

BEING TRADITIONAL IN THE GLOBAL – SANTINI CASE STUDY

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December 2011



## **AGRADECIMENTOS**

À Professora Doutora Hélia Gonçalves Pereira, por toda a disponibilidade e compreensão na elaboração deste caso. Um agradecimento especial por aceitar o desafio de me acompanhar à distância.

Ao Santini, em especial ao Martim Botton, Brand Manager do Santini, pelo contributo e partilha de informação, pelo tempo dispendido, sem o qual não teria sido possível a elaboração deste trabalho.

Aos meus pais, ao Francisco e aos meus amigos pelo apoio e motivação ao longo destes meses e por acreditarem sempre em mim. Um agradecimento especial à Mariana, à Nica e à Laura, pela preciosa ajuda e criatividade.

A todos os que directa, ou indirectamente, deram um contributo, com informações, opiniões, comentários, para a elaboração do Caso.

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## RESUMO

O presente Caso Pedagógico foi desenvolvido no âmbito de Marketing Internacional com enfoque no caso de uma conceituada marca de gelados *gourmet* – Santini. Com mais de 60 anos de história, a marca foi recentemente alvo de reestruturação e reposicionamento, como parte da sua estratégia de expansão. A abertura de uma nova loja na Baixa de Lisboa, em 2008, foi o primeiro de vários passos neste sentido.

Sempre priorizando o consumidor final, a marca levou a cabo um conjunto de medidas inovadoras, de forma a ganhar visibilidade entre os consumidores e quota de mercado junto da concorrência. Um exemplo de excelência em todo o processo de expansão, que pode e deve ser analisado como exemplo a seguir por empresas na mesma situação. Sem medo de assumir riscos, apesar de consciente da situação económica e financeira vivida em Portugal, o Santini consegue alargar os seus limites físicos e barreiras emotivas para chegar mais perto dos consumidores e para satisfazer as suas necessidades.

O presente Caso Pedagógico faz a análise da marca juntamente com uma análise descritiva e quantitativa do mercado dos gelados e do seu consumo em Portugal. Focado nos principais valores do Santini e na sua *brand idea*, este Caso será uma referência no estudo do Marketing Estratégico e Branding, oferecendo um contributo bastante relevante dada a componente teórico-prática do tema em análise, como uma situação aplicável a tantas outras empresas e marcas.

**Palavras-Chave:** Marcas, Marketing Alimentar, Desenvolvimento de Estratégias, Gelados.

## **ABSTRACT**

The present Case Study was developed as a final thesis of International Marketing scope; it is focus on a regional and traditional Portuguese ice cream brand – Santini. The well established brand in gourmet ice cream, has expanded its business, opened a new store, and proceeded with several other strategic changes. Brand managers are extremely focused on maintaining the good reputation of the brand assuming the responsibility of quality assurance, homemade production and excellence of the service provided with familiarity and simplicity, to gain recognition.

The Case Study comes up with an analysis of the actual brand, focus on its main values and core idea; above all the main end is to understand how it leads to new opportunities of growth, in times of financial crises and savings, as the current situation that the Portuguese society is going through. Using the information kindly provided by the Company, the Case offers challenges, difficulties and keys to the success, which the reader should understand, analyze and solve, with innovation and creativity. Also, a quality and quantity study of Portuguese industry and consumer behavior regarding ice creams is going to be developed.

On consolidation with marketing academic studies, the exploration of dynamics and practical perspective on the case will be relevant as a study object in Marketing Strategy and Branding. Also, it contributes to companies in the same situation, adventurous enough to break emotional barriers and assuming risks into the uncertainty.

**Keywords:** Branding, Food Marketing, Strategic Development, Ice Cream



## **THESIS STRUCTURE**

The present case has 9 Chapters, which will be shortly explained:

Chapter 1 – The Case; presents the company and the brand which will be developed on the Case, as well as the main goals and problems of it.

Chapter 2 – Ice Cream in Portugal; overall introduction of ice cream consumption in Portugal alongside with an analysis on consumer behavior. Different information, graphics and statistic data is presented to justify the increasing importance of gourmet brands.

Chapter 3 – Santini Strategic Analysis; brings Case's strategic body, once it explains company's strategic and tactics options. Their segmentation, targeting and positioning define the direction Santini has adopted. Company's marketing mix evidences the product itself, the price policy and the distribution methods, such as their stores location. Furthermore it is suggested an approach to the gourmet ice cream market. Finally, the chapter ends with a competition analysis, in order to understand other brands power in the market and Santini's possible strategic tactics.

Chapter 4 – The Case Questions, and Chapter 5 – Appendix; convey a proposal approach to solve and better understand the overall problematic along with existent documents to help students on its interpretation.

Chapter 6 – Research Design; details the various methodological options adopted to build the Case, the qualities and quantities studies used and refers whose that are the ones the case is build for.

Chapter 7 – Literature Review; is the body of the case, the Chapter which fits the subject in study with scientific and theoretical background. In this chapter, which is mostly around branding, strategic options, and some references in food brands, that does the framework with Santini industry.

The two last chapters, Chapter 8 – Case Resolutions and Chapter 9 – Conclusions and Limitations of the study; they culminate with Case resolution proposal, alternative hypothesis of analysis, suggestions to future steps and lessons to other companies in the same situation.

## **CHAPTER 1. THE CASE**

### **1.1. Presenting the Problem**

#### **“Santini is a traditional and family brand”**

We were in the late 40s, when Attílio Santini arrived in Portugal. The Italian cooker came with his family to open the first Santini store in Estoril and after in Cascais. Since then, Santini Ice Cream Shop has been considered a pilgrimage place with mandatory stopping. Since the way of making the ice cream until the decoration of the shop itself, Attílio Santini works hard to position it as a premium brand without neglecting the traditional brand value. Several factors such as the use of high quality and natural ingredients, its homemade production, its excellent service and its exclusivity made this brand an outstanding success.

Becoming so successful the original family looks for more, wants to be bigger and to reach more people, to please them. Going further, a set of several decisions were addressed in order to delineate the new path. The first step to be handled was a partnership with Logoplaste, which now owns 50% of the company. While ceding a percentage of the brand, Santini's family is aware of the importance behind the partnership; it is mandatory if the purpose is to grow and expand. An expansion strategy beyond the very small store in the center of Cascais is finally starting to be overtaken.

The first step was opening a store in Lisbon; however the brand aspires to acquire greater recognition. With this purpose they are now part of the menu in gourmet restaurants, their store is open all year, and finally the group is planning to have a home delivery service.

In order to solve this Case, students should think further and understand the complexity surrounding a brand or a product strategy. It will focus on the challenges that the brand Santini had to deal with to be where they are in the marketplace right now. Besides this, the Case pretends to be a useful and practical tool to subjects such as Branding and Positioning as a particular example or as an evaluation of knowledge acquired. In fact, the case itself comes up summarizing key issues that enable consolidation of concepts.

## **1.2. Framework**

### **1.2.1 Company Analysis**

Since the beginning, Santini is positioned as a premium brand with a traditional value. Nationally and internationally recognized, the quality of the product and the excellence in the service are some factors of the outstanding success. Seen as a brand with added value once people try it, they feel engaged with the brand, a feeling of belonging, unique and fantastic experience. Individually or socially, most of the time consumers come back. Mostly with word of mouth since the last 60 years Santini is being promoted and people from all over the world cannot resist to try it whether in their original shop in Cascais, in S. João do Estoril or in their recently shop in Lisboa downtown.

With an incredible and ravish success, “eat a Santini” is the expression frequently used to express the desire for this brand. Quickly, Santini become a trend, further more than just an ice-cream, it brings all of a nostalgic experience, a social moment, a fugue from the day by day life.

Giving all this success, why not become bigger? Indeed, this was intention of the owners, Santini family. However they never find the needed human and production capability for it. Besides, the most important, and the biggest, concern during the all process is to maintain the excellence and the quality of the product, the added value recognized by the consumer.

Regarding this scenario the present Case Study is focus on the brand strategy that was beside the expansion: how it was conducted, the repositioning objectives and how they achieved financial results, actual and new clients’ reaction.

#### **1.2.1.1. The Past**

Attílio Santini arrived from Italy to Portugal in the middle of the last century and in 1949 opened the first Santini store in Estoril. Attílio had a long and arduous journey to make his family business established. Years later, with the success of its first store, he opened a second store in Cascais.

Santini family made huge efforts and invested a lot in the last decades in order to be

successful. As a result, nowadays, its ice-creams are considered by many as the best, not only by the frequent consumers that live near Cascais, but also by those, from all over the country, that do not lose an opportunity to go to Santini store. As themselves proclaims “the best ice-creams in the world”. Santini family was able to build a brand that is described as an ice-cream store of "reference for his nobility of character and a natural sympathy."

#### **1.2.1.2. Present – Santini’s Expansion Strategy**

Santini is growing. Recently, the brand opened the third shop and reopened the shop in S. João. Right now, there are 3 shops: in Cascais, in S. João and in Lisboa downtown. It is clear that the expansion strategy was already being thought. In fact, it was clear the increased on clients’ needs, expressed in customers’ behavior.

Indeed, Eduardo Santini, founder’s grandson and currently Head of the company, was looking for the ideal partner, as on its own Santini didn’t have the needed resources. The original family decided to remain focused on the production process, so they had to choose someone able to design and manage the best strategy to expand. In 2009, Eduardo Santini found the ideal partner in another renamed family in Portugal, Botton. As negotiations progressed, 50% of the company was sold to them. Botton own an important Portuguese company, Logoplaste, responsible for producing plastic containers worldwide. Given the logistic capacity and the company’s dimension, Logoplaste owners were an ideal partner to proceed with projects of Santini. Besides, Botton were long-time confidence and trustful friends of Santini’s family and were well aware of the new challenges.

New partners become mainly responsible for the management department: expansion to new point of sales, new stores, refresh image, closer communication. The new manager, Martim Botton, is quite dynamic, innovative and brings the development scope company needs. Within the last two years, consumers can confirm that the production process of the ice-cream is the same and neither the quality neither the service has changed a bit. Every morning the ice-creams are made by Santini family members. Evidently, the production quantity have doubled or tripled, in order to give response to the demand of consumers; demand has increased as reflect of an augment in sales on the shop, but also in restaurants. The long experience and delicate sensitivity of producers allow them to calculate the daily amount

needed and produce only that specific amount so that it maintains the recognized “fresh ice-cream everyday”.

Before the acquisition, shops were only open during the peak summer months: June, July and August and on weekends. The small size of the Cascais Shop, the lack of human resources, and the insufficient industry production were some of the reasons for this decision. Also, there was so much hard work during these 3 months that it was enough to sustain closed doors, during the rest of the year. Nevertheless, after the restructuration owners have the capabilities to maintain the shops open whole year. It is expected to see some decreases on winter months; nevertheless the new approach comes up with a Bakery and Cakes sector, to compensate losses. Hot pancakes or brownies, can be a future offer, as it claims client’s attention and still incentive consume of ice-creams and complement; indeed it is a reasonable decision, mainly in Lisbon, whether it is winter or autumn people still coming and passing by in front of the store.

Presently the team is focused on ice-creams business; the forecast is fairly encouraging to the next years. Santini’s innovative character, especially concerning ice-cream flavors, offers news every week, which attracts new clients. Regularly, as consumers can follow on the Brand’s Facebook Page there are new flavors launches, depending on the fresh fruit seasonality: melon and cherries only in the summer; chocolate, strawberry and lemon whole year. Most of the times, with creativity and imagination, Santini comes up with the most exciting mixtures, whether with aromatic herbs (pineapple and mint) or with liquors (raspberry with Sambuca, an Italian liqueur). Furthermore, there are some offers with non fruit flavours, clients can find sparkling wine with mint, light flavours, the usual chocolate, sweet egg-pinion.

### **1.2.1.3. The Future**

Managers’ plans intend to go further and reach more people. They don’t pretend to slow downward, despite the crisis is a threat. Next steps are to build a new factory in order to respond to the client’s demand. In addition, some of the projects foresee to embrace higher national coverage, beyond Lisboa and its surroundings. Keep on working and investing; on logistic growth so that the brand achieves new points of sales and gains higher recognition.

However the most important value that all collaborators and “family members” claim is that “the important thing is to ensure the quality that we promise!”<sup>1</sup>

Another step Santini is regarding is to create their home delivery system. They already try home delivery through internet using external logistics but it didn't go well. In home delivery it is even more important to assure the quality of ice cream in a short time.

As we can realize, Santini managers are very interested in finding a way to increase their revenues and are looking for sweeping expansion strategies. Therefore, the present Case Study will focus on some of the strategies and decisions implemented to achieve that.

### **1.3. Strategy analysis**

#### **1.3.1. Reposition and new image**

A sixties company, focus on becoming bigger, Santini has recently passed through a brand repositioning. In 2009, the entire image was changed, including the stores decoration, the logo, or even geographic localization; they are located in new points of sales. The main point was to bring the brand to more people, make it known and accessible. Turn a local brand into a regional brand.

The final result was built based on a modern image that gives privilege to the traditional values: the controversial mixture between tradition and innovation/modernity brings a refreshed and innovative brand, as the same old experience and emotional moment associated to the pleasant and current desire of eating an ice cream. In order to celebrate the new stage, alongside with their 60's birthday, managers took the opportunity to announce this new image to their public. Through their usual communication tools as social networks, advertising in their point of sales, and word-of-mouth everyone could get to know the news. Also, a movie was produced showing a little of their past and future projects. The movie can be seen in the Appendix 4.

