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How Can Corporate Social Responsibility Campaigns
Enhance Marketing Strategies: LIDL's approach.

Madalena Andreta Morais

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ABSTRACT

The present study objects to expose and clarify one of the main controversial issues and challenges of marketing these days: the implementation of Corporate Social Responsibility campaigns to achieve better commercial figures. How it is ethical perceived by consumers and how can it be build in order to be perceived as a win-win situation for both parties: corporation and consumers.

This topic came as a result of a reflection about these matters that followed an internship in the referred corporation: Lidl & CIA.

Lidl's "Goodness Gang 2014" campaign was analyzed carefully, being the core example of this project for its success in terms of sales and social goals. Due to the lack of statistics given by the company, a quantitative metric and a survey were created to better analyze consumers' response to it.

RESUMO

O presente estudo tem como principal objetivo expor e clarificar um dos assuntos e desafios mais controversos do Marketing nos dias que correm: A implementação de campanhas de Responsabilidade Social para atingir melhores metas de vendas. Como é que esta questão é eticamente interpretada pelos consumidores e como pode ser trabalhada de forma a ser percebida como uma situação positiva para ambos os lados envolvidos: a empresa e os seus consumidores.

Este tópico resulta duma reflexão acerca da referida matéria, após um estágio curricular na empresa em questão: Lidl & CIA.

A campanha do Lidl "Gang dos Frescos 2014" foi analisada pormenorizadamente, sendo o principal exemplo deste projeto pelo seu sucesso em termos de objectivos comerciais e sociais. Devido à falta de estatísticas disponibilizadas pela empresa em causa, um método quantitativo bem como um questionário foram criados para melhor analisar a reação dos consumidores à referida campanha.

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CHAPTER I – THE CASE STUDY



CHAPTER I – CASE STUDY

Let's Begin...

“They are just doing this to sell more, can't you see it?”

There are innocent people, conscious people, and manipulative people. There are thousands kinds of people in the world and some of them work in this competitive area called marketing. Within the years working areas as communication, public relations and marketing have suffered major transformations and changes and have become totally indispensable for any company's success. Especially when we are talking about multinational companies as Lidl.

Within these big areas there is a new trend that every notable company follows nowadays: Corporate Social Responsibility (CSR). Presently, CSR is no more than practices that improve the workplace and benefit society in ways that go above and beyond what companies are legally required to do. Why do they do it is always a good question. It can be either for strategic reasons, defensive reasons or even altruistic reasons. This last one is most of the times the perceived by consumers and may not be the real one. But at the end, the important question is: does that make a difference?

People not only like being help but most of the times they also enjoy the feeling of helping others. It gives them a personal satisfaction feeling and it is always good to tell others their altruistic actions.

CSR's influences all the surrounds of a company's operations and can actually have impact on its growing affluence, globalization and brand reputation between other aspects.

At the end of 2013 Lidl's Marketing team was preparing the next year's strategy, campaigns and contests and a lot of options were on the table. They recently started to invest more in marketing and communication and the path to follow was crucial for them to achieve the positioning intended. TCC, a multinational company specialized on selling marketing campaigns and concepts have asked to meet with the core team of Lidl's marketing in communication in order to present some ideas.

The main goal was to achieve the right awareness and the company was willing to make generous investments. TCC accomplished the meeting required and the team heard every concept carefully, always thinking on what could be the next correct marketing step for the company. However, one of the campaigns suggested by TCC was clearly more attractive than the others: The Goodness Gang. First of all, it was a campaign already implemented in

other countries like Luxemburg and Spain. The results were clearly positive and that undoubtedly caught the team's attention. Also, it was directed to children, a very powerful target and tomorrow's consumers. Thirdly, it combined not only pure marketing but CSR too, which was the way to target children's parents as well.

Lidl already helped some social responsible causes but sure their never did something as big as the Goodness Gang, and surely not directly for children that are such exigent costumers. On the other hand, the campaign had a comfortable format and it had shown very good results on other countries.

