CATÓLICA LISBON
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Masters of Science in Business Administration

Danone: let's rebrand DanUp

Enhancing Brand-Consumer Personality Congruence through Packaging Design

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Abstract

In light of profound changes shaping the Portuguese dairy market and Danone's overall worsening performance, this Case Study assesses the visual rebranding strategy of DanUp and the impact of its new packaging design on the brand's equity.

Using extensive secondary data collected from Danone and an in-depth interview to one of the company's brand managers, we first examine the yogurt industry's growing competitive landscape and the key drivers affecting its structure. Next, we focus on DanUp's new brand architecture, whose foundation rests on developing a brand personality congruent with target consumers' so as to positively influence specific brand responses.

An online survey based on Aaker's (1997) personality framework was designed to test target consumers' perceptions on the personality traits elicited by DanUp's old and new packaging designs. Our findings suggest the new design effectively enhances DanUp's brand-consumer personality congruence as it better communicates young adults' characteristic exciting traits. Supporting this, brand likeability and willingness-to-pay were both found to be positively influenced by the new bottle design.

Yet, secondary target personality traits were revealed to be negatively affected by the new packaging, which calls for the need of finding additional marketing variables capable of maximizing the brand's personality congruence with target consumers'. Directions for future research are also suggested, namely an empirical test on the individual contribution of each brand element to DanUp's enhanced ability in establishing exciting traits.

For managers, since this was a real issue experienced by a renowned food multinational operating in a highly competitive market, this Case Study provides a valuable benchmark for their own rebranding decisions. For academics, it also shows how Aaker's (1997) acclaimed framework can be used to measure the impact of a specific branding variable on a brand's personality.

Keywords: Fresh Dairy Products, rebranding, brand personality, packaging design.

Sinopse

Tendo em conta mudanças profundas no mercado Português de lacticínios e a evolução negativa da Danone, este Estudo de Caso avalia a estratégia de relançamento da marca DanUp e o impacto da sua nova embalagem no valor da marca.

Utilizando dados recolhidos na empresa e uma entrevista detalhada a um dos seus gestores de marca, examinamos em primeiro lugar o aumento da rivalidade competitiva na indústria e os aspectos-chave que afectam a sua estrutura. Depois, focamo-nos na nova arquitectura de marca de DanUp, assente no desenvolvimento de uma personalidade de marca congruente com aquela do seu público-alvo de modo a influenciar positivamente o seu comportamento.

Um inquérito baseado na escala de personalidade proposta por Aaker (1997) foi efectuado para testar as percepções do público-alvo da marca no que respeita à personalidade comunicada pela sua nova embalagem e pela antiga. Os resultados encontrados sugerem que a nova embalagem melhora efectivamente a congruência de personalidade entre a marca e os seus consumidores-alvo, uma vez que comunica melhor os traços de entusiasmo característicos dos jovens adultos. Suportando esta conclusão, a pré-disposição para pagar e o gosto pela marca são demonstrados estarem positivamente influenciados pela nova embalagem.

No entanto, traços secundários da personalidade-alvo revelaram-se estar negativamente influenciados pela nova embalagem, o que gera a necessidade de encontrar variáveis de marketing adicionais capazes de maximizar a congruência da personalidade da marca com aquela do seu público-alvo. Direcções para investigação futura incluem ainda o teste empírico à contribuição individual de cada elemento de marca para a capacidade melhorada de DanUp em estabelecer traços de personalidade entusiastas.

Para os gestores, dado que este foi um problema real de uma multinacional reconhecida na indústria alimentar a operar num mercado altamente competitivo, este Estudo de Caso constitui uma referência valiosa para as suas próprias decisões de relançamento de marcas. Para os académicos, é também um exemplo de como a escala reconhecida de Aaker (1997) pode ser utilizada para medir o impacto da manipulação de uma variável de marca específica na personalidade desta.

Contents

Preface

Many students struggle when choosing a topic for their Master thesis. Fortunately, I found the choice of this topic to be a no-brainer.

First, I have always been intrigued by how brands evolve throughout time. I particularly enjoy looking at the logo design and packaging evolution of famous brands and research on the thinking behind each stage.

Second, as a Marketing Trainee at Danone Portugal, I had the opportunity to experience first-hand how rebranding is put into practice. Having worked directly on the relaunch plans for DanUp – a strategic brand for the company in the liquid yogurts segment –, it would then be extremely interesting for me to study its core issues from a more academic perspective.

I am deeply grateful for all the support and resources I was given at Danone, without which this Case Study would not have been made possible. I would also like to thank my supervisor, Professor Pedro Celeste, for his invaluable insights and guidance.

Also, a very, very special thank you goes out to my parents. This sets the end of my academic career and the beginning of a new journey into my working life, which I would never be prepared for without your caring and love.

At last, I extend my appreciation to Mad Men's lead character Don Draper, who has greatly inspired me in the fields of branding.

Introduction

1. Purpose Statement

Rebranding will always be a sexy field in marketing. Indeed, marketers are often thought of as advertisers whose job consists of creating and managing the visual elements of a product to make it more appealing and impactful to consumers.

Yet, rebranding is also a highly relevant topic as it defines the critical moment when a brand aims at establishing a new position in the minds of consumers and improving its consumer equity. In most cases, this involves redesigning the brand's elements in an attempt to make the brand image more consistent with target consumers' own self-image.

The ultimate objective of this Case Study is precisely to assess the effectiveness of DanUp's new packaging design in enhancing its brand-consumer personality congruence. More specifically, one aims to investigate the extent to which the personality associations target consumers attach to DanUp's new packaging design are congruent with their own personality.

2. Research Questions

The set of Research Questions that best fulfills this purpose is the following:

1. How has the yogurt market been evolving in Portugal?
2. What is target consumers' personality?
3. What is the impact of DanUp's new packaging design on its brand-consumer personality congruence?
4. What is the impact of DanUp's new packaging design on target consumers' willingness-to-pay?

3. Methodology

We will start by providing a structured literature review on brand elements. Particularly, we will focus on their role in creating brand identity and shaping brand image, namely in terms of brand personality dimensions.

Next, using data collected from Danone and an in-depth interview conducted with DanUp's brand manager Sérgio Dias, we will assess why there is a need to rebrand. Taking into account the sequence of the four Research Questions listed above, this requires examining the market of Fresh Dairy Products in Portugal and the performance of DanUp.

Following this analysis, using a consumer research study commissioned by Danone in 2012, we will outline target consumers' personality and discuss DanUp's overall visual rebranding strategy. Naturally, this includes a detailed overview of its new packaging design and the brand elements it encompasses, focusing specifically on its new logo and color code.

Finally, we depict the results of an online survey we conducted with target consumers designed to explore the extent to which the brand's new packaging design is congruent with their own personality. Additionally, its impact on their brand likeability and willingness-to-pay are also measured so as to properly quantify the incremental value it adds to the brand's equity.

Literature Review

The traditional definition of a brand, as proposed by the American Marketing Association (AMA), is the following:

"A name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors".

Although a large body of literature accepts this definition (e.g. Kotler and Armstrong, 2010), some researchers consider it incomplete due to its lack of regard for the intangible brand dimensions and consumers' perceptions (de Chernatony and Riley, 1998). Although visual elements do influence consumer responses (Keller, 2003), many have noted that consumers are not mere passive recipients of branding activities (e.g. Meadows, 1983). Therefore, to avoid such branding myopia[1], scholars have conceived comprehensive models to conceptualize a brand in broader dimensions.

The most famous of these is Keller's (1993) Customer Based Brand Equity Model (CBBE). Structured in a pyramid-shaped sequence of steps, its basic premise is that the value of a brand lies in everything consumers have learned, felt, seen, and heard about the brand.

1. Brand Identity

The first step to building a strong brand in the CBBE model is defining the brand identity i.e. establishing "who the brand is" by ensuring its identification with consumers and linking it to a product class or customer need (Keller, 2001). This entails developing deep and broad brand awareness so that consumers can easily recall the brand and associate it with a high range of occasions, which in turn results in a highly salient brand in their minds (Aaker, 1991).

[1] Marketers of large companies in particular have been blamed for regarding brands as the "raison d'être" (Rust et al., 2004) and an end in themselves (Berthon et al., 2007).

As the visual meaning derived from its visual impact (Zaichkowsky, 2010), brand identity can be defined in terms of the combined contribution of all brand elements – brand name, logo, color, slogan, packaging and so forth – to brand awareness and brand image (Keller, 2008). As such, through these elements, brand identity embodies the vision and aspirational image of what brand managers want their brand to stand for (Aaker, 2010).

Embracing brands as more than the sum of their tangible parts, some authors have nevertheless conceptualized brand identity in more holistic terms[2]. Still, for the purpose of this Case Study, we will confine brand identity to its traditional focus on brand elements, given that rebranding is often referred to as the process through which marketers create a new visual identity (Stuart and Muzellec, 2004). In particular, let us consider the brand model proposed by Lencastre and Côrte-Real (2010), who organize the different brand elements into three layers of brand identity: core identity, actual identity and augmented identity.

A. Core Identity

The most basic form of a brand's identity is established by its name (Kohli et al., 2007). As the basis upon which brand awareness is built, it is the first driver of associations in consumer memory (Aaker, 1991), having a pivotal effect on their favorability, strength and uniqueness (Keller, 1993). It is also the most cost-efficient brand element to achieve brand recall and image targets (Robertson, 1989), such that the brand name of a successful innovator may well become identified with the product category itself (Zaichkowsky, 2010). For these reasons, regardless of Shakespeare's view that a "rose by any other name would smell as sweet", changing the brand name ultimately represents a revolutionary change in brand identity (Stuart and Muzellec, 2004).

To assist marketers in selecting an effective brand name, scholars have examined specific features that positively affect brand awareness and brand associations. For example, Robertson (1989) suggests that a memorable brand name is simple, distinctive, meaningful, emotional, and

[2] The most noteworthy model of brand identity is Kapferer's (2008) hexagonal prism. According to the author, brand identity is as a whole of six integrated facets: physical appearance, relationship, image, personality, culture and consumer self-image.

makes use of morphemes and phonemes, which link the sounds of vowels and consonants to convey specific meanings and verbal imagery.

Supporting these guidelines, Klink (2001) found that sound symbolism and semantic imbeds conveying product-related information increase brand likeability and strengthen its positioning in consumers' minds. Furthermore, this information is processed in an automatic and effortless manner, which is particularly useful for low involvement products due to the limited attention consumers usually devotes to their evaluation (Yorkston and Menon, 2004).

B. Actual Identity

Brand actual identity refers to the graphical expression of the brand name, namely through brand elements such as its logo and main colors (Lencastre and Côrte-Real, 2010).

Although not as fundamental as the brand name, logos aid consumers in brand identification and enhance brand awareness (Keller, 2008). Strongly correlated with one's ability to recognize a brand (van de Laar and van den Berg-Weitzel, 2004), logos are the chief symbolic identifying mark and the primary source of visual identity. Indeed, logos have long been useful in advertisements (Christian, 1965) and in the global marketplace, where brand identity must transcend language and even alphabets (Zaichkowsky, 2010). Over time, as consumers process pictures faster than words, an effective logo may well become equated with the brand itself in their minds and become the central element of brand equity (Aaker, 1991).

Unlike brand names, logos can be periodically updated to reflect consumers' evolving tastes (Kohli et al., 2007). In fact, rebranding is often associated with a logo change, which serves as the key signal of the brand's rebirth (Stuart and Muzellec, 2004). One should note however that the impact of logo changes on consumers' responses depends on their commitment to the brand; whereas weakly committed consumers react more favorably, strongly committed consumers react more negatively (Walsh et al., 2010). As the latest logo redesign of Apple exemplifies, brand loyalists can definitely complain about the slightest of changes (Kahney, 2003).

To design an effective logo, Henderson and Cote (1998) offer useful guidelines to aid marketers in achieving their branding goals. For example, to generate high brand recognition and affective consumer responses, a logo should be very natural and harmonious, which means its design is both symmetric and balanced. It should also be moderately elaborate, which entails some degree of complexity, flow, motion and depth. Similarly, other empirical studies report that abstract logos are most easily and faster recognized by consumers (van de Laar and van den Berg-Weitzel, 2004), which explains their popularity among rebranded brands (Stuart and Muzellec, 2004).

To a great extent, these guidelines also apply for typeface logos. For instance, pleasing and reassuring fonts are natural, simple and harmonious in design, while prominence can be improved by simply making their lines thicker (Henderson et al., 2004).

The influence of logo shape on brand likeability and familiarity is further enhanced when combined with color (Labrecque and Milne, 2012). In fact, the importance of the latter actually exceeds that of the former, as in the cluttered consumer goods industry it stands as the first identification device for the brand (Zaichkowsky, 2010). In the words of Fraser and Banks (2004), "Coke is red, Pepsi is blue, and that is the first reason you will never pick up the wrong bottle".

In effect, although it cannot be subject to copyright protection by itself, a color can create a strong visual brand identity due to its inherent distinctiveness and the resulting impact on brand recognition (Abril et al., 2009). Furthermore, it also plays a role in shaping consumer perceptions such as brand personality and purchase intent (Labrecque and Milne, 2012). Although color associations can vary from person to person (Fraser and Banks, 2004), researchers have found them to be fairly consistent on a cultural level (Madden et al., 2000).

Additionally, color associations are highly influenced by branding activities (Labrecque and Milne, 2012), which opens an opportunity for marketers to deliberately use colors with meanings congruent with target consumers (Zaichkowsky, 2010). Unfortunately, however, firms often devote little effort to brand color choice as they tend to rely excessively on subjective recommendations proposed by creative consultants (Gorn et al., 1997).

A broad array of research has studied the connotations elicited by each color. For example, whilst orange is deemed to be young and cheap, black is generally associated with power, stateliness and expensiveness (Madden et al., 2000). It thus stands for glamour, status and sophistication

(Fraser and Banks, 2004), which is why luxurious brands widely use it (Labrecque and Milne, 2012). In turn, blue signals intelligence, trust, efficiency, duty and logic (Fraser and Banks, 2004), being further related to calmness, gentleness and peacefulness across cultures (Madden et al., 2000).

C. Augmented Identity

The third and final level of brand identity in the brand model developed by Lencastre and Côrte-Real (2010) refers to the brand augmented identity, conceptualized as all other brand identifying elements that can also be legally protected. Among others, these include slogans and product packaging.

Contrary to logos, slogans have the inherent ability to explicitly communicate the brand identity, which effectively enhances brand recognition and recall (Kohli et al., 2007). They build brand awareness by playing off the brand name, working as useful "hooks" to help grasp the brand positioning (Keller, 2003) and its associations (Pryor and Brodie, 1998). Mechanically, their effectiveness is further enhanced when in the form of a jingle or song, particularly when other cues are lacking (Yalch, 1991). In a rebranding strategy, they are also the most flexible and less risky brand element for marketers to change (Stuart and Muzellec, 2004).

Empirical evidence also shows they are strongly interrelated with brand equity, such that slogans for strong brands are actually more liked and familiar than slogans for weak brands (Dahlén and Rosengren, 2005). Their contribution to brand equity is particularly noticeable in rebranding strategies (Kohli et al., 2007). According to Mathur and Mathur (1995), the announcement of a slogan change reportedly increases a firm's expected annual profits by as much as $8 million.

Still, at least for consumer goods, the most effective brand element to enhance brand awareness and establish brand identity is packaging (Wallace, 2001). Qualitative data examined by Underwood (2003) suggests this is largely due to its tangible form, which allows consumers to literally own and interact with the brand through purchase and usage. Rather than a non-product-related attribute (Keller, 1993), packaging is part of the actual product (Kotler, 2010) and therefore its influence on brand identity also derives from the functional, experiential or symbolic benefits consumers may realize through it.

As a powerful in-store stimulus to brand recognition (Kotler, 2010), novel product packaging creates a distinctive brand identity in consumers' minds (Zaichkowsky, 2010) and heightens brand recall (Keller, 1993). According to Underwood (2003), brand awareness is in fact a function of consumers' both mediated and lived experiences with packaging, especially in the case of homogenous consumer non-durable goods. In this category, its decisive impact on the brand-consumer relationship (Fournier, 1998) has actually been shown to be reflected on a firm's market value (Cousté et al., 2012).

Given such importance, it comes with no surprise that scholars consider packaging design decisions to be determining. By encompassing most other brand elements, a holistic package design combines visual and verbal appeal to convey meaning in a far richer perceptual whole than a brand element on its own (Orth and Malkewitz, 2008). Its visual appearance is thus an integral part of brand image, which is why it is so prominently featured on advertisements (Keller, 2008).

Considering specific packaging decisions, successful rebranding cases such as Pepsi and Victoria's Secret suggest that color is the most critical design element (Labrecque and Milne, 2012; Wallace, 2001). Considering the former, the adoption of blue was indeed the chief mechanism though which the brand successfully distinguished itself from Coca-Cola and created a brand identity more congruent with its youthful positioning (Underwood, 2003).

As the fragrance industry exemplifies, uniqueness in package shape also contributes to the distinctiveness of brand identity, such that redesigning the package silhouette has long been a proven success strategy to increase sales (Zaichkowsky, 2010). By making a package more attractive, marketers can for example positively influence consumers' perceptions on product quantity (Folkes and Matta, 2004). Similarly, a package shape that conveys symbolic meanings congruent with consumers' self-identity also influences their brand choice (Escalas and Bettman, 2005). This is particularly true for young adults, whose adventure-seeking personality makes them value design elements that break through the clutter, such as a unique contour shape or a new, original package color in a homogenous category (Morrison, 2000).

2. Brand Meaning

Once created the brand identity, the next step to building a strong brand in the CBBE model is to establish the brand meaning in the minds of consumers (Keller, 2001). This involves crafting the brand image, that is, the perceptions about a brand as reflected by the brand associations held in consumer memory. To succeed in creating brand equity, these need to be strong, favorable and unique (Keller, 1993).

Brand associations are nonetheless subject to temporal factors, as they change over time and across cultures (Berthon et al., 2007). Moreover, given the dynamic interplay between one's experiences with the brand and its image, consumers are adaptive learners (Van Osselaer and Janiszewski, 2001) who are likely to develop multi-dimensional association structures that differ from those intended by brand managers (Low and Lamb, 2000). In other words, consumers often change the meaning of a brand irrespective of how it is designed and perceived by marketers (Berthon et al., 2007).

To tackle this challenge, academics have long devised guidelines for managing brand image over time and securing its long-term consistency with brand identity – be it functional, experiential or symbolic (Park et al., 1986). For example, Aaker (2010) proposes leveraging the firm's own internal branding resources to narrow existing gaps between brand identity and its image. Elaborating on this approach, de Chernatony (1999) highlights the importance of delivering a consistent brand reputation through employees, whose identification with the brand's identity is particularly imperative in rebranding strategies (Stuart and Muzellec, 2004).