In line with the strategically re-branding, the main logistic points of sales were also refurbished, with new and modern design. Stores have now more space, with a comfortable

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<sup>1</sup> Interview with Martim Botton statement, Santini brand manager

environment to chat, that invites clients to stay. However the concept stays the same: ask for the ice cream and eat it on the street, while you walk around.

Regarding the present Santini expansion, the current Case Study presents all the details on the marketing strategy used. In order to define it, the Case will continue with an analysis of current actions and events, complemented with a deep study of the brand marketing strategy, namely its segmentation, targeting and position criteria; the brand idea, and finally its values and mission. Santini's re-branding is part of an overall approach to the market; in order to strengthen the expansion strategy. Subsequently, it will be referred how was it done and in which extend it affected the brand in on the whole.

## CHAPTER 2. ICE CREAM IN PORTUGAL

### 2.1. Introduction

Portuguese are greedy, funny and social. These characteristics would be enough to justify Portuguese behavior on Ice Creams. The trend of the industry consumption has been changing along the years. A few years ago, Ice Creams were considered only a summer product, so consumers didn't even remember to eat it in other occasions. However, nowadays, it is possible to identify some changes in the industry, especially regarding moments in which it is consumed. In last year's we could watch a beginning of a new era in ice-cream way of consume. Along with change of habits to a healthier kind of life, clients became more sophisticated and exigent. Even more when we talk about ice-cream which is a "sober" product as it is not a basic consumer good. In our little pleasures we tend to search for the best way to delight us. Following this tendency, consume of gourmet ice-creams has grown in Portugal.

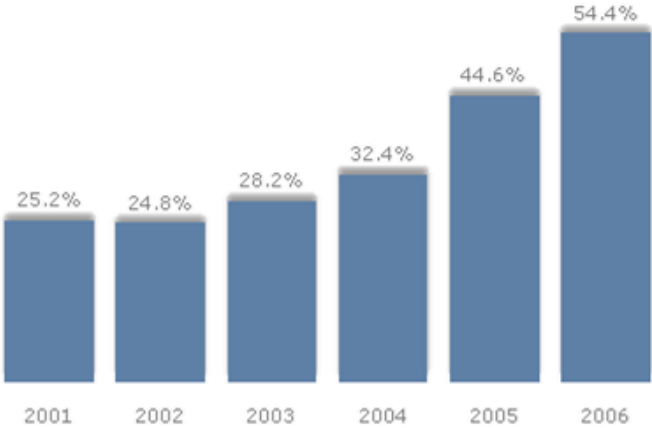
One of the world's largest market research sources, Research and Market, did a study, in April of 2010, about the Ice cream Global Industry. They concluded that the global ice cream market grew by 3.5% in 2008 to reach a value of 34 billion Euros and in 2013 the global ice cream market is forecast to have a value of 41 billion Euros, an increase of 20.3% since 2008. In line with it, the global ice cream market grew by 2.9% in 2008 to reach a volume of 10.9 billion liters; in 2013 the global ice cream market is forecast to have a volume of 12.7 billion liters, an increase of 15.7% since 2008.

Regarding European context, Portugal is still one of the few countries where the outside ice cream consumption weigh is higher than inside home consumption. However, take home consume has duplicated in the last five years so that now it reaches 54% of households (Marktest, 2008). This sharp evolution is also an incentive to the brands; the brands find here the opportunity to promote and invest on in-home consumption. In fact, some recent studies in consumer life style behavior, such as the report on "Ice Cream in Portugal", done by Euromitor (2010), as it is explain in Appendix 1, states that "In-house consumption is expected to be the key driver of ice cream over the forecast period. In the short term and until the economic situation of the country improves, low disposable incomes will cause consumers



to purchase less expensive ice cream through choosing supermarket or discounter distribution channels and to reduce more impulsive purchases in distribution channels where in general ice cream is less cheap. A growing consumption in the less seasonal period of the year will in part be stimulated by branded manufacturers.” (Euromonitor International, 2010)

**Graphic 1 – Ice Cream consumption at home**



Source: Markttest, Consumer 2006

For this matter, as the consumption occasions were more, the offer had to change. Accordingly with this, studies reveal that the market of Ice cream in Portugal increased, 2002-2007, growing at an average annual rate of 3, 9%. For 2008, the market value was approximately 61 million Euros with an annual variation of 2% with volume of 17 Million liters (Nielson, 2008). Indeed Ice Creams have now the second position in frozen products market, with 9% of market share (TSN Global Market Research, 2010).

## 2.2. Consumer Behavior

The classic ice cream consumer is 21 years old in average; nevertheless ice creams are consumed by people from any age. Brands expected children to be the main target but adults find a big position into the target audience, as they are the ones who buy the product.

Some years ago, ice creams were considered an exotic and rare dessert, directly consumed for an elite group. However, ice creams now are a mass consumption product and it represents one of the few products bought based on an (i) impulsive and (ii) emotional purchase; something even passersby don't think about but merely see and feel the desire to consume.

1 - Clients don't make comparisons or reflection on the purchasing moment; it is a buying behavior which implies low involvement and low risk for the consumer. Bear in mind this picture; brands must be aware that the point of sale is the most important point of direct contact with consumer. Clients give importance to ice cream's disposal on the shelf; that will incite the wish, the desire. Consume impulsive behavior is a promptly decision. Contrariwise, regarding the economical crises in Portugal, consumers tend to be more conscious and less impulsive, or in somehow, more cautious. Euromonitor's study, in this context, refers that "in 2010 consumers showed they were less spontaneous in terms of ice cream purchases. Their lower disposable incomes were certainly a major factor behind this behavior, as they preferred supermarkets, hypermarkets and discounters to buy ice cream and avoided more expensive ice creams that could be bought in other distribution channels."

2 - Another characteristic on consumer behavior, very common in Portuguese culture, is to eat this product only in hot weather; as a frozen product, however as already stated, this tendency is changing. Why is this? As a dessert or snack, in a cone or box, with chocolate, cookies or fruit, eating an Ice Cream shouldn't be seen purely as the product itself. The linkage connection between brand, customer and the moment of experience, is surrounded by an overall emotional feeling; it brings a moment of happiness, an opportunity to indulge nostalgia for a missed childhood. Some studies reference it as a "Back in Time Experience" (Unilever, 2007); a moment in which the consumer is thinking about anything else, a unique sensorial experience, along with a sense of well-being, pleasure and desire. It is an evolving moment of forgetting everything else; of everything from personal conflicts to work preoccupations going out of one's head and an ability to focus only on the moment descending.

The Portuguese patterns of consume are oriented to the impulse consumption in the HORECA channel. Nevertheless, the main market growth drivers are (Fontes da Costa, 2008):

- 1) Health: fortification, low and light, whole and natural;
- 2) Fruit flavors: encourage consumers to feel less guilty about their purchase;
- 3) Functional and fortified ice cream;
- 4) Indulgence, luxury and premium ice cream;
- 5) Getting ethical to attract more consumers to your brand,
- 6) Convenience.

### **2.3. Consumption Analysis**

After a brief analysis on ice cream tendencies in Portugal as well as consumer behavior, let's address now on how does customers currently consume ice cream. The industry stated on the Case, ice cream industry, more concrete in frozen food market has been evolving along the years; the sector is growing and consume per capita is increasing. Surely, USA has the world's highest ice-cream consumption, totaling about 24 liters per capita per year; Europe's average consumption is around 7 liters per person and in Portugal it totals 4 liters per person. Brands find in Europe an increase market with great opportunities to interview and take advantage of, as the growth rate per year is around 3-4% (All Business, 2010).

As known, one of the main problems companies have to deal with in the industry is the seasonality, as consumption levels decrease after the summer season. Curiously, some researches underline that Portugal is still one of the few countries where this characteristic is still so noticeable. In overall Europe countries, ice cream brands find clients either on hot or in colder times (as trustily they don't have so much hot time), and along the year ice cream consumption maintains an high and established level. Clara Silva, in her report "Quem disse que não se comem gelados no Inverno?" (2011), clarifies that in Germany, Scandinavian countries, or even in Switzerland, ice creams are produced and consumed during the entire year. Author refers some studies that have been done, in Guelph University, in Finland, which position the same country in the fourth position, as the biggest consumer of ice creams

worldwide, where consumers eat in average 14 liters per person (2006 data); on this same list, Sweden was in 5th place, followed by Italy, ice creams land, in 7th.

The Portuguese ice-cream market is changing: the sector, worth approximately 250 million Euros per year, is lead by Univeler/Jerónimo Martins, with *Olá* brand; Nestlé is the second biggest player on market share. According with some studies, namely in some questionnaire done by some degree students in order to understand Portuguese ice cream buying frequency, somehow this seasonal tendency is changing and we are assisting to an grow in ice-cream consumption habits during the whole year. In matter of curiosity, Portugal is, as well, one of the few countries with lowest numbers of inside home ice creams consumption; this might be the reason why the ice cream consumption decreases so much during the colder months.

**Exhibit 1 – Portuguese ice creams’ buying frequency**

|  | Average Units per month | Spring/Summer Percent | Fall/Winter Percent | Average consumption per month in Spring/Summer | Average consumption per month in Fall/Winter |
|--|-------------------------|-----------------------|---------------------|--|--|
| Never                                    | 0                       | 1,50%                 | 20,00%              | 0,00   | 0,00   |
| One time from two to two months          | 0,5                     | 6,50%                 | 45,80%              | 0,03   | 0,23   |
| One to three times per month             | 2                       | 25,00%                | 23,50%              | 0,50   | 0,47   |
| One to four times from two to two months | 5                       | 40,80%                | 8,10%               | 2,04   | 0,41   |
| Three to five times per week             | 16                      | 21,20%                | 2,30%               | 3,39   | 0,37   |
| More than six times per week             | 24                      | 5,00%                 | 0,40%               | 1,20   | 0,10   |
| <b>Sum</b>                               |                         |                       |                     | <b>7,1645</b>                                  | <b>1,568</b>                                 |

Source: Santini (2010)

The information above is the result of a questionnaire done to Portuguese individuals, in order to better understand his relation and opinion about ice creams. An overall interpretation on the Exhibit 1 shows an average consumption of ice cream in hot months almost 7 times higher than in winter months. However, in percentage observation, considering the different frequency gaps defined, the differences aren’t so huge. The scale group “one to three times per month” has merely 1, 50% of difference between summer and winter consume. Brands can find some opportunities in these numbers in order to reverse the situation.

Also a study from *TNS Company* (2010) seems to confirm this idea. An analysis on product penetration declaims that:

- June, July, August and September are critical months in terms of sales;
- In first three months the numbers showed a 23,2% of consumption;
- In April, May and June, the penetration was 34,4%, so as the time gets hot, the consumption increases;
- In the three summer months consumption achieves a percentage of 58%;
- Finally, in the last trimester of the year, consumption decreases again, to 19,7%.

Companies must look at these numbers and use it as an opportunity; it's now the big challenge. It is expected that the socio-economic evolution in Portugal is the foundation for the ice-cream market changes when follow by the company's strategic and operational marketing efforts. Companies are already doing something; the recent years, it is possible to see that, beyond eating Ice-Cream in the street, Portuguese are eating ice cream also during the winter time in their own house or in restaurants, as desert mainly.

## **CHAPTER 3. SANTINI STRATEGIC ANALYSIS**

### **3.1. Marketing Mix**

#### **3.1.1. Product**

Santini brand name derives from the founder's surname. Recently 50% of Santini was bought by Filipe Botton and Alexandre Relvas; after this purchase several changes took place.

Their core product is ice-cream; premium and fresh ice-creams, served in cone or cup, to eat either in the store or to take out; ice-creams made up of fresh products from beginning to end through homemade production procedures; and made daily at Santini's factory at S. João do Estoril. The company makes a daily prediction of demand and only produces the amount needed to serve consumers in that day. This fact makes it possible to maintain the freshness and quality of the ice-creams.

Throughout the year, Santini ice-creams are available in fourteen different flavors: lemon, orange, strawberry, peach, cream, vanilla, chocolate, caramel, hazelnut, melon, coffee, raspberry, nuts and blueberry. Besides these flavors, different ones are created weakly using combinations of different products and liquors. As some ingredients, like strawberries or melon, are seasonal, so are Santini's ice-creams. Santini does not use frozen or out of the season ingredients.

There are two options to purchase Santini ice-cream: ready-to-eat ice-cream or ice-cream you can take home. In the first instance the consumer can decide on the number of ice-cream balls and flavors desired as well as the base for the ice-cream; i.e. a cup or a cone made from cookie mixture. Also, a particular characteristic of the brand, and a distinguishing value, is the possibility to have two flavors in only one ball. The alternative is that the consumer can take home one or more liter boxes of ice-cream, each containing the selected flavors he or she might want.

The brand has been developing its service system in order to better know its clients and their tastes and therefore know how to improve their service. New ways of collecting data and information, without directly bothering clients, are being studied in order to be introduced to improve client care. Recent changes have also fallen upon product design, emphasizing the logotype. The new logo keeps the same colors but with a new letter type, making it more

modern and more attractive. “The new image is built in order to make Santini a brand. People feel engaged with Santini, more and more it grows as a Love Brand”.<sup>2</sup>

**Figure 1 – Santini’s Logotype Evolution**



Source: Santini’s webpage

A product extension in Santini stores is the pastry sector; traditional cakes or local cookies as well as product variations such as pancakes, which increase the consumption of ice cream during the winter months. All the while never forgetting brand value and core values.

