and will impact the price and the flavour of the product. A low-cost solution does not allow the production of sophisticated formulas and will also impact the flavour attributes. More flavour, implies larger quantities of sugar and fat, and so,

less healthy formulas. The process is expected to take 5 months, and simultaneously, product testing will occur. The inputs from product testing will be used to improve product development. We will make blind-tests that will be used to improve product development. During this stage, the Marketing Plan will be developed. The Marketing Plan will be concluded in August 2011.

**Table 26**  
**Production Trade-Offs**

More	Less
Healthy Formulas	Low-cost, Flavour
Low-Cost	Healthy Formulas, Flavour
Flavour	Healthy Formulas

Source: The author

### **International and Local Approval**

The Marketing Plan must be approved internationally by Unilever and locally by Unilever Jerónimo Martins. These product launching depends on these two approvals. If one of them fails, we will not launch our product in the Portuguese market.

### **Consumer Research**

As already mentioned, there is few understanding about the specific of the senior consumer. Unilever Jerónimo Martins will innovate in focusing efforts to understand this new consumer. Senior consumer research will be very important for this product launching but will also be used to develop other product categories in other Unilever business areas and categories. Being the 8<sup>th</sup> world oldest country, it is important for the company to start making this movement and Portugal this will start to be made with this products range.

### **Marketing-Mix Development**

During this period Unilever marketing department will have an intensive work, implementing all the marketing-mix components:

- **Product** – will require high technical standards and interaction with the planning department. Raw materials, packaging and machinery will have to be available in April 2012 to ensure the product production.

- Price – to cover sourcing and production costs and be able to pay part of the launching campaign. This will require the finance department analysis for the several customers (Hypermarkets, Supermarkets and Discounts).
- Distribution – Unilever Marketing department will have to understand what are the available timings to negotiate the entry of a new range of products in the retailers assortment and what are the possible assortment trade-offs that will be made. This will require Sales department interaction.
- Promotion
  - In ATL promotion, Unilever Marketing department will reach advertising and communication agencies and develop TV, Press and Outdoors promotion materials.
  - In BTL promotion, Marketing department will reach local authorities to understand how to sponsor next year summer celebrations and what are the benefits in terms of brand visibility. During this period it will be defined the tasting sessions and its locations and it will be developed the brochure to explain the new product attributes.

### **Product Production**

Production will benefit from economies of scale generated during the summer period. It will start in the end of April until the final of September.

### **Sales Force Training**

Unilever sales force will have to be aware of the properties of this product and of its benefits for the company. This training will be given in February 2012 to prepare the launching of the product in the summer.

### **Distribution**

This is a crucial step. March and April are the months were ice cream assortment will be negotiated between sales department and retailers. This must be made in this time frame because the entire promotion plan is scheduled to occur in May. If this step fails or delays, the money spent on A&P will have less return because the product will be less reachable for the consumer. In the OOH market distribution is relatively easy, so it will not be an issue, since we only need to find a substitute for this new ice cream range.

---

### **ATL Promotion, BTL Promotion and Sales**

The product launching will take place in May 2012. A 360° campaign will occur to support this launching:

- TV: we will be on-air in May and July
- Press: we will be in national and local newspapers in May, June and August
- Outdoors: we will be in Outdoors during the launching momentum
- Local Events: Olá will be present in local celebrations from May to September
- Tasting Sessions: from May to September we will make tasting sessions in Supermarkets, Hypermarkets, in the streets and in public beaches.
- Brochures: brochures will be distributed from May to September

### **Results Assessment**

By the end of September we will be able to assess our product first results. We will repeat this process in the next four years to access if we can keep the project of a senior ice cream in the Portuguese market. This will depend on cost structure, market movements and consumer reaction to our project.

We believe that despite being a larger opportunity, the IHIC market will take more time to respond to our innovation. IH price-point is not so appealing like the OOH price point and PL competition is very strong. So we expect to reach our goal only in 70% in 2012 and in 100% in the year of 2015.

In the OOH market, Olá is the clear category leader and so it will be easier to reach our goals. Olá is one of the most visible OOH brands and 0,99€ is a very appealing price-point. In the launching year we expect to reach our goal in 85% and two years later (2014) it will be completed in 100%.

**Table 27**  
**Results Forecast**

Market	Opportunity	Results			
		2012	2013	2014	2015
<b>IH</b>	<b>1.808.176</b>	70%	80%	90%	100%
		1.265.723	1.446.541	1.627.358	1.808.176
<b>OOH</b>	<b>1.479.416</b>	85%	90%	100%	100%
		1.257.504	1.331.474	1.479.416	1.479.416
<b>Total IC Results</b>	<b>3.287.592</b>	<b>2.523.227</b>	<b>2.778.015</b>	<b>3.106.774</b>	<b>3.287.592</b>

Source: The author

## 9. PROJECT CONCLUSIONS

This project aims to contribute in terms of marketing know-how, to develop senior marketing solutions.

The ice cream is usually seen as non-healthy food, and so, it is proven that older people are less frequent ice cream consumers. Therefore, there is a clear opportunity to grow in this market by increasing the category penetration among elderly.

The project is the marketing plan of the launching of a new ice cream range of products specifically directed to senior consumer. The project studies the launching of a range of senior ice creams in both IH and OOH markets by Olá.

We made an internal and external analysis and assess Unilever's competitive position. We went on detail checking the company legal mandatory requirements, economical structural factors that will impact our business, social characteristics of the Portuguese society and technological and environmental factors that are part of our business context.

We analysed the Portuguese IH and OOH ice cream markets and its key players. The main conclusion is that in the IH market PL competition is very strong and will continue to threaten Unilever position and in the OOH market Unilever leadership is very strong and it is expected to continue in the next years.

Along the work there are several consumer analyses: the Portuguese average consumer, the Portuguese old consumer and the Portuguese IC consumer. We collected information of several sources in order to understand our target. IC consumers consider brand and flavour as the most significant attributes of an ice cream product, but PL has grown very fast in the IHIC market, mainly through value proposals. Old consumers are emotionally linked with brands and tend to avoid products like ice cream that are associated with less healthy components. They are convenience lovers and tend to adopt products that offer clear benefits versus similar products. The average senior consumer is more exposed to TV and newspapers, since he has more free time, and so, it is very likely to be reached through media advertising.

We created the new products range marketing-mix. Our main product characteristics are flavour, brand, price, healthy components and brand. We will follow a penetration price strategy and an intensive distribution strategy. We will communicate in ATL and BTL in a 360° launching campaign, but the ATL importance will decrease in the next years.

This marketing plan is an important tool for the company to introduce this new ice cream range in the Portuguese market, reaching the senior consumer in a consistent and effective way. It will allow the company to reinforce its positioning as a love brand, with a relevant, reachable and affordable value proposal for every ice cream lover.



---

## 10. PROJECT LIMITATIONS

This project main goal is the execution of a launching plan of an ice cream directed to senior people. However, it has necessarily some limitations that are important to consider when reading this work.

Firstly, the opportunity assessment was made considering only the IH market and extrapolating the IH opportunity to the OOH market weight in the total ice cream market. This was made because there was no available data about the consumers in the OOH market. The opportunity assessment also doesn't consider the cannibalization effect that may occur. This stands for the younger consumer transference from the present assortment to the new low-cost products range and its eventual damages for Olá.

Secondly, there is very little available information about the OOH market. Due to its size and complexity, the OOH market is not commonly investigated by research organizations, and so, it is hard to find clear OOH information that allows us to sustain our study. We considered our consumer study commonly between the IH and the OOH market.

Thirdly, in our competition analysis we only considered one main competitor to Olá in the IH and OOH markets. Because the distance between Olá and all the third and following players was so significant, for a matter of convenience and simplicity we did not went further in detail to understand other players' competitive position and presence in the market.

Finally, due to the respect for confidential Unilever information, the present work does not indicate sales growth, segment market shares, production costs, profit margins, A&P budgets and other classified information. These are contents that would certainly enrich the study but are not possible to be disclosed beyond the company's borders.

---

## 11. AREAS OF FUTURE RESEARCH

In our work we let several open doors for future investigation. The present work associates a brand with elderly values, enlarging its target and adapting its present positioning to the senior market. In our view it would be very important to consider the launching of a new brand for this target, with a specific marketing strategy since the beginning of the brand.

Our work does not evaluate the possibility of cannibalization of the present portfolio. It would be considerably important to develop an investigation about the impacts of a senior solution in the current portfolio sales. Also in terms of brand equity it is important to clarify what are the reputation effects of a senior orientation among younger consumers.

The literature review about the mature market considers the senior target very far from being homogenous. However, available statistical information does not allow the understanding of these differences. The senior consumer is becoming more important and there is some work being made to understand him but his specific consumption habits, his price-sensitivity, his reaction to advertising and his shopping routines are still not totally clear to allow a consistent and effective marketing intervention. It is extremely important to understand the specifics of mature target in detail, because this is a growing target and will be larger and more powerful in the next years. Consumer brands will feel the need for available and rigorous information about older consumers and the academic world must go deeper in order to clarify the most effective answer to this new consumer.

---

## 12. REFERENCES

AC Nielsen (2008), Markettrack, Hipers + Supers

AC Nielsen (2009), Markettrack, Hipers + Supers

ADAM, David (2005), How ice cream tickles your brain, The Guardian, in <http://www.guardian.co.uk/uk/2005/apr/29/health.science> , accessed in 2010.10.04.