Was it worth the try?

1. The food retail Sector in Portugal

The retail sector in Portugal has been changing a lot over the past few years, especially in what concerns the food retail. We can now count with 5 big players: Continente (belonging to SONAE group), Pingo Doce (Jerónimo Martins group), Jumbo (Auchan group), LIDL and Mini Preço. Players distinguish themselves for various characteristics, which are part of their identities.

The research study "Global Channel Trends, 2014"¹ says that convenience and discount stores will be the fastest-growing offline channels in the future due to the elderly population and urbanization within the country although until now only Pingo Doce and Mini Preço have adapted its stores accordingly. Competition within the big players is very strong and these smaller trendy retailers haven't threat the big ones so far. Continente and Jumbo have similar assortments: very big stores with a huge variety of products. Both of them usually have their stores located in wide city spaces or shopping malls. However Continente is the number 1 player and has its stores located in the biggest shopping locations. We can also find now some smaller Continente shops called "Continente Bom Dia" in some more minor locations as popular neighborhoods in the big cities. In what concerns Lidl is the only discount retailer being upon the top 5 of retailers in the country and has recently changed its positioning adapting its identity to the Portuguese market.

¹ April 2014. MilošRyba - Research Director -Emerging Markets

² <http://smallbusiness.chron.com/corporate-social-responsibility-tool-sales-promotions-10181.html>

As shown in Exhibit 1, we can see the top 5 food retailers in Portugal according to APED data (2011 Report - Associação Portuguesa de Empresas de Distribuição). Data from the same source state that these 5 top players are the same who also have more stores, sales areas and employees.

In terms of Marketing presence, Pingo Doce and Continente are the most active players taking into account that all of them invest strongly in advertising on the mass media. These two also have important roles in the society by organizing and sponsoring events of great dimensions, one of the reasons why they also have huge visibilities being this one of the ways they use to differentiate themselves from the others. Examples of these are Missão Sorriso and PicNic Continente, huge campaigns promoted by Continente and Natal Solidário Pingo Doce. Retailers may also choose to differentiate by having a premium quality assortment (as SuperCor and Apolónia) or by price (as Lidl).

When we look upon the statistics related to business volume by employee we can see Lidl as the top food retailer having 246.331€ in 2010. (Exhibit 1)

Being the Food Retail Market such a competitive sector, companies have always to find ways to differentiate from each other which involves a wide creativity and of course, investment. Also, many retailers started to not sell exclusively food products but also non-food ones. Additionally, the market is always changing due to lifestyles, economic factors, needs, desires, demographics, environmental factors and retailers must always keep up with this changes. Customers have increasing power and since the economic crises that began to have impact in 2011, clients became much more price sensitive and private labels became a trend.

Online groceries shopping is also gaining bigger and bigger dimensions in this sector, as shown in exhibit 3, being a growing area which is only explored by Continente, Jumbo and SuperCor until now.

Concerning big retailers' suppliers it may vary between chains but its importance is very high. However their power is limited. The bigger the size of the retailers, the bigger their negotiation power is. Many retailers work exclusively for these big chains and their survival depends totally on them due to their huge orders, reason why retailers came up with special offers and exclusive promotions. To enter in this market is never easy, besides all the positioning, communication and marketing expenses when conquering new consumers, low margins do not allow a fast breakeven and not all the players can afford such risk.

2. LIDL Overview

Lidl is a multinational German retailer who entered in Portugal in 1995 as the first discount retailer in the food segment. Born in the 30's in Germany, Lidl only started to expand in the 70's and went international during the 90's. Today is one of the top retailers among several European countries. In the discount retailers segment, Lidl is the number one in Europe having the biggest stores network.

Its operation was different from the others: limited stocks, less employees and lower prices. However the Portuguese population was not familiar with this type of stores and at the beginning only price sensitive people shopped there. Lidl was criticized for not having many national and fresh products as vegetables and bread, which was a characteristic of their low-cost assortment as very simple and artless merchandising also was. Portuguese people were not used to this different concept and therefore quality perception was weak.