A. Brand Personality

Although brand associations can be anything linked in memory to a brand (Aaker, 1991), they can broadly be distinguished in terms of two main types of brand meaning: performance and imagery. While the former addresses consumers' more functional needs, the latter relates to the intangible aspects of the brand and the ways in which it meets consumers' psychological and social needs (Keller, 2001).

The notion that "we are what we have" reflects the role that brands can play in expressing one's self-concept and personal identity (Belk, 1988). Symbolic brands in particular are designed to associate the consumer with a desired self-image (Park et al., 1986), such that the resulting self-brand connection is one of the strongest types of brand-consumer relationships (Fournier, 1998). Supporting this view, scholars have found that consumers prefer brands whose image is congruent with their own self-concept or brands whose perceived values are identical to theirs (Sirgy, 1982; Gurel-Atay et al., 2010).

A key imagery association that serves these symbolic and self-expressing functions is brand personality (Keller, 1993). Indeed, as illustrated by Apple's "Hello, I'm a Mac/I'm a PC" successful campaign (Kotler and Armstrong, 2010), its perceived congruency with consumers' self-concept has been found to positively influence brand choice, emotional attachment, trust and loyalty (Maehle and Shneor, 2010; Biel, 1993; Fournier, 1998). Especially in homogenous categories, where reason lacks persuading power, advertisers have in fact long considered brand personality the primary differentiating asset for brand image in the long-term (Ogilvy, 1955).

Defining brand personality as "the set of human characteristics associated with a brand", Aaker (1997) developed a brand personality scale based on the "Big Five" human personality traits (Appendix 2). This scale was tested for robustness, reliability and stability, having also been validated to be generalizable. As such, her brand personality dimensions have been highly embraced by subsequent branding literature (e.g. Keller, 2001).

The scale uses 42 items that measure sincerity, excitement, competence, sophistication and ruggedness as five distinct brand personality dimensions, which comprise up to 11 traits each. For example, Excitement is described by "daring", "spirited", "imaginative" and "up-to-date", which greatly reflect young adults' personality, lifestyle, aspirations and needs (Morrison, 2000). Supporting this view, exciting brands are further portrayed by Aaker (1997) as "trendy", "cool", "young", "unique", "independent" and "contemporary" (Appendix 2).

To deliver a matching brand-consumer personality, firms have long conducted consumer research studies to design marketing variables accordingly (Tripplet, 1994). Considering for instance consumer goods, empirical evidence shows that brand elements such as color and packaging are particularly effective in shaping a brand's personality.

In a series of studies conducted with large samples of undergraduate students, Labrecque and Milne (2012) found that colors can indeed drive specific brand personality dimensions. For example, they report that red evokes excitement, blue signals competence and black conveys sophistication. Additionally, their research suggests that color induced brand personality dimensions of product packages lead to higher purchase intentions.

As the tangible vehicle for the expression of the self in low involvement categories (Underwood, 2003), packaging drives brand personality also through shape. In particular, Orth and Malkewitz (2008) propose that natural packaging designs signal competence, whereas contrasting packages convey excitement. The innovative use of shape to evoke such specific personality dimensions is especially effective for young adults, to whom packaging has been described as the "sole basis for brand personality" (Morrison, 2000).

3. Brand Responses and Brand Relationships

Brand awareness and brand image together form brand knowledge, conceptualized by Keller (1993) as an associative memory network containing nodes and connecting links that respectively represent stored concepts and brand associations. These linkages are strengthened each time two events co-occur, meaning for example that the more a brand name co-occurs with a benefit, the stronger the link between the two (Van Osselaer and Janiszewski, 2001). Thus, brand knowledge can ultimately be depicted as the residual effect left by each and every experience with the brand that gradually determine the personal meaning about it in consumer memory (Keller, 2003).

In the third step of the CBBE model, brand knowledge shapes brand responses i.e. how one thinks or feels about a brand (Keller, 2001). They can either be brand judgments, such as perceived quality, or brand feelings, which refer to consumers' emotional responses. These include excitement, a value that has gained great importance in the last three decades (Gurel-Atay et al., 2010).

Finally, the upper step of the CBBE model focuses on brand resonance i.e. the "completely harmonious relationship between consumers and brand" (Keller, 2001). Its dimensions – behavioral loyalty, attitudinal attachment, sense of community and active engagement – are indeed consistent with noteworthy brand relationship models, such that of Fournier (1998). They also support findings on brand congruency literature, namely in terms of reference groups (Escalas and Bettman, 2005), expression of the self (Belk, 1988) and brand personality (Maehle and Shneor, 2010).

Brand responses and brand resonance together represent brand equity, that is, the differential effect on consumer behavior caused by brand knowledge (Keller, 1993). In effect, brand equity only occurs when consumers have a high level of awareness and familiarity with the brand and hold strong, favorable and unique brand associations in memory (Keller, 2001).

As the physical devices that allow consumers to identify the brand, learn its points of difference and attach associations to, brand elements are the primary drivers of brand knowledge and thus are critical to brand equity (Keller, 1993). Apart from enhancing brand memorability, they further impact its meaning and likeability (Keller, 2008). Indeed, in the very definition of a brand, rather than continuing to regard them as mere identifying signs, scholars have in fact widely embraced their active role in shaping consumer behavior (Lencastre and Côrte-Real, 2010).

Case Study

This section follows the natural flow of the four Research Questions proposed earlier. As such, we first outline the market of Fresh Dairy Products in Portugal and Danone's recent market performance. We then depict target consumers' personality and the company's packaging decisions aiming at developing a matching personality for DanUp.

Lastly, we analyze the results of our research, namely the degree to which the brand's new packaging design enhances DanUp's brand-consumer personality congruence as well as its influence on target consumers' responses in terms of likeability and willingness-to-pay.

1. Market Analysis

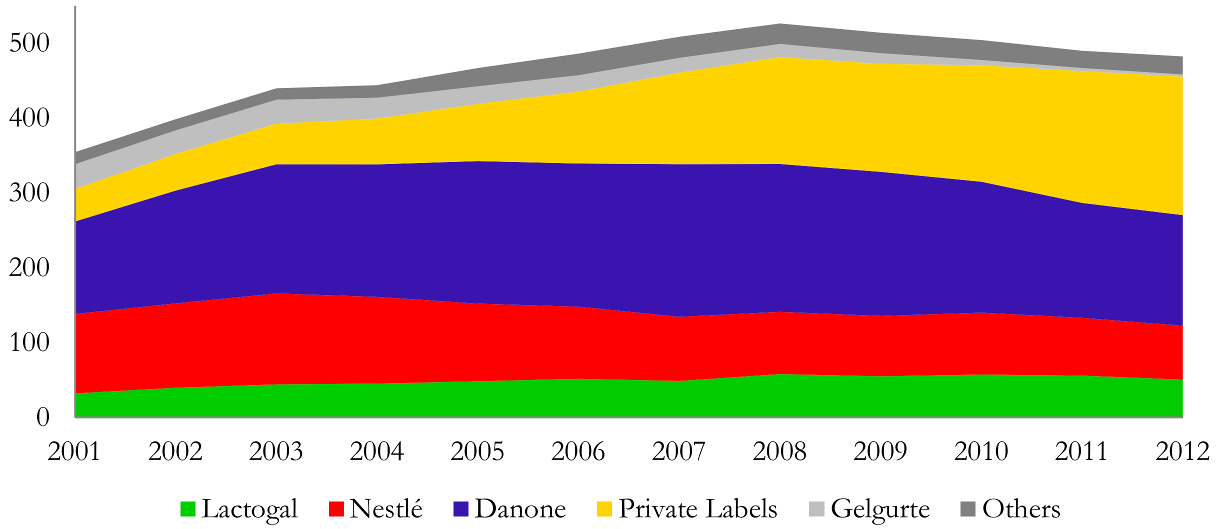
A. Key Facts

Fresh dairy products refer to food derived from milk, ranging from cheese and butter to ice creams and yogurts. In Portugal, Nielsen (2011) reports they are worth €1.467 million, which makes the dairy category by far the most valuable in the entire Portuguese food market. Of this amount, yogurts represent €483 million, generating an annual volume of 181.065 tons (Nielsen, 2012).

With a penetration rate of 96% and an annual per capita consumption of 21 kg (GfK, 2012), Portugal is one of the most mature yogurt markets in Europe. According to Sérgio Dias, brand manager at Danone, they are in effect the most visited section of any supermarket (Appendix 1).

The three major yogurt manufacturers in Portugal are Danone, Nestlé and Lactogal, whose combined market share totals 56% in value and 45% in volume (Nielsen, 2012). In recent years, they have however been losing market share to private labels, which already account for 38% of the market value and 48% of its volume.

Figure A – Market share in value (€ million)



Nielsen, August 2012

B. New Consumption Patterns

The growth of private labels is largely related to the growing price sensitivity of consumers, who increasingly prefer more basic and cheaper products (Kantar Worldpanel, 2012). Predictably, this is a result of the current economic downturn, which specifically drove the emergence of three major mass market consumption behaviors:

Table A – Emerging mass market consumption behaviors

Trading Down	Deal Hunting	Stocking Up
73,4%	63,1%	54,9%
of consumers increased consumption of private labels	increased usage of loyalty cards and coupons	increasingly take advantage of sales promotions to stock up

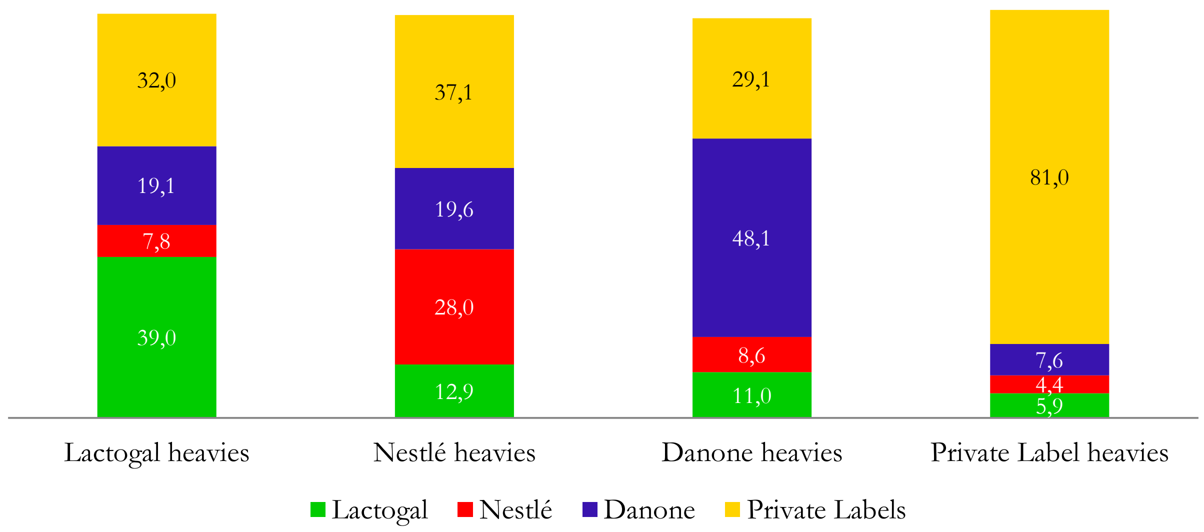
Consumer Intelligence Lab, 2012

Illustrating these trends, private labels are the only players growing in value. In fact, not only are they the uncontested market leaders in the core segments (Appendix 3, Figure 1), but they are also already outgrowing manufacturer brands in those of higher value, including the premium Greek segment currently led by Danone (Nielsen, 2012). Likewise, at the expense of all other players, their market leadership in volume has further been strengthening (Appendix 3, Figure 2).

To capitalize on these emerging consumption behaviors, modern retailers have been strongly committed to retaining customers through loyalty programs and frequent sales promotions. Distribution leader Sonae has particularly excelled with its loyalty card, which has reportedly saved its shoppers more than €1.120 million since its introduction in 2007 (Marketeer, 2013). Similarly, its close competitor Jerónimo Martins changed in May 2012 its long-lasting everyday-low-price positioning to a far more aggressive high-low promotional strategy (Rangel, 2012).

These strategies have greatly contributed to the performance of private labels in the yogurt category. Indeed, according to Kantar Worldpanel (2012), heavy private label consumers are loyal to private labels by as much as 81%, which in other words means that only 19% of their yogurt consumption is reserved for manufacturer brands. As shown in the following figure, this contrasts greatly with for example Danone heavy consumers, whose loyalty rate to the manufacturer's products barely exceeds 48%.

Figure B – Loyalty of heavy consumers in volume (%)



Kantar Worldpanel, 2012

Further reflecting the success of modern retailers' strategies, trust and awareness towards private labels have risen to unprecedented levels[3]. In effect, recent research shows that the top two brands of choice ranked by consumers are precisely Continente and Pingo Doce, respectively the two private labels of Sonae and Jerónimo Martins (Consumer Intelligence Lab, 2012).

C. Industry Structure

According to Porter (2008), the structure of an industry is determined by how its economic value is divided along the value chain as well as the extent to which it is limited by substitute products and constrained by potential new entrants. These competitive forces are the underlying drivers of industry participants' profitability and the foundation for their rivalry.

In the case of the Portuguese yogurt market, most of these forces have actually remained fairly benign. Assessing for instance the threat of new entrants, Sérgio Dias considers it very low due to the existing high barriers to entry (Appendix 1). First, incumbent players such as Danone and Nestlé have tremendous brand equity, meaning that one would have to invest a significant amount of resources to generate sufficient consumer awareness. Second, the growing promotional activity has pressured operating margins and thus heightened the need for economies of scale in production, which further increases the capital requirements for aspiring entrants.

The threat of substitutes is also negligible. Compared to other products, yogurts offer a very competitive price-quality trade-off, being perceived as practical, tasty and yet healthy snacks whose diversity and low price point greatly encourage daily consumption (TNS, 2012). In effect, they are by far the most planned food category. According to Kantar Worldpanel (2012), 62% of shoppers usually decide which yogurt segment and brand to buy before even entering the supermarket.

The industry's profitability is not affected by suppliers either. Even though there is no substitute input for its principal raw food material – milk –, production is highly fragmented. Therefore, as reported by Sérgio Dias, one is able to negotiate very aggressively with local farmers

[3] Naturally, this is also due to their continuous investment in advertising, which is today significantly greater in value than that of manufacturers. In fact, Sonae has become the largest advertiser in Portugal and its private label the most recalled brand in the country (Marktest, 2013).

(Appendix 1), who have in effect been protesting about low prices and urging for government intervention (Anonymous, 2011). Likewise, as for packaging materials suppliers, global procurement systems have constrained their negotiating leverage to a considerable extent (Danone, 2012).

In contrast to these forces, modern retailers' market power is increasingly higher. Whereas proximity channels continue to shrink at double-digit rates every year, the six leading modern distributors have grown to represent nearly 93% of the yogurt category value. Of this amount, Sonae and Jerónimo Martins respectively account for 39% and 19% (Kantar Worldpanel, 2012).

Their bargaining power has further been strengthened with the advent of private labels and subsequent market leadership. To make matters worse, Kantar Worldpanel (2012) reports that 39% of consumers consider the quality of private labels to be identical to that of manufacturers. Indeed, as Sérgio Dias notes, yogurts are becoming more homogeneous and undifferentiated products, as consumption is gradually shifting from quality to quantity (Appendix 1).

Ultimately, in the words of the brand manager, manufacturers are today "completely dependent on modern distributors; (…) they set the pricing, margins and even the terms of one's sales promotions" (Appendix 1). Consistent with these claims, several abuses have been denounced by industry representatives, including not only low buying prices, but also expensive listing fees (Silva, 2010).

Illustrating the extent to which modern retailers have forced prices down and thus bargained away the economic value created by yogurt companies, Danone's major profitability ratios have been falling sharply in the last decade in Portugal (Appendix 3, Figure 3). On the contrary, according to research conducted by the national competition authority in 2010, modern retailers' gross profitability has increased significantly in the dairy market and to a much greater degree than in other food categories (Appendix 3, Figure 4).

The industry profitability is further being undermined with the growing price rivalry among yogurt players[4] (Porter, 2008). As described by Sérgio Dias (Appendix 1), manufacturer brands are indeed more and more on sale. As of August 2012, sales of Danone attributed to promotions are in effect up 4,1% compared to the previous year (Nielsen, 2012), whereas those of Nestlé are already averaging one third of the company's total sales (Appendix 3, Figure 5).

[4] Reflecting an increase in competition and the overall lessening of industry participants' market power, the yogurt market Herfindahl index has been decreasing significantly (Autoridade da Concorrência, 2010).

There are a number of reasons why promotional activity is becoming higher and the industry rivalry more intense. First, the yogurt category is maturing, having decreased in value by as much as 8,2% since 2008 (Nielsen, 2012). Although innovation still provides room for growth, Sérgio Dias observes that most consumers are not looking for differentiated products (Appendix 1). As a result, most value-added segments – namely functional and health-related – are decreasing sharply in both market value and volume (Nielsen, 2012).

Second, exit barriers are significantly high, as manufacturers such as Danone have invested heavily in local production plants and therefore need to maintain production levels to avoid closing (Lopes, 2012). As a matter of fact, the manufacturer is actually planning to invest very substantially in its factory in 2013 to accommodate the production of new product innovations, including the new DanUp (Danone, 2013).

Finally, the competitive landscape in the distribution market itself is becoming fiercer[5], which further pressures manufacturers to lower prices and conduct frequent sales promotions.

2. Company Overview

With a market capitalization of $45.452 million, Danone is one of the biggest food companies in the world (Bloomberg, 2013). Headquartered in France, it produces fresh dairy products, bottled waters, baby food and medical nutrition products. In 2012, worldwide sales totaled €20.869 million, of which dairy products accounted for 56% (Danone, 2012).

Danone's mission is to "bring health through food to as many people as possible". Living up to this purpose, the company has built demanding governance structures to deliver its health strategy, being committed not only to producing safe and high quality foods but also to addressing major health-related societal challenges (Danone, 2009). In 2013, this commitment saw the

[5] On May 1st, 2012, Jerónimo Martins marked the beginning of its new high-low promotional strategy with an unannounced 50% off promotional day that attracted more than 275.000 people to its stores. Subsequently referred to as a "weapon of mass destruction" by industry analysts, this triggered intensive price wars across the entire modern distribution market (Carregueiro, 2012).

manufacturer being ranked the world's best large food company on nutrition-related practices (Global Alliance for Improved Nutrition, 2013).