BARTOS, Rena (1980), “Over 49: the invisible consumer market”, **Harvard Business Review**, Vol. 58, pp.140-148

BECHARA, Antoine; TRANEL, Daniel; DAMASIO, Hanna; DAMASIO, Antonio R. (1996), Failure to Respond Autonomically to Anticipated Future Outcomes Following Damage to Prefrontal Cortex, **Cerebral Cortex**, nr 6, pp 215–225

BEARDEN, William and MASON, Barry J. (1979), Elderly Use of In-Store Information sources and Dimensions of Product Satisfaction / Dissatisfaction, **Journal of Retailing**, Nr 55, pp 79-91

BLANCHARD-FIELDS, Fredda; JAHNKE, Heather Casper; CAMP, Cameron (1995), Age Differences in Problem-Solving Style: The Role of Emotional Salience, **Psychology and Aging**, nr 10, pp 173–180

BONE, Paula Fitzgerald (1991), Identifying Mature Segments, **The Journal of Services Marketing**, Vol. 5, no.1

CHARLES, Susan Turk; MATHER, Mara; CARSTENSEN, Laura L. (2003), Aging and Emotional Memory: The Forgettable Nature of Negative Images for Older Adults, **Journal of Experimental Psychology**, General 132, pp 310–324

CLARY, E. Gil; SNYDER, Mark; RIDGE, Robert D.; MIENE, Peter K., HAUGEN, Julie A. (1994), Matching Messages to Motives in Persuasion: A Functional Approach

to Promoting Volunteerism, **Journal of Applied Social Psychology**, nr 24, pp 1129–1149

COLE, C.; LAURENT, G.; DROLET, A.; EBERT, A.; GUTCHESS, A.; LAMBERT-PANDRAUD, R.; MULLET, E.; NORTON, M.I.; PETERS, E. (2008), Decision making and brand choice by older consumers, **Marketing Letters**, Vol. 19, No. 3, pp 355-365

CRAIK, Fergus I. M. and JENNINGS, Janine M. (1992). “Human Memory.” In Fergus I. M. Craik and Timothy A. Salthouse (eds.), **The Handbook of Aging and Cognition Hillsdale, NJ: Lawrence Erlbaum Associates**, pp 51–110

CUDDY, A. J. C., NORTON, M. I., FISKE, S. T. (2005). This old stereotype: The stubbornness and pervasiveness of the elderly stereotype. **The Journal of Social Issues**, Vol. 61, pp 267-285

EDMONDSON, 1997, Off their rockers, **Marketing Tools**, October, p. 1

GILLY, Mary C. and ZEITHAML, Valarie A. (1985), The Elderly Consumer and Adoption of Technologies, **Journal of Consumer Research**, Nr12, 353-357

HASHER, Lynn, GOLDSTEIN, David, TOPPINO Thomas (1977), Frequency and the Conference of Referential Validity, **Journal of Verbal Learning & Verbal Behavior**, 16, pp 107–112

HIBBARD, Judith H.; PETTERS, Ellen (2003), Supporting Informed Consumer Health Care Decisions: Data Presentation Approaches that Facilitate the Use of Information in Choice, **Annual Review of Public Health**, nr 24, pp 413–433

KOTLER, Philip, KELLER, Kevin Lane, (2009), *Marketing Management*, Prentice Hall, 13<sup>th</sup> Edition, Pearson International Edition

FARINHA, Rita (2009); O Impacto das Marcas Próprias no Consumo das Famílias, 2009

FUNG, Helene H.; CARSTENSEN, Laura L. (2003), Sending Memorable Messages to the Old: Age Differences in Preferences and Memory for Advertisements, **Journal of Personality and Social Psychology**, nr 85, pp 163–178

GFK (2009), Popai Study

GONÇALVES, Rita (2006), Multipacks ganham terreno, in [http://www.hipersuper.pt/2006/06/01/Multipacks\\_ganham\\_terreno/](http://www.hipersuper.pt/2006/06/01/Multipacks_ganham_terreno/), accessed in 2010.09.25

GUTWILIG, R. (2000), A Household Name, *Supermarket Business*, June

Hipersuper (2009), 2009 marca alteração das tendências de consumo, in <http://www.hipersuper.pt/2009/03/30/2009-marca-alteracao-das-tendencias-de-consumo/>, accessed in 2010.10.10

INE (2010), *X a XIV Recenseamentos Gerais da População*. Lisboa, INE, 2010

ISRAEL, Lana, and SCHACTER, Daniel L. (1997), Pictorial Encoding Reduces False Recognition of Semantic Associates, **Psychonomic Bulletin & Review**, nr 4, pp 577–581

JOHNSON, R. L. and COBB-WALGREN, C. J. (1994), Aging and the problem of television clutter, **Journal of Advertising Research**, Vol. 34, Nr. 4, pp. 54-62

LAMBIM, Jean-Jacques (2000), *Marketing Estratégico*, Portugal, 4<sup>a</sup> edição: McGraw-Hill.

LAUKKANEN, Tommi, SINKKONEN, Suvi, KIVIJARVI, Mark, LAUKKANEN, Pekka, Innovation resistance among mature consumers, **The Journal of Consumer Marketing**, Vol. 24, pp 419-427

LAVENTHAL, R.C. (1997), Aging Consumers and their effects on the marketplace”, **Journal of Consumer Marketing**, Vol. 14, pp 276-281

LAW, Sharmistha, HAWKINS, Scott A., CRAIK, Fergus I. M. (1998), “Repetition-Induced Belief in the Elderly: Rehabilitating Age-related Memory Deficits, **Journal of Consumer Research**, nr 25, pp 91–107

LEVITT, Theodore (1960), Marketing Myopia, Harvard Business Review (July/August) pp 45-56

LEE, Euehun, MATHUR, Anil and MOSCHIS George P. (2006), Life-changing events and marketing opportunities, **Journal of Targeting**, Vol. 14, pp 115-128

LIGHT, Leah L. (1991), Memory and Aging: Four Hypotheses in Search of Data, **Annual Review of Psychology**, 42, pp 333–376

LINDON, Denis, LENDREVIE, Jacques, LÉVY, Julien, DIONÍSIO, Pedro e RODRIGUES, Joaquim Vicente, **Mercator XXI – Teoria e Prática do Marketing**, Lisboa, Publicações Dom Quixote, 10.<sup>a</sup> edição, 2004

LIMA, Maria João (2009), O consumo dos portugueses perante a crise, Revista Meios & Publicidade, in <http://www.meiosepublicidade.pt/2009/06/17/o-consumo-dos-portugueses-perante-a-crise/> accessed in 2010.10.10

LUNSFORD, Dale A., BURNETT, Melissa S. (1992), Marketing Product Innovations to the Elderly: Understanding the Barriers to Adoption, **The Journal of Consumer Marketing**, Vol. 9, pp 53-62

MARA, Mather; KNIGHT, Marissa; MCCAFFREY, Michael (2005), The Allure of the Alignable: False Memories of Choice Features, **Journal of Experimental Psychology: General**, nr 134, pp 38–51

MARKTEST, 2006, **O Perfil do Consumidor Português, 2006**

MARKTEST (2010), Modelo Continente segue líder em investimento publicitário, in <http://www.marktest.com/wap/a/n/id~1651.aspx>, accessed in 2010.10.30

MARQUES, Rute Gonçalves (2007), Marcas apostam no consumo domestico, Revista Hipersuper, in <http://www.hipersuper.pt/2007/06/29/marcas-apostam-no-consumo-domstico/>, accessed in 2010.09.25

MARQUES, Nelson (2008), Coma gelados pela sua saúde, Jornal Expresso, in <http://aeiou.expresso.pt/coma-gelados-pela-sua-saude=f372685> acedido em 2010.10.04.

MEYER, Bonnie J. F.; RUSSO, Connie; TALBOT, Andrew (1995), Discourse Comprehension and Problem Solving in an Ill-structured Domain: Decision About the Treatment of Breast Cancer by Women Across the Life Span, **Psychology and Aging**, nr 10, pp 84–103

MIYAKE, Akira; FRIEDMAN, Naomi P.; EMERSON, Michael J.; WITZKI, Alexander H., HOWERTED, Amy; WAGER, Tor D. (2000). “The Unity and Diversity of Executive Functions and Their Contributions to Complex “Frontal Lobe” Tasks: A Latent Variable Analysis,” **Cognitive Psychology**, Vol. 41, pp 49–100

MORROW, Daniel G., LEIRER, Von O., CARVER, Lisa M., TANKE, Elizabeth Decker, MCNALLY, Allison D. (1999), Repetition Improves Older and Younger Adult Memory for Automated Appointment Messages, **Human Factors**, 41, pp 194–204

MOSCHIS, George P. (2003), Marketing to older adults: an updated overview of present knowledge and practice, **Journal of Consumer Marketing**, Vol. 20, pp 516-525.

MOSCHIS, George P., LEE, Euehun, MATHUR, Anill (1997), Targeting the mature market: opportunities and challenges, **The Journal of Consumer Marketing**, Vol. 14, pp 282-293

Olá (2010), in [www.ola.pt](http://www.ola.pt), accessed in 2010.10.10

PARK, Denise C., SMITH, Anderson D., LAUTENSCHLAGER, Gary, EARLES, Julie L.; FRIESKE David, ZWAHR, Melissa, GAINES, Christine L. (1996), Mediators of Long-term Memory Performance Across the Life Span, **Psychology and Aging**, 11, pp 621–637

POLYAK, Ilana (2000), The Center of Attention, **American DemoChartics**, Vol. 22, pp 30-32

PINTO, Maria João Vieira (2009), A Olá é a marca de gelados preferida dos portugueses, **Marketeer**, vol 158, pp 14-15.

PHILIPS, Diane M., STANTON, John L. (2004), Age-related differences in advertising: Recall and Persuasion, **Journal of Targeting, Measurement and Analysis for Marketing**, Vol. 17, No. 1, pp 7-20

PITTOCK, Edwin J. (1999), Reaching the senior market, **Life Association News**, pp. 112-118.

RAHAAL, Tamara; MAY, Cynthia P., HASHER, Lynn (2002). Truth and Character: Sources that Older Adults can Remember, **Psychological Science**, nr 13, pp 101–105

RAM, S. and SHETH, Jagdish N., Consumer Resistance to Innovation: The Marketing Problem and its Solutions, **Journal of Consumer Marketing**, Nr. 6, pp 5-14

SCHIFFMAN, Leon G. and SHERMAN, Elaine, Value Orientation of New-Age Elderly: The Coming of an Ageless Market, **Journal of Business Research**, Nr. 22, pp 187-194

SMITH, Ruth B., MOSCHIS, George (1985), A Socialization Perspective on Selected Consumer Characteristics of the Elderly, **Journal of Consumer Affairs**, Vol. 19, pp 74-95

SUPERBRANDS (2004), Superbrands Ltd,



UNILEVER (2010), in <http://www.unilever.com> accessed in 2010.10.04.