### **3.1.2. Price**

“Santini ice-creams’ price is fair; compared with competing brands and regarding its positioning”.<sup>3</sup> As with any premium brand’s position in the market, the price follows. On the other hand, one must consider that the price will position the brand in the consumer’s mind: higher price, higher quality. Santini offers products with added value for which consumers are prepared to pay. In fact, consumers are willing to pay this price because it is the warranty of the very high quality of ice-cream they receive in exchange.

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<sup>2</sup> Martim Botton, Brand Manager, in the interview;

<sup>3</sup> Martim Botton, Brand Manager, in the interview

**Figure 2 – Santini’s Price List**

| Product               | Price |
|-----------------------|-------|
| Small Cone 2 Flavors  | 2,30€ |
| Medium Cone 3 Flavors | 3,90€ |
| Small Cup 2 Flavors   | 2,30€ |
| Medium Cup 3 Flavors  | 3,90€ |
| Big Cup 4 Flavors     | 5€    |
| Liter Box             | 12€   |

Source: Santini (2011)

In fact, Santini’s pricing strategy has two major functions: to communicate the high quality of its products and, obviously, to make profit. Santini’s ice-creams’ prices vary according to the quantity purchased by their consumers and also vary according to the place from where it was purchased. Certainly in a restaurant or supermarket the final price is not defined by the brand.

### **3.1.3. Placement**

This is one of the most important factors in which gourmet brands gain some differentiation against mass brands: they have their different distribution channels and different points of sales, starting with their own stores on the main streets or in strategic locations.

Santini currently delivers its ice-creams to consumers through three of their own stores. One is located at S. João do Estoril, near to the factory, another is at Cascais, the original store, and the third is located at the heart of Lisbon. All three are now open throughout the whole year; until midnight during the summer months, and with specified timetables during the winter.



**Figure 3 – Santini’s store in Estoril**



Source: Photography by Madalena Castelo Branco (2011)

**Figure 4 – Santini’s Store in Cascais**



Source: Google Images

**Figure 5 – Santini’s Store in Lisbon**



Source: Photography by Madalena Castelo Branco (2011)

Besides the stores, Santini’s ice creams are also accessible in some restaurants and hotels with the same positioning, as part of the new expansion.

The new step they are taking is creating their own home delivery service around Cascais and Lisbon. The deliveries will be offered by two outsourcing companies which will guarantee the quality of the product to be consumed at home, as well as providing reduced costs for the company.

Any of the four different sizes of boxes can be requested; a step forward in the market evolutionary trend of consumption within the home. This is naturally a very productive way to get in touch with customers’ needs in order to work more effectively for their comfort.

#### **3.1.4. Promotion**

The homemade and 100% natural fruit production is considered by many people to be the reason behind their success. However, this could also be the main constraint for an expansion strategy. Their clear policy of not investing in promotional campaigns in the regular media reveals that they strongly believe that “the best strategy is through our clients’ word-of-mouth. Also social networks trends are important to keep close to consumers”<sup>4</sup>. The Brand

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<sup>4</sup> Martim Botton, Brand Manager, in the interview

Manager doesn't pay much attention to the regular media channels as "traditional Media comes to us looking to build news"<sup>5</sup>.

The sales volume "has not been bad" over the last few years and there is a growing trend, but Eduardo Santini, the owner, admits cautiously that "There are better years than others." Since the opening of the new shop in Lisbon, the sales have increased by almost 60%. One of the biggest factors in this is the situation of the new store; located in Rua Garret, a popular street in Lisbon, it therefore brings in twice the revenue due to foreseen impulse buying.

Santini's most powerful promotional tool is, without a doubt, clients' word-of-mouth. Until the purchase of 50% of Santini by Logoplaste, the company owned by Botton, the only communication method Santini used was its old fashioned website. After the purchase, where it was agreed that Santini family would dedicate itself to the production of ice-creams and Botton to the management and promotion techniques, the brand was rejuvenated. A new and more user-friendly website<sup>6</sup>, aligned with the brand values, and is now up and running. In addition, the incorporation of the social network Facebook allowed a closer relationship with the clients and therefore a deeper understanding for their needs.

All these promotional tools are focused on current and potential clients, in order to become closer to them, to take on board their ideas and to keep them updated; looking for two-way communication in the form of feedback from the consumer's perspective.

## **3.2. STP Definition**

### **3.2.1. Segmentation**

Buyers are too numerous, too broadly dispersed and too different in their needs and buying behavior. Santini like almost all companies defines different market segments.

Main criteria used by Santini are two major variables: geographic, by city; and demographic- by level of income. These two variables combined in all their levels define different market segments to which managers have to promote the product, making use of different

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<sup>5</sup> Martim Botton, Brand Manager, in the interview

<sup>6</sup> [www.santini.pt](http://www.santini.pt)

communication tools or in some cases different products; as each clients segment has its own behavior, needs and expectations. An example of one of these segments is *Lisbon citizens with high income*.

Doing a right segmentation is crucial to any company. Knowing its clients and its habits and how they differentiate from every other group can be the key for the success. Otherwise, companies can lose themselves in thousands of other products, services and different communication attempts. Without knowing whom they are targeting, overall marketing techniques tend to be vague and unfocused. The result would be extreme decreases of sales and an increase in spending.

### **3.2.2. Targeting**

“Positioned as Premium Brand we don’t need to select consumers. Our target comes to us.”<sup>7</sup> In fact, in Santini’s situation, and generally on gourmet brands, they defined their position first, as a premium brand with gourmet ice creams. Additional marketing tools, such as the price, the consumer type, distribution, and the point of sales, are defined around it. “Our target is everybody.”<sup>8</sup>

In fact, when the brand achieves a determined position in the market and it is seen the same way from clients; target groups arise autonomously. In this case, brand managers don’t need to waste time and costs on selecting groups of clients.

Although they attract a diverse client base; with different tastes, dissimilar behavior, and therefore different targets; the brand classifies them all as one single target group. As referred to on their website; clients from “*Estoril, Cascais and Lisbon citizens with medium/ high income, from 8 to 80 years old*”.

Santini is a Love Brand; it has a special value and a sense of belonging. In fact when we talk about Santini it is not impulsive or unconscious buying. Consumers come on purpose to eat Santini; they remember it, something prompts their desire and they need to buy it again. This

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<sup>7</sup> Statement by Martim Botton

<sup>8</sup> Statement by Martim Botton

can be a reflective situation for the managers because they neither overly invest in general communication, nor on traditional media. The only point of direct contact between the brand and consumer is the store. Online communities, which cost them nothing and have a huge return on feedback, are used to remind clients from a distance. In this case, clients are “friends” of Santini and consciously remind themselves to revisit its profile again and again.

### **3.2.3. Positioning**

The place the product occupies in a consumer’s mind is very important for Santini in order to gain differentiation among competing products and brands. In this sense, Santini is a premium ice-cream brand, with gourmet ice-creams. Product quality, outstanding service, homemade production and fresh and natural ingredients have led to this position. Their slogan “*Gelati piu fini del mondo*” (the best ice cream of the world) clearly illustrates their position as a top ice-cream brand.

One advantage that came with the restructuring was the buzz it created and the infamy created through word-of-mouth. People were excited about it, talked about it and practically ran to see the new store. It was featured in newspapers, magazines and television.

However, the position is the same; in other words, Santini was already a gourmet brand before its re-brand. The big difference is that now it is more accessible and with larger distribution channels. The point they tried to announce through this was that nothing with respect to the product or the service has changed. In the consumers’ mind their position remains the same.

## **3.3. Company and competition analysis**

### **3.3.1. Premium Brands Segment**

Price, positioning, product quality and selected distribution are the variables that clearly distinguish this segment. *Haagen-Dazs*, *Baskin & Robbins* and *Ben & Jerry’s* are the three main competitors in this specific field and their strategy is not designed to face the competition of the industry market leader *Olá*. These premium brands struggle to create

products with an extra added value, consequently consumer become more willing to pay premium. This is the strategy that allows them to grow.

These brands that cultivate a strong relationship between them and their consumers, in addition to possessing a clear premium positioning strategy are the ones that will benefit most from the growing habits of ice-cream consumption within the home. Using their own store as the main point of contact with clients, gourmet brands are usually associated with Love Brands, with whom clients are usually more emotionally connected. This is the most important point of differentiation for gourmet brands; they have the power to go further than the rational link, and so have a personal relationship with their clients.

Eating a Santini it's a sensorial and desirable experience that will cause a consumer to run 30km just to have it satisfied. Because in the end, he will have a relaxing and funny moment (near 70% on the study referred, in general Ice Creams consumption) with friends or family, as above 60% of the aforementioned study stated that it can be a moment used to develop social relationships. During the Case it will be determined whether or not consumers really can recognize this in reference to Santini.

*Haagen-Dazs* is the market leader of this segment, mainly targeting people living in urban areas with ages of 25 and 45 years old and they have a strategy of selling through their own stores and supermarkets. Although their main revenues come from their own stores, of which they have around 12 solely in Portugal, this is not a trend of this segment. Unlike the market leader, the other companies' profits come mainly from supermarket sales. For example, 70% of *Baskin & Robbins*' revenues come from this distribution channel; they have around a 30% share of the market, followed by *Ben & Jerry's*, from Nestlé, who occupy 15% of the market share.

### **3.3.2. Competition Analysis**

As stated previous, currently changes in traditional Portuguese nutrition habits are occurring. Consumers tend to seek light and less calorific products, are more concerned with consuming healthy foods and practicing more sports. To respond to this need, the biggest ice-cream industry players are working to adapt their products to consumers' preferences. Within the last few years, they have looked at the major companies offering healthier, more balanced and

more pleasant ice-creams, whilst still maintaining the taste. Companies like *Unilever Ice Cream (Olá)*, *Häagen-Dazs* and *Nestlé* - among others - are replacing artificial colors and flavorings for natural ingredients. For example, increasing fruit quality, freshness and flavor is becoming a common strategy of the main competitors.

In addition to this, within the market of premium ice creams brands or even more traditional ones such as Santini or Artisani, companies are finding new ways to get closer to and to communicate more intimately with their customers. *Häagen-Dazs* has come up with “Häagen-Dazs Secret Spot” consisting of a terrace in the city centre including an area with pouffes, music and a pleasant atmosphere where clients could come up and enjoy a free ice cream. This was done to promote a new flavor of the brand and gained huge success.

Artisani was created in 2009 with a concept of traditional and gourmet ice-creams; in a sense renovating the “traditional ice cream tendency” and turning it into one which conjures up an image of luxury and refinement. “Desire can be triggered by seeing it displayed or by watching people eating it”<sup>9</sup> Looking at Santini Case Study, we can see all these requests combined in one single brand. Probably that is the reason for which Santini is considered one of the top quality brands.

Regarding the market development with a rigorous analysis, Ice Creams industry has 5 types of risks (from the lowest risk to the highest risk):

- Competitive intensity
- Bargaining power of suppliers
- New entrants threat
- Bargaining power of customers
- Substitute products’ threat

Despite being an established and with highly superior brand recognition, Santini is not immune to market associated risks. The main threats, like substitution products or new brands’ entrants’ might be a risk to the brands performance. This analysis will be latter on explored in the case resolution as it its highly relevant to an overall understanding of the case.

Besides this threatens, ice creams are affected by partner industries on which their production depends on. If you look at the milk industry, for example, when the milk price increased,

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<sup>9</sup> “Consumer perceptions of ice cream”, article in Food Trade Review, 1992

Portuguese ice cream market had to do some adjustments. This price raised and increases the costs on ice cream production; however most companies decided not to raise ice cream's prices to maintain the sales despite the crisis. Consequences were that profit decreased and that can lead to a possible stagnation because there's less money to invest on innovation.

Indirect competition can also threat the market and the company business. Brands and companies that offer snacks have now a variety of product range in the market. Like McDonald's, with teens cool ice creams, Matutano with snacks products that can threat and substitute ice creams, Kinder Chocolates are also an alternative product.



## **CHAPTER 4. THE CASE QUESTIONS**

In order to describe the problem background for the research it was developed a succinct Marketing Plan for Santini which includes the brief story of Santini, an Industry Analysis, a SWOT Analysis and Santini's current Core Strategy and Marketing Mix.

Reading the case carefully and regarding Santini past situation the student must understand and give solutions into the recent strategy in course.

**Question 1: Briefly characterize the ice cream market in Portugal, determining what the main challenges companies have to deal with are and which Santini's Critical Factors of Success to fight them are.**

**Question 2: Develop a SWOT analysis to Santini actual strategy. Come up with suggestions to fight Threats and Weaknesses.**

**Question 3: The Home Delivery System is one of the news Santini is improving to keep close from its clients. Who would you consider to be the target of this service?**

**Question 4: Reflect about Santini's motivations concerning its expansion strategy (Store in Lisbon, new Store image and refresh decoration, new timetables). In your opinion which should be the next steps?**

**Question 5: Build a communication plan for the brand expansion (also use some other medias and alternative communication tool that could be exploited by the brand).**

**Question 6: The Portuguese chosen to go shopping in malls. Instead of being inside Armazéns do Chiado, where clients are, Santini decide to be in Rua da Prata. Can you explain this decision?**

**Question 7: In your opinion refer who are the really competitors of Santini and how Santini could differentiate from them.**

**Question 8: Analyze the competitive intensity of the industry where Santini acts on (using Porter 5 forces analysis).**

## **CHAPTER 5. APPENDIX**

### **Appendix 1: Country Report “Ice Cream in Portugal”**

This first appendix is a resume of a report done about the Portuguese ice cream market. It is a proposal of possible scenarios and trends within its respective landscapes, or environments, and future perspectives or consequences.