With the precious time effect, this perception started to change in consumer minds. Some products became very popular and Extra-Large sizes became a tendency. Due to their lower prices Lidl increased its sales during the economic crisis in 2011 and with new stores opening every year, Lidl's awareness started to went trough a transformation.

To complement this "revolution" some changes started to appear outside the stores. From the past two years they started to modify their range of products and way of communication. National products, fresh fruits and vegetables, fresh bread and fish were introduced in their product portfolio.

Lidl started to advertise in mass communication channels like TV and Radio and they also started to have a very strong presence in Social Media like YouTube and Facebook. But they didn't stop here. Lidl's top chef, Hernani Hermida has a weekly culinary program in one of the most known television morning programs in Portugal: "Você na TV!"

Important events sponsoring was also an investment and Sushi Fest was the pioneer. More recent news indicate Lidl as the official Kidzania supermarket what reveals a strong intention to be present in consumer evoke sets: not only the present consumers but also their kids which always have a very important role in cdecision making processes and are the future consumers.

Stores merchandise was renovated and its environment doesn't look like a simple discount store any more.

In pair with these changes, their stores started to be renewed giving it a much more modern and healthy look. As mentioned before the number of stores also increased being today 240 all over the country.

These were changes that everyone could see. However, they weren't the only ones. Lidl also changed their quality control making it stricter and likewise inserted some national brands on their portfolio, which was one of the main measures for them to make the difference in their reputation.

2.1 Lidl's Corporate Social Responsibility

Social Responsibility and Sustainability always have been present in this corporation over the years. However, with all the recent changes the company has been up to, also this area became more active. Nowadays, Lidl has its Corporate Social Responsibility focused in four main distinct areas: society, employees, environment and product.

Currently they have 6 main campaigns going on only focused on social responsibility. "Mais para todos" (More for everyone) is one of them and intends to distribute first necessity goods within other actions to help people and social organizations all over the country. In collaboration with APED they also have a campaign that aims to alert people for the importance of correctly put cooking oil on its proper places.

In pair with these two campaigns they are endorsing for the second consecutive year an action in some Portuguese beaches with "Instituto de Socorros a Náufragos" that aims to promote safeness on the beaches during the summer. There are other smaller actions too such as contributions to food banks, promoted in every single Lidl store. Besides, every chocolate sold in Lidl has cocoa from sustainable plantations.

More recently Lidl launched an innovative social responsibility campaign that incentives people to adopt pets instead of abandon them: "Não abandone, adote!" For every adopted animal until August 2015 in collaboration with the organization SOS Animal, Lidl offers a full year food donation for this pet.

These are mainly small campaigns that intend to create some involvement and engagement with consumers and are not directly related to sales. Every big company nowadays commits to some social responsibility intentions and objectives that somehow connect to their corporate identity and reputation.

3. What is our problem after all...?

Since 1995, Lidl's entering date in the Portuguese market the company has maintained a low profile marketing approach due to its hard-discount positioning. The company grew a lot over the past 20 years and as we have been seeing it has been changing its strategy, not only

commercially but also in communication and marketing. These intended to position Lidl away from the hard-discount store perception that it always had, giving it a fresh new image.

Investments were made inside and outside the stores and results started to be noticed. Lidl was actually considered as a Superbrand for the first time in Portugal.

Following this new strategy, the company intended to pursue a path that so many others follow these days: to combine marketing, communication and corporate social responsibility. Actions, campaigns and movements were created and promoted by the company as a way to create more engagement and proximity with its customers.

The campaign proposed by TCC, was tempting but it showed some risks at the same time. Like in all the other organizations that communicate their social responsibility actions the dilemma was on the table: “Would people perceive these actions as a positive interaction from the company towards society?”, “How will Lidl be able to endorse a remarkable campaign evolving CSR and still contribute to the company’s improvement of sales values?”, **“How to conquer consumer loyalty through a message that has obviously commercial objectives behind?”** In a single question: “How can Corporate Social Responsibility enhance marketing strategies?”