UNITED NATIONS (2002), World Population Ageing 1950-2050, **New York : United Nations, 2002**

*UNITED NATIONS (2010)*, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision*, <http://esa.un.org/unpp>, Sunday, September 05, 2010; 1:18:56 PM

WOLFE, David B. (1997), Older Markets and the New Marketing Paradigm, **The Journal of Consumer Marketing**, Vol. 24, pp 294-302

YOON, Carolyn (1997), Age Differences in Consumers' Processing Strategies: An Investigation of Moderating Influences, **Journal of Consumer Research**, Nr 24, pp 329-342

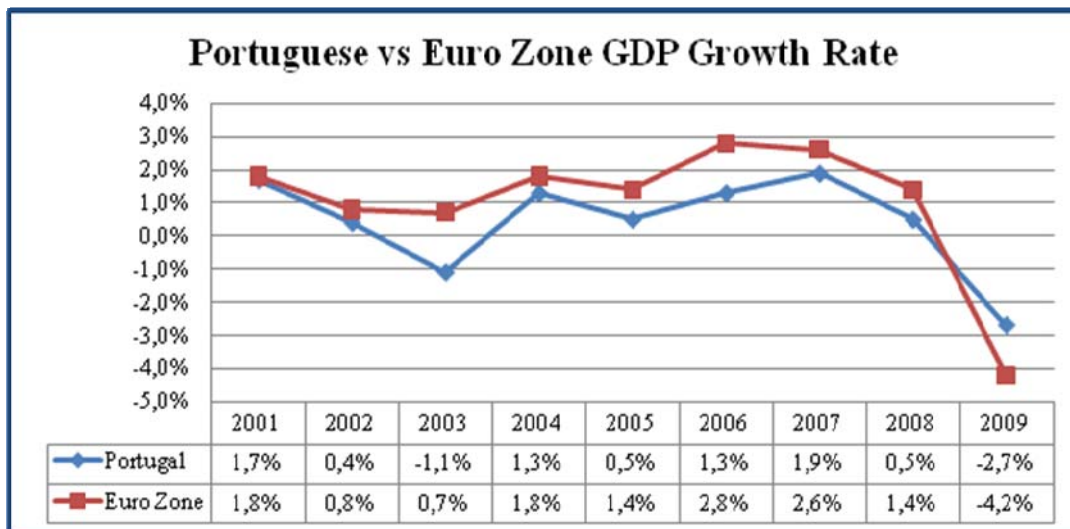
YOON, Carolyn and LEE, Michelle P. (2004), Persuasion Implications of Age-related Differences in Consumer Processing: The Effects of Motivation and Ability, Working Paper, University of Michigan

YOON, Carolyn, LAURENT, Gilles, FUNG, Helene H., GONZALEZ, Richard, GUTCHESS, Angela H., HEDDEN, Trey, LAMBERT-PANDRAUD, Raphaëlle, MATHER, Mara, PARK, Denise C., PETERS, Ellen, SKURNIK, Ian (2005), Cognition, Persuasion and Decision Making in Older Consumers, **Marketing Letters**, Vol. 16, pp 429-441

## 13. ANNEXES

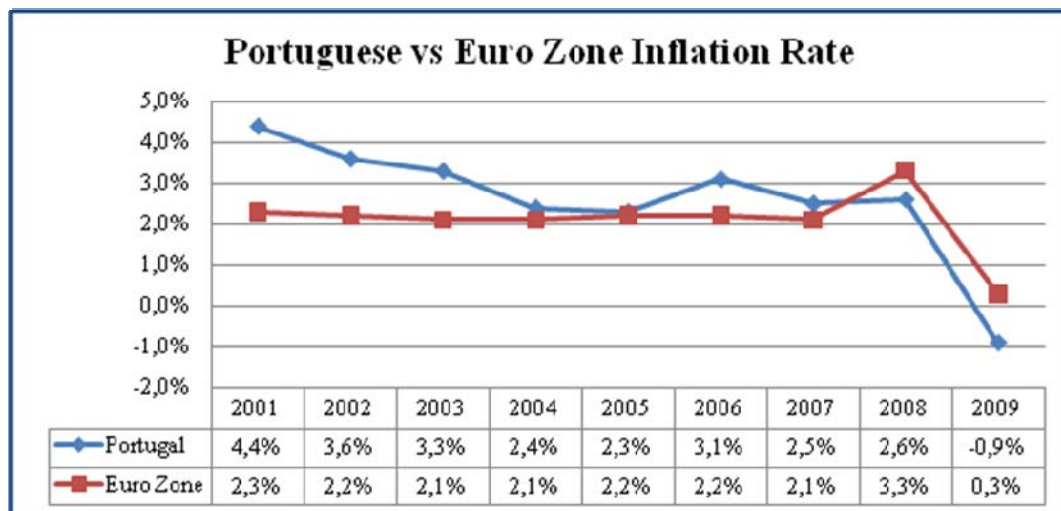
### ANNEX I – ECONOMICAL FACTORS

**Chart 1**  
Portuguese vs Euro Zone GDP Growth Rate



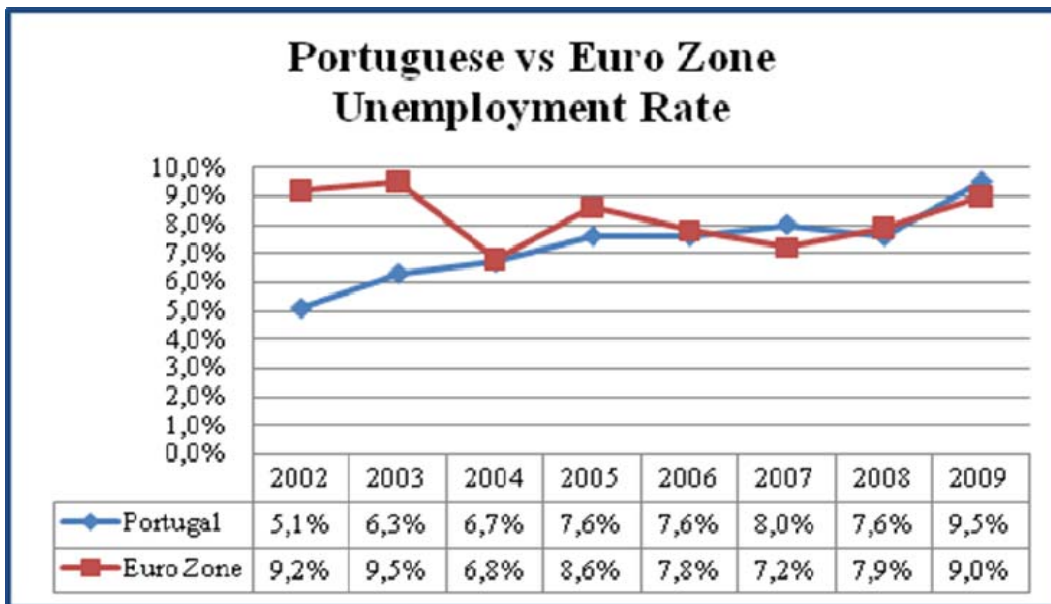
Source: Eurostat, INE, Banco de Portugal

**Chart 2**  
Portuguese vs Euro Zone Inflation Rate



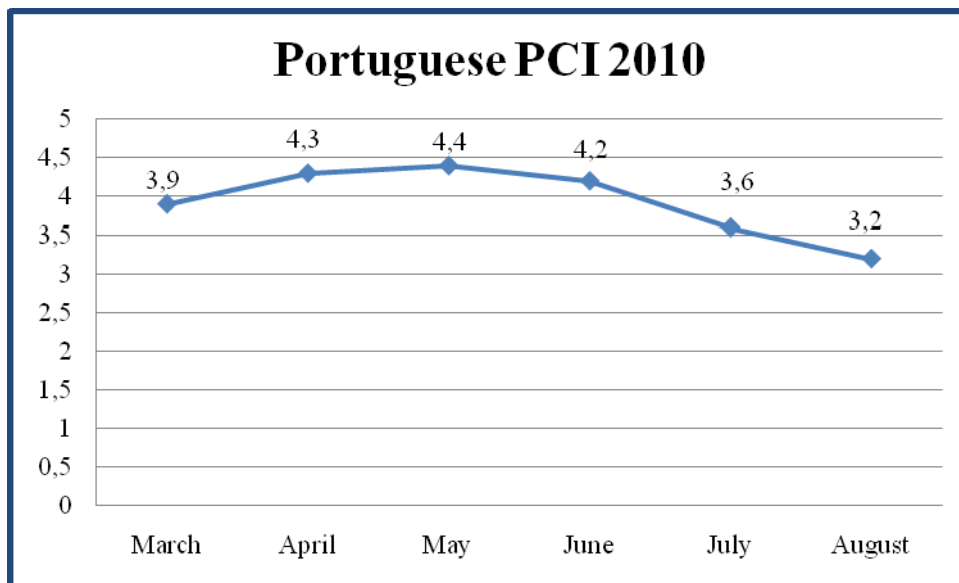
Source: Eurostat, INE, Banco de Portugal

**Chart 3**  
Portuguese vs Euro Zone Unemployment Rate



Source: Eurostat, INE, Banco de Portugal

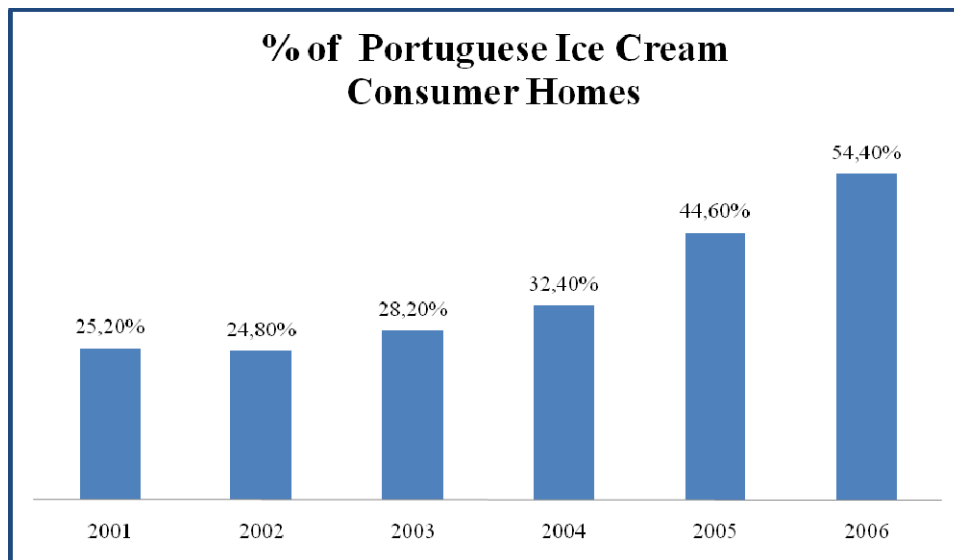
**Chart 4**  
Portuguese PCI 2010



Source: INE (2010)

**ANNEX II – SOCIAL AND CULTURAL FACTORS**

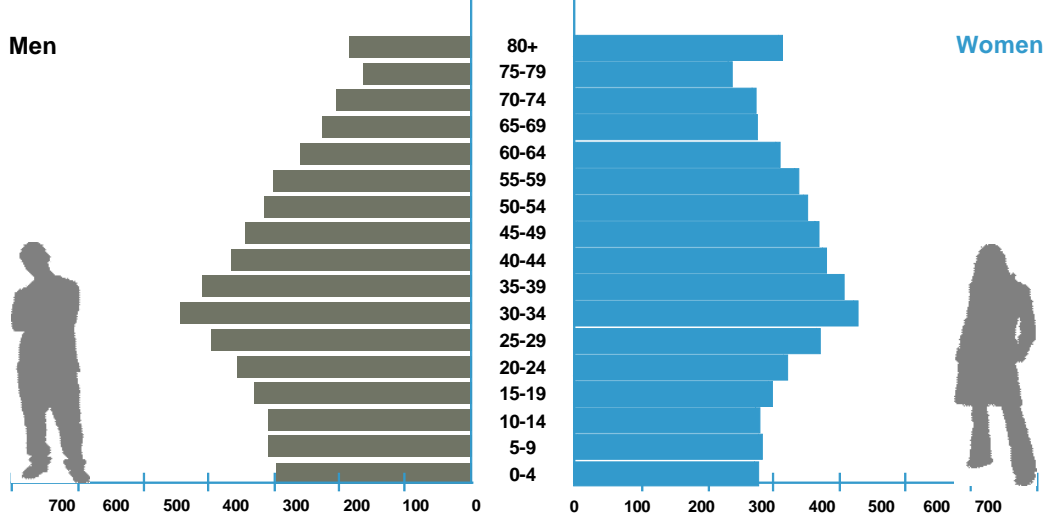
**Chart 5**  
**% of Portuguese Ice Cream Consumer Homes**