#### **Nov 2010**

##### Sample Analysis

##### 1<sup>st</sup> Scenario:

##### Trends

In 2010 consumers showed they were less impulsive in terms of ice cream purchases. Their lower disposable incomes were certainly a major factor behind this behavior, as they preferred supermarkets, hypermarkets and discounters to buy ice cream and avoided more expensive ice creams that could be bought in other distribution channels.

##### Competitive Landscape

Unilever Jerónimo Martins Lda. was undeniably the leading player of ice cream in 2009 with a value-share of 47%. The group led impulse and take-home categories with value-shares of 72% and 40%. This ice cream operator has several well-known brands including Ola brand within the impulse segment (with ice creams such as Cornett, Magnum or Perna de Pau), Carte d’Or or Viennetta in take-home. All its brands and products were present in the segment for many years and are appreciated by Portuguese. The group also led ice cream in terms of value-share, thanks to an important number of outlets (around 37) opened across the country under the brand Ola. Its capacity to cover all sorts of distribution channels, and to innovate, continued to be also key strengths to keep its leadership.

##### Prospects

In-house consumption is expected to be the key driver of ice cream over the forecast period. In the short term and until the economic situation of the country improves, low disposable incomes will cause consumers to purchase less expensive ice cream through choosing

supermarket or discounter distribution channels and to reduce more impulsive purchases in distribution channels where in general ice cream is less cheap. A growing consumption in the less seasonal period of the year will in part be stimulated by branded manufacturers.

## 2<sup>nd</sup> Scenario

### Trends

Foodservice continued to be strongly affected by the bad performance of the Portuguese economy and its negative impact on consumers' disposable incomes. In 2010 consumers were still obliged to control their expenses. Visits to foodservice establishments were the first to be reduced. Consumers continued to prefer to eat at home or to take something from home to eat in the office for lunch in order to save money.

### Competitive Landscape

The main brands of retail packaged food were also available through foodservice. Sometimes, manufacturers have their own sales team for this specific market, but in general brands are sold by regional and local distributors in order to cover small areas and a large number of foodservice establishments, their majority of which are still independent.

### Prospects

The slight improvement of the economic situation in the country will be favorable to the foodservice environment. However, as consumers continue to be careful with their expenses, volume sales are expected to register a timid recovery over the forecast period.

## 3<sup>rd</sup> Scenario

### Trends

In 2010 consumers continued to control their purchases of products not considered primary necessities due to their lower disposable incomes, including impulse and indulgence products. However, as they are used to snacking between breakfast and/or lunch and dinner, the category registered modest but positive value growth.

### Competitive Landscape

Unilever Jerónimo Martins Lda. led impulse and indulgence products in 2009 with a value share of 13%. The company had a strong presence in ice cream due to the performances of

several well-known brands, such as Olá. Immediately after ranked private label products with a value share of 13%. These economy brands cover almost all of these product category niches and have an important presence in some others. Nestlé held a value share of almost 7%, with its position due to its wide portfolio and presence in different areas of the impulse and indulgence products category.

### Prospects

The consumption of some categories of impulse and indulgence products which today are more seasonal is expected to become more regular throughout the year over the forecast period. This trend should be mainly observed within multi-pack and take-home ice cream, fruit snacks and nuts, where manufacturers have increased efforts in this sense through the launch of adapted products and advertising campaigns encouraging consumers to buy products more frequently.

### 4<sup>th</sup> Scenario

#### Trends

Without good prospects of change in the economic situation of the country, in 2010 consumers continued to be loyal to nutrition/staples products, as they allow them to eat at home at relatively low cost. Driven by their need to reduce expenditure, consumers did not hesitate to buy cheaper brands, which was favorable to private label products' growth.

#### Competitive Landscape

Private label products led nutrition/staples in 2009 with a value share of almost 18%. Private label products were present in almost all categories and had an important presence in some, such as pasta and oils and fats. They were followed by domestic player Lactogal SA, which accounted for 15% of sales. Thanks to its well-known brands Mimoso, Agros and Gresso, this player continued to lead dairy products. In third position were artisanal products with a value share of 14%.

### Prospects

Convenience, healthy and well-being, gourmet and exotic should be the most important areas of manufacturers' investment in terms of new products developments in coming years. Packaging should also be an important issue in the future for manufacturers in order to adapt

their products to single-person households and new requirements in terms of convenience of use and storage. Hence, packaging as well as the amount/quantity of product in a pack will also be relevant over the forecast period. A greater contrast in terms of quite large/familiar sizes versus smaller packaging is expected to become more apparent.

## 5<sup>th</sup> Scenario

### Trends

Meal solutions continued to increase in 2010, even if at a lower rate in comparison with the previous year. Despite greater saving concerns, which led consumers to be loyal to basic products at lower prices, meal solutions continued to represent a good alternative for those who reduced their spending and at the same time reduce meal preparation times in the home.

### Competitive Landscape

Private label products continued to lead meal solutions with a value share of 36%. They were present in almost all niches and had a strong presence in some, such as canned/preserved food, frozen processed food and ready meals. Behind by some distance where Unilever Jerónimo Martins Lda., followed by Iglo Portugal Lda. and Nobre Alimentação SA, with value shares of 4-6%, all owners of well-recognized brands.

### Prospects

Meal solutions are expected to maintain stable growth over the forecast period. In the short term sales will continue to be inhibited by consumers' low disposable incomes, however this will be balanced by growing demand from people who want to reduce the amount of time spent on meal preparation and with to save money. Innovation in terms of healthier and more convenient products will also represent an important factor contributing to future growth.

## **Appendix 2: Interview to Martim Botton**

Martim Botton is the current Santini Brand Manager. In the next interview he helped to know better the brand strategy.

**Me: Santini has more than 60 years of existence and only now started to expand. Why didn't it come earlier?**

**M. Botton:** Santini Family, the original owners, was looking for partners to help on this expansion. They didn't have the necessary human resources; despite they always wanted to expand because the product has always been a success. The opportunity finally arises when Logoplaste bought 50% of Santini. The purpose of coming to Lisbon was so that more people could know about us. The big objective around the all strategy is to turn a local brand into a regional brand.

**M: But do you pretend to maintain the original concept and traditional?**

**M. B:** Ice creams are an impulsive and emotional purchase. Consumers don't think about it. Santini is a Love Brand, consumers feel emotionally connected with it. These feelings are the result of our work around the original concept: being 100% natural, use only natural fruits, homemade ice creams. The most important thing is to grow but maintain them, we want people to still see Santini has a family and traditional brand. This is the reason why they took so much to start expanding and are doing it so slowly and calmly.

**M: Regarding this, why did you choose a place like Chiado to open the new store?**

**M. B:** We looked for a classic and traditional place to be. Chiado attracts a lot of people that see us and come in. We want to be in the street, so that people feel like they can stay inside or they can take ice cream out and walk while eat it. Also, it is a strategic point where everyone passes by, mainly the ones who don't know us yet it is the best opportunity to establish the first contact.

**M: And tourists? Do they come in? Do they already know the brand?**

**M. B:** Some of them come on purpose, because they already heard about us. It's very good to have this recognition. When they see the line at the door it can be good signal, as reference of

quality product. For the other hand, some of them don't want to wait and leave. The queue sometimes makes us lose clients, besides it goes really fast.

**M: Can you tell me about your expansion, besides the new stores?**

**M. B:** We are already in some gourmet restaurants; we are only in places that have the same concept, values, and positioning as us. We pretend to create our own distribution system to take home service. Also want to have doors open all year.

To fight sales loses in winter we have some pastry products, like cakes or crepes. Lisbon store is better in winter, than Cascais Store, as in Chiado there is always more people walking around. But these factors don't change our position. It is just an expansion.

**M: Why are you open the all year if in winter people don't eat ice creams?**

**M. B:** It is true the sales go 50% low. But if we have all the structure and resources it doesn't make sense to close doors. Before, Santini had to close it, because they had so much hard working during the summer don'ts (he hardly sleep) that we could do rest during the colder months, that without losing. In other hand, it is not true that people don't eat ice cream in winter. Moreover, Portugal is still one of few countries where sales decrease, comparing with European countries. If the give clients the opportunity to try us on winter I believe they won't be disappointed and will eat more ice cream even in colder times.

**M: What are the next steps?**

**M. B:** We rebuilt Cascais store in order to create an equal image inside the three stores. Santini is all about that: be traditional, be familiar and be uniform. Along with this, our first step will be to open a new factory, in order to increase production. We can offer more that we are supplying right know, as the demand is increasing. We need and want to give customers what they want. Also, we pretend to still with geographically expansion, however, as I referred earlier, it will be done will calm, so that our quality is preserved. Only after being really established in Lisbon, maybe we can think about going to a national level.

**M: Now you are closer from the competition... Could it be a threat?**

**M. B:** In fact we came and became their competition. Haagen-Dazs is geographically just next to us and they started to have fewer clients when we arrived. Nevertheless, they are stronger in winter because they are positioned as more winter ice creams.

**M: How do you communicate your brand?**

**M. B:** We don't use traditional media; at least we don't spend budget on it. We have been new in every media with this image change. We are reforming our online communication, with a refreshed website and by Facebook. It is the best way to approach our customers.

**M: Who are your clients?**

**M. B:** Everybody, we don't exclude anyone. All types or persons came in, with all ages, from different places. Standing as a Premium Brand we don't have to select our target. In fact, are the people who choose us.

**M: Can you tell me about your price policy?**

**M. B:** Our policy is to become closer from our competition that is having the market price. The price is fair enough considering the quality and service we offer. Clients are available and pleasure to pay for it, as for them it is the warranty of it.

**M: Do you have any Customer Relationship Management strategy, or loyalty policy?**

**M. B:** We have a Pre-Pay card; people pay for the card and can pass in front of the queue. It works with stamps, and it is attractive because with the 11<sup>th</sup> stamp clients gain a free ice cream. The problem with this card is that frequently people lose it. We are thinking about a new way of doing it in a computerized way, so that we can keep a data base where we can register clients' information, personal and behavioral, as their favorite flavors or purchase habits.

Besides that, our employees receive training to be always nice, so that clients feel comfortable and stay, talking with us, asking questions. It is the easiest and fastest way to have information about clients. We like to know them, know their favorite flavor, give them something special in their birthday. Be a family in a friendly relationship.

**M: So the re-branding has been a success...**

**M. B:** Yes, our sales increased almost 60%!

**M: What about the recipe... Is it still a secret?**

**M. B:** Yes, we don't say our production methods. People can visit our factory in S. João do Estoril and watch us doing ice cream. We use only fruit of the season that is why some of our



flavors only exist in some months of the year. This is the real proof of our products quality, we never use frozen products.

### Appendix 3: Questionnaires to consumers

A research done by degree students was considered relevant for this case and adapted in this appendix.

“Should Santini Expand to Supermarkets?” Catholic University of Lisbon Research Project, 2010

#### Questionnaire

Because our Research Project is about a Portuguese ice-cream brand, only available in Portugal, we developed this survey in Portuguese language in order to be better understood by the respondents and to have a higher response rate.



Gosta de Gelados? (Se não, não continue e obrigado pelo tempo dispendido com o nosso questionário) \*

- Sim
- Não

**Com que frequência consome Santini durante o Verão? \***

- Nunca
- Uma a duas vezes de dois em dois meses
- De duas a quatro vezes por mês
- De três a quatro vezes de duas em duas semanas
- De três a cinco vezes por semana

**Em que ocasiões costuma comer um gelado Santini? (escolha no máximo 2)**

- Ao fim de semana à tarde quando vou passear
- Quando alguém traz para casa
- Quando estou a voltar da praia
- À noite como sobremesa
- Ao lanche durante a semana

**Com quem costuma ir ao Santini?**

- Com a família
- Com os amigos
- Com o/a namorado/namorada
- Sozinho

**Selecione três palavras que considere estarem associadas à marca Santini:**

- Tradição
- Família
- Sabores inovadores
- Requite
- Experiência única
- Ritual
- Gelado natural (ingredientes frescos)
- Produção artesanal
- Qualidade
- Proximidade com o cliente

**Normalmente, quando compra gelados é para seu próprio consumo? \***

- Sim
- Não

Com que regularidade consome gelados durante as diferentes épocas do ano?

|                   | Nunca                 | Uma vez de dois em dois meses | De uma a três vezes por mês | De uma a quatro vezes de duas em duas semanas | De três a cinco vezes por semana | Mais do que seis vezes por semana |
|-------------------|-----------------------|-------------------------------|-----------------------------|---|----------------------------------|-----------------------------------|
| Primavera/Verão * | <input type="radio"/> | <input type="radio"/>         | <input type="radio"/>       | <input type="radio"/>                         | <input type="radio"/>            | <input type="radio"/>             |
| Outono/Inverno *  | <input type="radio"/> | <input type="radio"/>         | <input type="radio"/>       | <input type="radio"/>                         | <input type="radio"/>            | <input type="radio"/>             |

Qual é a marca de gelados que costuma comprar com mais regularidade? \*

- McDonald's (Sundae)
- Olá
- Nestlé
- Haagen-Dazs
- Ben & Jerry's
- Carte D'Or
- Baskin Robbins
- Marca Pingo Doce/Continente
- Santini
- Outra

Prefere uma marca de gelados com ingredientes: \*

- Frescos
- Conservados

#### Appendix 4: Santini Ice Creams 60<sup>th</sup> Anniversary

The original video will be annexed in the final CD version.



## **CHAPTER 6. RESEARCH DESIGN**

### **6.1. Case target**

The current case was design to be solved by marketing and management degree students. Also, it is designated to companies and business managers that intend to understand restructuration and reposition of brands, as a highly relevant and real case of success in this matter.