In Portugal, Danone has in effect long been the strongest player on all health segments, such that its heavy consumers are significantly older than the heavy category consumers. As shown below, whereas the latter are in general young and large families with children, the former are mostly retired people aged 65 years old. Naturally, this greatly compromises Danone's future in the country, especially considering their weight on the company's market value.

Table B – Category heavies vs. Danone heavies

Fresh Dairy Products Heavy Consumers	Danone Heavy Consumers
35-49 years old (124)	+65 years old (132)
households with +4 members (153)	households with 1-2 members (103)
couples with young children (134)	retired (144)
19% of FDP total buyers	20% of Danone total buyers
44% of FDP market value	58% of Danone market value

Values in parenthesis denote development indices versus total buyers
Kantar Worldpanel, 2012

The commitment of Danone to healthy and high quality products has nonetheless greatly contributed to its brand equity, which GfK (2012) ranks as the highest in the market. However, compared to 2006, the market research agency does report an overall loss of 7%, which was largely driven by a significant drop in the rating of the manufacturer's price value (Appendix 3, Figure 6). Indeed, Danone's price point is the highest on the market, having nearly doubled that of Lactogal and private labels (Appendix 3, Figure 7).

To address the growing price sensitivity of consumers and the emerging consumption trends depicted earlier, the company started cutting its prices in 2013. Furthermore, as also suggested by industry analysts (Astley, 2012), Danone is shifting resources to more basic segments and cheaper products that better appeal to category heavy consumers.

The one-liter liquid yogurt launched in February 2013 illustrates the manufacturer's effort in executing this strategy (Appendix 3, Figure 8). Priced at €1,99 and targeted at large families with children, Danone's marketing director Cyrille Auguste points out it embodies the company's ultimate goal to aid consumers in saving money without compromising a healthy and nutritious diet (Anonymous, 2013). True to this promise, the price to kilogram ratio of this new product is one of the most competitive in the entire liquids segment (Appendix 3, Figure 9).

Lastly, to improve the loyalty of its heavy consumers, Danone is planning to launch in 2013 a CRM platform aimed at growing their consumption through targeted coupons[6]. In the long-term, the company expects this will also rejuvenate its consumer base by attracting its medium consumers, whose younger demographics profile is more consistent with that of the category heavy consumers (Kantar Worldpanel, 2012). Quantifying this opportunity, one estimates that if the consumption of 30% of Danone medium consumers became identical in volume to that of its heavies, an additional 5.913 tons per year in sales would be generated (Danone, 2013).

Most importantly, this new platform is also the company's first real attempt in building long-lasting and direct relationships with its most important consumers, breaking away from modern retailers' traditional interference.

A. Brand Review

Although it is slightly decreasing in value, the liquids segment remains the biggest in the yogurt market, accounting for almost 30% of the total category volume and 25% of its value (Nielsen, 2012). Unsurprisingly, private labels have greatly outperformed manufacturers, whose combined segment share in value barely exceeded 47% in 2012 (Appendix 3, Figure 10).

The manufacturer which has been dropping the most in the liquids segment is Danone. As depicted in Appendix 3 (Figures 11 and 12), sales of DanUp in 2012 were roughly 60% lower in

[6] The €1 million project code-named "Marshall Plan" will replicate the Gananones program developed by Danone Spain, which successfully increased the consumption of its active users by 5,2 kilograms per year. Like in the Spanish version, consumers will be encouraged to insert online the unique codes printed under the lid of all Danone yogurts and exchange accumulated points for coupons and other rewards (Danone, 2013).

both value and volume than those of 2009. According to the brand's marketing plan for 2013, its household penetration has also fallen considerably, from 37% in 2007 to 20% in 2012.

The performance of Danone's core line has been even worse. Having never succeeded in being cheap enough to represent a real alternative to private labels (Appendix 3, Figure 9), its segment share in volume fell in 2012 to a historical minimum of 2,9% (Nielsen, 2012), which places it at great risk of being delisted by modern distributors.

Sérgio Dias notes that the introduction of the liquids core line in 2009 actually ended up backfiring on DanUp (Appendix 1). First, rather than recruiting private label consumers, it cannibalized DanUp's sales, which were much more profitable. Second, it led to a severe decrease in resources allocated to DanUp. Indeed, in addition to a lasting brand communications divestment[7], Danone's promotional activity became the weakest of all competing manufacturers in the segment (Appendix 3, Figure 13).

Ultimately, according to a thorough market research study conducted by Netsonda (2012), DanUp lost its relevance to target consumers. Despite recalling its name[8] and valuing its long tradition of flavor innovations[9], respondents note the brand left their fridges unnoticed as private labels progressively took its place.

3. Target Consumers

DanUp's target consumers are young adults aged 18 to 24 years old[10]. The choice of this target market is based on both its size and relevance, as these one million consumers are by far the most representative age group in the liquids segment (GfK, 2012). Moreover, there is currently no

[7] Excluding the 2013 rebranding, the last major marketing campaign for DanUp happened back in 2007.

[8] Netsonda (2012) reports a 73% top-of-mind awareness.

[9] For example, in 2011, "popcorn" and "cappuccino" were added to DanUp's portfolio as two limited editions.

[10] According to Danone's marketing plans (Danone, 2013), the company is particularly focused on targeting male young adults. This is because most female young adults are already being targeted by Corpos Danone, the company's low-fat liquid yogurt brand whose rebranding in 2012 was a success.

other brand in the company's portfolio targeting young adults, which is particularly troublesome considering that Danone aims at rejuvenating its consumer base.

According to Netsonda (2012), the most valued aspect in life to these consumers is having a close group of friends with whom they can seize each day to the fullest. The consumer research agency also reports that despite the restraints imposed by the lack of time and money, they aspire to be free and in control of their own choices so as to pursue new life experiences:

Table C – The four major axes of young adults' life

Freedom	Time
Their greatest aspiration. They want to be free to make choices and do whatever they want.	Their scarcest resource. They wish they could have more time to be with friends.
Discovery	**Money**
They want to experience other realities, live adventures, take risks and discover their own self.	The means to travel, leisure and quality time with friends. They aspire to be financially independent.

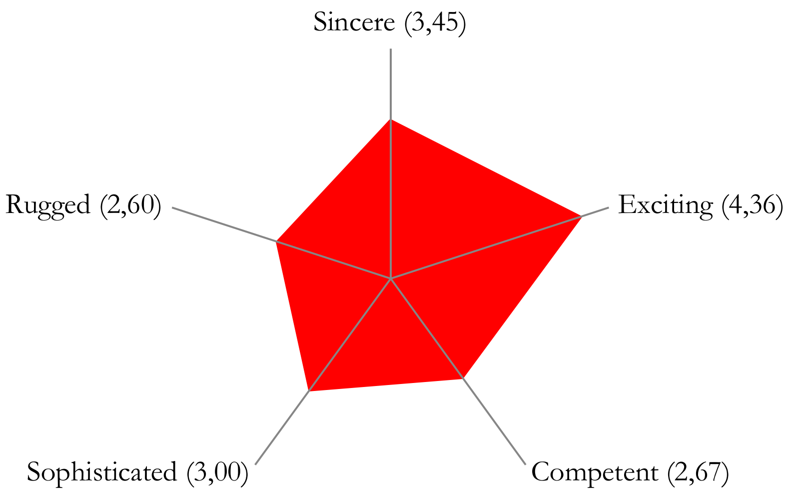
Netsonda, 2012

In-depth interviews conducted by Netsonda (2012) further revealed that young adults highly identify themselves with brands whose marketing communications revolve around being optimistic, seizing the moment and being true to one's self. In particular, the majority of interviewees mentioned Coca-Cola, Vodafone and Sumol – a well-known Portuguese soft drink brand whose marketing campaigns have greatly inspired DanUp's rebranding (Danone, 2013).

Based on these findings, Danone brand managers defined young adults' personality in five distinct personality facets: sociable, adventurous, innovative, irreverent and cheerful. Following existing literature on branding, Sérgio Dias highlights that these were the very foundation for the definition of DanUp's very own target personality, as the company's goal is to mirror target consumers' own self so as to enhance their preference for the brand (Appendix 1).

For the purpose of this research, Sérgio Dias was asked to elaborate on these five facets by rating DanUp's target personality according to Aaker's (1997) brand personality scale (Appendix 2). The mean values of the ratings for each of the five personality dimensions were the following:

Figure C – DanUp's target personality[11]



Following Aaker's (1997) procedure, the subject was asked to rate the author's 42 traits using a five-point Likert scale (1=not at all descriptive, 5=extremely descriptive)

The primary brand personality dimension that Danone brand managers aim at developing for the brand is therefore Excitement. In other words, based on the consumer insights reported by Netsonda (2012), exciting traits are the best at maximizing DanUp's brand-consumer personality congruence[12].

Indeed, despite the accuracy in traits of other dimensions – namely Sincerity, whose traits include "cheerful" and "friendly" (Appendix 3, Figure 14) –, "spirited", "cool" and "young" are examples of exciting traits that provide a very fair representation of young adults' lifestyle and aspirations. As such, in the rebranding of DanUp, their consistency with the brand's image needs to be greatly improved if target consumers' brand preference and likeability are to be restored.

[11] Sérgio Dias' full set of ratings is detailed on Appendix 3, Figure 14.

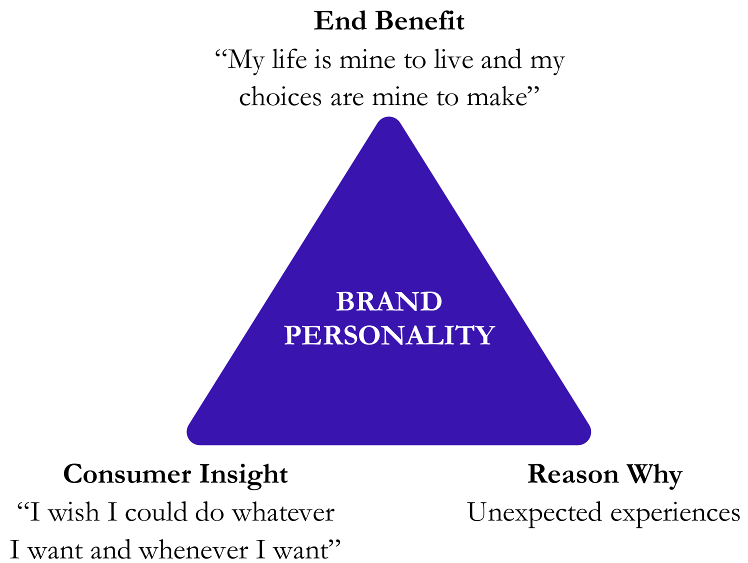
[12] In effect, the brand's tone of voice on social media strongly communicates excitement (Appendix 3, Figure 15).

4. A Brand New DanUp

The primary goal of DanUp's rebranding is to recover penetration levels and reconquer lost market share. More specifically, the objectives set by the company for 2015 are a household penetration rate of 27% and a market share of 10% in volume. In addition, Danone marketers also want DanUp to be the most consumed yogurt brand by young adults (Danone, 2013).

To achieve this, as mentioned previously, DanUp is focused on empowering consumers and making them feel optimistic about the future through a matching brand-consumer personality. Sérgio Dias (Appendix 2) notes this requires developing a brand as much different as possible from all other brands in the market. In turn, according to the company's brand architecture framework, this requires offering target consumers unexpected brand experiences so as to bring their mood up, which ultimately triggers a strong sense of empowerment.

Figure D – DanUp's brand architecture



Danone, 2013

As the very tangible assets of the brand's reason-why and the first driver of its relevance to young adults, these unexpected experiences are a common denominator across the entire marketing mix of the rebranded DanUp. Considering for instance the product itself, Sérgio Dias (Appendix 2) observes that each flavor formula actually contains a secret ingredient (e.g. cinnamon) so that the expected taste somehow turns out to be slightly different. As suggested by Danone's marketing director Cyrille Auguste (Ferreira, 2013), this results in “highly disruptive taste combinations that, coupled with a unique product texture, make DanUp truly different”.

To communicate such flavor differentiation and build on the brand’s exciting message, according to DanUp’s marketing plan for 2013, Ben & Jerry’s strong identity served as an inspiration for Danone marketers to employ funny flavor names on the new packaging design[13]. The use of lowercased typography and gradient colors also signal a casual, friendlier and younger brand.

However, the primary driver of target consumers’ personality is DanUp’s logo, whose major redesign is indeed prominently focused on drawing attention to the “up” part of the brand name. This is achieved through a key icon in the form of an arrow pointing upwards as well as glowing color schemes conveying movement and dynamism. To enhance its visual impact, the logo is also outlined by a thick and colored neon effect.

Figure E – DanUp’s packaging redesign

2007 - 2013 April 2013

Danone, 2013

Yet, the most drastic change in DanUp’s packaging design is the choice of black as the brand’s main color code. As reported by Sérgio Dias (Appendix 1), this was in fact a very bold

[13] Examples include “piña cococoladíssima” for Pineapple-Coconut and “stracciadictive” for Stracciatella.

decision, since it does not favor the brand's appetite appeal, nor is it consistent with shoppers' traditional and health-related perceptions on yogurts[14] (TNS, 2012).

On the other hand, however, black succeeds in unifying and differentiating DanUp's brand image in the cluttered shelf environment, in which most yogurt brands are either blue, green or red[15]. To further enhance the brand's visual salience, Danone brand managers have also decided to replace the small and discreet pickup cardboard with a high-quality plastic material that fully wraps the corresponding set of bottles of each stock-keeping unit.

In conjunction with the twisted bottle design and much larger lid, black is also expected to enhance DanUp's congruence with young adults' personality. Indeed, precisely because it is an unusual color for a yogurt brand and arguably for any food category, Danone marketers believe it contributes to the brand's irreverence and adventure-seeking attitude (Danone, 2013).

Lastly, as described by Sérgio Dias (Appendix 2), given its natural connotation of expensive, black is most likely to increase the value perception of DanUp, which is particularly important in a highly degraded and promotions-driven category. To further leverage on this and meet shoppers' growing price sensitivity, not only has Danone left the brand's price point practically unaffected (Appendix 3, Figure 19), but it has also allocated a significant part of DanUp's rebranding budget to sales promotions.

To explicitly communicate its new brand identity, the brand's slogan has also been redefined. Translated freely, it changed from "DanUp Up Up, don't stop" to "DanUp is not for the boring!", which marks a major rupture with the brand's traditional positioning on energy and activity[16]. Aligned with the brand's new personality, this slogan is expected to convey irreverence, optimism and joy, three core brand attributes supported by the use of orange in all above-the-line media and a second tagline freely translated as "if you're not Up, there's no DanUp".

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[14] Still, the final bottle design does mitigate this effect by incorporating considerable amounts of milk, colorful pieces of fruit and noticeable drops of water. Also, given that target consumers' mothers are the brand's most frequent purchasers, it is also worth mentioning that Danone's own logo has been enlarged by as much as 50% so as to elicit positive equity transfers, namely in terms of quality and health-related benefits (Danone, 2013).

[15] DanUp's portfolio in 2012 consisted of three product families distinguishable by three different colors. Naturally, this did not favor the brand's identity in such a highly competitive visual environment (Appendix 3, Figure 16).

[16] DanUp had always been positioned as a young and energizing brand. Indeed, its very first logo had the well-known fast-forward icon as a key visual. Similarly, in the rebranding of 2007, its design became rotationally symmetric in the form of an ambigram, meaning that the word "DanUp" could be read upside down (Appendix 3, Figure 17).

Figure F – Above-the-line media

Danone, 2013

DanUp's new thirty-second spot used in TV and YouTube Ads also supports these core brand messages. Featuring five young adults travelling on a vintage Volkswagen Bus towards a summer music festival, it shows how DanUp does not tolerate the dull behavior of the front passenger. However, the aggressiveness with which the impersonated DanUp bottle treats the bored character has not been well accepted by viewers, who feel it heavily promotes bullying[17]. Despite this, the commercial has been replicated by Danone Spain, which fully embraced and adopted the brand's new identity and personality.

Increasing exports of DanUp to Spain was indeed a key objective for Danone Portugal. In fact, in the near future, since the majority of Spanish consumers prefer solid yogurts, Sérgio Dias and his colleagues are assessing the introduction of a 250g solid version of DanUp. Finally, according to the brand's marketing plan for 2013, to better engage with target consumers and truly live up to the brand's promise of empowerment, a Facebook App for co-creating limited edition product flavors and packaging designs is also scheduled to launch in 2014.

[17] This criticism has in effect been leveled by some of the brand's Facebook fans. Similarly, as of May 2013, only 30% of the viewers who rated the spot on YouTube had given it a "thumbs up".

Market Research

To determine the extent to which DanUp's new packaging design enhances its brand-consumer personality congruence and willingness-to-pay, a survey was created in Portuguese using Qualtrics™ and subsequently shared on Facebook. To stimulate a high completion rate, respondents were offered a chance to win €20 in cash as an incentive to complete the survey.