Source: Marktest (2006)

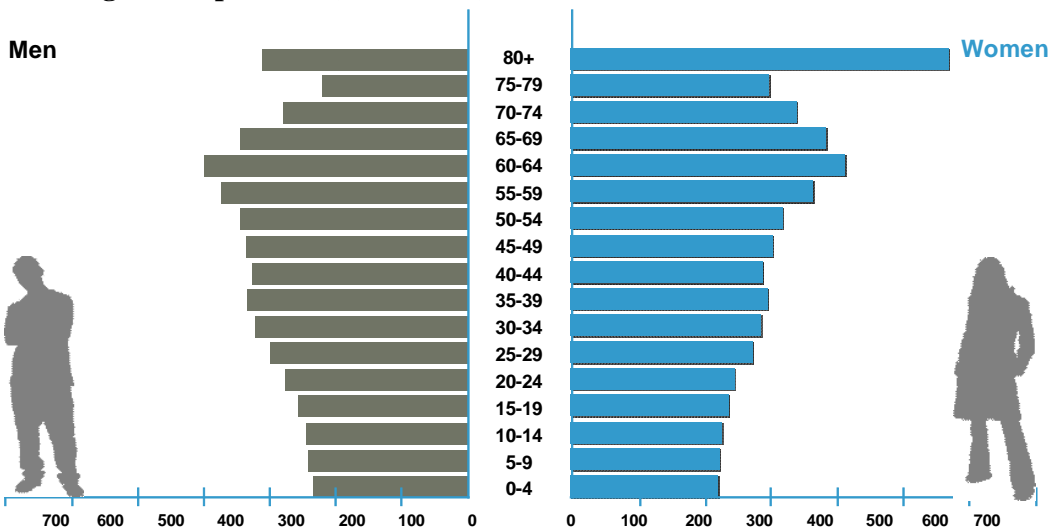
**Chart 6**  
**Portugal Age Pyramids Forecast – 2008 vs 2038**

**2008 Portuguese Population (Thousands)**



Source: US Census Bureau

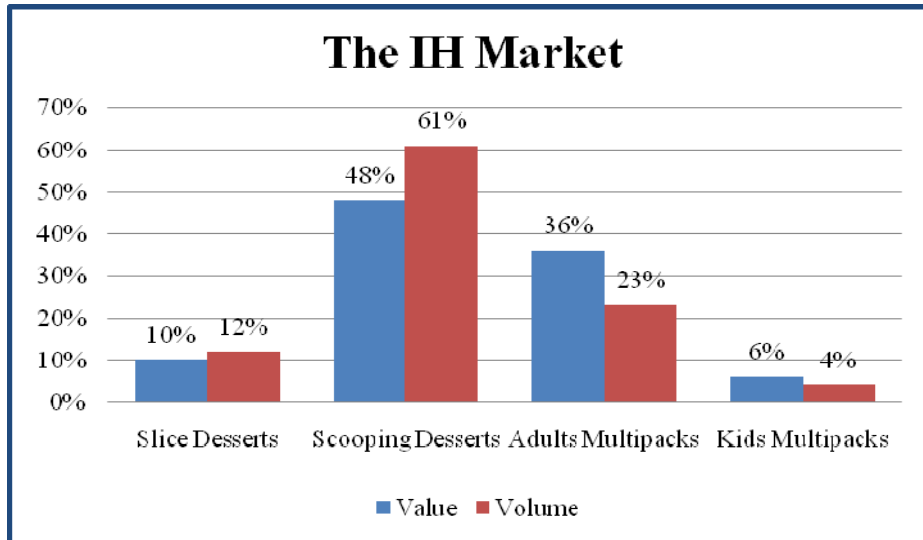
**2038 Portuguese Population (Thousands)**



Source: US Census Bureau

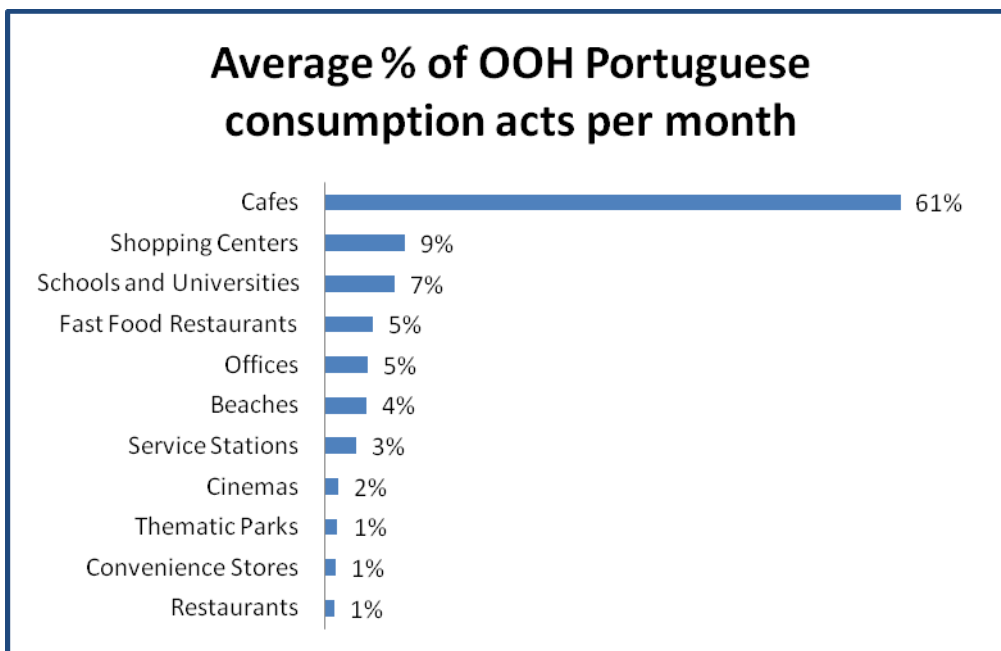
**ANNEX III – GENERAL SECTOR OVEEVERVIEW**

**Chart 7**  
**The IH Ice Cream Market**



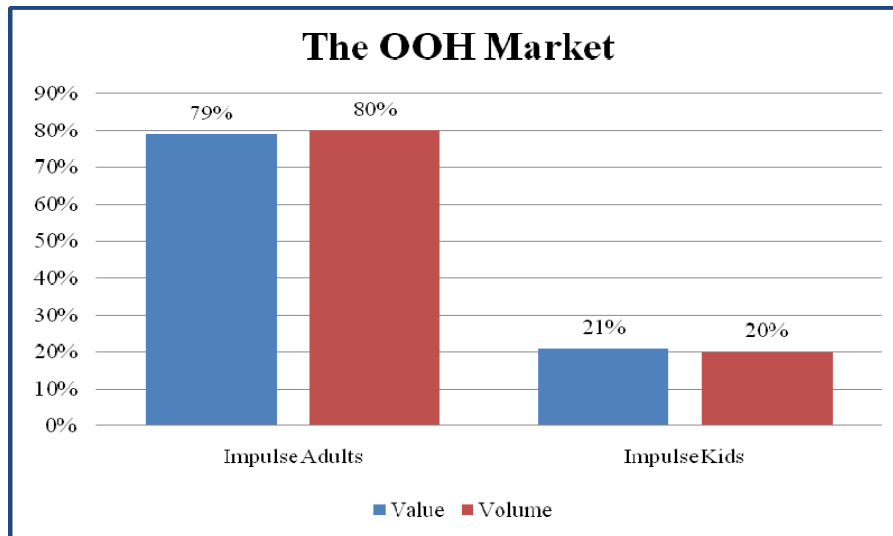
Source: AC Nielsen (2008)

**Chart 8**  
**Average % of OOH Portuguese consumption acts per month**



Source: Milward Brown (2004)

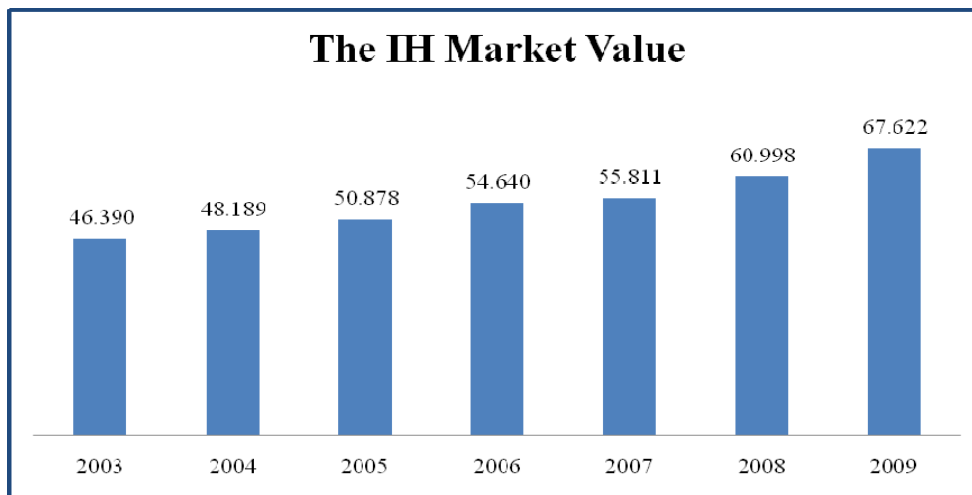
**Chart 9**  
**The OOH Ice Cream Market**



Source: AC Nielsen (2008)