### **6.2. Pedagogic Objectives**

The final objectives of the Case are:

- Qualify student with the needed competencies can understand strategic and branding decisions regarding the market competition;
- The final target should identify challenges and difficulties that companies have to fight when want to expand;
- Should understand the concepts used in the Case and this specific market characteristics.

### **6.3. Methodology**

To implement this case Study it was used a general review on the company followed by an intrinsic brand analysis. To bring it out relevant and faithful data the method use was:

Collection of primary data: interview to Sr. Martim Botton Santini's brand manager and consumers to understand Santini characteristics and strategy.

Collection of secondary data with the reading and analyzing scientific articles, newspapers and market studies, in order to understand Portuguese consumer habits, market characteristics, competition, market growth and Santini potential.

This present case study targets bachelor and master degree students with background in strategic marketing and management.

## **CHAPTER 7. LITERATURE REVIEW**

### **7.1. Introduction**

Food marketing often involves the same general approaches and techniques applied to the marketing of other types of products and services. However, the specific market of perishable products presents challenges of very different kinds, as the quality of and access to the final product quality and accessibility varies according to harvests' conditions (Perner, 2006).

Companies working in this sector face yet another quite interesting challenge: they have to understand how to establish the most efficient logistics and value chain possible, ensuring quality and availability of the food product to the final consumer. Considering the extent - to which sequential parties in the marketing channel add value to the product - food companies can choose and decide from a wide variety of distributors. This provides them with increasing opportunities to better and more conveniently serve their customers. The main issue here is that the value chain, which adds value to the product, will also significantly increase costs to the company (Perner, 2006).

There are several issues which can affect the structure of a population, and food marketers must take them into consideration. Changes in consumption habits, in economic aspects, or in international competition are nowadays at an accelerate rate. Consumption patterns will change from day to day, for example. So how should food companies define their strategy and position their brands?

In order to better understand this issue, as well as the possible ways in which managers can more successfully choose their strategy, their targets, and define their position, this next chapter will be focused on the theoretical concepts of branding, strategy development and services with added value.

## **7.2. Branding**

### **7.2.1. Building a Brand**

It would be interesting to explore how to build a brand and how to make strengthen it afterwards. First of all, it must be established what, in fact, is a brand. During the last decades, several authors have focused their attention on these questions and have designed with new models and strategies for building a brand (Aaker, 1996; Kapferer, 1992; Keller, 2003; Aaker and Joaquimsthaler, 2000). Firstly, it will be important to look at the classical definition, established by the American Marketing Association (AMA), in the 60's, which refers to a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Lencastre, 2000, p.21). This definition is still in nowadays as Kotler (2000) also defines brand as "the name, associated with one or more items in the product line that is used to identify the source of character of the item(s)".

Every manager and every company knows fully well that a brand is much more than just a name and serves beyond that simple of identification. Otherwise the process would be as simple as the creation of a new name, a logo or a symbol for a new product, and creating brands would be accessible to everyone (Keller, 2003). Authors are now witnessing a shift in the process of branding, which in fact reflects a change in way companies act on and towards brands. This new paradigm for branding introduces new functions and roles to each brand, such as building notoriety and reputation for the company (Keller, 2003), positioning itself inside the mind of the customer (Aaker, 1991), and promising consistency (Kapferer, 1992), to mention but a few examples. In the end, this brand is given a new position and higher consideration within the company, because it (i) brings value to the market, (ii) gives the company competitive advantage and (iii) and means profitability (Aaker and Joachimsthaler, 2000)

Reinforcing these concepts, this same theory states that the brand also serves as reference of the company and product's quality; it is what consumers choose to buy. Consequently, the brand changes from a place of secondary, external and short-time context - or as Davis and Dunn (2002) say - "a series of tactics" to a strategic and visionary position within the company (Aaker and Joaquimsthaler, 2000).

### **7.1.2. Brand Assets**

A brand consists of all the tangible aspects of a company which will orient its strategy, from the actual value to the relationship with the client (Aaker, 2010). According to Rangaswamy, Burke, and Olivia (1993), the value that each brand has will give it power of differentiation within the market. Most importantly, the brand value refers to the perceived value in people's mind. This is the value which will bring profit to the company (Aaker, 2008). As industries become increasingly hostile, strong brand-building skills are clearly necessary in order to survive and prosper (Aaker, 2002). Companies have the need to create strong brands, with a recognized brand value, so they can receive a client's attention, stand out from the competition, create a loyal network of customers and, above all, make profits in the long-run.

Kapferer (1997) is much clearer about this relationship of reciprocity between a brand's assets and the customers' benefits. He lists eight functions that will determine a brand's value. Depending on brand's performance, it will bring its clients benefits that they should understand and take advantage of: identification, practicality, guarantee, optimization, characterization, continuity, hedonistic; and, finally, ethical. The first two functions are mechanical and highlight the essence of the brand; identification and practicality mean that there is a recognized symbol which should facilitate choice and allow time gain. The next three functions reduce the perceived risk, and the final three concern the enjoyment aspect of a brand. Along with these social functions, Kapferer also says that, in the consumers' believe a brand has an economic function, concerning its performance. This value comes from the brand's ability to gain an exclusive, positive and prominent meaning within their minds. Therefore, managers must understand the importance of developing brand value through a defined strategy.

In fact, it is not only about the price or the design of the product. It is mostly about commitment, fulfillment and credibility. Upshaw (2007) also urges companies' talents to promote their products or services based on ethical and honest strategies, instead of giving rise to doubts and distrust. Food companies frequently advertise their products with some exaggeration or conceit towards their competition, when in fact the differences between them are minor. Brands have a tendency to simulate false product performance level, or included added-values which in truth, are not there. On the opposite, companies who established their relationship with clients on fidelity and long-term alliances will be rewarded for their efforts.



Clients will identify the brand as being strong. Current and potential customers will trust, respect, value and, above all experiencing the product will make customers happy. Leslie de Chernatony, Malcolm McDonald and Elaine Wallace (2011), say that “a successful brand delivers sustainable competitive advantage and invariably results in superior profitability and market performance” (p.24). In doing so, the brand “helps profitability by adding value that entices customers to buy” (p.25). To conclude this analysis on the different assets of a brand, it is important to note that all the notions presented above gather to make one single concept: brand equity. Milk and bread products will serve as an example in the rest of this chapter. The question is: how hard is it to create brand equity? People will usually choose the cheapest brand, or the one which is more readily available at that moment. On the other hand, beer and coke are heavily branded product categories, customers have developed a relationship. In this case, they will search for their favorite brand. It will be better explore these issues in the next chapter, which will better develop the concept and importance of brand equity

### **7.1.3. Brand Equity**

Known as the “effect and outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name” (Keller, 1993), brand equity, takes the brand as experience in its totality. It is also about the correlative effect it has on consumers’ interpretations. In fact, when marketers use this expression, they mean brand strength and brand description. Lisa Wood (2000) explains that “brand strength and brand description are sometimes referred to as “consumer brand equity” to distinguish them from the (brand) asset valuation meaning.” Brand Equity has proliferated into multiple definitions; aside from the lack of common terminology, concerning marketing or accounting areas, the author highlights the “importance of having a long-term focus within brand management (...). The concept has been defined both in terms of the relationship between the customer and the brand (consumer-oriented definitions) or as something that accrues to the brand owner (company-oriented definitions)”. is irrefutable. Feldwick (1996) simplifies the variety of approaches and provides an explanation for these concepts:

- Brand Value, as the total value of a brand as a separable asset;
- Brand Strengths (or Brand Loyalty), measures consumer’s attachment the Brand;
- Brand Description, (or currently, Brand Image) a description of the connections made by the consumer and the beliefs the consumer has about the Brand.

To dispel the existing confusion surrounding the “brand equity” definitions Kapferer (2008) underlines these three terms with limited boundaries. The author separates brand assets, strength and value. He then indicates a conditional consequence between them. Assuming an intrinsic relationship between the interpretations of brand equity, a casual chain is implicit, as shown in Figure 6. Kapferer (2008) shows all the indicators that cover and justify the three main concepts.

**Figure 6 - From awareness to financial value**



Source: Kapferer (2008)

Recent research on brand equity has gathered all of these aspects into two key drivers: (I) to build emotional connections with key stakeholders and (ii) to align the promise of the brand with the actual brand experience (Fisher-Buttinger and Vallaster, 2010, p.124). As the company is brought more into the brand, its actions and corporate decisions, such as advertising policies, merchandising for sales, or all the activities that create the point of contact between the brand and its clients, should produce trust and credibility. Authors believe that another strategy which will increase brand equity is to “focus on authenticity results in better alignment of intended and actual brand experience, potentially delivering a highly differentiated experience”. (Fisher-Buttinger and Vallaster, 2010, p.124).

Attempts to build strong brand value should be implement in collaboration with employees, retailers, distributors, stakeholders, and all of the staff who is in some way engaged with the brand. As a result, the customer relationship management must be precisely aligned with the company’s competitive strategy, along with the entire supply chain, in order to bring underlying credibility and have an appealing promise, which benefits both company and collaborators.

### 7.3. Food Brands

The food market environment is affected by many different forces, such as sociological forces, government legislation, international trade conditions, science and technology, and so on. In their 2008 Report, the Grocery Manufacturers Association (GMA) lists different assets such as assets affecting the consumer package goods industry, such as ethics, fraud and compliance, globalization, need for continual product portfolio management, private-label products, retail power, rising input costs, shifting consumption patterns, stakeholder demands, and supply chain complexity. Working in this industry is often quite complex, as it forces managers to face numerous marketing decisions. However, companies can use several tools, including demographic and sociologic studies, to understand the current market place. For example, a company interested in entering the market for sports drinks worldwide in a given country, might research on the number of people who are between the ages of fifteen and thirty-five, to see how they would constitute a particularly significant market or to foresee future trends (Perner, 2006). Using the right methodologies and studies, companies have the possibility to overcome obstacles and progress in the long run. In doing so, the successful food companies of tomorrow will then have to pay attention three certain facts: (1) globalization, (2) technological advances, and (3) deregulation. How can each of these developments apply to marketing in this industry?

1. **Globalization:** Global forces and competition, as international food chain, Hotels, etc., which have an established worldwide reputation, will continue to affect local and regional businesses and influence individuals' personal life and choices;
2. **Technological Advances:** Technology and science will continue to evolve. This especially applies in the case of small businesses, which have the advantage to be able to reward their customers with closer relationships, and can find new ways to promote their products through social networks and IT frameworks, as well as discover different approaches to service clients (online booking on the restaurant website, home delivery system, space for comments and recommendations, etc.);
3. **Deregulation:** The role of the state role is continuously changing and pushing further towards deregulation of the economic sector. The influence this has on agriculture production, on basic product prices, on the economical scope of offer and demand, affects the social behavior of populations as well as the international trade conditions between countries.

Be them either a gourmet restaurant with great success in a south American country, looking to expand to neighboring countries, or a more straightforward supermarket chain, companies must be very clear on the objectives they want to attain for the specific market they act on and for the concrete target, prior to establishing their market entry plans on a new place, or country. Brands with plans for overseas entry or expansion must evaluate factors that influence market price, product, place and promotion. The idea that there exists one correct strategy to expand and enter a market it's false (Perner, 2006). Each company, and industry, has its own characteristics and should find its own method, also regarding the conditions mentioned before. Brands must organize strict studies on competition, on customer behavior, on product prices, etc., so that they can adapt their offer, be it as food, as service, as comfort, to social and economic changes.

### 7.3.1. The Four “P’s”

They are designed as being the parameters which managers must control in order to make marketing decisions which are focused on the consumers The final goal of the marketing mix is thus to create perceived value and generate a positive response (NetMBA, 2002). In his “Food Marketing” article, Lars Perner (2006), taking this into consideration, describes the resources available to this industry:

- 1- **Product:** Refers to the tangible and physical products, as well as services, in which companies can invest, either (i) using high quality ingredients, or (ii) doing extensive research and development to improve it. For instance, McDonald's and Burger King spend millions of dollars to perfect the quality of their French fries. However, in today's Western markets, where tastes and preferences vary considerably, it has generally been found that products which offer a specific benefit – e.g., a very sharp taste in a type of jam – tend to fare better than imitating versions of these products, which are purely copies of a competitor's products. The challenge will be in offering the best product.
- 2- **Price:** Different strategies may be adopted according to different pricing decisions. In generic terms, there are two ways to make profit: either you (i) sell a lot and make a small margin on each unit, or (ii) make a large margin on each unit and settle for a lesser volume of sales. Currently, in the market field of competition, it is easier for companies if the market is balanced, which means that some companies will compete

on pricing and others will focus on other features (such as different taste preferences for different segments). This would bring differentiation among food companies and it would facilitate the consumer's decision. The same idea applies at the retail level, which is so important on the food market. Some retailers compete on pricing – such as *Lidl*, for example –, while others, such as the *El Corte Inglés*, compete on service. The ones which fit into the second category will benefit from clients' taste and preferences, and will charge higher prices.

- 3- **Place or Distribution:** Distribution is about taking the products to the customers. Once again considering supermarkets, we can see that they offer more products than those they have space for. Consequently, many manufacturers will find it difficult to have the logistic structure which will allow them to good quality storage. It will be later further explore this issue.
- 4- **Promotion:** It is about the various aspects of marketing communication. That means the communication of information about the product in order to generate positive customer response. Companies make use of such tools to convince consumers to buy more of their products, possibly at higher prices. Generally, we think of advertising by default, but coupons, in-store price promotions, in-store demonstrations, or premiums, are also very important tools in food promotion.