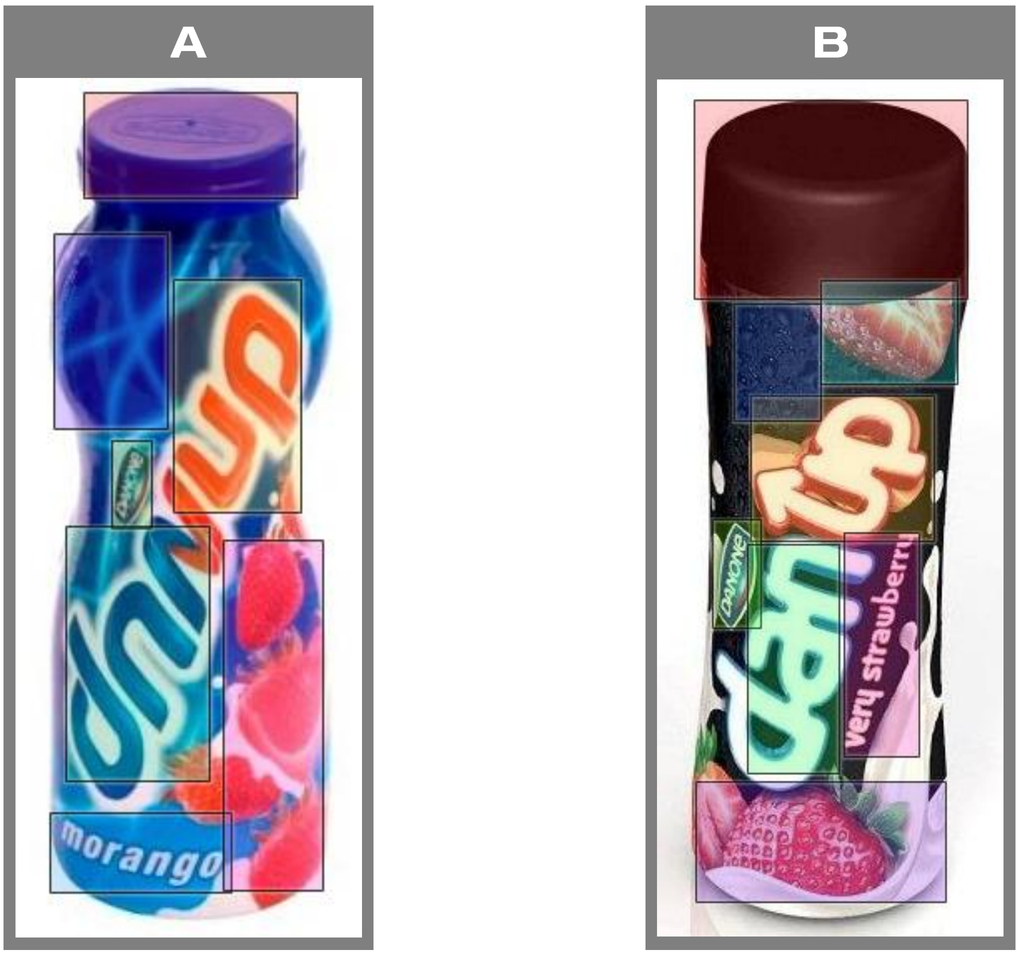
Using the brand's old and new packaging designs as the sole stimuli, participants were first asked which one they felt a young Portuguese adult would be. Next, using a ten-point Likert scale, respondents evaluated the likeability of each design as well as the extent to which they would buy a pack of 4 bottles at a price of €2,29.

Figure G – Survey stimuli

After this initial set of questions, subjects were asked to think of each packaging design as if it were a person and rate on a five-point Likert scale the degree to which each of the 42 personality traits proposed by Aaker (1997) described each design. Additionally, at the request of Sérgio Dias, this procedure was also used to measure the impact of DanUp's black packaging design on the five personality facets that Danone defined for its rebranding. As mentioned earlier, these are "sociable", "adventurous", "innovative", "irreverent" and "cheerful".

Next, using Qualtrics™ heat map functionality, participants were asked to click on the design element they considered most salient in each bottle design. Lastly, to better investigate target consumers' underlying likeability differences, respondents were also asked to click once on the design elements they liked and twice on those they disliked.

Figure H – Survey heat map #2



Bottle design A clickable design elements:
"lid", "blue neon visuals", "up", "Danone logo", "dan", "strawberries", "morango"

Bottle design B clickable design elements:
"lid", "water drops effect", "strawberry on top", "up", "Danone logo", "dan", "very strawberry", "strawberries on milk"

The survey generated a total of 150 responses. After filtering these by age bracket and completion rate, a final sample comprising 96 Portuguese young adults aged between 18 and 24 years old was obtained. Of these, 59% were female.

Results

Figure I – "Which bottle design do you feel a young adult would most likely be?"

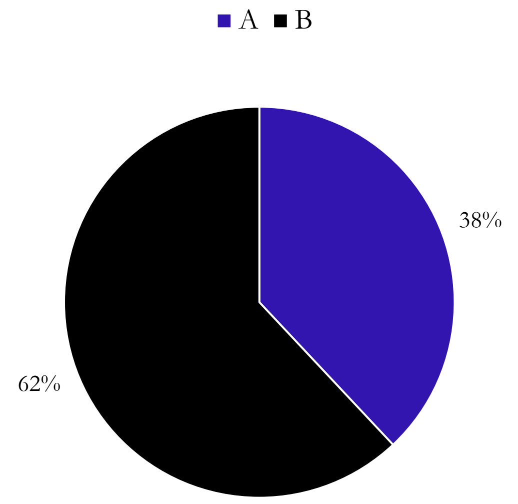
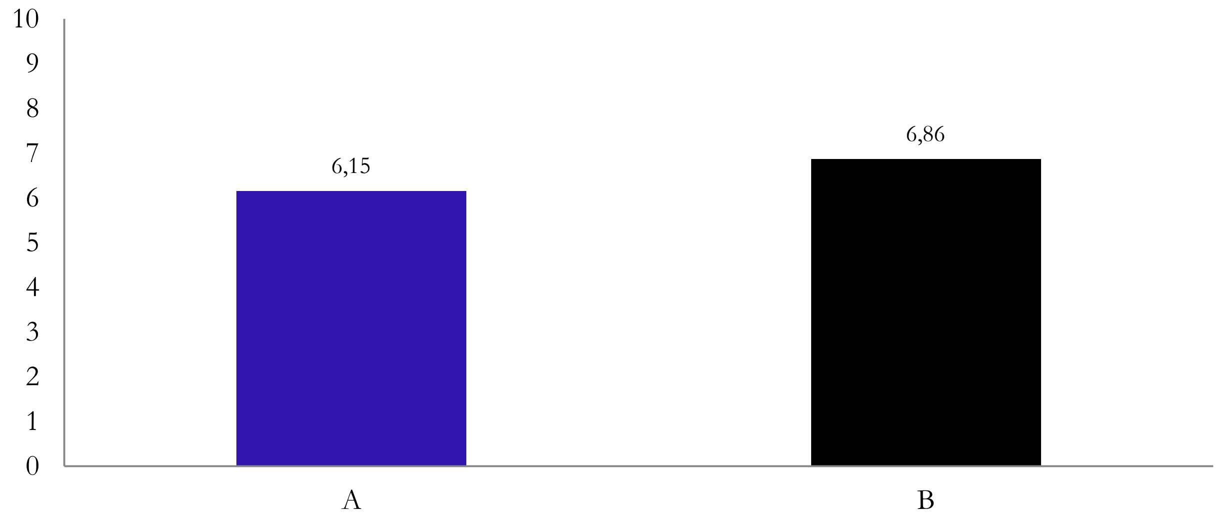
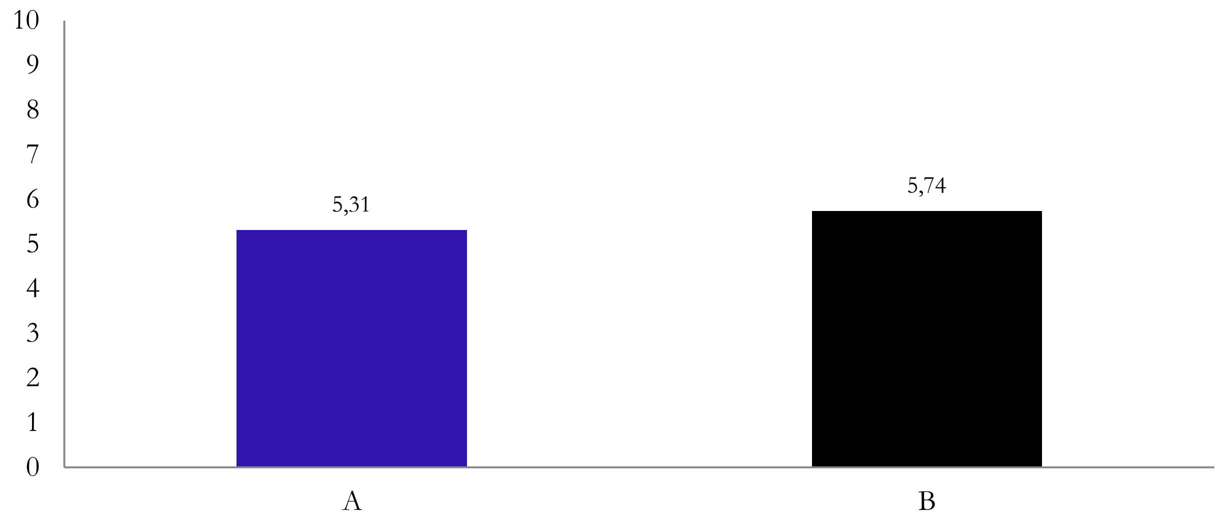


Figure J – "To what extent do you like each bottle design?"



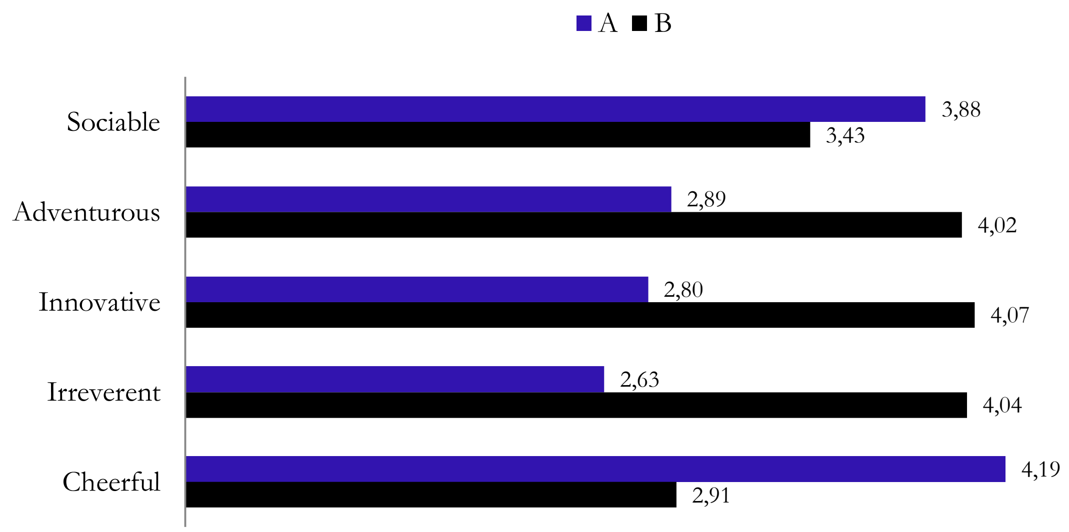
Mean values of respondents' likeability for each bottle design
(1=not at all likeable, 10=extremely likeable)

Figure K – "Would you buy a pack of 4 bottles at a price of €2,29?"



Mean values of respondents' willingness-to-pay for each bottle design
(1=most unlikely, 10=most likely)

Figure L – "How would you describe the personality of each bottle?"



Mean values of respondents' ratings for each facet
(1=not at all descriptive, 5=extremely descriptive)

Table D – "How would you describe the personality of bottle A?"

Sincerity (μ=3,66)	Excitement (μ=2,97)	Competence (μ=3,42)	Sophistication (μ=3,23)	Ruggedness (μ=2,35)
Down-to-earth (3,55)	Daring (2,73)	Reliable (3,83)	Upper class (2,97)	Outdoorsy (3,24)
Family-oriented (3,91)	Trendy (2,75)	Hard-working (3,65)	Glamorous (2,93)	Masculine (2,40)
Small-town (3,58)	Exciting (3,07)	Secure (3,42)	Good looking (3,45)	Western (2,15)
Honest (3,72)	Spirited (3,47)	Intelligent (3,60)	Charming (3,08)	Tough (2,19)
Sincere (3,69)	Cool (2,98)	Technical (3,19)	Feminine (3,48)	Rugged (1,75)
Real (3,69)	Young (3,33)	Corporate (3,26)	Smooth (3,46)	
Wholesome (3,93)	Imaginative (2,91)	Successful (3,44)		
Original (2,95)	Unique (2,55)	Leader (2,99)		
Cheerful (3,96)	Up-to-date (2,74)	Confident (3,39)		
Sentimental (3,36)	Independent (3,01)			
Friendly (3,96)	Contemporary (3,09)			

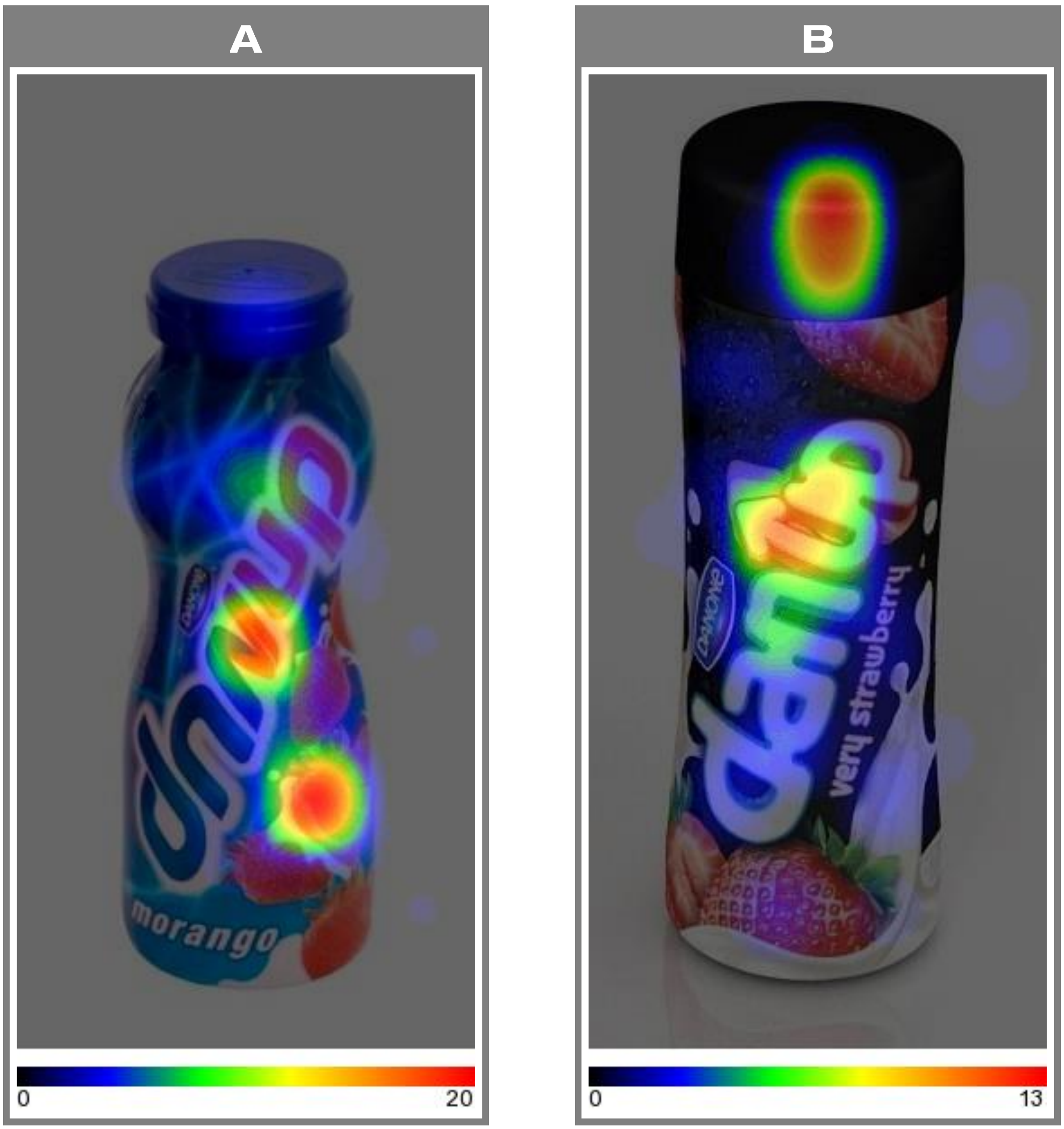
Values in parenthesis denote the mean value of respondents' ratings for each trait (1=not at all descriptive, 5=extremely descriptive)

Table E – "How would you describe the personality of bottle B?"

Sincerity (μ=2,94)	Excitement (μ=3,97)	Competence (μ=3,64)	Sophistication (μ=3,25)	Ruggedness (μ=3,58)
Down-to-earth (2,75)	Daring (4,20)	Reliable (3,18)	Upper class (3,52)	Outdoorsy (3,90)
Family-oriented (2,23)	Trendy (4,09)	Hard-working (3,09)	Glamorous (3,50)	Masculine (3,99)
Small-town (2,54)	Exciting (3,77)	Secure (4,08)	Good looking (3,67)	Western (2,90)
Honest (2,96)	Spirited (3,52)	Intelligent (3,67)	Charming (3,44)	Tough (3,80)
Sincere (2,94)	Cool (4,11)	Technical (3,47)	Feminine (2,55)	Rugged (3,30)
Real (3,18)	Young (4,08)	Corporate (3,32)	Smooth (2,84)	
Wholesome (2,98)	Imaginative (3,74)	Successful (3,84)		
Original (4,07)	Unique (3,92)	Leader (3,98)		
Cheerful (3,09)	Up-to-date (4,03)	Confident (4,16)		
Sentimental (2,52)	Independent (4,23)			
Friendly (3,07)	Contemporary (4,02)			

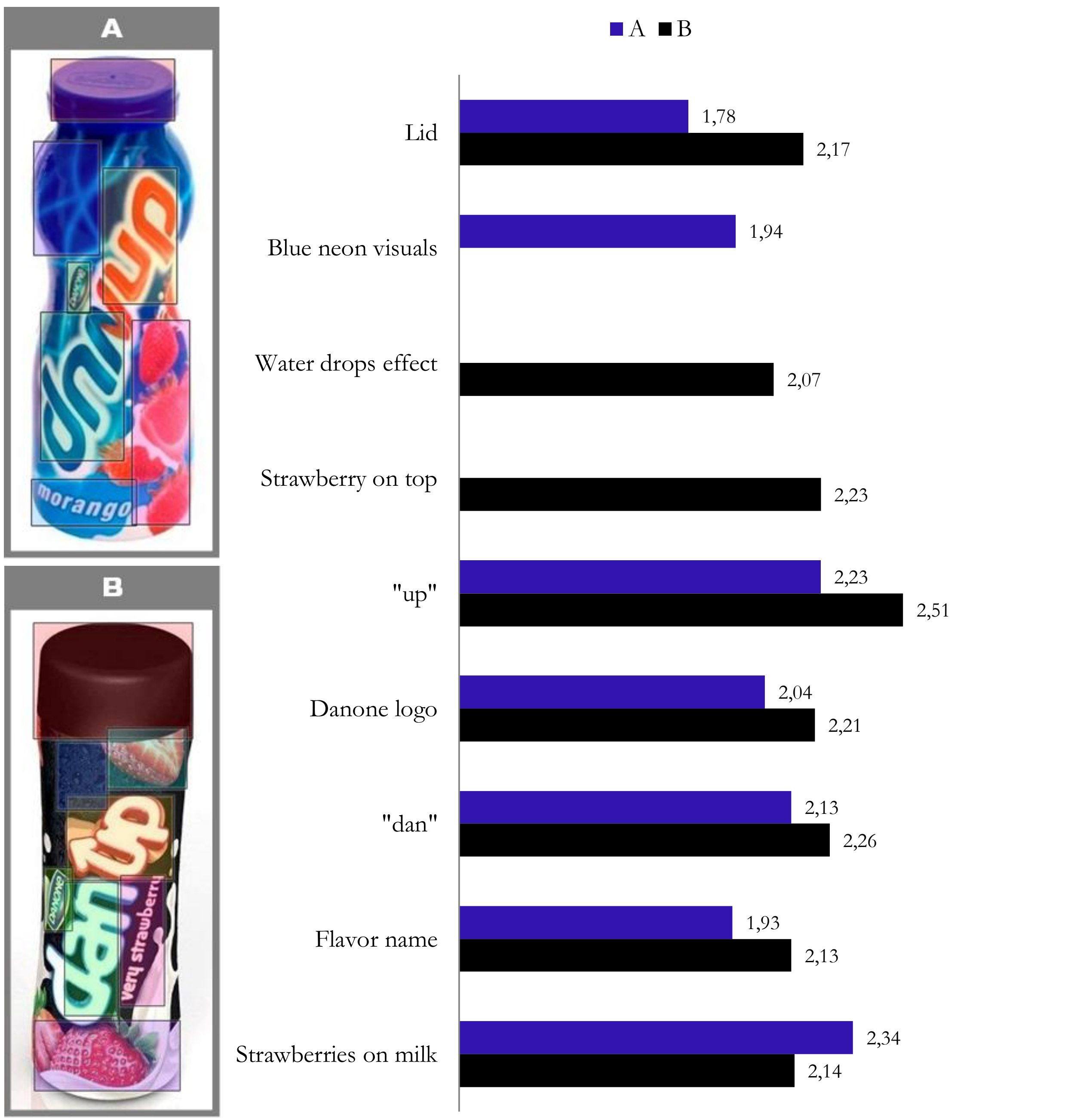
Values in parenthesis denote the mean value of respondents' ratings for each trait (1=not at all descriptive, 5=extremely descriptive)

Figure M – "Please click on the design element that stands out the most"



Legend values indicate the number of clicks

Figure N – "Now, please click once on those you like and twice on those you dislike"



Likeability mean values for each design element
(1=dislike, 0=neutral, 3=like)

Conclusions

1. Discussion

RQ1 – The Market of Fresh Dairy Products in Portugal

The Fresh Dairy Products market in Portugal has been undergoing profound changes in recent years. The growing price sensitivity of yogurt consumers has triggered new mass market consumption behaviors, which have been fully exploited by modern distributors. Illustrating this, private labels have greatly outperformed dairy manufacturers in several key performance indicators, such that their market leadership in both value and volume is now well established.