**ANNEX IV – SECTOR EVOLUTION AND FUTURE TRENDS**

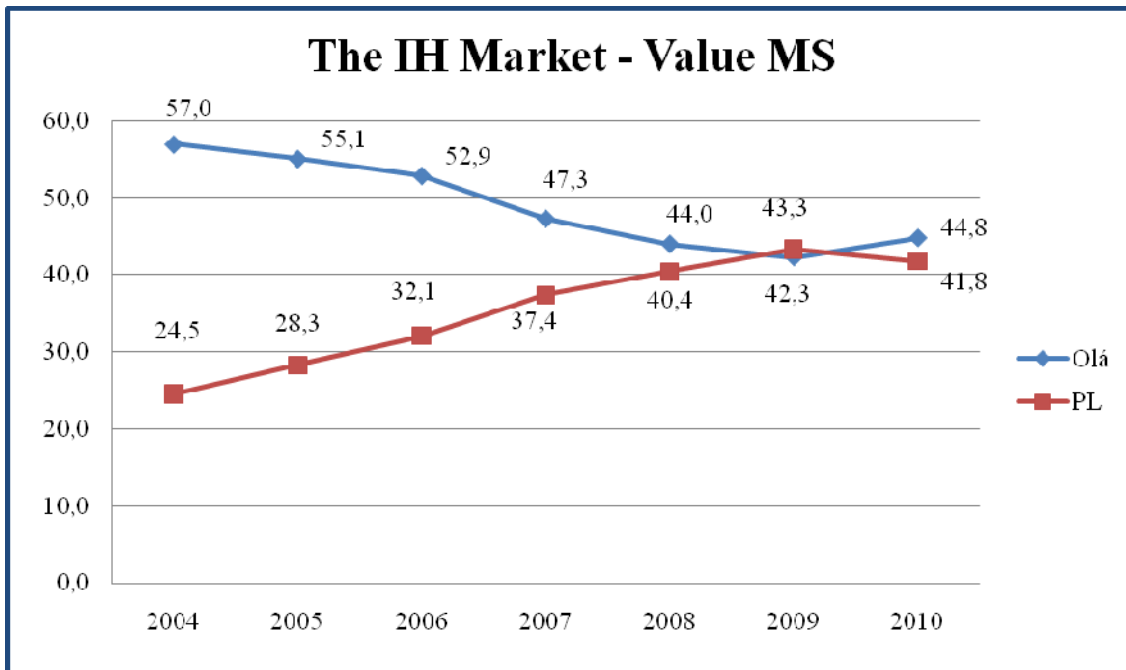
**Chart 10**  
**The IH Market Value (.000€)**



Source: AC Nielsen (2009)

**Chart 11**

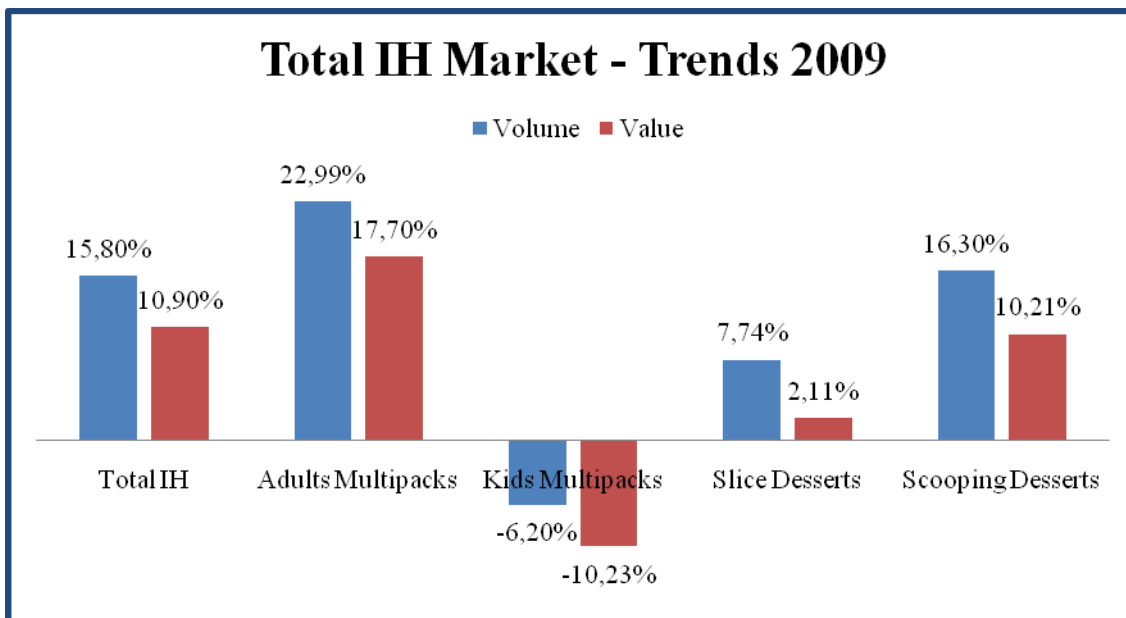
**The IH Market – Value MS**



Source: AC Nielsen (2010), YTD Set. 2010

**Chart 12**

**The IH Market – Trends 2009**

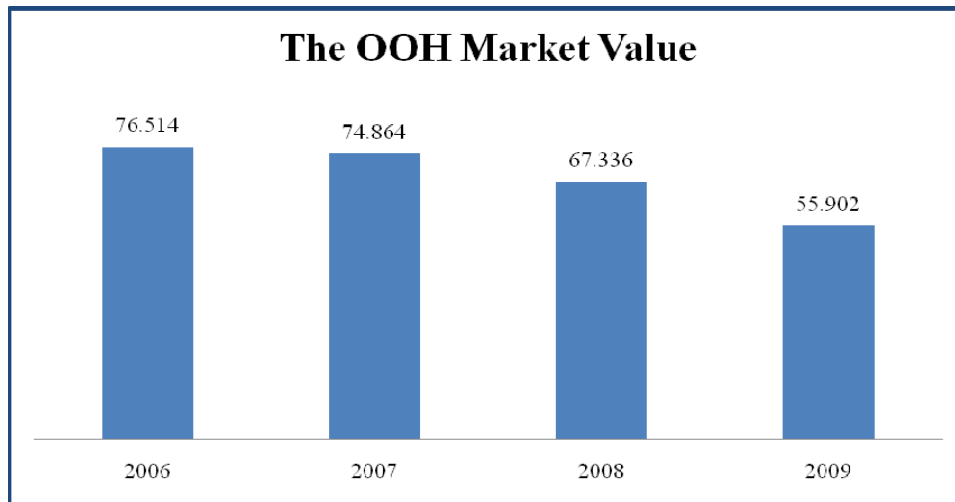


Source: AC Nielsen (2010)



**Chart 13**

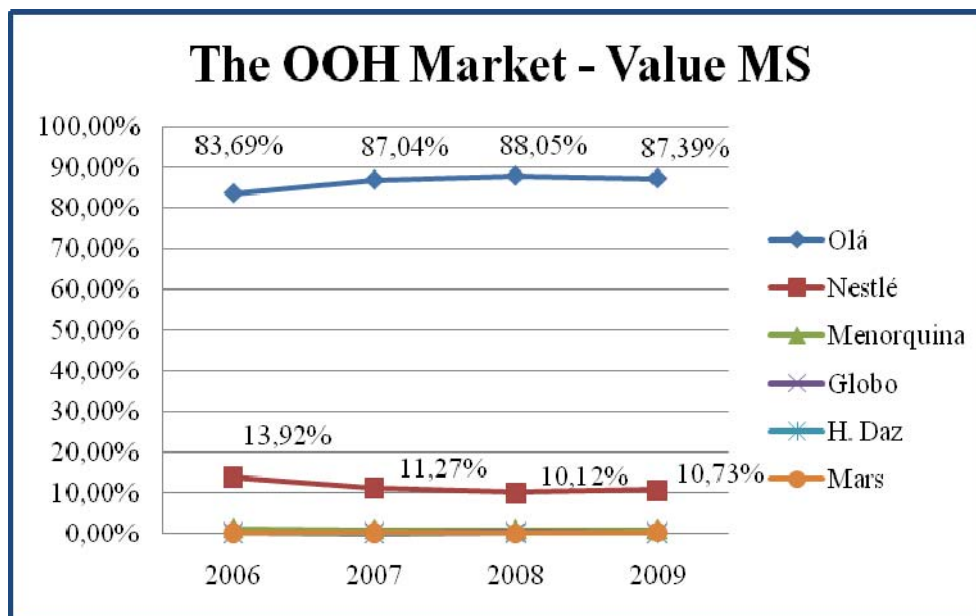
**The OOH Market Value (.000€)**



Source: AC Nielsen (2009)

**Chart 14**

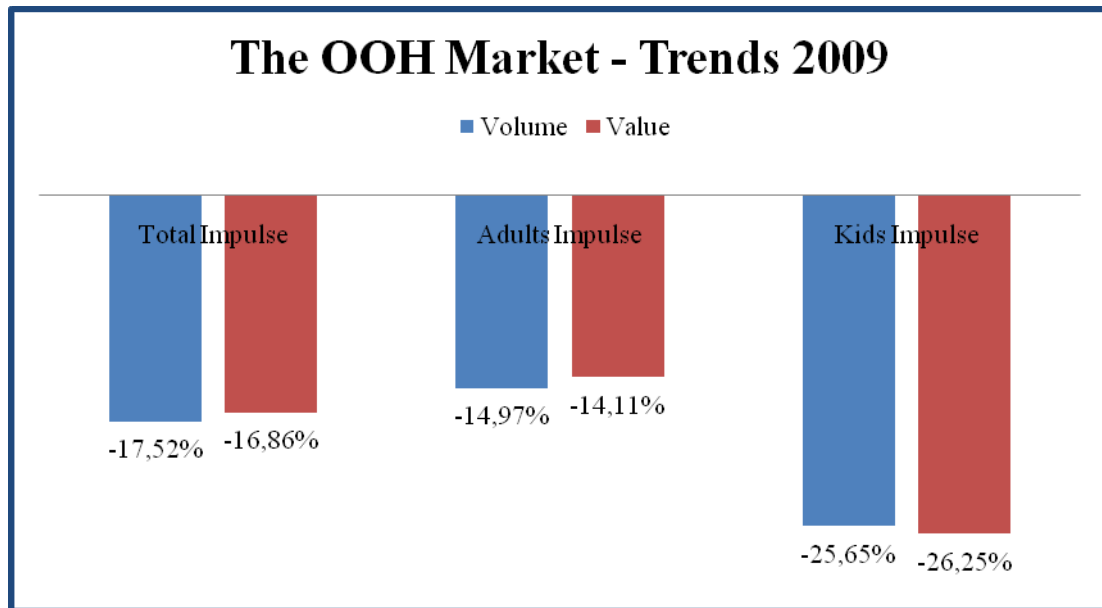
**The OOH Market – Value MS**



Source: AC Nielsen (2009)