The company needed to answer all of these questions. Both the communication and the marketing department needed a victorious campaign in order to keep their new approach moving forward, to impress the sales and financial departments and above all, to vanquish the loyalty of their actual consumers and to conquer the potential ones.

This was the climate that conducted to the Goodness Gang movement that represented a major player in this transition of identity.

4. Gang dos Frescos campaign

Gang do Frescos campaign (Goodness Gang as it is known internationally) was a campaign firstly proposed to Lidl by another multinational company: TCC global, a leader company in creating retail-marketing programs all over the world with more than 20 years of experience. The campaign was idealized by them and implemented by Lidl.

The first time Gang dos Frescos arrived was in 6th January 2014 (being on until 26th February) with the goal of catch kids attention and of course, their parents’. The campaign was all over every Lidl shop, as well as on social media and Mass Media. It consisted in showing and teaching the youngest generations the importance of healthy eating habits mostly the importance of fruits and vegetables being one of the main

motivations some recent statistics that showed extreme values of child obesity in Portugal. Lidl's communication director referred as well that with the increasing number of fruits and vegetables consumed by the kids, their school success would be a strong reflection and that was one of the reasons why they went on a roadshow for 30 schools.

For every 10€ spent on Lidl shopping, consumers received a collectable point. When they reached 20 points they could change them for one of the 7 plush toys available. In alternative, parents could collect 10 points and pay 2,99€ more to get a plush toys. These teddies became very popular among children; they had the format of every fruit and vegetable that the campaign was promoting.

Additionally, 48 Lidl stores received the visit of giant fruits and vegetables to play with kids that went shopping with their parents to interacting with them and to distribute some healthy recipes books and other gifts. All of this was shaped with the intention of promoting the campaign and creating some engagement among children.

In addition to this in-store promotion, the campaign's roadshow for 30 schools in partnership with Direção Geral de Saúde to promote healthy habits between children through games and interactive activities, being a social responsibility action as well. This actions were a development of "Regresso às aulas" ("Back to School") and "Missão: Crescer forte e saudável" ("Mission: To Grow Strong and Healthy") projects promoted by the same entity. At the end of each session every student received a recipe book in which healthy food and the Goodness Gang characters were the main heroes. Lidl's chef wrote all recipes.

In addition, Lidl offered sports kits to every school involved in the project to underline even more the importance of the healthy habits creation. Also as a complement of this school roadshow, every school was purposed to create a big poster encouraging healthy food habits. A contest was created and the school with the best poster won a culinary workshop with the Chef.

Moreover, a version of the Glory Game was produced in collaboration with Sapo with the intention of expanding even more the campaign message.

This campaign ended up captivating both kids and their parents resulting in a sales rise and in a highest number of clients during that period. It was estimated that a high percentage of additional shopping was made in order to collect the points. It was actually the most successful campaign in that year and the goals of achieving a fresh, healthy, high quality of food image were succeeded.

Its awareness was mainly created through social media (59% Facebook) and Television (26%). Friends and family also had an important role in spreading the buzz around the campaign as well as Lidl's usual flyers, in-store information and website.

The success was such that the company decided to repeat the campaign one year later. In 2015 the Goodness Gang was on stores from 1st September until the 8th November with new plush toys and collectable points and cards that children can place in a didactic album in which comes the description of every fruit and vegetable. This time, the cards have its own game in which the villains are diseases such as obesity, osteoporosis and hypertension.