Even though most other competitive forces remain fairly benign to the industry profitability, modern retailers' high bargaining power has largely given rise to a much fiercer price competitive landscape. Driven by high industry exit barriers, the market's increasing maturity and the heightened competition in the modern distribution market itself, yogurt manufacturers are now more than ever pressured to lower prices and conduct frequent sales promotions.

In an attempt to anticipate these trends and to better compete with private labels in the critical liquids segment, Danone introduced in late 2009 its own core line. However, due to its growing lack of resources, the company failed to offer a truly competitive low price core brand. To make matters worse, it actually ended up cannibalizing DanUp sales, which were already being severely affected by a lasting divestment in communications and promotional activity.

RQ2 – Target Consumers' Personality

Given the weight of the liquids segment on the dairy market, in 2012 Danone brand managers decided to conduct a complete rebranding for DanUp in 2013 so as to restore its relevance to target consumers. To achieve this, based on the findings of a comprehensive consumer research study conducted in conjunction with Netsonda (2012), the brand's new architecture would be centered on empowering young adults and focused on making them feel optimistic about the future through a matching brand-consumer personality. Qualitative data collected by Netsonda (2012) prompted Danone to define their personality around five distinct facets that DanUp would aim at mirroring: sociable, adventurous, innovative, irreverent and cheerful.

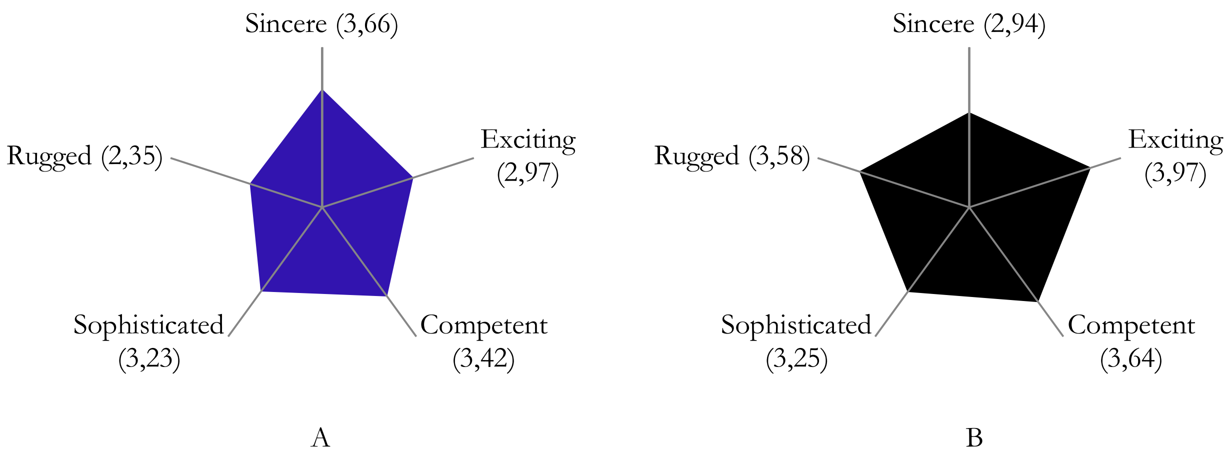
For the purpose of this research, the brand's marketing manager Sérgio Dias was asked to translate these into a personality profile based on Aaker's (1997) personality framework. On a five-point Likert scale, the marketer rated each of the author's 42 traits and concluded that DanUp's target personality was best described by exciting traits (μ=4,36) and, to a much lesser degree, sincere traits (μ=3,45). Sophisticated traits (μ=3,00), competent traits (μ=2,67) and rugged traits (μ=2,60) were respectively considered to be neutral or inconsistent.

RQ3 – Impact of DanUp's New Packaging Design on its Brand-Consumer Personality Congruence

As described by Sérgio Dias (Appendix 1) and supported by the examined literature on brand elements (e.g. Morrison, 2000), a brand's packaging design is the most effective tool in establishing its personality in the case of low involvement brands targeting young adults. As such, to investigate the extent to which DanUp's personality is congruent with target consumers', 96 Portuguese young adults aged between 18 and 24 years old were asked to rate all of Aaker's (1997) 42 personality traits for both the brand's old and new packaging designs.

Computing the mean values for each personality dimension, a personality profile for each packaging design was obtained:

Figure O – Target consumers' perceived personality of each packaging design[18]



(1=not at all descriptive, 5=extremely descriptive)

Computing the differences in the mean values between these two personality profiles and young adults' as defined by Sérgio Dias, the following table was obtained:

Table F – DanUp's target personality vs. young adults' personality perceptions

TARGET PERSONALITY	PACKAGING DESIGN A	PACKAGING DESIGN B
Sincerity (μ=3,45)	(μ=3,66) **+0,21**	(μ=2,94) **-0,51**
Excitement (μ=4,36)	(μ=2,97) **-1,39**	(μ=3,97) **-0,39**
Competence (μ=2,67)	(μ=3,42) **+0,75**	(μ=3,64) **+0,97**
Sophistication (μ=3,00)	(μ=3,23) **+0,23**	(μ=3,25) **+0,25**
Ruggedness (μ=2,60)	(μ=2,35) **-0,25**	(μ=3,58) **+0,98**

(1=not at all descriptive, 5=extremely descriptive)

These findings show that, when compared to its predecessor, DanUp's new packaging design enhances the brand's exciting traits in the eyes of target consumers, even though it does so in

[18] Respondents' full set of ratings for each packaging design is detailed on Tables D and E.

a slightly lesser degree than what Danone was aiming at (μ=4,36). Consequently, given this was Aaker's (1997) primary brand personality dimension that Danone marketers wanted to develop for DanUp – as it is the one that best describes young adults' personality –, one may conclude that the brand's new packaging design does improve its brand-consumer personality congruence.

Yet, looking at all the other personality dimensions, the blue design is actually a better reflection of target consumers' personality. For instance, a quick comparison between the Sincerity mean ratings in Tables D and E reveals that it scores significantly higher in more conservative traits (e.g. "family-oriented" and "small-town"), whereas the black design is perceived to be substantially more "original". However, unlike young adults' personality, the latter is also considered to be significantly less "cheerful" and "friendly".

Another big difference is found in the Ruggedness personality dimension, in which the new packaging design vastly outscores its predecessor in traits that are not considered to be representative of target consumers' personality, namely "masculine", "tough" and "rugged". Indeed, the last row of Table F reveals that the old packaging design is actually much closer to target consumers' characteristic and neutral "ruggedness" than the new bottle design.

These differences are also supported by Figure L, in which the black design is perceived to worsen young adults' perceptions on DanUp's cheerfulness, sociability and overall positivism. Even though these are not as important as the brand's congruence with exciting traits, they surely remain key to establishing a fully harmonious and congruent brand image with young adults' own-self.

One plausible explanation for these differences might be the existence of a considerable gender bias effect manifested by the higher brand likeability and willingness-to-pay of male respondents (Appendix 4, Figures 19 and 20). As shown in Figure 18 (Appendix 4), their identification with the brand is in effect 9% higher than that of the entire sample (Figure I), which might indicate that their perceptions on the personality traits signaled by the new packaging design are more congruent with today's young adults.

Yet, unexpectedly, their perceptions are almost identical to those of the entire sample. Comparing Tables F and G, the only difference worth of mention are the extra 0,22 points on average in the "ruggedness" dimension of the black packaging design, as male respondents actually perceive it to be slightly more "rugged", "western" and "tough" than the sample as a whole does.

Naturally, this further increases the distance between the actual, perceived degree of "ruggedness" and its ideal, neutral intensity (μ=2,60) that Danone brand managers consider that best describes young adults' personality.

Table G – DanUp's target personality vs. male young adults' personality perceptions

TARGET PERSONALITY	PACKAGING DESIGN A	PACKAGING DESIGN B
Sincerity (μ=3,45)	(μ=3,75) **+0,30**	(μ=2,86) **-0,59**
Excitement (μ=4,36)	(μ=2,97) **-1,39**	(μ=3,92) **-0,44**
Competence (μ=2,67)	(μ=3,47) **+0,80**	(μ=3,59) **+0,92**
Sophistication (μ=3,00)	(μ=3,24) **+0,24**	(μ=3,26) **+0,26**
Ruggedness (μ=2,60)	(μ=2,36) **-0,24**	(μ=3,80) **+1,20**

(1=not at all descriptive, 5=extremely descriptive)

Similarly, when comparing Danone's five distinct personality facets that the company itself developed for DanUp – sociable, adventurous, innovative, irreverent and cheerful –, our research study shows that male respondents' perceptions are also quite similar to those of the entire sample (Figure L vs. Appendix 4, Figure 21).

Regardless, all in all, the new packaging design does succeed in enhancing the brand's exciting traits, which were identified to be the key and determining personality dimension of young adults. Moreover, the black design is also considered by target consumers to be more adventurous, innovative and irreverent (Figure L).

Illustrating its positive impact on the brand's image as a more accurate reflection of target consumers' self-image, 62% of respondents chose the black design over its blue counterpart as the most likely to be representative of a young adult (Figure I). Considering only male respondents' answers, this increases to 71% (Appendix 4, Figure 18).

Furthermore, on a ten-point Likert scale, the mean value of participants' likeability ratings for the new packaging design was 6,86, which exceeds that for the old packaging design by as much as 0,71 points (Figure J). Examining the specific design elements that drive these scores, Figure N indicates that the new lid and the "up" part of the brand name are particularly liked. The latter is in fact considered to be the design element of the black bottle that stands out the most (Figure M), which further supports the increased effectiveness of its design in establishing a salient brand image in the minds of target consumers[19].

RQ4 – Impact of DanUp's New Packaging Design on its Target Consumers' Willingness-to-pay

Considering the fourth and last Research Question proposed in this Case Study, Figure K clearly shows that DanUp's new packaging design also increases young adults' willingness-to-pay. The difference is nevertheless subtle, as it outscored the old packaging design by just 0,43 points on a ten-point Likert scale.

In the case of male respondents, however, the difference increases by more than twofold. Whereas the old packaging design scored 5,23 points, the new bottle design scored 6,15 points (Appendix 4, Figure 20).

2. General Conclusions

All things considered, one may conclude with confidence that DanUp's visual rebranding is most likely to enhance young adults' identification with the brand.

First, the new packaging design effectively increases their perceptions in terms of exciting traits, most prominently in facets such as "daring", "unique", "trendy", "up-to-date" and "independent", whose scores all increased more than 1,20 points compared to those of the old packaging design (Tables D and E). Furthermore, the new packaging design is also perceived to be

[19] Conversely, the most noticeable and liked design element of the old packaging was its falling strawberries – an unbranded design aspect (Figures M and N).

significantly more "irreverent", "innovative" and "adventurous" (Figure L), all of which are traits that Danone brand managers considered congruent with young adults' personality and therefore were strongly committed to improving.

Second, even though one might question DanUp's full brand-consumer personality congruence with target consumers', our data indubitably shows that young adults – and particularly male young adults (Appendix 4, Figure 19), who are the most important demographic group within Danone's target market – clearly prefer the black design over its predecessor as the most representative of a young adult (Figure I). Moreover, we also find that it also produces more favorable brand responses in terms of likeability and willingness-to-pay. Following Keller's (1993) CBBE Model, this entails that the brand associations that target consumers attach to DanUp's new packaging design effectively increase its brand equity.

Despite this, Danone's marketers should definitely assess the inconsistency found in terms of Aaker's (1997) "ruggedness" personality dimension. Indeed, not only does it counter the inner optimism of young adults that Netsonda (2012) reports in its extensive consumer research study, but it also compromises DanUp's target image of a "sociable" and "cheerful" brand.

Surprisingly, however, contrary to Sérgio Dias' intended personality profile for DanUp, it seems the company is actually committed to delivering a tough personality for the brand. In effect, the new TV spot does feature an impersonated DanUp bottle smashing a young adult's glasses and taking him by force out of the van in which he is traveling with his friends to a music festival[20]. Additionally, the beginning of the scene is accompanied by a "western" soundtrack, a personality trait defined by Aaker (1997) as "rugged" and characteristic of brands such as Marlboro.

Personally, in line with some scholars' view that brand managers often see brands as an end in themselves (e.g. Berthon et al., 2007), I believe Danone marketers have somehow forgotten some of the findings of the consumer research studies they have paid for and got carried away by creative consultants' contributions, who to my knowledge strongly advised against a brand message that could potentially be too similar to that of Sumol. Unfortunately, the result is a brand whose identity could be far more congruent with its target consumers' and whose effect on DanUp's equity could be much stronger.

[20] DanUp's new TV spot is available on YouTube at: http://www.youtube.com/watch?v=nq1ODtjB1Vo (accessed September 22nd, 2013).

From my point of view, in the near future one should invest in fine-tuning DanUp's tone of voice and brand message so as to build a brand image perfectly aligned with young adults' defining four axes (Netsonda, 2012). Using Keller's (1993) CBBE model and the different levels of brand identity discussed in our Literature Review, Danone marketers should identify and analyze other brand elements capable of eradicating the "rugged" brand associations target consumers attach to DanUp's new packaging and focus on creating a more cheerful and friendlier brand identity.

3. Research Limitations

The first research limitation of this Case Study is the sample used. First, it is slightly biased towards female respondents (59%), which is particularly troublesome if we take into account that Danone expects DanUp to be more consumed by male young adults. Second, a larger sample size would be desirable[21], since there are approximately more than 600.000 individuals in Portugal within target consumers' age bracket (Instituto Nacional de Estatística, 2010).

The second limitation of our research is the free translation of Aaker's (1997) scale to Portuguese in the survey design process. Although I do feel confident on my fluency in English, resorting to a professional translator would be advisable, especially when certain of the author's personality traits are not easily recognized in the Portuguese culture (e.g. "western").

Third, although we demonstrate that DanUp's new packaging design effectively enhances its brand-consumer personality congruence in terms of exciting traits, we do not determine the individual contribution of each brand element in establishing such perceptions.

Fourth, despite showing that DanUp's new packaging design drives willingness-to-pay, we cannot tell if this translates in an increase in sales. Considering the increasing rivalry in the dairy category, the critical importance of the liquids segment and Danone's falling profitability in recent years, this is of utmost importance. Naturally, the impact on sales volume is also the only and true dictator of DanUp's rebranding success.

[21] More specifically, to guarantee a confidence level of 95% and a confidence interval of 5%, a sample size of 384 subjects would have to be generated.

4. Directions for Future Research

Following the limitations listed above, it would be useful to research on each of DanUp's primary packaging elements – namely its new logo, color and twisted shape – best communicates exciting personality traits. To complement this Case Study and such analysis, a focus group with young adults would also be extremely insightful so as to understand the underlying drivers of target consumers' brand associations when using the brand's packaging as the sole stimulus.

Repeating the methodology of this Case Study using samples from different age groups would also be useful as it would allow us to understand whether young adults' are the only age group that perceives DanUp's packaging as exciting. In particular, given that the brand's target consumers differ from its purchasers – who, according to Danone (2013), are mostly middle-age mothers –, it would be interesting to compare the differences in the brand associations formed in the minds of each demographic group and test the corresponding impact on willingness-to-pay and sales. One practical use of such research would be re-igniting the discussion on whether it is preferable to develop a brand congruent with target consumers' self-identity or purchasers'.

Finally, testing the influence of other brand elements and marketing variables – namely the new slogan and TV spot – on the brand's personality as perceived by target consumers would be extremely valuable. Indeed, taking into account the delicacy with which target consumers' brand associations appear to change when subject to new stimuli, this would be highly useful for Danone's marketers to manage and secure the long-term consistency of DanUp's brand image with young adults' self-identity so as to fully maximize its brand-consumer relationship.

Teaching Notes

1. Synopsis

Danone is the leading yogurt manufacturer in Portugal and the parent brand of DanUp, a key brand for the company in the liquids segment that is being rebranded in 2013 due to a significant loss in market share and relevance to target consumers.