**Chart 15**

**The OOH Market – Trends 2009**

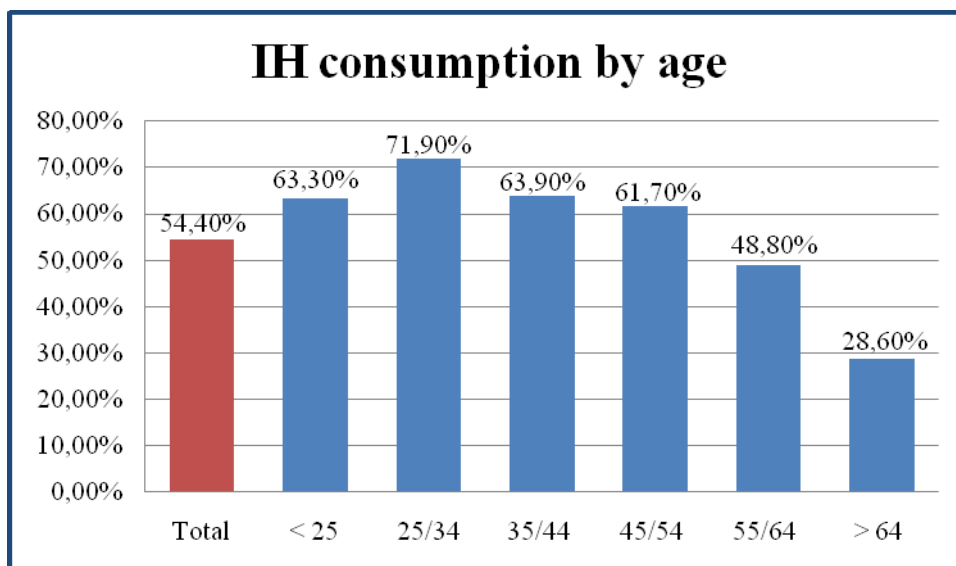


Source: AC Nielsen (2010)

**ANNEX V – THE ICE CREAM CONSUMER**

**Chart 16**

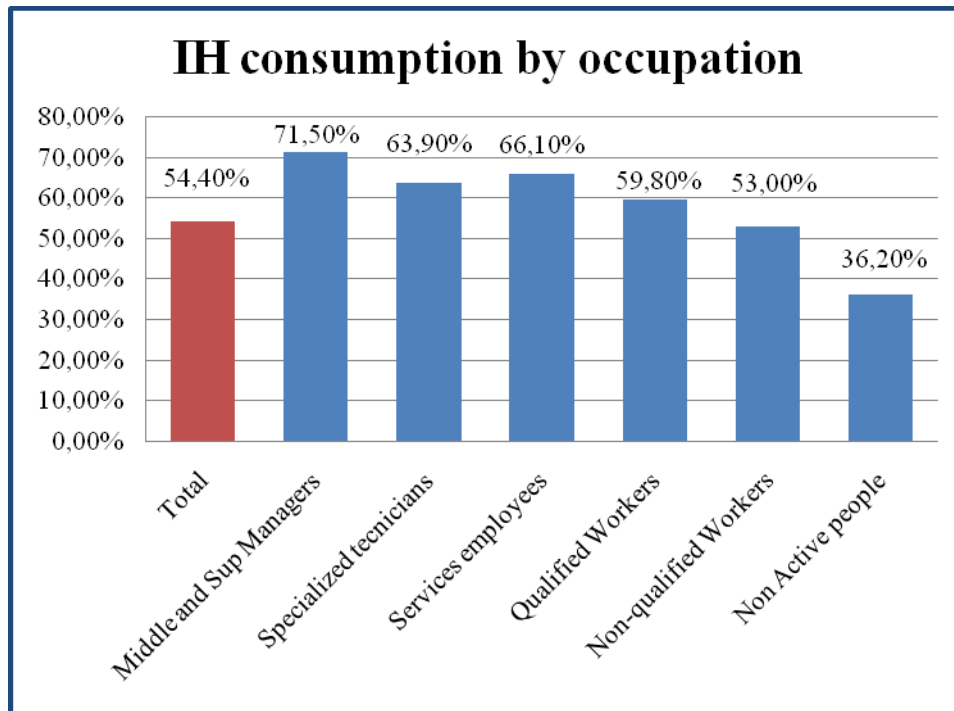
**IH consumption by age**



Source: Markttest (2006)

**Chart 17**

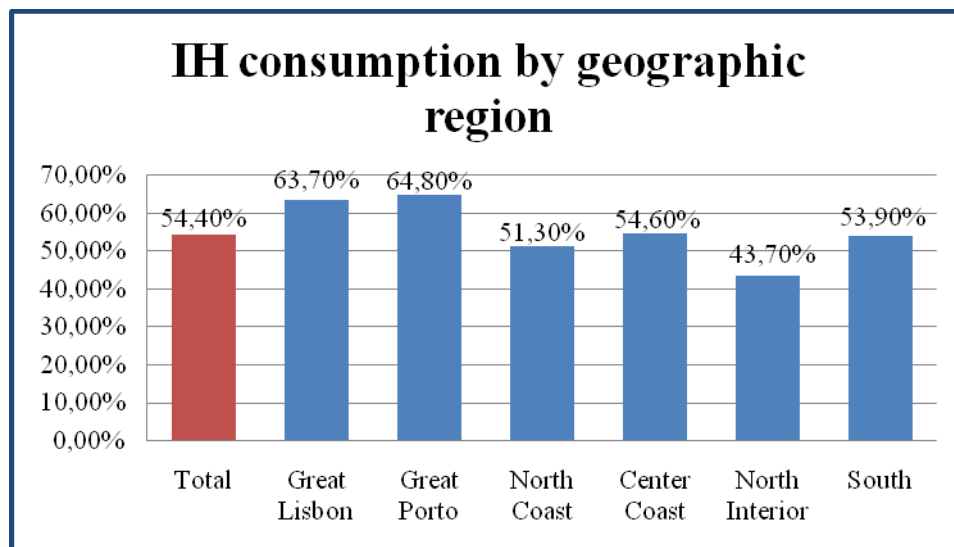
**IH consumption by occupation**



Source: Markttest (2006)

**Chart 18**

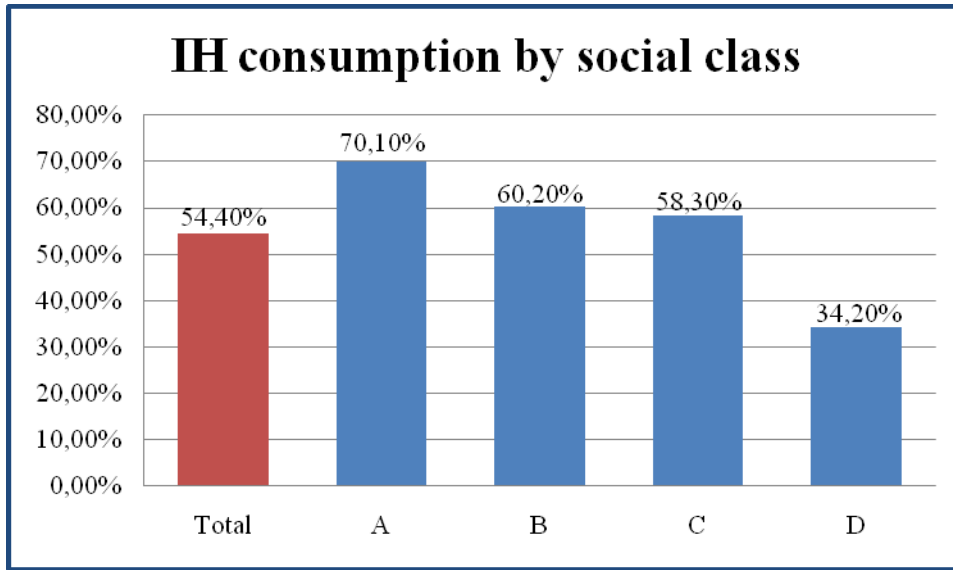
**IH consumption by geographic region**



Source: Markttest (2006)

**Chart 19**

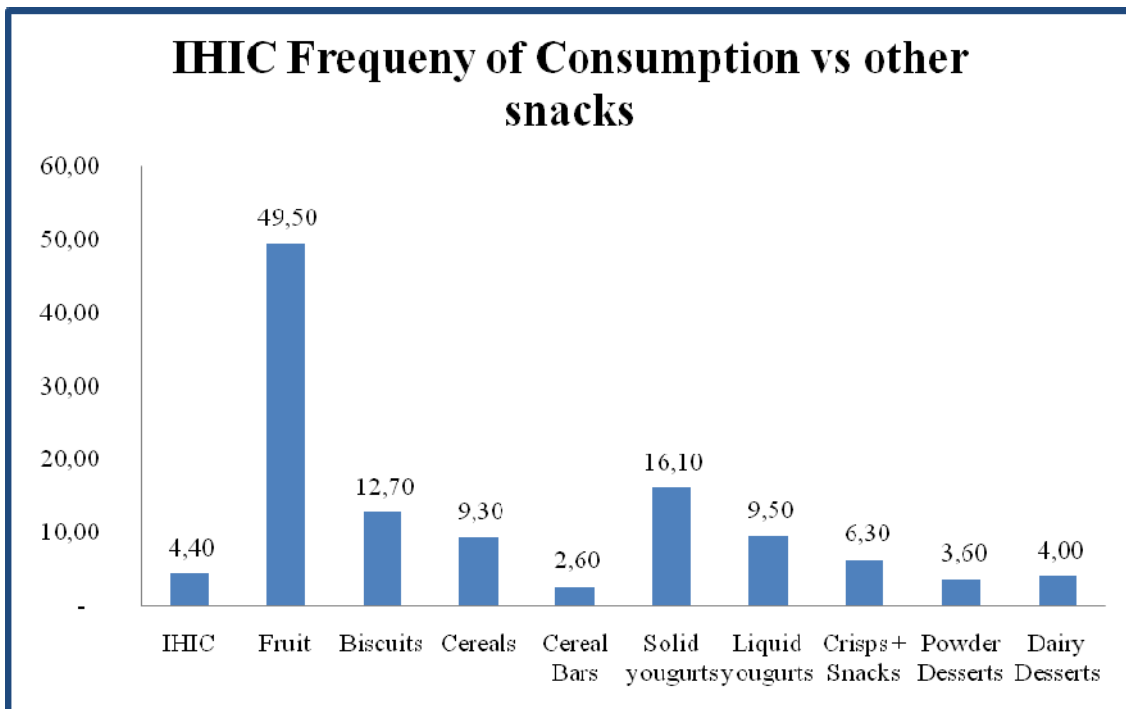
**IH consumption by social class**



Source: Markttest (2006)