In order to better analyze consumer's perception towards this campaign a survey was made and also quantitative method to come out with specific outputs. Online comments, posts and shares were analyzed in the following terms:

- Willingness to pay;
- Consumer loyalty;
- Brand Reputation;
- Opinion Towards the campaign;

For the aim of this second study there were 50 online comments analyzed individually (Exhibit 2) in the terms referred above on a scale from 1 to 5 being:

- 1- Extremely weak or negative, aversion, disregard
- 2- Weak, no interest, disdain
- 3- Neither agrees or disagrees, doesn't have a strong opinion (negative or positive), shows indifference;
- 4- Likes the campaign and shows a positive thought towards it; shows interest in participating;
- 5- Total fan of the Goodness Gang campaign, intends to collect all the plush toys, and shows engagement and extremely positive thoughts.

N- Doesn't express any opinion on this variable.

Averages of this study were calculated with the aim of better understanding the opinion of Internet users who are also Lidl consumers on this campaign. One should take into account that the campaign started in the beginning of 2014 and before that almost no engagement was created with the consumers in terms of loyalty or trust actions and campaigns. Actually, when

analyzing Lidl's Facebook interactions before 2014 we clearly came across a brand that does regular posts about its products and promotions with low investments on any consumer interaction. Even subtitles are minimalists.

With the emergence of the referred campaign, costumers found something to write an opinion on and therefore we could analyze some of these.

The referred calculations showed us that the average Willingness to pay was about 3.51, while the average Consumer Loyalty was about 4.03. In terms of brand reputation, according to the 50 comments and posts analyzed it was around 3.59 whereas the Overall opinion towards the campaign was 3.72. It is important to underline that not all the analyzed opinions were referring always all the 4 topics and some variables like Brand Reputation were only counted 22 times due to the scarcity of references to it. All the calculations are strictly described in Exhibit 2.

This analysis was made with the goal of giving a quantitative measurement to the campaign in the terms that it was possible to do it. However, there are some general qualitative opinions written by people that deserve our attention. The most popular one was referring to the campaign period: many people were complaining that they couldn't collect all the plush toys in two month, some of them actually asked the company to make it last some more time. Others found it incredible rude the fact that they had to purchase a total of 1400€ in Lidl shopping to get the whole collection, being that just one plush toy was only offered after 200€ in shopping points.

More positive approaches were asking people to see it as a shopping reward that could lead to a funny gift and that people should not get so offended for not achieving the whole collection.

These were the most common thoughts people wrote on Social Media, blogs and Online Magazines. Despite the controversial side of the comments, we have here a huge online buzz created that didn't pass unnoticed. Lidl's Facebook page was full of messages, events for exchanging points were created, kids posting YouTube videos showing the plush toys they were able to buy became popular. There were people asking family and friends for Lidl points just to complete their collection and some of them begging to pay for the plush without having to collect the points because the campaign was reaching its end. Children were obviously the main character and a lot of parents complained about the fact that the plush toys were all over the store and kids were imploring for taking them.

Parents complained about the way the campaign worked and the wasted money but the conclusion on their opinions was clear: all of them wanted the plush toys, all of their kids loved it and they were trying to get them.

The other study conducted was an online survey with the objective of measuring the campaign awareness and receptivity. The survey had 354 respondents and the answers collected were not only about the chain and the campaign but also demographic. Overall, the main conclusions we might take from the answers (see Exhibit 4) are the following:

- About 50.5% of the inquirers claim to know the campaign and 22% are totally familiarized with it;
- In a scale from 1 to 7, 29,9% of the respondents perceive Lidl as number 5 in terms of the relation Price/Quality;
- Lidl was the third retailer chosen by respondents for their grocery shopping and about 51.4% of them claim to shop for groceries once a week;
- Only 0.6% of the respondents never heard anything about Lidl;
- In a scale from 1 to 7 the highest value registered when asked about Lidl's image was the level 3 (30.8%) while in terms of Price the level that registered a highest number of responses was the 6th (30.8%);
- When confronted with the following statement "I think this campaign is a way for Lidl to purely achieve their commercial objectives" – From 1 to 5 how much do you agree; answers were divided and the mean of those answers is 2.74.