This Case Study first outlines the growing competitive landscape in the Portuguese dairy market. It then focuses on Danone and its rebranding strategy for DanUp, which includes a review on target consumers' aspirations, self-identity and personality profile. Lastly, it summarizes the results of a survey designed to examine whether the brand's new packaging design effectively enhances its brand-consumer personality congruence as well as target consumers' likeability and relative willingness-to-pay.

2. Use and Target Audience

This Case Study analyzes the rebranding strategy of a brand whose parent company is one of the biggest consumer goods companies in the world. Supported by strong secondary research studies, it contributes to a better understanding on how certain factors can truly shape an industry's structure and how companies define and execute rebranding strategies. Moreover, it exemplifies how marketers can drive brand-consumer personality congruence through packaging design.

This Case Study covers the Fresh Dairy Products industry and key marketing topics, namely rebranding, brand identity, brand personality and packaging design. Given its practical approach, this Case Study is highly useful for master students studying marketing or brand management. Moreover, it is also useful for experienced brand managers who aim at grasping a better understanding on the dairy market and Danone's marketing challenges in the near future.

3. Teaching Plan and Case Discussion

In preparation to class, students should be encouraged to read both Keller's (1993) CBBE model and reflect on how marketers can manage brand elements to drive specific brand associations and drive a brand's equity. In addition, also due to its reputation as the first and most thorough academic work on brand personality, Aaker's (1997) article should be carefully read.

In-class case analysis should start with an overview of the emerging mass market consumption behaviors and their role in shaping the structure of the dairy market in Portugal. Discussion should then be centered on understanding modern retailers' strategies in exploiting consumers' growing price sensitivity and the resulting impact on yogurt manufacturers' performance. Next, one should assess Danone's overall strategy to recuperate market share, namely its investment on retaining its heavy consumers through an online CRM program as well as its focus on more basic segments. In this analysis, the demographics profile of the company's consumers and its traditional positioning on health should both be taken into account.

A brief summary of Keller's (1993) CBBE Model and the importance of brand elements in shaping consumer behavior should follow. In particular, one should highlight the pivotal role of packaging design in communicating a brand's image and eliciting positive brand responses, especially in the case of low involvement consumer brands targeting young adults. Subsequently, referring to the examined literature review and Sérgio Dias' interview transcript, discussion should flow into the importance of developing a brand personality congruent with target consumers' so as to positively influence brand preference and likeability.

Afterwards, students should outline and assess DanUp's new brand architecture and overall rebranding strategy. An analysis on the use of black as the brand's new main color scheme should be particularly encouraged, namely in terms of its consistency with young adults' personality and Danone's objective in differentiating the brand in the cluttered retail environment.

Case discussion should conclude with the presentation of the main research findings, noting respondents' more salient perceptions on DanUp's exciting traits and overall strengthening of the brand's likeability, brand-consumer personality congruence and willingness-to-pay. One should however draw attention to the worsening of some of the brand's target personality traits and allocate time to a debate as to why it occurred as well as a brief assessment of other marketing variables capable of compensating such effect.

4. Assignment Questions

These questions should be subject of discussion and the topics provided below should be used as general guidelines of what students should refer to in their answers.

1. **Discuss the effect of buyers' bargaining power in shaping an industry's structure;**
    - Overview of Porter's (2008) five competitive forces;
    - Determinants of buyers' bargaining power, namely the number of buyers relative to sellers, product differentiation, buyer's threat of backward integration and buyers' volume;
    - Discussion on how modern retailers in Portugal have exploited the mass market consumption trends identified in the Case Study for their own advantage: private labels, fall of proximity channels and price competition;
    - Assess what the industry could have done to prevent or mitigate the emergence of private labels: faster timing in the development of core lines, introduction of loyalty programs and focus on brand-building.

2. **Discuss the pivotal role of packaging design in driving a brand's equity;**
    - Overview of Keller's (1993) CBBE model and the process through which consumers attach brand associations to brand elements and form the brand's image in their mind;
    - Overview of how brand-consumer personality congruence can drive likeability, willingness-to-pay and other brand responses to build brand equity;
    - Analysis on how packaging encompasses all major brand elements and how much different DanUp's new packaging design is compared to its predecessor;
    - Assess examples of successful packaging-based rebranding strategies and impact on brand personality: Pepsi.

3. **Discuss the degree to which DanUp's new packaging design effectively increases its brand-consumer personality congruence;**
    - Discuss target consumers' personality profile as defined in this Case Study in light of the four major axes provided by Netsonda's (2012) research: young adults' characteristic exciting personality, optimism and cheerfulness;
    - Compare the results for each packaging design of DanUp;
    - Discuss the possible reasons as to why one may conclude that the new packaging design effectively increases DanUp's brand-consumer personality congruence: increase in brand likeability and willingness-to-pay, respondents' choice of the new packaging over its blue counterpart and higher scores on exciting traits;
    - Analyze the gender-based differences in responses and discuss the practical implications for Danone brand managers: trade-off between focusing explicitly on male young adults and pursue a undifferentiated targeting strategy;
    - Identify other brand elements or marketing variables capable of fine-tuning DanUp's personality as perceived by target consumers.

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Appendix 1 – Sérgio Dias Interview Transcript

Maybe we could start things off by outlining how the yogurt market has evolved in Portugal and the role of Danone as a market pioneer.

Danone was definitely the key responsible for the development of the Portuguese yogurt market from the late 1980s onwards. The category and our company experienced a healthy growth rate until the mid-2000s, when private labels were first introduced by retailers. Today, we are no longer the market leaders, as private labels have proved they are here to stay.

How exactly did that happen?

In the last years, we have observed a shift from quality to quantity. People became so used to consume yogurts on a daily basis that they now see them as a basic type of food that adds little more value than a glass of milk or loaf of bread. Rather than looking for a differentiated product, they now see yogurts as mere hunger fulfilling snacks.

Is the market growing in volume as a result?

Actually, I would say the market is now stagnant in volume. In terms of value, due to a significant increase in sales promotion campaigns, the category is shrinking.

Taking into account that market has become so mature, how would you classify the threat of new entrants?

The consumer is very used to the traditional brands, such that it is not easy for other players to enter the market. When you consider the brand equity of brands such as Nestlé and Danone, or even Lactogal's Mimosa, it doesn't matter how great your new product is. For instance, small brands such as Glint have good products, awesome packaging and great appetite appeal but lack the brand awareness required to become consumers' everyday yogurt brand. The investment in marketing communications for a new entrant is too high. Furthermore, at the same time, to win the market, the new entrant would also need to match the level of sales promotions carried out by the bigger players and do so continuously for one or two years. In the liquids segment, for example, there is always at least one brand on sale.

What about substitute products? How likely is it for consumers to shift to other categories?

Yogurts are today so cheap that consumers have no incentive to do so. At most, one would shift to milk, though historically the consumption transfers between the two categories are irrelevant.

To have a clearer picture on the market competitive rivalry, how would you describe the buyers' power, that is, how much do yogurt brands depend on distributors?

Distributors are far too important in this market. We are completely dependent on them. In fact, they are the ones who set the pricing, margins and even the terms of one's sales promotions. Ultimately, manufacturer brands are only aiming to compete with each other, since trying to beat private labels is nowadays pointless.

Still, the yogurt category is one of the most important to distributors…

Indeed. First, it is the most visited section of any supermarket. Second, given the volume it generates and the margins they are able to charge, it is one of their most profitable product categories. They actually make more money with manufacturer brands than with their own private labels. Moreover, they need us to develop the market and bear the costs with innovation and communications. Distributors are therefore not willing to break their relationship with manufacturers.

And yet, their buyer power is quite significant.

It's gigantic. The volume they represent to manufacturers is too large, whereas the proximity distribution channels are shrinking at double digit rates every year. Plus, compared to traditional channels, the advantages of partnering with modern distributors are too attractive. Among others, they save us significant costs with logistics and provide national coverage, which makes it much easier for us for example to develop a national sales promotion campaign with consistency.

What about suppliers? Do they have a significant bargaining power?

We only buy milk from Portuguese farmers. Likewise, some of the fruit-based preparations and sugar we use are also supplied by national producers. Yet, Danone has many different suppliers and we are not dependent on any supplier in particular, as each is only specialized in one type of raw material. In most cases, we are able to negotiate very aggressively and squeeze our costs with raw materials. There are a few exceptions, though. For example, there is only one international supplier capable of offering the right fruit-based preparation reference for Grego Maracujá and Grego Laranja-Limão-Tangerina. Since these products are only available in Portugal, the volumes we represent are not that significant to this supplier, which limits our bargaining power to some extent. However, note that Portugal is often a benchmark in terms of innovation for the Group, meaning we are usually the first to launch a new product that, if successful, will likely be sold to other Danone subsidiaries across the globe. For instance, we are already working on selling the new DanUp to our colleagues in other European countries, which will entail higher production levels at our factory in Castelo Branco. Naturally, higher volumes enhance our bargaining power.

Given that suppliers are highly specialized, how small is their threat of becoming yogurt manufacturers themselves?

They are not a threat by any means; they are too small and lack the resources.

All in all, considering the competitive rivalry in the yogurt market, how would you describe its intensity?

Yogurt brands are increasingly competing on price and not so much on differentiation. Of course, there are a few segments that do compete on product differentiation, such as the Greek segment. Still, in core segments, namely basic products such as plain and liquids, competition is heavily on price. Yoggi, Danone core and Mimosa are good examples of basic brands that are frequently on sale. Of course, there are exceptions: Adagio for instance offers a highly differentiated product experience. But at the end of the day, we have to admit that 50% of the category sales are concentrated on only two flavors – Strawberry and Strawberry-Banana –, which means that most consumers are not looking for differentiated products.

How do you anticipate the future evolution of the market? Is there any player or brand you anticipate its growth?

As you can imagine, I haven't had exactly the chance to look at the marketing plans of our competitors, but I can tell you that Lactogal's everyday low price strategy is working well for them.

And Danone?

Looking at our marketing plans for 2013, I can tell you they are rock solid. I anticipate that if our competitors maintain their strategies, I am confident that we will be able to outgrow them. Nestlé in particular seems to be losing momentum. As for private labels, given the economic downturn we are currently experiencing, they will likely continue to dominate the market.

Could you elaborate on Danone's strategy for 2013?

Well, today there are basically two winning strategies. First, you have to have a competitive value offering in terms of price. Second, innovation still provides a path for growth, as the success of Danone Grego has shown us. Indeed, our market research studies indicate that consumers do want a cheap, basic product for everyday consumption, but every now and then they are willing to pay for what we call a "mimo" i.e. a little pleasure provided by a truly differentiated product experience.

Considering the liquids segment, how has Danone been performing in the last ten or so years and what was the company reaction to the emergence of private labels?

Danone had always been the segment leader with DanUp. To compete with private labels, in 2009 we launched a liquid yogurt under the Danone core brand. However, we were unable to support the two brands effectively. First, we failed to offer a really competitive low price brand, as private labels were significantly cheaper. Second, introducing a new brand meant deviating investment from DanUp, namely in terms of communications. Ultimately, both brands were something in-between; Danone core failed to be truly competitive and DanUp lost its value-added differentiation. To make matters worse, rather than attracting consumers from private labels, Danone core actually ended up cannibalizing DanUp sales, which were much more profitable.

So why did you decide to rebrand DanUp only in 2013?

We actually decided to rebrand DanUp back in late 2010, when private labels were already accounting for 40% of the segment and our core line was already struggling. Given the importance of the segment, we were aiming to rebrand DanUp the earliest as possible. However, we also wanted to do it right and these things take time. Just for you to have an idea, designing and testing the production of this new "Gold" bottle took us nearly 15 months. As you imagine, its twisted shape and larger lid do not come cheap, especially if you are planning to leave the brand's price unaffected.

Why not keep the same shape?

We wanted DanUp to be truly different from Danone core and all other brands in the segment. First, our research studies showed that our target consumers highly values innovative product designs that break through the clutter and really stand out. Second, being different also increases the perception of value, which we felt was the way to go in a highly degraded and promotions-driven market segment.

Is that why you decided to change DanUp from blue to black, given that it indicates expensiveness?

Indeed. And it is also a color that really stands out on the shelf, given that all other brands on the market today are either blue, green or red. Going black was actually a very bold move because our studies revealed that our black prototypes scored lower in terms of appetite appeal than their blue counterparts. To counter this, as you may notice, our final bottle design features a lot of milk and very colorful pieces of fruit.

Why have you decided to target young adults?

Consumers aged 15 to 24 years old are the most representative age group in the liquids segment. Furthermore, we have currently no other brand in our portfolio targeting young adults, which means this is an exclusive territory versus other Danone brands. Finally, to secure our long-term growth as a company, we need to conquer younger consumers. This is because ours are considerably older than the average yogurt consumer, as we have always been known for our health-related yogurt brands.

Did you ever consider changing the brand name?

Absolutely not. Despite our lasting divestment in above the line communications, DanUp still has a very strong top-of-mind brand awareness. On top of this, we consider our brand name simple and yet very meaningful. First, it speaks "Danone", which results in a transfer of equity that is highly important for mothers – who, as you imagine, happen to be the brand's most frequent buyers. Second, "Up" is an excellent ambassador for our new DNA, which is why we have also redesigned our logo in a way that it highlights that word. Plus, the new logo design is also much more easily readable on the bottle.

What is the brand's new DNA?

Young adults these days aspire to be free. They want to seek adventures, discover new things and enjoy life as much as they can with their group of friends. They want to have fun, seize every moment by doing whatever they want and make mistakes in the process. And despite the responsibilities and hardships of adulthood, they aspire to be in control. Their life is theirs to live and their choices are theirs to make. That's the big ideal of DanUp.

So the idea is that DanUp will make me feel free to make my own choices…

Exactly. It will make you feel empowered and positive about the future.

How?

DanUp offers unexpected experiences. These are little surprises designed to bring the consumer's spirit up. They include everything from the unique packaging design to the funny name of each flavor. We have even added a secret ingredient to each formula – it might be a pinch of cinnamon, for example – so that the taste a consumer is expecting somehow turns out to be a little different.

Isn't that risky?

Definitely. But it is also key to making our product unique versus Yoggi and Mimosa.

Is innovation a characteristic of DanUp's brand personality?

As you may check in our marketing plans, it is indeed one of the brand's five personality dimensions. The other four are sociable, adventurous, irreverent and funny.

How did you define that personality for DanUp?

As you know, we conducted a lot of research with Netsonda to fully understand young adults' aspirations, preferences and lifestyle, which allowed us to set the foundation for the brand's personality. Our goal was to develop a brand that reflected target consumers' own self so as to enhance their preference for the brand. Think of it as a mirror.

How will you communicate that personality?

Our most effective communication tool is the packaging itself. The twist of its shape, the black color, the funny flavor names, the way we play with the logo colors from flavor to flavor… those are all elements that communicate DanUp's personality. Of course, given this target market, we will also invest significantly on Facebook and other digital media. Lastly, we couldn't undertake such a major rebranding for this brand without a thirty-second spot.

Have you studied the impact of DanUp's new packaging in terms of brand personality?

Not exactly. We did commission Netsonda to conduct extensive research on our target consumers' preferences and lifestyle, but we never tested whether DanUp's final packaging and logo design communicates those attributes.

How valuable will my research be to Danone?

It will be very interesting, especially considering that you will be using a comprehensive brand personality scale that I was unfamiliar with.

Thank you for your time.

Appendix 2 – Aaker's Brand Personality Scale

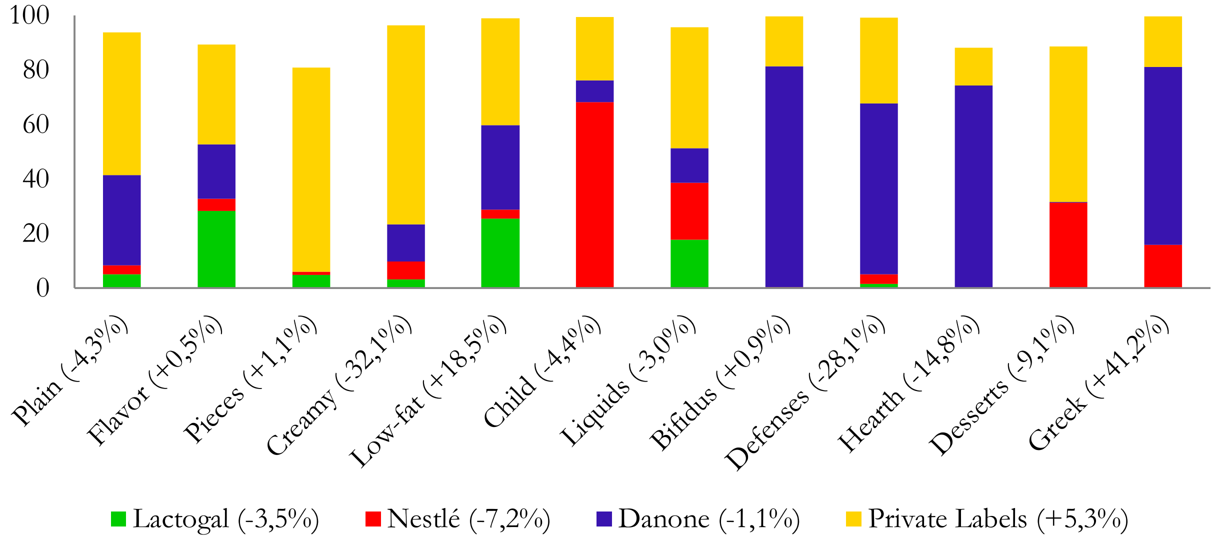
Aaker's five personality dimensions and corresponding traits

Sincerity	Excitement	Competence	Sophistication	Ruggedness
Down-to-earth	Daring	Reliable	Upper class	Outdoorsy
Family-oriented	Trendy	Hard-working	Glamorous	Masculine
Small-town	Exciting	Secure	Good looking	Western
Honest	Spirited	Intelligent	Charming	Tough
Sincere	Cool	Technical	Feminine	Rugged
Real	Young	Corporate	Smooth	
Wholesome	Imaginative	Successful		
Original	Unique	Leader		
Cheerful	Up-to-date	Confident		
Sentimental	Independent			
Friendly	Contemporary			

Adapted from Aaker (1997)