### 7.3.2. Food Brand Value Chain

A large part of the food products value-chain is distribution - efficiently taking the product in good conditions to where it is convenient for the consumer to purchase it - in a setting that is consistent with the brand's image. Also called Supply Chain Management (SCM), the logistics process in food industry is in charge of three activities: planning, implementation and efficient control of the flow of goods, services, values and all related information. This process will bring value to the brand, provided that it satisfies consumers' expectations. In its White Paper, the Agriculture and Natural Resources Team of the Department for International Development of the UK (DFID, 2004) states that "Modern food systems are accelerating towards a highly concentrated structure, in which most power and leverage

resides at the retail end, and in which benefits are passed to customers and shareholders rather than producers.”

Although many companies claim that they save costs by selling directly to their clients in other words, “eliminating the middleman”, it is a dubious claim. The truth is that intermediaries, such as retailers and wholesalers, tend to add efficiency, because they can perform expert tasks better than either the consumer or the manufacturer (Perner, 2006). In fact, the position of the retailer in this business has been changing in the past few decades, going from a position of price-taker to a monopsony situation (DFIF, 2004). This means that, currently, retailers hold tremendous market power. Producers and processors must face this challenge: the product, or service, of several sellers is sought by only one buyer - the “monopsonist”. Supermarkets chains, or food service companies, are able to dictate the rules and the buying terms to their suppliers. This market structure is gaining higher importance and getting heavier. Global supermarkets, such as Wall-Mart or Carrefour, accumulate vast sales. The Grocery Manufacturers Association (GMA) and the PricewaterhouseCoopers (PwC) agree on this idea, in their recent overview of “Industry economic impact, financial performance, and trends: Insights into the Food, Beverage, and Consumer Products Industry” (2006): “competitive pressures are increasing because CPG (Consumer Packaging Goods) companies’ biggest customers (i.e., large retailers) are gaining power through rapid consolidation”. Either way, with residual value coming from consumption patterns outfits or from the Supply Chain providers, it should be noticed that this value comes about, in large part, because a sequence of contributors allows each to specialize in what he does better and is best qualified to do. Large manufacturers can invest in brand building, and distributors can combine goods from many different suppliers to distribute and sell efficiently. When attached on this, the final consumer will make the best profit on the product and the company will reduce costs on banning non essential phases on the logistic process.

## **7.4. Building a Strategy**

### **7.4.1. Strategy orientation**

Since a literature review is a solid author's review created in order to consolidate the subject on the case study, it can be said that there are some interesting perspectives for building services brands, in different sectors or industries, which are suggested by several authors (Chernatony and Segal-Horn, 2001; Keller, 2009; Underwood, Bond, and Baer, 2001; Urde, 1999 and 2003). The relevance and adaptability of the referred authors' reviews on food industry was considered highly, given the unique characteristics of services in this market, as Chernatony and Segal-Horn (2001) refer to "the supply chain process, intangibility, inseparability of production and consumption, heterogeneity of quality, and perishability, delivery of the quality and value service brand is about the experience of the customer at the interface with the service provider".

Therefore, the authors argue, it is not correct to use the classical branding models for the food service sector, as was earlier explored in the case. It is understood that the organization, more specifically the staff, plays an important role in the company's entire strategy, as they influence brand quality and brand values through the relations they create with the consumers. In this specific industry, this relationship between the staff and their customers is extremely important in order to deliver a service of exclusivity and excellence, according with each client.

Keller's proposes (2009) also contributes to some of the most relevant topics of this paper. The author believes that the value of the SCM ultimately resides with the customer. Based on this assumption, Keller defines a model that highlights the brand value creation process, which begins when the company invests on a marketing program targeting actual or potential consumers. This way, marketing activities, such as events, fares, social networks used by the brands, will affect the customers' mind-set on what is the brand. In this sense, managers could use it as outcomes in terms of a brand's performance and the company's strategy definition.

Let's say, as an example, that a certain food brand presents its food and service during an event. People will feel delighted with all that was offered. Consequently, they will go on the Internet to search for more about this brand. Perhaps they will ask for their services later, or

leave good reviews on their Facebook page. They can even recommend it to friends. This feedback, which Keller is referring to, is what the brand should take advantage of.

This model also assumes that a number of linking factors intervene between these stages. These linking factors determine the extent to which the value created at one stage transfers or “multiplies” to the next stage.

The Marketing planning, which is defined by the company, is quite relevant if a company intends to grow. After being very clear on what are the company’s objectives in the long-run, the marketing plan must be well-integrated and carefully designed and implemented in order to be highly relevant (Keller, 2009). The Program Quality Multiplayer defended by the author refers to four of the quality factors which prove the success of the projected plan: (I) clarity; (ii) relevance; (iii) distinctiveness; and (IV) consistency.

Indeed, the multipliers also depend on market conditions, but they will help managers understand the degree to which the value created in the minds of customers affects brand performance, despite of various contextual factors external to the customer.

**Figure 7 - Brand Value Chain**



Source: Keller, K.L. (2009)



Underwood, Bond, and Baer (2001) contribute to this discussion as providers of a conceptual foundation for understanding the role of brand social identity in building the company's most efficient process. In fact, they use sports as an example. They identify four characteristics of the sports environment and propose that brands and strategy can be strengthened by fostering group experiences, establishing a unique history or traditions, initiating rituals, and designing a physical facility where the brand identity and the experience can coincide.

In addition, a strategy based on another brand building model gathers all the commodities together. Urde (1999) presents Brand Orientation as another approach that focuses on brands as strategic resources. According to this approach, the processes of the organization spin around the creation, development, and protection of brand identity in an ongoing interaction with target customers. The aim is to achieve lasting competitive advantages in the form of brands. Brand orientation strategy is focused on developing brands in a more active and deliberate manner, starting with the brand identity as a strategic platform. As the author refers, "the starting point for a process of brand building is to first create a clear understanding of the internal brand identity. The brand becomes a strategic platform; it will provide the framework to the satisfaction of customers' wants and needs" (Urde 1999, pp.129). The starting point for a brand-oriented company is its brand mission.

The whole process of strategy building begins with the creation of a brand and its values. Then, in the interaction with clients and customers, it will grow and achieve a longer and higher brand value. It is not the brand or the company who make efforts to grow, but it is the value delivered from the brand to the customers that will bring the need for it.

It can be said that the brand becomes an unconditional response to customer needs and wants, as a consequence of this orientation. This should, however, be considered with caution, given that "what is demanded by customers at any given moment is not necessarily the same as that which will strengthen the brand as a strategic resource. Following this reasoning, the needs' requirements should not be ignored, but they are not allowed to unilaterally steer the development of the brand and determine its identity neither its strategy (Urde, 1999).

Additionally, in a later article, Urde (2003) mentions that the process of building a strategic based on branding is a two-part approach: internal and external. He defines the internal process as that used primarily to describe the relationship between the organization and the

brand, gathering it all together so that the internal objective being for the organization to subsist its brands. Conversely, the external process is concerned with the relationship between the brand and the customer, with the external objective of creating value and forming long-lasting and loyal relationships with the customer.

After discussing all these strategies, the more accurate decision would be to take a little from each. How can managers in the food industry overcome this challenge?

#### **7.4.2. Strategy in food industry**

Food markets must consider several factors that affect the structure of the population, as saying their behavior, their preferences or their consumption patterns. Social and demographic changes will consequently affect companies that should always be following this movement and changes. Companies operating in the industry must be cautiously so they can offer what customers are looking for.

The first step is to define the strategy and determine the main objectives, in the short and in the long-run. Whichever strategy starting point the company decides on, it must absolutely bring (I) identity, (ii) differentiation and (iii) empathy. We shall first address the strategy concept. There is no unanimous proposal on strategy, but all authors agreed with the concept that defines a marketing strategy as the “what” and “why” of marketing activities. It is a game plan for achieving long-term objectives (Kotler, 2000).

When considering food companies, managers should be conscious that the strategies can sometimes be different from those in any other industry. How can food brands better define their strategy in order to gain competitiveness and distinction? In fact, the most important stage on the food sector is probably the supply chain. Once brands can establish their efficient supply chain, many challenges are solved and the whole strategy will be easily addressed. The truth in this sector is that the more people know the brand, the harder the challenge is for companies to convince more people to actually try the product.

The new undeniable trend is an increase in the number of emergent economies serving as good places for companies to invest. Russia, China, India, Brazil, etc., whose “market

economies are expected to grow two to three times faster than developed economies over the next few years” (World Economic Outlook, 2010). In overall economies, Consumer Package Goods is contracting; however on these economies, the middle classes are seeing their purchasing power increase with the arrival of international companies. Food companies must absolutely take advantage of their international presence and invest in these economies, in order to receive higher returns and to better explore potential customers needs.

This may be difficult to accomplish because of the high cost of the product and the vast number of choices of other products that consumers can consume. Emphasis may then need to switch to brand differentiation, as people are used to their local products, whose brands are already recognized. New brands may need to work on getting consumers to hold favorable beliefs about their brand. In later stages of the product life cycle, where most consumers’ opinions have largely been set, temporary increases – usually through price promotions –, may be the only realistic objective.

Indeed, according with Urde, a competitive strategy can be based on:

- Having a distinctive position in the market - based on differentiating yourself from rivals through your performance;
- Building core strengths (known as core competencies) being able to exceed customer expectations so that customers remain loyal to the business.

Although Brand Orientation strategy, earlier proposed by Urde (1999), could be the most comprehensive and embracing of all strategies, other important areas must be considered:

- What goods and services to produce, e.g. an integrated delivery service;
- Which places/targets will deliver best return on investment;
- How to build a competitive advantage, e.g. by providing product availability and disposal to the final customer.

Competition is increasingly global, with both suppliers and buyers being spread across the world. The increasingly complex marketplace, leads managers to increasingly need more business and interpersonal skills in addition to technical knowledge. Establishing the right strategy within the food industry faces pressure, not only in terms of delivering a proposal of brand value, but also a range of products and services quality.

## **7.5. Conclusion - Delivering Value Service**

Considering the current economic and financial global situation, it is urgent for companies to find new markets and new ways to approach the consumer. Some companies are clearly suffering losses, as their current markets and product demand is not high enough. A feel for growing and becoming bigger is urging, not only from big size companies, but also, and probably mostly, medium and small companies.

In order to successfully manage within an expansion and growth of the brand, companies should focus on the value, position and meaning their brand holds for the consumer. This is the greatest challenge companies have to deal with: how to maintain the values of identification and how to maintain the traditional image when going into a bigger context of commercialization. This entire process must be done with caution, as the wrong strategy can destroy all that the company has built up to that moment: the brand.

Even when companies are expanding from a local business into a regional one, which means local and traditional brands that work on a controlled environment with local and small strategies of marketing and communication, expansion is challenging. Looking for a new position and focusing on reaching more clients, brands also aim to maintain their identity and traditional values, so as not to lose the trust of their current clients.

## 7.6. Analysis' Tools

Overall analysis of the Case consists on a qualitative and descriptive data, about the market, the company, consumers and future trends. From an overall perspective – Portuguese market – the reader passes for local context – analysis of the reality of Santini. Indeed, the cases focus in the process of expansion, on strategic decisions, rather than in the concrete final result, or numbers. The primary objective passes through the promotion of gourmet ice creams as a delightful, healthy and valorous product. Also, some studies about ice cream market characteristics reveal some measures to fight seasonality, which students must be creative to understand and develop. This analysis also reveals the critical factors of success, the ones that gourmet brands must control in order to progress.

Quantitative analysis is also used, in order to understand the market evolution, globally and locally; collection of secondary data will help managers to take strategic decisions.

Quantitative information:

- Volume of ice cream consume per capita (EUA; Europe; Portugal)
- Value of the market (in Euros)
- Value of the market (in liters)
- In-Home consumption
- Analysis of Portuguese buying frequency
- Analysis of monthly consume percentages
- Competition patterns analysis

In order to join together qualitative and quantitative data, some tools are indispensable to understand the case scenario. In this case, the main tools are:

- Porter 5 Forces Analysis
  - The model is suggested as resolution proposal as a strategic tool
- Critical Factors of Success Analysis
  - Focus on identify and understand the main factors that influence the success of the companies that are competing in the industry
- SWOT Analysis

- Analysis of the strengths and weaknesses of the company and correlation with the external threats and opportunities of the market; relevant tool to understand the impact that such factors have on the company performance.

## 7.7. Animation Plan

| Session          | Objectives   | How to do it  | Time    |
|------------------|--|---|---------|
| 1 <sup>st</sup>  | Getting familiar with the case   | <p>Give the case to the students</p> <p>Resume of the case with the Teacher</p> <p>Class discussion, hold by the students, about the market characteristics, the main product, the services</p>   | 45 min. |
| Out of the class | Hear the case  | Individual reading  | 45min.  |
| 2 <sup>nd</sup>  | <p>Understand the case</p> <p>Analysis of Santini's strategy</p>           | <p>Identify the main factors that influence the marketing strategy in ice cream industry</p> <p>Discussion between the students about Portuguese competition intensity</p> <p>Distribution of case questions and resolution of the 1<sup>st</sup> one</p> | 60min.  |
| Out of the class | <p>Solving the Case</p> <p>Prepare class presentation</p>                  | Search of complementary information   | 120min. |
| 3 <sup>rd</sup>  | <p>Students presentations</p> <p>Discussion about the resolution found</p> | <p>Students presentation in different groups with power point</p> <p>Promote discussion and debate after the presentations</p>  | 60min.  |

## **7.8. Animation Questions**

Question 1: Which was the biggest difficulty found in the case resolution?