**Chart 20**

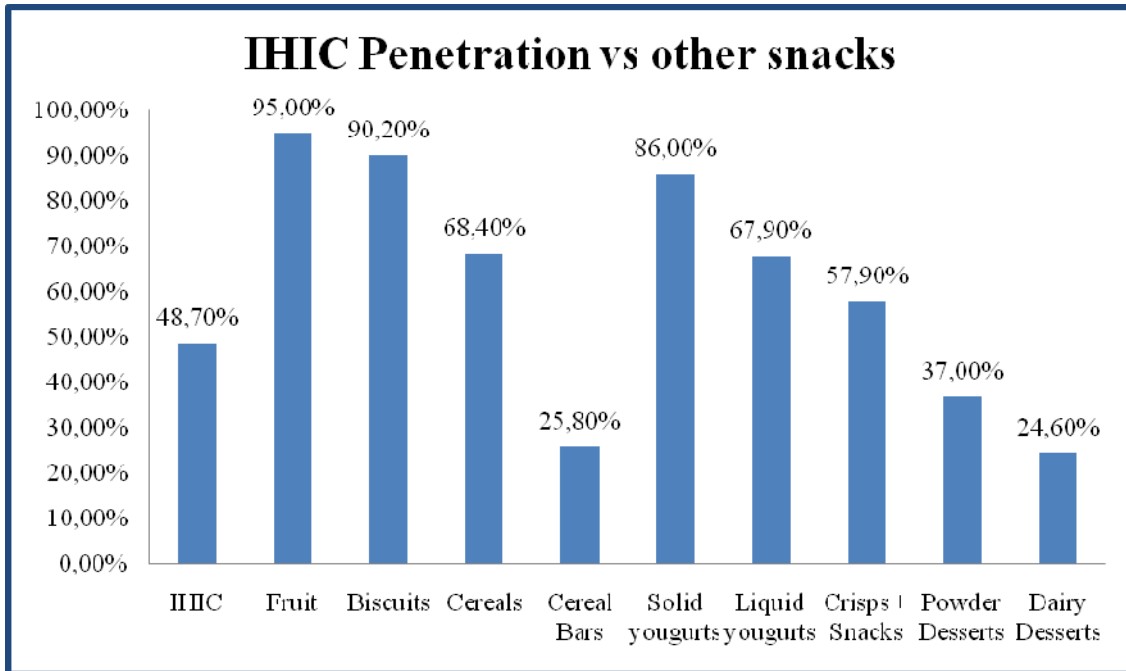
**IH IC frequency of consumption vs other snacks**



Source: Kantar WorldPanel (2009)

**Chart 21**

**IH IC penetration vs other snacks**

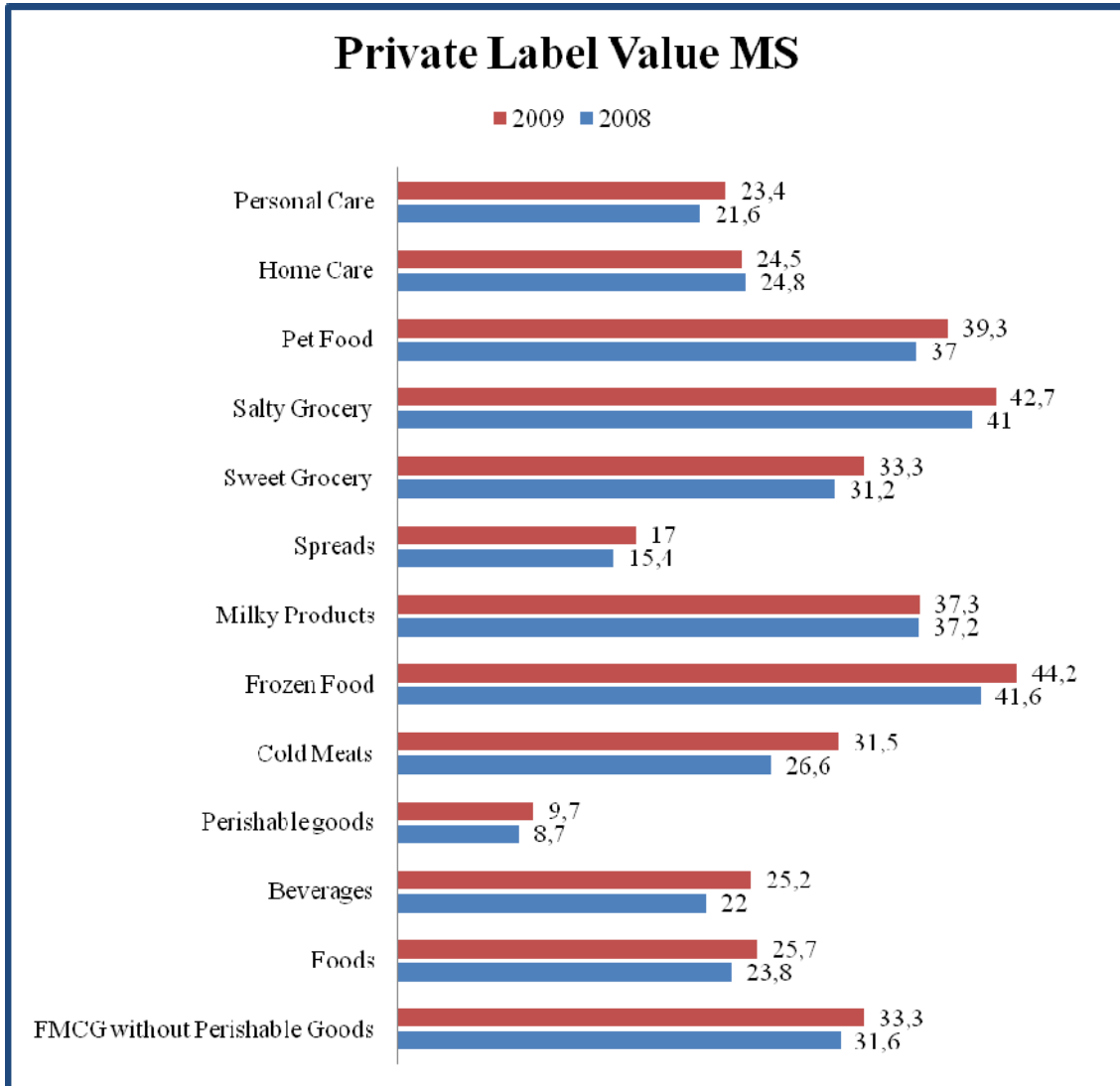


Source: Kantar WorldPanel (2009)

**ANNEX VI – THE IH MARKET COMPETITION**

**Chart 22**

**Private Label Value MS by category**



Source: Kantar WorldPanel (2009)

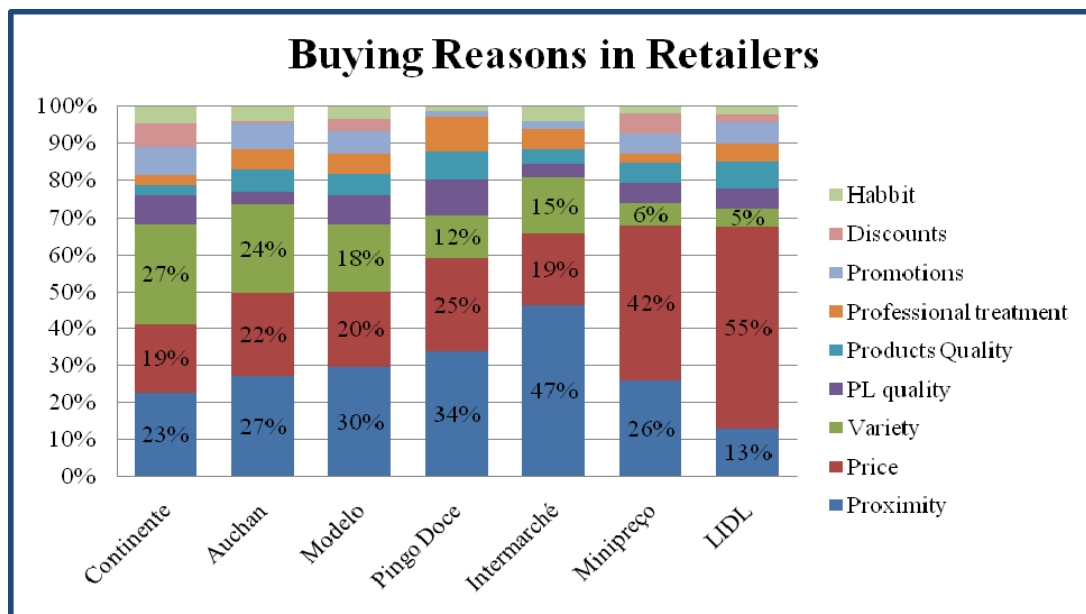
**Table 28**  
**Retailers Profile**

Portuguese Retailers	Value MS	Penetration Rate	Loyalty Rate	Average Spent	Acts of Purchase	Average spent by acts of Purchase
<b>HIPERS</b>	<b>25,40</b>	<b>84,4</b>	<b>27,8</b>	<b>553,61</b>	<b>15,1</b>	<b>36,66</b>
Continente	15,40	69,60	20,70	422,76	11,20	37,74
Auchan	7,80	42,20	17,40	354,47	10,80	32,75
Feira Nova	2,20	28,20	7,20	151,27	5,20	29,33
<b>SUPERS</b>	<b>36,40</b>	<b>97,1</b>	<b>45,1</b>	<b>864,5</b>	<b>37,7</b>	<b>22,95</b>
Pingo Doce	13,10	78,00	16,40	322,71	17,00	18,95
Modelo	11,20	51,90	20,60	412,17	14,60	28,19
Intermarché	10,30	53,20	19,30	370,36	15,10	24,47
E. Leclerc	1,80	17,60	9,70	195,02	7,70	25,22
<b>DISCOUNTS</b>	<b>16,60</b>	<b>90,3</b>	<b>18,4</b>	<b>352,31</b>	<b>21,5</b>	<b>16,42</b>
Lidl	8,60	75,70	11,20	216,96	12,90	16,82
Minipreço	8,00	61,80	13,00	246,90	16,60	14,84
<b>OUTROS</b>	<b>21,60</b>	<b>88,90</b>	<b>23,80</b>	<b>465,91</b>	<b>27,10</b>	<b>17,17</b>