5. Conclusion

In the beginning we asked the question: "Does the true intention really makes the difference?" Well, it depends on personal opinions. The facts show us that there are actually institutions and people that have difficulties and end up being helped. In this case, children actually learn very important tips about healthy eating.

Obesity is a real problem among children in Portugal and there are not enough campaigns to raise awareness to it, like many other social problems.

Marketing is an area in which innovation must be always present. Being one step ahead is essential and creativity is nothing if value is not created, that's why marketing needs to create meaningful campaigns and now more than ever there is the need to go beyond the traditional marketing mix. C.B. Bhattacharya, Pietro Ferrero Chair in Sustainability and

Director of the Center for Sustainable Business at ESMT (European School of Management and Technology in Berlin) stated that:

“As corporate responsibility becomes a bigger shaper of companies’ public images, ignoring the advantages of effective corporate responsibility marketing becomes an increasingly higher stakes gamble.”

Undoubtedly, marketing and corporate social responsibility can work together, building interesting campaigns while adding value to the company, but there is sure an effective way of doing it. Corporations many times focus only on the business value of these campaigns and it’s important to communicate them revealing mostly their social significance. Most of all corporations should see their stakeholders as the key for the success. Campaigns should be created and directed according to them, to their choices, likes and preferences and that’s why Marketing Research is such an important tool.

It’s almost impossible to keep everyone satisfied and people are always going to complain and disagree with the things they opposed to. However, a good successful campaign is the one that achieves both commercial and social objectives.

The Portuguese Goodness Gang is an example of a campaign that had excellent results on both sides. Sure it didn’t hide its commercial objectives, which generated many debatable opinions. However, the salable goals were positive, the buzz among children and their parents was hugely visible and positive shopping behaviors towards the campaign were noticeable.

The schools roadshow showed positive results in terms of healthy education, captivation of children attentions concerning the thematic being present and overall engagement. Games, didactic books and culinary workshops complemented the message in a way that captivated both kids and their parents, despite the fact that only 30 schools had the opportunity to meet the “Goodness Gang”. The global triumph of the campaign led Lidl to repeat it in 2015 and more schools were included in the roadshow program.

Also, analyzing online opinions it was stated that all the averages of the 4 variables are positive, even when expressing negative opinions people referred the positive side of the initiative and their loyalty towards the brand.

Corporate Social Responsibility can enhance marketing strategies and that is not a wrong approach. Companies should do it in a way that the social value is not forgotten and people

would not put themselves against it. Corporations have the power of creating a win-win situation combining both wings and the point is in communicating it the right way.

6. Exhibits

6.1 Exhibit 1 – The Food Retail Sector in Portugal

Table 1 - Top 10 Food Retail Businesses

| | 2010 (M€) | 2009(M€) | 2010 VS 2009(M€) |
|--------------------------|-----------|----------|------------------|
| 1. Continente | 3.555 | 3.380 | 5% |
| 2. Pingo Doce | 3.453 | 3.112 | 11% |
| 3. Auchan | 1.601 | 1.501 | 7% |
| 4. Lidl | 1.199 | 1.211 | -1% |
| 5. Mini Preço | 903 | 897 | 1% |
| 6. Ponto Fresco | 49 | 49 | 1% |
| 7. Apolónia | 30 | 30 | -2% |
| 8. Super Sol | 11 | 16 | -35% |
| 9. Novo Horizonte | 7 | 8 | -11% |
| 10. Seleção | 3 | 3 | 2% |