Question 2: Which was the biggest challenge found in the case resolution?

Question 3: Find yourselves in the role of the teacher. What data would you include in the Case in order to easier understand about Santini expansion?

Question 4: What questions would you insert in the case?



## CHAPTER 8. CASE RESOLUTION PROPOSAL

**Question 1: Briefly characterize the ice cream market in Portugal, determining what the main challenges companies have to deal with are and which Santini's Critical Factors of Success to fight them are.**

Ice cream market in Portugal is pretty different from European countries overall; it is very typical and still traditional. The first thing that distinguishes it is the marked seasonality, that is still part of consumers' habits of consume. Portuguese "forget" to eat ice creams during the cold times, so sales suffer big decreases during the winter months.

Another characteristic is that Portuguese prefer to eat ice creams outside home, so inside home consume is low, even though brands already offer many different take home options, either in the store, either in supermarkets. This can also be one reason why sales decrease in colder weather.

Also, ice cream industry in Portugal is dominated by two big players, Olá (Unilever) and Nestlé with more than 50% of market share. A lot of other players fight aggressively mainly in supermarkets to gain visibility: Cote D'ôr, Viennetta, and Häagen-Dazs. Also, there is a strong competitor in the distributor brand offer.

Gourmet and healthy ice creams are not yet a trend in Portugal, although people start looking for them, for healthier alternatives. So, gourmet brands fight to gain consumer attention and loyalty with different and intensive CRM strategies. Their big challenge is to persuade customers that it is worth to pay extra money for gourmet ice creams, as they bring extra services, such as prestige.

In conclusion, as already referred, main challenges companies have to deal in Portugal, are the seasonality and in home consume. In order to better deal and fight them companies must control certain factors that once brands dominate, will bring them competitive advantage and differentiation. Below, it is presented a list of some of the more important Critical Factors of Success that affect ice cream market. The Critical Factors of Success of a brand present the ones that bring more value to the client and that better differentiate a brand from the competition. Finding these factors is critical to build a strategy focus on its objectives. After analyzing this market the FSC will be:

▪ **Attributes / Decision buying Factors:**

Characteristics present of each brand that will influence consumers to buy. Normally they represent the quality and value recognized:

- Quality: is the most important attribute on gourmet ice creams once clients will pay more for having that on return.
- Store Ambience: Employees with good looking aspect, clean space inside the store with different spaces, attractive package, colors, all of these factors are really important to tempt clients to go inside, to stay, and to have a nice moment. In this case, Santini defends that their ice creams are supposed to be eaten on the street while you walk around, in fact their shop in Cascais used to have only few tables and a big balcony.
- Convenience: The place where the brand sells its products is very important. They are not everywhere; however their store is on a strategic place. It should be a place accessible for everybody, that's why they decided to open the store in Lisbon. The store localization it's a strategic point in the company's global strategy because the main revenues come from the store in this market sector.
- Innovation: It's another attribute that should be part of the brand values along with the quality; this is the most valued factor by clients. Innovate, ether in product or in service; sometimes it is just needed some creativity. Being to focus on innovation can cause problems as well because managers will forget the main product. So innovations should come along with the product itself. Companies can have innovations on the flavors, on the cones/cups design, in the relationship with clients.
- Competiveness: Being competitive is not just about being better and different from the other players. It should also be part of the company's strategy that assumes certain objectives in the long time period which will make the brand growth and gain market share. Once a company's ability to be competitive is established, the return on clients' loyalty will be higher.

▪ **Ability to control seasonal variations:**

The ability to control this factor is certainly a factor of success for the brand. Consumers will recognized and notice that the brand has different offers to the diverse times of the year.

Santini can do it by offering larger type of products beyond ice cream and join them together. In Portugal, it is Häagen-Dazs who better controls the seasonal variations and that has higher sales on winter times.

▪ **Logistics and Distribution:**

Ice creams are an impulsive buying. People see the advertising and remember to eat it. So brands should be literally everywhere if they want to gain market share. On the other hand, we can assist to the growth of gourmet brands that are exclusively located on their store and in some other restricted places and don't use general advertising media.

One way or another, the ability to assure logistics capacity until the last distribution channels or until the product gets to the final consumer is an indicator very important. The process of produce, transport, refroze and bring the ice cream on time will define if the brand can satisfy consumer's expectations. This will also increment the word-of-mouth not only between the final consumers but also in the middle distributions channels, as restaurants, bars, and coffee shops.

**Question 2: Develop a SWOT analysis to Santini actual strategy. Come up with suggestions to fight Threats and Weaknesses.**

Doing an intensive analysis to Santini's internal and external forces it was possible to build the following matrix:

| <u>Strengths</u>   | <u>Weaknesses</u>   |
|--|---|
| <ul style="list-style-type: none"> <li>• Santini's High brand value</li> <li>• Close relationship with customers</li> <li>• Use of high quality and natural ingredients (fruits)</li> <li>• Homemade production</li> <li>• "Word-of-mouth"</li> <li>• Geographic localization in Chiado, Lisboa</li> </ul> | <ul style="list-style-type: none"> <li>• Geographically close from competition.</li> <li>• Homemade production - cannot take advantage of economies of scale, having higher production costs.</li> <li>• The queue outside of the store: mainly tourists don't wait for it, besides in goes really fast.</li> <li>• The inexperience of selling its products through specialized distribution channels</li> </ul> |

| <u>Opportunities</u>   | <u>Threats</u>  |
|--|---|
| <ul style="list-style-type: none"> <li>▪ Store opened all year</li> <li>▪ Different products category</li> <li>▪ Clear positioning and brand idea in consumer's mind.</li> <li>▪ Name recognition – opportunity to grow internationally.</li> <li>▪ New points of sale</li> <li>▪ Increasing trend in health concerns.</li> <li>▪ Increase of in home consumption</li> </ul> | <ul style="list-style-type: none"> <li>▪ Seasonality</li> <li>▪ Growth of competitive brands – the growth trend regarding health concerns, brings non-premium competitors, such as the market leader <i>Olá</i>, awareness to the importance of using natural ingredients in the production of its ice-creams.</li> <li>▪ Financial crisis</li> <li>▪ The power of the main premium players can also be considered a serious threat because they can invest much more in advertising and R&amp;D. They have know-how and an industrial level that enables them to reach economies of scale.</li> <li>▪ Some players, namely Häagen-Dazs, are serious competition problem, as the offer Winter Ice Creams joint with other products category (like crepes).</li> </ul> |

Regarding the list of threats and weaknesses, here are some suggestions to fight them:

- Become geographically closer from competition: it can be a problem, as if clients find queue or don't find the flavor they want they go to other shop. But also can be seen as an advantage; it is more accessible and clients can choose where to go. To be stronger at this point, the brand must fight with services, as the product is the same.
- Homemade production can also be considered as a weakness because they cannot take advantage of economies of scale, having higher production costs – but this way Santini assures fresh and daily ice cream; however it is the key for success, clients recognized them for it.
- Have more service desks to attend clients, in order to reduce queue.
- The inexperience of selling its products through specialized distribution channels could be a disadvantage in the expansion strategy, however it can be overcome if Santini bets in home delivery system and warranties the supply chain to the already existent points of sale.
- Improve home delivery system, communicate and promote it, mostly in weaker times, to show Santini meets clients.

- Be creative and innovative in relationship with clients, to make them loyal, so they don't prefer other market options; offer loyalty card, with premium benefits, ask people support for their social causes, so that clients feel engage with the brand, suggest a tour around their factories of production, offer workshops to teach clients how to do ice cream.
- To fight and compete with geographically closed competition, Santini is already fighting with extension to different products as well, like "Melhor Bolo de Chocolate do Mundo" or "Areias de Cascais", doors open all year until late hours, presence in places with the same position: gourmet/good restaurants.

**Question 3: The Home Delivery System is one of the news Santini is improving to keep close from its clients. Who would you consider to be the target of this service?**

Santini is reinforcing its closeness with clients, and offer a Home Delivery System to take ice creams home is an excellent idea to fight against winter months decreases. This service is accessible to every clients, although it was not so publicized, so its target maybe more restricted that their Facebook followers. So, what would be the main target this service was designed for? Mostly for the ones who want to appreciate the pleasure of a Santini without leaving home, in a rainy day. Or possible for some family events, like family dinners, children parties, social meetings between friends. All of these scenarios would be the targets of the home delivery.

**Question 4: Reflect about Santini's motivations concerning its expansion strategy (Store in Lisbon, new Store image and refresh decoration, new timetables). In your opinion which should be the next steps?**

Motivations:

- Reach new clients which already know Santini;
- Reach clients who didn't know the brand;
- Gain market share;
- Become more competitive;
- Become closer to its clients: new store localization, home delivery service;
- Increase logistics efficiency;
- Turn a local brand into a regional brand;

- Be known and accessible to everyone.

#### Next Steps:

- Development of a CRM program to become closer from its clients, know their tastes, preferences and consume habits;
- Consolidate its presence in Lisboa and surrounds;
- Be present in some events or happenings through partnerships (ex: Estoril Open, Moda Lisboa, Caterings);
- Incentive social networks communication tools, bring clients to the store with offers and challenges, give clients feedback about some numbers and statistics (ex: number of clients on that day, the most consumed ice cream, clients box of suggestions) also in its website;
- Promote the home delivery service and their social causes as corporate communication.

#### **Question 5: Build a communication plan for the brand expansion (also use some other medias and alternative communication tool that could be exploited by the brand).**

Santini does not uses general and social media advertising, as TV, radio or outdoors. All of the expansion they are taking is being talking and being new in some newspapers and magazines, but mostly on internet. Social networks, where the brand controls their communication, it was renovated and it is now a frequently communication mean used. However, Santini isn't taking advantage of all potential of these tools. Respecting their option of don't spend money in traditional media, the following plan is suggested:

#### Internet:

Santini Web Page – Keep it up to date, with news, information's, curiosities, maybe create a blog, and promote a place for clients' suggestions. Right know the brand is using Facebook page for this, but in that way what is the point of having own web? Companies' web page should be its face to the world, so some layout changes could also be done. Home delivery and their social responsibility actions are not being advertised. Be more interactive.

Facebook – Is the most important point of interaction with clients, with space for questions and answers, where the brand announces their weekly news, as flavors, or initiatives. Since they have so much feedback on this mean, make use of it to make corporate advertising, to promote services, to be creative and innovative, to bring clients to the store. Promote their home delivery for Christmas time or New Year's Eve, find out clients birthdays and be close to them, intensify the relationship with their retailers, or distributors, doing some references to the restaurants or places where clients can find Santini. Do some agreements with restaurants, In order to have the same feedback.

#### In the Store:

This is the only direct point of contact the brand have with clients, it's the place where the final clients are, where the ones who bring sales are. This can be the most important point to create relationship, to know the clients, their taste and preferences, know a little about them. It is the collaborators who have this responsibility, of creating bounds. Besides using the store to communicate the values and the traditionalism of the brand, it is the place to promote all the services, to make clients take the new flavor, to make them feel engage with the family Santini. Make use of the walls to promote it, like a kind of story telling walls. Maybe they can promote here the home delivery, explain about the social responsibility with CADin, and promote the events where they will be present.

Around and outside the store, it is also important to advertise. For the ones who don't know (like tourists) but also for the ones who are passing around to remember them. Maybe just have some employees walking around Chiado would be enough. Use signs to announce the way, do some initiatives in Baixa, so that people remember and triggered the desire.

#### Internationally:

Take advantage of their current recognition to promote to tourists and international restaurants and hotels. Draw the attention of important chefs, other international and gourmet ice cream companies, but mostly be referred in tourist guides (like Lonely Planet or Guia Michelin).

**Question 6: The Portuguese chosen to go shopping in malls. Instead of being inside Armazéns do Chiado, where clients are, Santini decide to be in Rua da Prata. Can you explain this decision?**

It is very important to understand that the local the brand has chosen, in Lisbon, in Downtown, was not unintentional; their store is in Rua da Prata, just in the opposite side from a mall; nevertheless instead being inside, like any other restaurant or coffee shop, Santini is in the street. Portuguese are very used to go shopping in malls; the truth is that small commerce on the streets is dying as people think it is more convenient and maybe interesting and entertaining shopping in shopping centers. Construction companies encourage such behavior as in the end they also take financial advantages building the malls; in addition, companies and brands also preferred be inside the shopping mall as they will pay lower rental fees and it is where clients are. In this sense, Lisbon government is working to contradict this tendency; the revitalization of street stores and local commerce, along with increased security measures, brings local dynamism and attractiveness. Some people already prefer to walk around Lisbon streets. In line with the revitalization, Santini intentionally, choose this place to be.

**Question 7: In your opinion refer who are the really competitors of Santini and how Santini could differentiate from them.**

Santini is competing in the gourmet ice creams market. Indeed there are two main players on ice creams in Portugal, Olá and Nestlé, but we can't say that they are a threat to Santini. In overall matter, they have different position and offer different products and services, although some time ago they begun somehow to entre in gourmet market with some specific offer.

Regarding gourmet or premium market in Portugal we have 3 main players: *Haagen-Dazs*, *Baskin & Robbins* and *Ben & Jerry's*, with Haagen-Dazs leading the segment. These brands position is premium because they offer a value added service to the client with and high quality ice cream and great efforts on client service and attention. Also these brands have different segmentation and different logistics as they sell mainly through their own store and supermarkets. They are not everywhere; people have to go to meet them.

Concluding, it is with these brands that Santini is competing. Also the just recent Artisan Ice creams are growing and will certainly cause some threats to Santini.