Source: Kantar WorldPanel (2009) – adapted

**Chart 23**

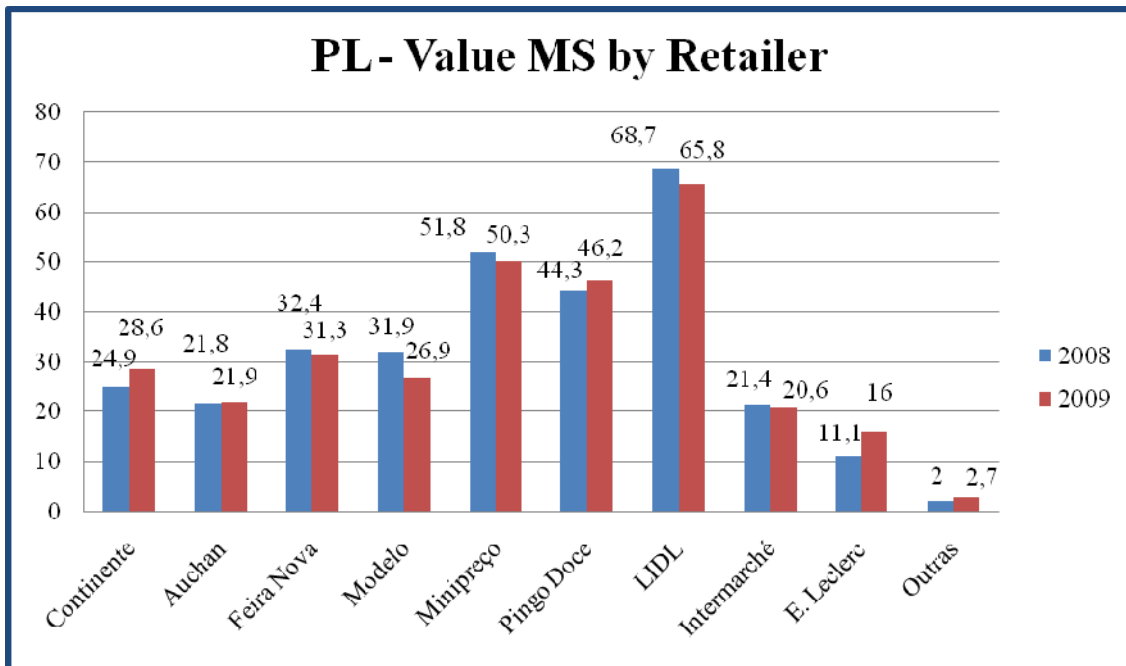
**Buying Reasons in Retailers**



TNS (2009), Retail Tracking

**Chart 24**

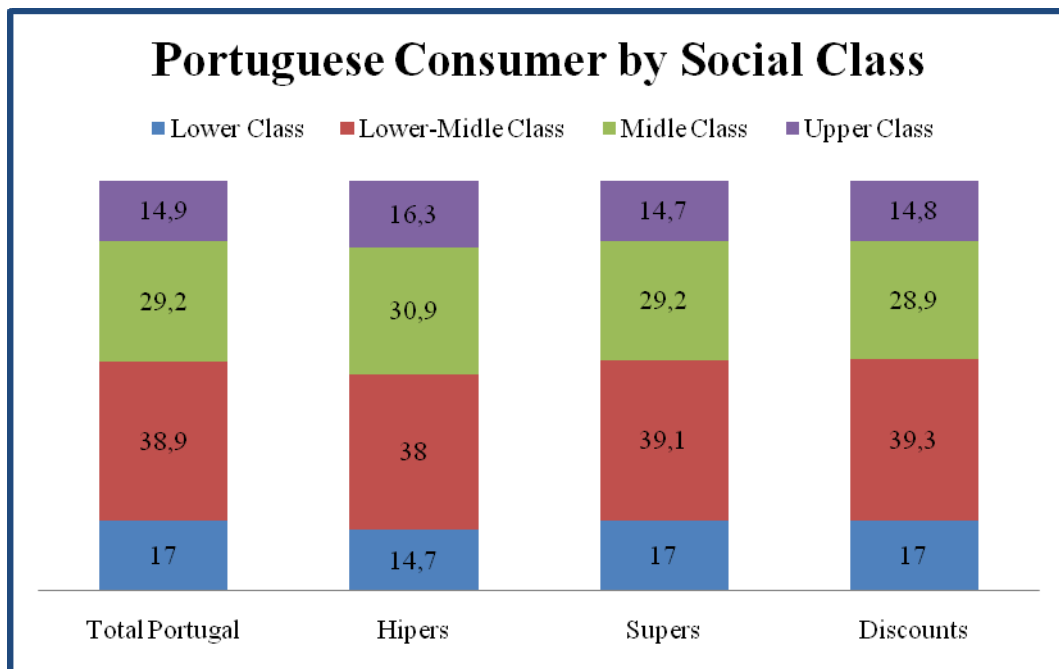
**Private Label Value MS by Retailer**



Source: FMCG without perishable goods, Kantar WorldPanel (2009)

**Chart 25**

**Portuguese Consumer by Social Class**



Source: Kantar WorldPanel (2009)



**Table 29**  
**Top 20 Portuguese Advertisers**

ADVERTISERS	SOV
Modelo Continente	4,7
Procter & Gamble	4,2
Unilever Jerónimo Martins	3,7
Sumol + Compal	3,6
TMN	3,0
Pingo Doce	2,8
Lactogal	2,5
Johnson and Johnson	2,4
Coca-Cola	2,4
L'Oreal	2,4
Optimus	2,2
Danone	1,8
Reckitt Benckiser	1,7
Mc Donalds	1,5
Sovena	1,5
Caixa Geral de Depósitos	1,4
Intermarché	1,3
Central de Cervejas	1,3
Vodafone	1,3
Nintendo	1,1

Source: Marktest (2010)

**Figure 6**  
**Private Label Mupis**



**Figure 7**  
**Retailers Publications**



**Figure 8**  
**Private Label Products**



**Figure 9**  
**In-Store Environment**



**Figure 10**  
**In-Store Placement**



**Figure 11**  
**Price Points Coverage**

Auchan



Continente



**Figure 12**

**Movement towards premium**



**Figure 13**

**Healthy PL Ice Creams**

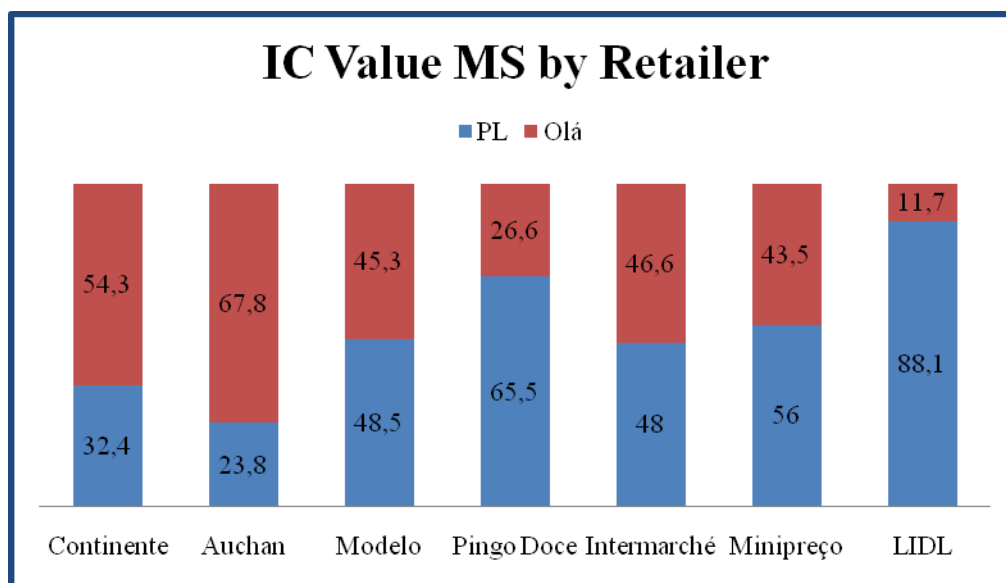


**Table 30**  
**Continente Social Projects**

Social Concern	Social Project
Environment	Movimento Eco – helps to prevent forest fires Quercus Protocole – helps animal life recoveage centers Hipernatura – helps to recover, build and improve green areas
Health	Missão Sorriso – helps paediatric hospitals through the offer of medical equipment
Social Responsibility	Casa do Gil – helps to raise food products to Casa do Gil – a children social foundation
Education	O meu 1º Best-Seller – a contest that encourages new Portuguese writers and publishes the winning book Concurso Kickoff – promotes new design projects, household textiles, ceramics, stationery and sports


Source: [www.continente.pt](http://www.continente.pt) (adapted)

**Chart 26**  
**Ice Cream Value MS by Retailer**



Kantar WorldPanel (2008)

**Table 31**  
**Olá IH IC Products vs PL IC Products**

Olá IH IC Products	PL IC Products
	
	
	
	
	

**Table 32**  
**Consumer Indicators**

	Olá		PL	
	2008	2009	2008	2009
Penetration	37,00	37,10	53,30	59,50
Relative Penetration	55,70	52,00	80,40	83,20
Average Purchase	2,55	2,71	4,70	4,75
Frequency of Consumption	2,60	2,60	3,70	3,80

Kantar WorldPanel (2009)

**Figure 14**  
**Olá IH winter solutions**



Hazelnut Vienetta



Chestnut Carte D'Or



**Table 33**

**Olá impulse products vs Nestlé impulse products**

Olá impulse	Nestlé impulse
	
	
	
	

Source: Author's analysis from [www.unilever.com](http://www.unilever.com) and [www.nestle.pt](http://www.nestle.pt)

## ANNEX VII – THE SENIOR IC MARKETING OPPORTUNITY

IHIC total consumers = 54,4%

IHIC consumers aged 55-64 = 48,8% → Potential increase = 54,4% - 48,8% = 5,6%

IHIC consumers aged 65+ = 28,6% → Potential increase = 54,4% - 28,6% = 27,6%

Source: Markttest (2006)

Portuguese Population aged 55-64 = 1.122.368

Portuguese Population aged 65+ = 1.693.493

Source: INE (2001)

New IHIC Potential Consumers aged 55-64 = 1.122.368 \* 5,6% = 62.853

New IHIC Potential Consumers aged 65+ = 1.696.493 \* 27,6% = 467.404

Total New IHIC Potential Consumers = 530.257

IHIC Portuguese Consumption per capita = 1L / year

Source: Gonçalves, Rita (2007)

Average price / L = Total Market Value / Total Market Volume

Average price / L = 67.621.769 / 19.793.867

Average price / L = 3,41€L

Source: AC Nielsen (2009)

IH Senior Marketing Opportunity = 530.527 Potential Consumers \* 1L/year \* 3,41€L

**IH Senior Marketing Opportunity = 1.808.176 €year**

Portuguese IC Market

- IH - 67.622.000€- 55%
- OOH – 55.902.000€- 45%

Source: AC Nielsen (2009)

IH Senior Marketing Opportunity= 1.808.176€year ----- 55%

OOH Senior Marketing Opportunity -----45%

---

**OOH Senior Marketing Opportunity =  $(1.808.176 * 45\%) / 55\% = 1.479.416 \text{€}$ year**

**Total IC Senior Marketing Opportunity = 1.808.176 €year + 1.479.416€year**

**Total IC Senior Marketing Opportunity = 3.287.592€ / year**

New IH IC Consumers = 530.527----- 55%

New OOH IC Consumers -----45%

New OOH IC Consumers = 434.047

New IH IC Consumers = 530.527

**Total New IC Consumers = 964.574**