Source: APED


Table 2- Top 20 stores

| | 2010 | 2009 | 2010 VS 2009 |
|--------------------------|-------------|-------------|---------------------|
| 1. Mini Preço | 524 | 506 | 4% |
| 2. Pingo Doce | 362 | 356 | 2% |
| 3. Lidl | 227 | 223 | 2% |
| 4. Continente | 170 | 164 | 4% |
| 5. Worten | 132 | 132 | 0% |
| 6. Modalfa | 105 | 99 | 6% |
| 7. Sportzone | 74 | 75 | -1% |
| 8. Foreva | 54 | 52 | 4% |
| 9. O Boticário | 48 | 50 | -4% |
| 10. Massimo Dutti | 43 | 41 | 5% |
| 11. Ponto Fresco | 43 | 45 | -4% |
| 12. C&A | 40 | 37 | 8% |
| 13. Zippy | 36 | 34 | 6% |
| 14. Salsa | 35 | 32 | 9% |
| 15. Staples | 35 | 35 | 0% |
| 16. Maxmat | 33 | 35 | -6% |
| 17. Auchan | 32 | 31 | 3% |
| 18. Quebramar | 31 | 38 | 11% |
| 19. Ana Sousa | 30 | 30 | 0% |
| 20. Moviflor | 28 | 28 | 0% |

Source: APED

Table 3 - Excel study on the campaign's awareness

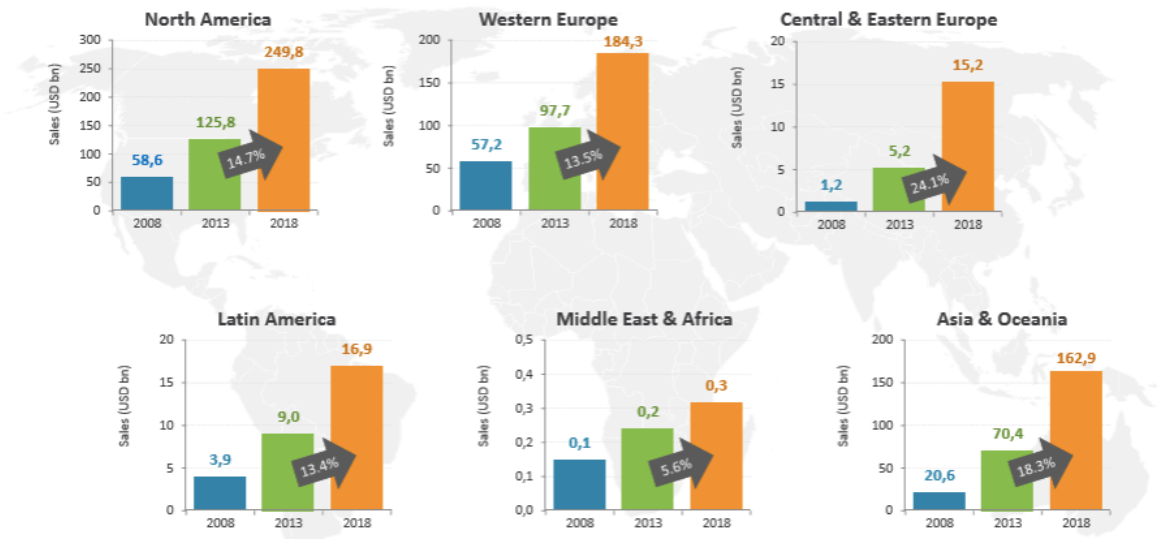
6.2 Exhibit 2 – Analysis of online comments and post on the Goodness Gang campaign