What can Santini do? The most important thing and probably the most challenging one is maintain the quality into the expansion process. The brand has already opened a new fabric to answer to consumers expectations, they have the new store in Lisbon and they are now open all year in Lisbon and Cascais. So these factors could affect the production quality or could lead to a desire of produce more and more and decrease the quality. In fact many of its regular



clients claim the attention on these when the brand announced their expansion. The fact is that until now clients are very happy and satisfied and any complaint on the quality was noticed. Santini is quite comfortable within the expansion process and fairly safe to maintain its value proposition. On the opposite, people are enjoying this new strategy so innovative with new flavors variety, new causes for the brand sales, new approach regarding consumers.

This is one of the steps that Santini should focus on to fight the competition and growth. Another step is to improve sales in two ways:

1<sup>st</sup>: Give to know Santini to the ones who does not know it yet and that will come and try it;

2<sup>nd</sup>: Increase people frequency on the store and incentive them to buy more.

Usually companies use strategies of “pull” and “push” with concrete actions that will lead to achieve this objective, as well as will lead to self promotion. The push strategy is the classic advertising on the main social media (TV, Outdoors, and Internet). On these one Santini is only present on the Internet with social networks and their web page. This can be useful to become closer from clients, to promote new flavors, to be innovative and come up with promotions, challenges, and ways of clients getting engaged with them. Works, mainly with clients that already knew the brand, they “like” Santini’s Facebook. It can be used also to attract new clients, although won’t be so effective.

So what could the brand do to be known by other clients that never heard about them? Something is already being done, as being present in some restaurants and home delivery. But more should be done. For example, Santini could be on the dessert menu of some catering companies or events to big companies. This will reach their consumers type and will be the first contact with them. Then, bring them to the shop. Maybe create a special offer: the plate where ice cream is serving could be a voucher to eat another ice cream on their first visit to the shop. This is clearly a Pull strategy on which the brand in a subtle and discrete way makes consumers to get in touch with them.

What else could Santini do to differentiate from the competition? On these market brands should give really importance to their stores because it is also a unique value of the brand. Use the store decoration as a communication tool, communicate its product and its service, with fresh ambience, clean space, comfortable to chat or to rest or even to work. Besides these, what could be done? Most important of all is that clients feel like they are at home on the store. Employees are available to talk with them, tell them about the brand, tell them what

they are doing and also should have feedback on clients opinion or clients information. Build a data base with this information is more convenience and comfortable for everyone. Create “Ice Cream” happy hour, have different products than ice creams, like juice fruit or milkshakes, publicity the new releases of the week/month, have a newsletter available with news, employees opinions, even some column to the clients. Being interactive is the most important tool on this sector.

**Question 8: Analyze the competitive intensity of the industry where Santini acts on (using Porter 5 forces analysis).**

Porter's five forces analysis is a framework for industry analysis and business strategy development. Therefore, the author developed five forces that determine the competitive intensity and evaluate the attractiveness of a market: threat of substitute products, threat of established rivals, threat of new entrants, bargaining power of suppliers and the bargaining power of customers.

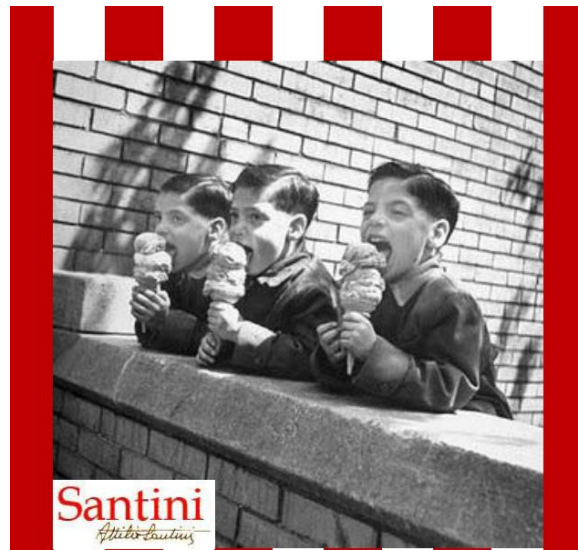
Trippingly, it will be presented an analysis of each force, in order to understand the attractiveness, or unattractiveness, of gourmet ice cream industry.

- **Threat of substitute products** – The existence of products outside of this industry that can substitute them, as they bring similar benefits, increases the probabilities of customers to switch. In this industry, the existence of substitute products is considered very high, mostly in the cold months, when sales decrease because people choose another product for desert. Hot cakes, pancakes, fruit, or snacks are somehow products that will substitute ice creams.
  
- **Threat of established rivals** – The intensity of competitive rivals determines the competition on the industry. In this case, innovation, creativity, price offer, extra services, intensity of advertising and communication, online presence, and so on, are important factors that will determine who wins the war and has competitive advantage trough differentiation. However, Santini, position as gourmet, is by itself in a different situation, which protects him from this factor. The new expansion and the store in Lisbon placed the brand in the head of every newspaper and in the mouth of everyone. For now, Santini this doesn't represent so high risk for Santini.

- **Threat of new entrants** – Brings a high risk of threat to Santini. Along with its expansion to Lisbon, a lot of other business people find out that this was have such success and becoming a trend to which Portuguese were joining. Artisani, frozen yogurts, and new offers coming from brands that already exist (as Olá), compete with the same target and offer the same category of products. Entry costs are low, comparing with long-run high profits.
  
- **Threat of new of suppliers** – Suppliers of raw materials, fruits, components, transportation, and services, can have an extremely power over the company, even more if there aren't substitute suppliers. As seen in the case, supply chain is extremely important in this industry in the way they must make sure the quality and accessibility of the products. For Santini, this force does not represent such a risk as they can be easily substituted.
  
- **Bargaining power of customers** – Quantities bought, clients information, clients purchasing power, degree of dependency from the product, uniqueness on the industry, are some factors that will influence the bargain power of buyers and determine the risk it will have to the brand. In this case, the risk is pretty high to Santini, due to the economical crises and the high price of their offers, comparing with other ice cream companies, or other deserts available. Ice cream can be easily substituted and if people are not awareness of it, sales will decrease. Also, word of mouth, that can't be controlled by the company, has so much power to Santini, and if something goes wrong or another company, with better proposals appears, people can change preferences.

In conclusion, it is possible to say that gourmet ice cream is quite attractive to new companies to enter, as the gains and high returns are easy to achieve. Attractiveness, in this context refers to the overall industry profitability.

## 8.1. Resolution Slides



### Case Study Resolution Being Traditional in The Global – Santini Case Study



#### Question 1: Ice cream market in Portugal, the main challenges and Santini's Critical Factors of Success

- Challenges  
Increase in home consumption to fight seasonality, increase ice cream consume per person and increase the consumption of gourmet ice creams; fight economical situation so that clients are available to pay more for extra value.
- Market
  - Seasonality;
  - Outside home consumption higher than inside;
  - Unilever/Jerónimo Martins e Nestlé dominate the market;
  - Grow on healthy habits and search for gourmet products
- Santini's CSF of differentiation
  - Quality
  - Store Ambience
  - Convenience
  - Innovation
  - Competiveness
  - Ability to control seasonal variations
  - Logistics and Distribution



## Question 2: S.W.O.T. Analysis

### Strengths

- Santini's High brand value
- Close relationship with customers
- Use of high quality and natural ingredients (fruits)
- Homemade production
- "Word-of-mouth"
- Geographic localization in Chiado, Lisboa

### Opportunities

- Store opened all year
- Different products category
- Clear positioning and brand idea in consumer's mind.
- Name recognition
- Increasing trend in health concerns.
- Increase of in home consumption

### Weaknesses

- Geographically close from competition.
- Homemade production - cannot take advantage of economies of scale, having higher production costs.
- The queue outside of the store: mainly tourists don't wait for it, besides in goes really fast.
- The inexperience of selling its products through specialized distribution channels

### Threats

- Seasonality
- Growth of competitive brands
- Financial crisis
- The power of the main premium players
- Some players, namely Häagen-Dazs, are serious competition problem, as the offer Winter Ice Creams joint with other products category (like crepes).



## Concrete Measures

### COMPETITION

- Be geographically closer from competition
- Offer different services
- Increase the number of employees to end with the row
- Melhor Bolo de Chocolate do Mundo with an ice cream ball; creps with ice cream; fruit milkshakes

### HOME MADE PRODUCTION

- Increase freshness and diversity of flavors
- Save on logistics costs, to invest on production

### DISTRIBUTION CHANNELS

- Presence in HORECA channel – Gourmet Hotels and Restaurants
- Their own home delivery service – Must communicate and promote it

### CUSTOMERS

- Virtual loyalty card, with name recognition, which gives points and extra credits when clients give suggestions



### Question 3: Home Delivery Target

- **Main Clients:**  
The ones who want to appreciate the pleasure of a Santini without leaving home

**Opportunities:**  
Family events, like family dinners, children parties, social meetings between friends



### Question 4: Next Steps

- Development of a CRM program to become closer from its clients, know their tastes, preferences and consume habits;
- Consolidate its presence in Lisboa and surrounds;
- Be present in some events or happenings through partnerships (ex: Estoril Open, Moda Lisboa, Caterings);
- Incentive social networks communication tools, bring clients to the store with offers and challenges, give clients feedback about some numbers and statistics (ex: number of clients on that day, the most consumed ice cream, clients box of suggestions) also in its website;
- Promote the home delivery service and their social causes as corporate communication.



### Question 5: Innovative Communication

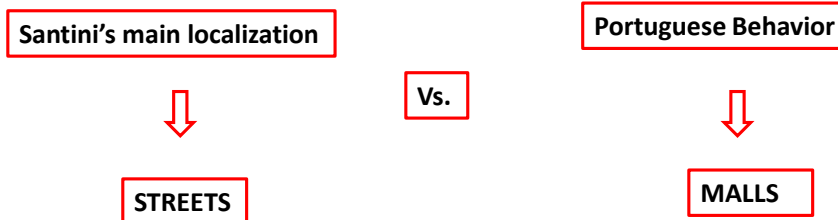
|                 |   |   |
|-----------------|---|---|
| <b>INTERNET</b> | <b>Web Page</b><br>Keep it updated<br>Blog<br>Suggestions box | <b>Facebook</b><br>Promote Home Delivery Service<br>Bring clients to the store<br>Corporate Communication |
|-----------------|---|---|

|                     |  |   |
|---------------------|--|---|
| <b>ON THE STORE</b> | <b>INSIDE</b><br>Opportunity to meet clients<br>Story Telling walls<br>Direct contact with clients | <b>OUTSIDE</b><br>Promotion in the surroundings streets<br>Signalization to reach the store<br>Flash Mobs Santini |
|---------------------|--|---|

|                      |   |
|----------------------|---|
| <b>INTERNATIONAL</b> | <b>Be in the mouth of the world</b><br>Claim tourist guides and international ice cream brands attention<br>Be referred in tourist offices so that tourists know them |
|----------------------|---|



### Question 6 – Lisbon Downtown revitalization



**Reinforce street commerce, small business, bring clients and people to the streets**

**Be different from the other brands, gain visibility**



Commercial Ice  
Creams



The real competitors

- Maintain the quality into the expansion process
- Give to know Santini to the ones who does not know it yet and that will come and try it
- Increase people frequency on the store and incentive them to buy more
- Catering dessert
- Use the store decoration as a communication tool
- "Ice Cream" happy hour



**Question 8: Porter 5 Forces Model**

| Porter Forces                       | Description  | Weight (1-5) |
|-------------------------------------|--|--------------|
| Threat of substitute products       | cakes, pancakes, fruit and snacks                    | High - 5     |
| <b>Threat of established rivals</b> | Gourmet Positioning                                  | Low- 2       |
| <b>Threat of new entrants</b>       | Low entry costs, High Profits                        | Moderate- 4  |
| <b>Threat of new of suppliers</b>   | Existence of several suppliers                       | Low - 2      |
| <b>Bargain Power of Customers</b>   | Economical crises and the high price of their offers | Moderate - 4 |
| Medium Attractivness                | Medium Attractivness                                 | 3,4          |

## CHAPTER 9. PRATICAL IMPLICATIONS OF THE STUDY AND CONCLUSIONS

In a worldwide economy, companies or brands can't stay on their own "sphere" of action. Companies suffer of "Market Myopia" which means that they look around but don't take decisions on consideration of the overall market development. Brands are forced to look further, in order to bring innovative and revolutionary products, giving consumers benefits they expect to receive.

This case gives it's contribute to deeper comprehension on how brands can become bigger, on the necessity of going out of their local places, in order to gain competitive advantage. Besides this, expand a brand is a complex and long stage processes, that implies not only market research but also a deep knowledge on Marketing basis and foundations.

In Portuguese context, brands are still afraid and don't assume the risks, rather prefer staying on their domestic market. Regarding this, the Case presents a practical and successful example of a local and traditional brand going into the global market, facing the international big brands. The Case brings some relevant tools into this strategy on Santini, which is a national very well know brand. In existing dynamic and hard competitive context, Santini's Case study allows:

- Identify strengths and weaknesses of the company, in order to better position itself into the *core* market;
- Development of methods and techniques to approach national/global markets, focus on brand positioning;
- Improvement on management capacity to analyze companies and their markets, regarding a dynamic action.

In conclusion, according to TNS-World Panel, Portugal is still a good place to develop ice cream market; however it persists with strong seasonality in this category, despite producers and distributors efforts to reverse it. Companies should focus on their core strategy and brand idea so that with the expansion and the desire to growth they don't lose their identification.

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