Appendix 3 – Figures

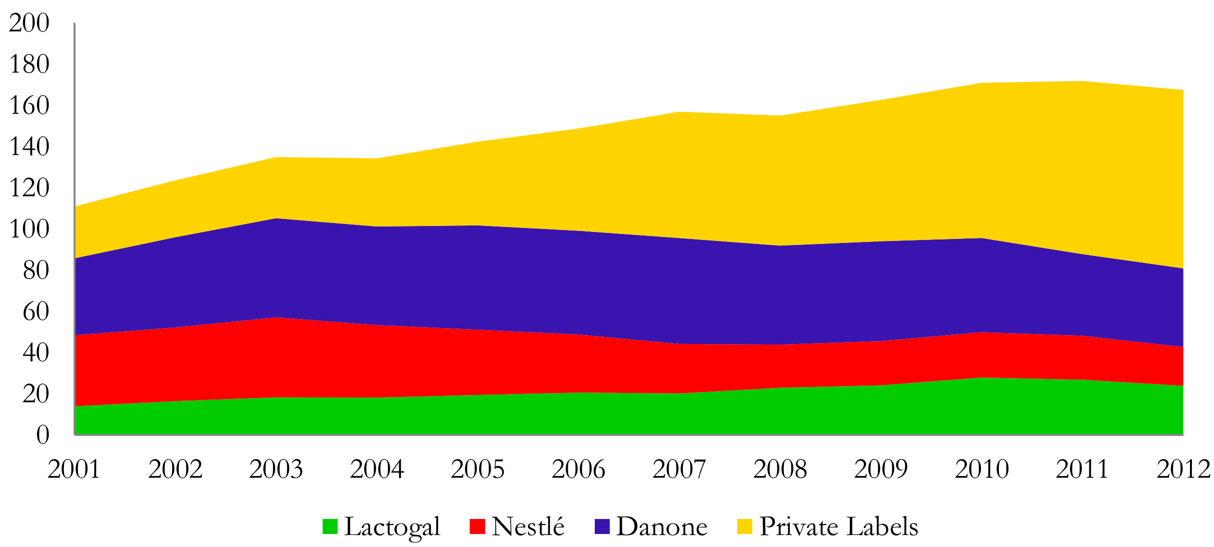
Figure 1 – Market segment share in value (%)



Values in parenthesis denote like-for-like growth rates

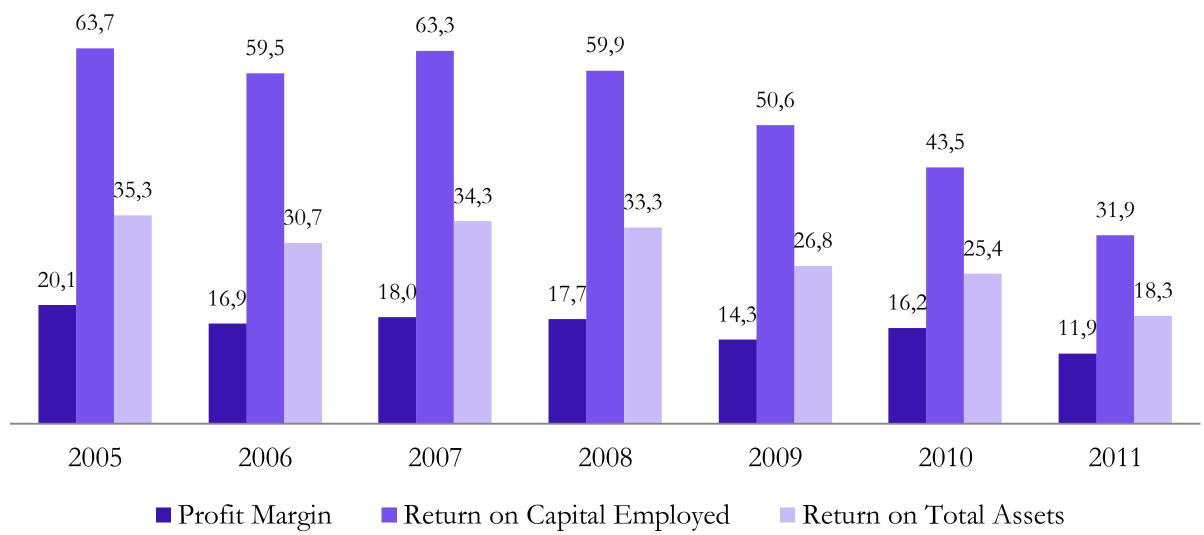
Nielsen, August 2012

Figure 2 – Market share in volume ('000 tons)



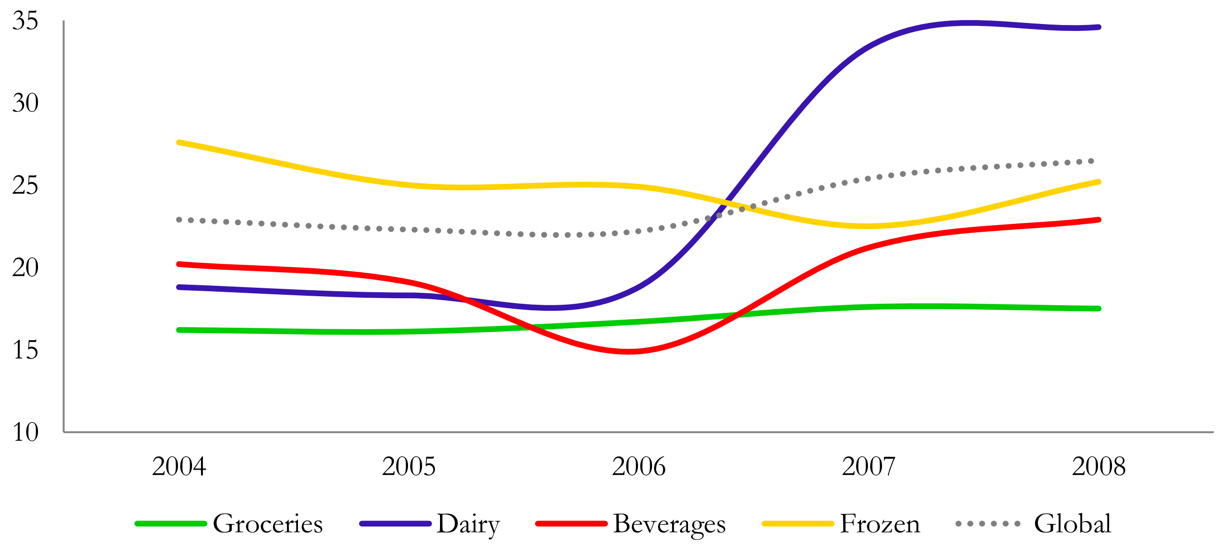
Nielsen, August 2012

Figure 3 – Danone profitability ratios (%)



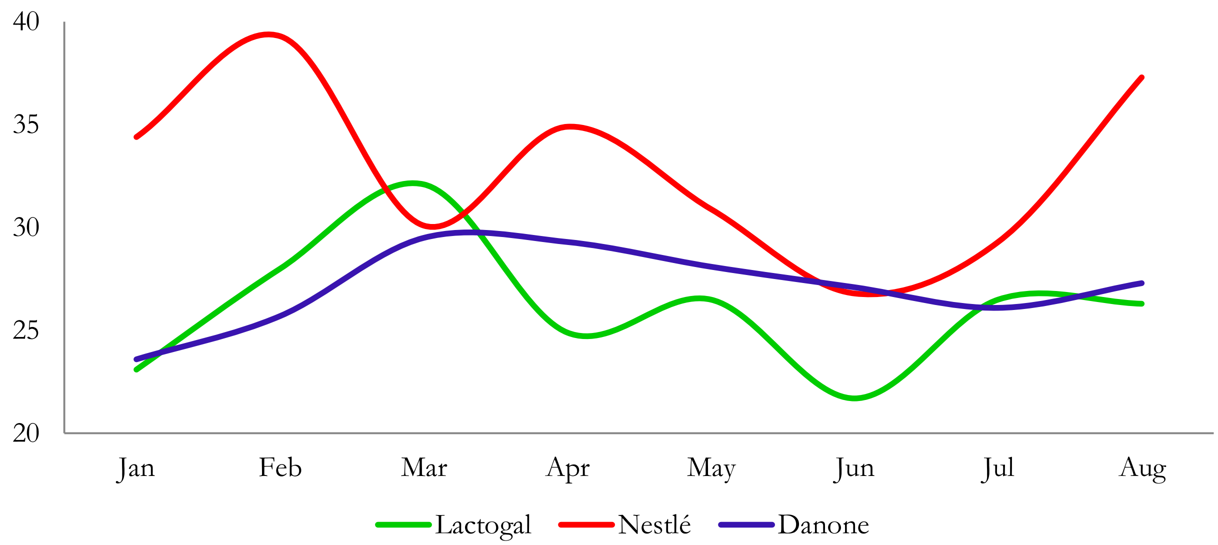
SABI, Bureau van Dijk (2013)

Figure 4 – Modern retailers' gross margins (%)



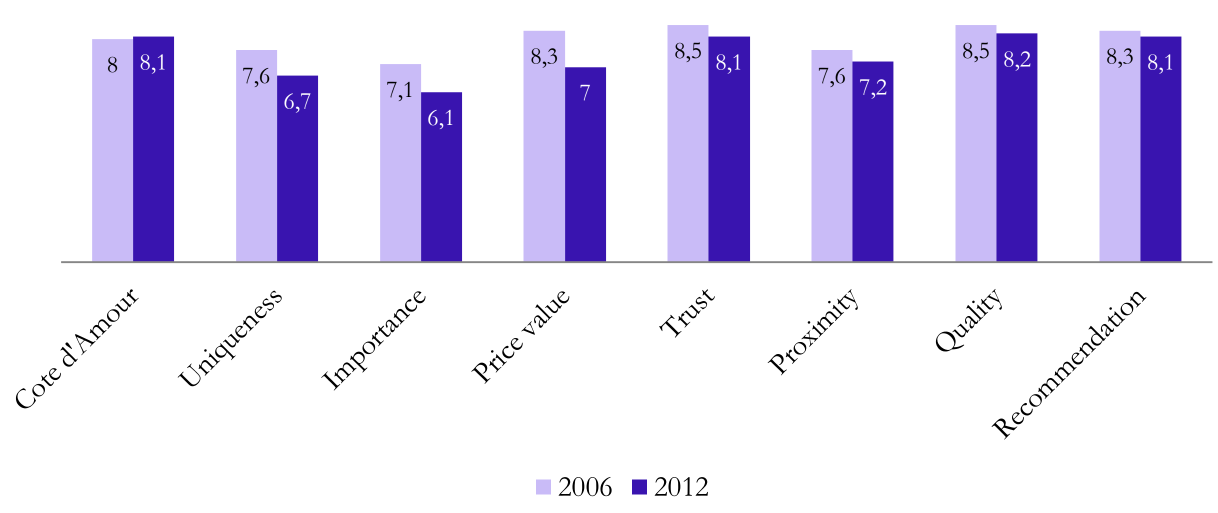
Adapted from Autoridade da Concorrência (2010)

Figure 5 – Sales attributed to promotions in 2012 (%)



Nielsen, August 2012

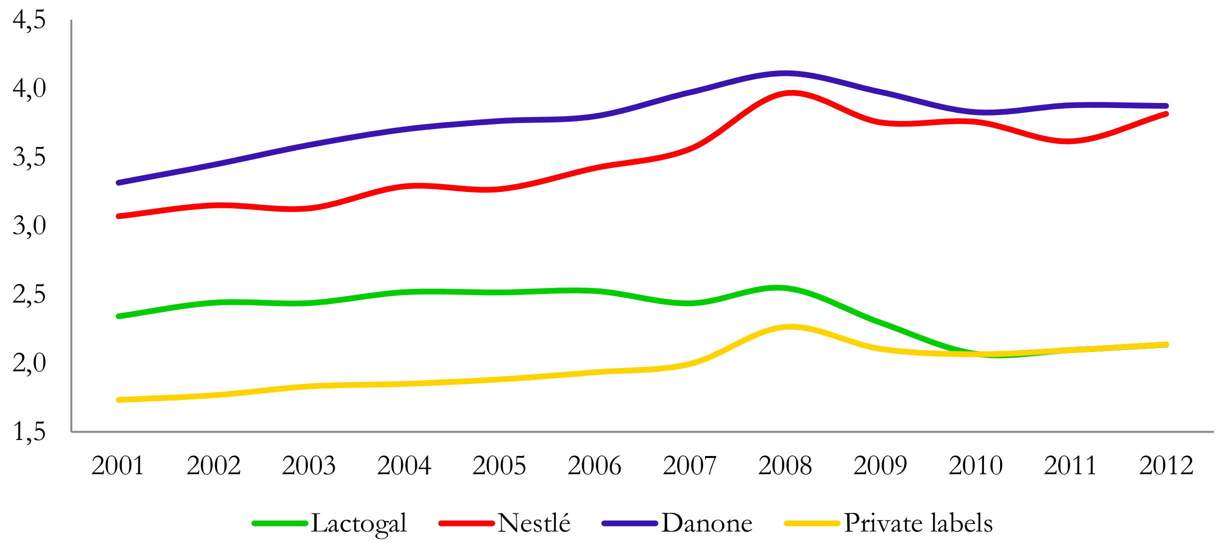
Figure 6 – Danone brand equity



Each equity dimension is measured in a 0-10 scale

GfK, 2012

Figure 7 – Market price to kilogram ratios (€)

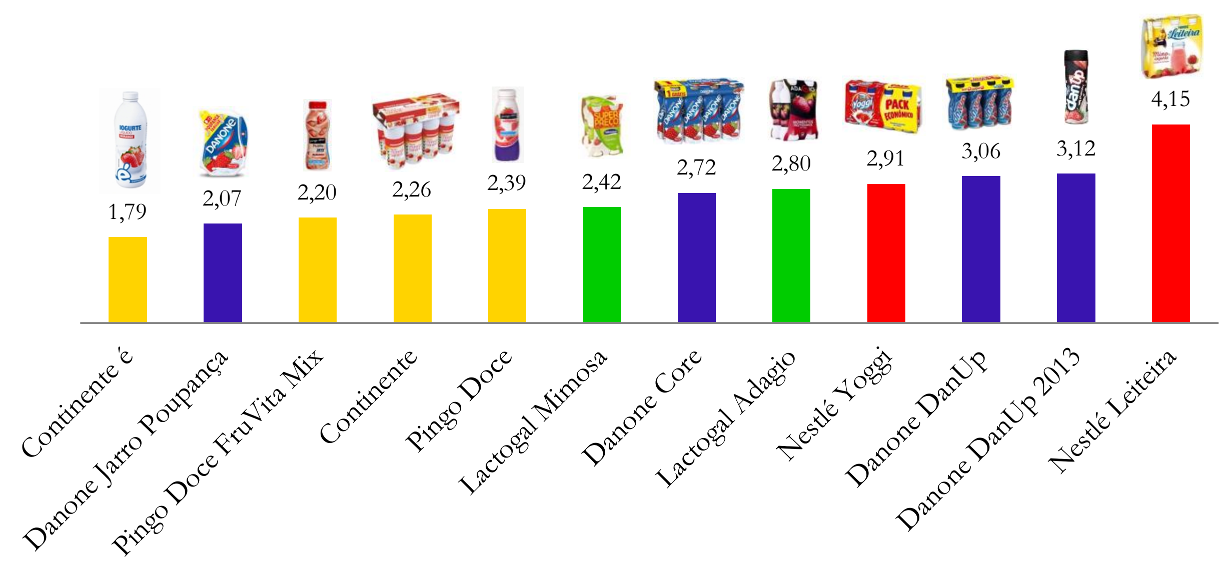


Adapted from Nielsen, 2012

Figure 8 – Danone Líquido Jarro Poupança Familiar

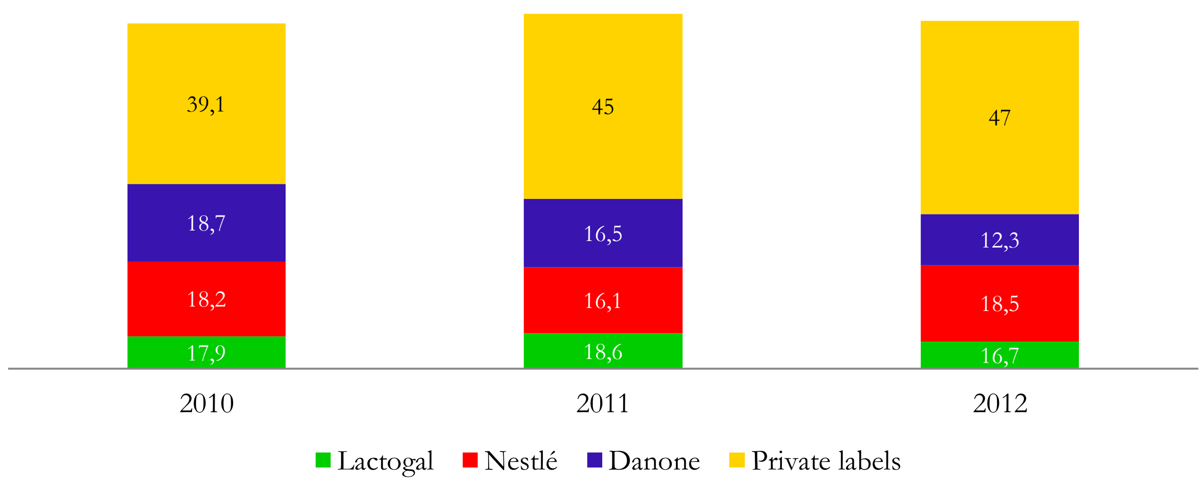
Danone, 2013

Figure 9 – Liquids price to kilogram ratios (€)



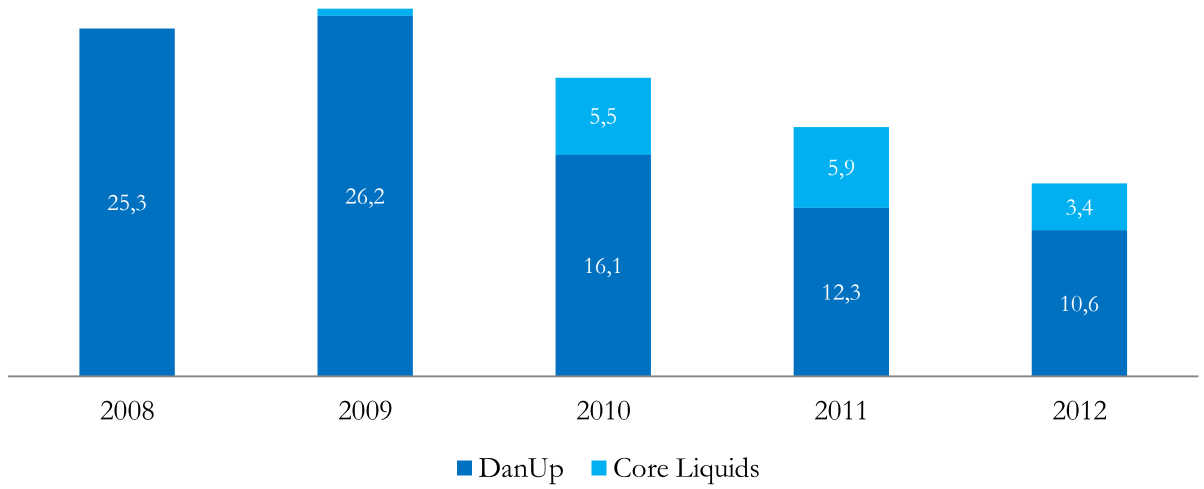
Field research, April 2013

Figure 10 – Liquids segment share in value (%)



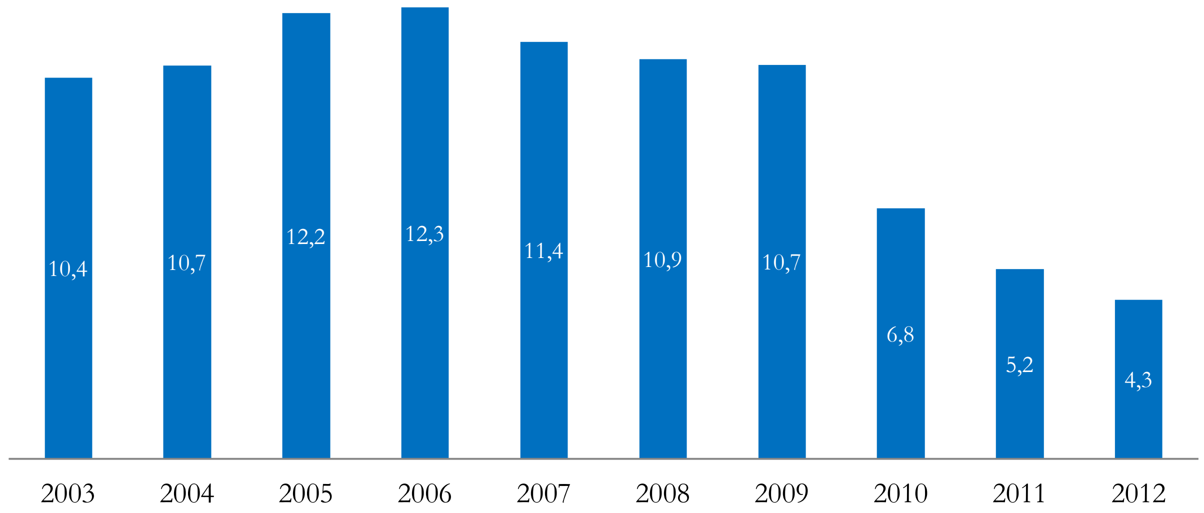
Nielsen, 2012

Figure 11 – Danone sales in value (€ million)



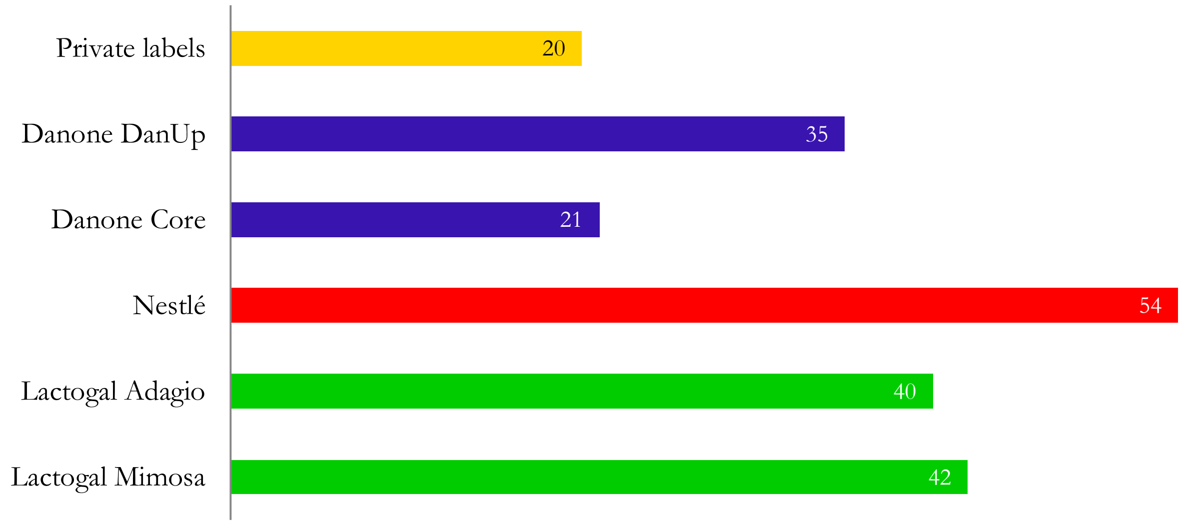
Nielsen, 2012

Figure 12 – DanUp sales in volume ('000 tons)



Nielsen, 2012

Figure 13 – Liquids segment promotional activity (% of volume sales)



Nielsen, 2012

Figure 14 – DanUp's target personality

Sincerity (μ=3,45)	Excitement (μ=4,36)	Competence (μ=2,67)	Sophistication (μ=3,00)	Ruggedness (μ=2,60)
Down-to-earth (3)	Daring (4)	Reliable (3)	Upper class (3)	Outdoorsy (5)
Family-oriented (2)	Trendy (3)	Hard-working (3)	Glamorous (2)	Masculine (4)
Small-town (1)	Exciting (5)	Secure (2)	Good looking (4)	Western (1)
Honest (4)	Spirited (5)	Intelligent (3)	Charming (3)	Tough (2)
Sincere (3)	Cool (5)	Technical (2)	Feminine (2)	Rugged (1)
Real (4)	Young (5)	Corporate (1)	Smooth (4)	
Wholesome (3)	Imaginative (4)	Successful (3)		
Original (5)	Unique (5)	Leader (4)		
Cheerful (5)	Up-to-date (5)	Confident (3)		
Sentimental (3)	Independent (3)			
Friendly (5)	Contemporary (4)			

Following Aaker's (1997) procedure, a five-point Likert scale was used
(1=not at all descriptive, 5=extremely descriptive)

Figure 15 – DanUp's tone of voice on social media

Translated freely, these two Facebook posts respectively read as follows: "Still have doubts? KEEP UP!" and "Do you think Mondays are boring? If so, drink DANUP and live this day with a different feeling!"

DanUp's Facebook, May 2012

Figure 16 – DanUp's packaging design families between 2007 and 2013

Standard Milkshake Fruit Experience

Danone, 2012

Figure 17 – DanUp's logo design evolution

2003 2007 2013

In the 2013's version, the color scheme of the "up" changes according to the flavor. In this case, it's Chocolate-Banana

Danone, 2012

Appendix 4 – Male Respondents' Results

Figure 18 – "Which bottle design do you feel a young adult would most likely be?"

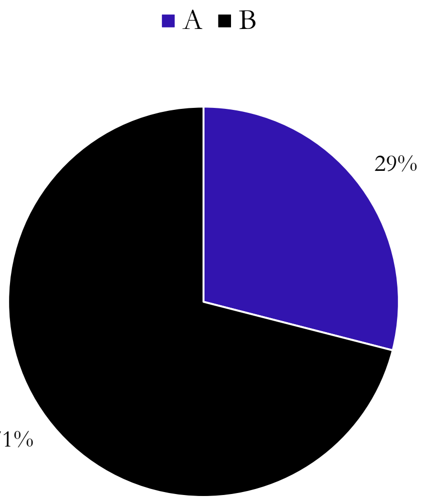
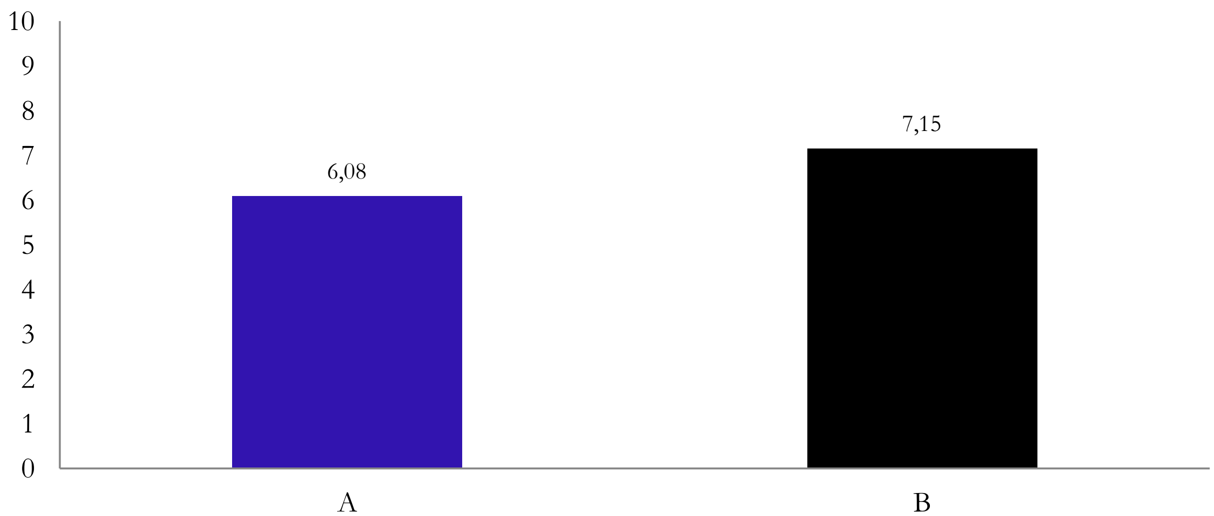
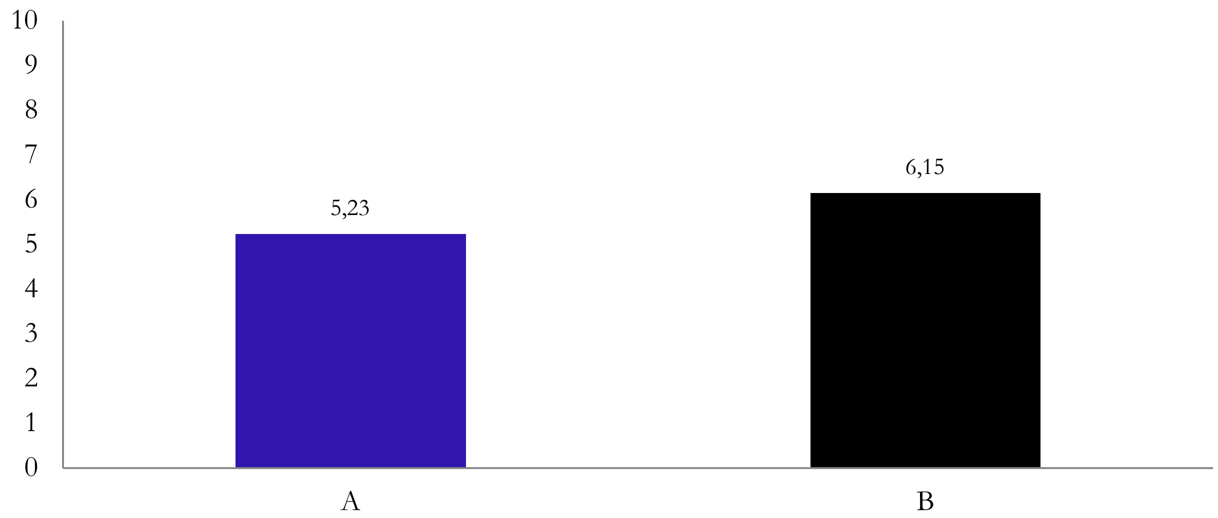


Figure 19 – "To what extent do you like each bottle design?"



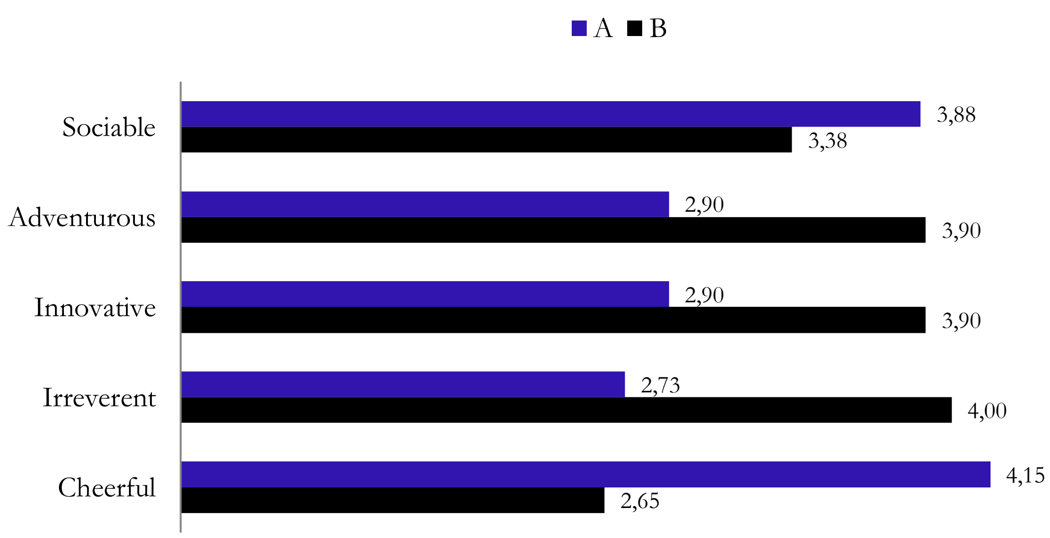
Mean values of male respondents' likeability for each bottle design
(1=not at all likeable, 10=extremely likeable)

Figure 20 – "Would you buy a pack of 4 bottles at a price of €2,29?"



Mean values of male respondents' willingness-to-pay for each bottle design
(1=most unlikely, 10=most likely)

Figure 21 – "How would you describe the personality of each bottle?"



Mean values of male respondents' ratings for each facet
(1=not at all descriptive, 5=extremely descriptive)

Table H – "How would you describe the personality of bottle A?"

Sincerity (μ=3,75)	Excitement (μ=2,97)	Competence (μ=3,47)	Sophistication (μ=3,24)	Ruggedness (μ=2,36)
Down-to-earth (3,58)	Daring (2,93)	Reliable (3,80)	Upper class (2,98)	Outdoorsy (3,18)
Family-oriented (3,90)	Trendy (2,73)	Hard-working (3,65)	Glamorous (3,00)	Masculine (2,58)
Small-town (3,73)	Exciting (3,10)	Secure (3,58)	Good looking (3,48)	Western (2,03)
Honest (3,80)	Spirited (3,40)	Intelligent (3,60)	Charming (3,13)	Tough (2,25)
Sincere (3,75)	Cool (2,85)	Technical (3,30)	Feminine (3,43)	Rugged (1,78)
Real (3,78)	Young (3,28)	Corporate (3,20)	Smooth (3,40)	
Wholesome (4,00)	Imaginative (2,98)	Successful (3,60)		
Original (3,15)	Unique (2,65)	Leader (3,10)		
Cheerful (3,98)	Up-to-date (2,70)	Confident (3,40)		
Sentimental (3,65)	Independent (3,03)			
Friendly (3,95)	Contemporary (3,03)			

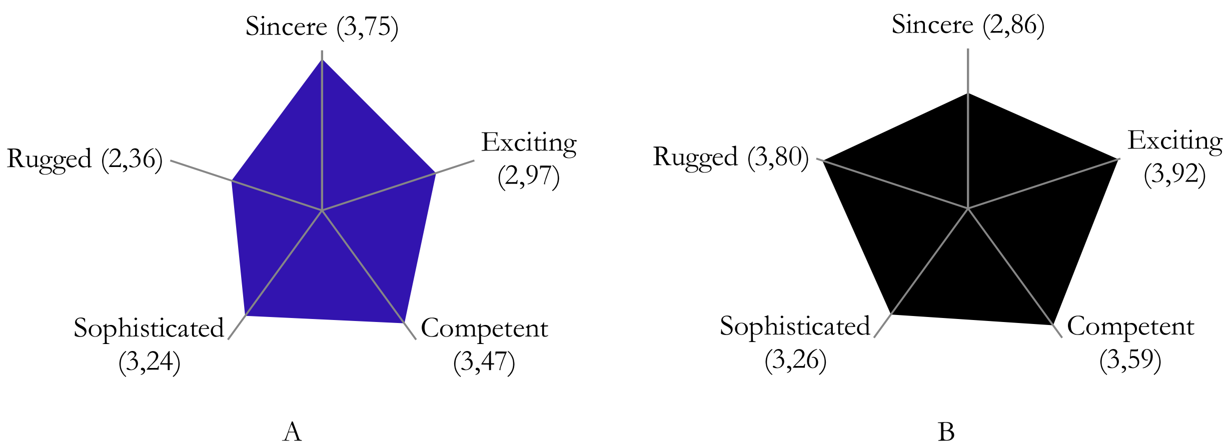
Values in parenthesis denote the mean value of male respondents' ratings for each trait
(1=not at all descriptive, 5=extremely descriptive)

Table I – "How would you describe the personality of bottle B?"

Sincerity (μ=2,86)	Excitement (μ=3,92)	Competence (μ=3,59)	Sophistication (μ=3,26)	Ruggedness (μ=3,80)
Down-to-earth (2,75)	Daring (4,13)	Reliable (3,08)	Upper class (3,53)	Outdoorsy (3,80)
Family-oriented (2,15)	Trendy (4,13)	Hard-working (3,13)	Glamorous (3,53)	Masculine (4,18)
Small-town (2,48)	Exciting (3,68)	Secure (4,03)	Good looking (3,70)	Western (3,18)
Honest (2,90)	Spirited (3,40)	Intelligent (3,68)	Charming (3,43)	Tough (3,98)
Sincere (2,85)	Cool (4,08)	Technical (3,40)	Feminine (2,48)	Rugged (3,85)
Real (2,95)	Young (3,90)	Corporate (3,38)	Smooth (2,88)	
Wholesome (2,90)	Imaginative (3,60)	Successful (3,70)		
Original (3,85)	Unique (3,85)	Leader (3,85)		
Cheerful (2,98)	Up-to-date (3,90)	Confident (4,03)		
Sentimental (2,65)	Independent (4,33)			
Friendly (2,98)	Contemporary (4,08)			

Values in parenthesis denote the mean value of male respondents' ratings for each trait
(1=not at all descriptive, 5=extremely descriptive)

Figure 22 – Male target consumers' perceived personality of each packaging design



(1=not at all descriptive, 5=extremely descriptive)