| Avaliação comentários | Aderência à campanha | | | |
|-----------------------|----------------------|------------------|------------------|------------------------------|
| | Willingness to pay | Consumer Loyalty | Brand Reputation | Opinion towards the campaign |
| Comentário 1 | 5 | 4 | N | 5 |
| Comentário 2 | 5 | 4 | N | 5 |
| Comentário 3 | 5 | 4 | N | 5 |
| Comentário 4 | 2 | 1 | 1 | 1 |
| Comentário 5 | 5 | 5 | 6 | 5 |
| Comentário 6 | N | N | N | 5 |
| Comentário 7 | 2 | N | N | 2 |
| Comentário 8 | 2 | 5 | 5 | 4 |
| Comentário 9 | 5 | 4 | 4 | 3 |
| Comentário 10 | 5 | 5 | N | 5 |
| Comentário 11 | 5 | 5 | N | 5 |
| Comentário 12 | 5 | 4 | N | 5 |
| Comentário 13 | 4 | 5 | 5 | 5 |
| Comentário 14 | 4 | 5 | 4 | 4 |
| Comentário 15 | 5 | 5 | 5 | 5 |
| Comentário 16 | 3 | 4 | N | 3 |
| Comentário 17 | 2 | 2 | 1 | 5 |
| Comentário 18 | 1 | 1 | 1 | 1 |
| Comentário 19 | 5 | 5 | 5 | 5 |
| Comentário 20 | 2 | 1 | 1 | 1 |
| Comentário 21 | 2 | 5 | 4 | 2 |
| Comentário 22 | 2 | N | N | 2 |
| Comentário 23 | 5 | 5 | 5 | 5 |
| Comentário 24 | 3 | 5 | 4 | 3 |
| Comentário 25 | 1 | N | N | 1 |
| Comentário 26 | 1 | N | N | 1 |
| Comentário 27 | N | N | N | 5 |
| Comentário 28 | 5 | N | N | 5 |
| Comentário 29 | 1 | N | 1 | 1 |
| Comentário 30 | 5 | 5 | 5 | 5 |
| Comentário 31 | 5 | N | N | 5 |
| Comentário 32 | 3 | 5 | N | 4 |
| Comentário 33 | N | N | N | 5 |
| Comentário 34 | 2 | N | 2 | 1 |
| Comentário 35 | N | N | N | 4 |
| Comentário 36 | 3 | N | N | 4 |
| Comentário 37 | 2 | 2 | N | 2 |
| Comentário 38 | 4 | N | N | 5 |
| Comentário 39 | 5 | 5 | 5 | 5 |
| Comentário 40 | 5 | 5 | N | 5 |
| Comentário 41 | 2 | 2 | N | 5 |
| Comentário 42 | 4 | N | N | 1 |
| Comentário 43 | 4 | 4 | N | 2 |
| Comentário 44 | 5 | 5 | 5 | 3 |
| Comentário 45 | 5 | 5 | 5 | 5 |
| Comentário 46 | N | N | 4 | 5 |
| Comentário 47 | 5 | 5 | N | 5 |
| Comentário 48 | 1 | 1 | 1 | 5 |
| Comentário 49 | 5 | 5 | N | 1 |
| Comentário 50 | 1 | N | N | 5 |
| Média | 3,51 | 4,03 | 3,59 | 3,72 |

6.3 Exhibit 3 – Grocery E- Commerce around the world

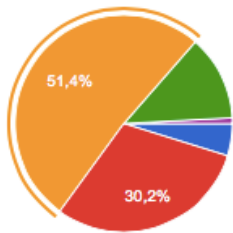
Grocery E-commerce: Global Sales, 2008-2018f (USD bn)



Graph 1

6.4 Exhibit 4 – Online Survey Results

How often do you shop in a super or hypermarket?

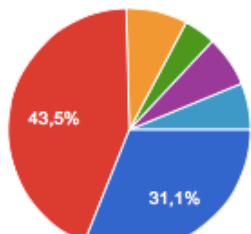


| | | |
|-----------------------------|------------|-------|
| Everyday | 17 | 4.8% |
| Twice or three times a week | 107 | 30.2% |
| Once a week | 182 | 51.4% |
| Rarely | 45 | 12.7% |
| I don't | 3 | 0.8% |

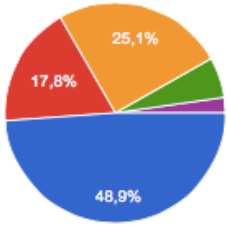
In which shop do you usually do your groceries shopping?

Graph 2.1

| | | |
|------------|------------|-------|
| Continente | 110 | 31.1% |
| Pingo Doce | 154 | 43.5% |
| LIDL | 29 | 8.2% |
| Mini Preço | 15 | 4.2% |
| Jumbo | 24 | 6.8% |
| Other | 22 | 6.2% |



Graph 2.2



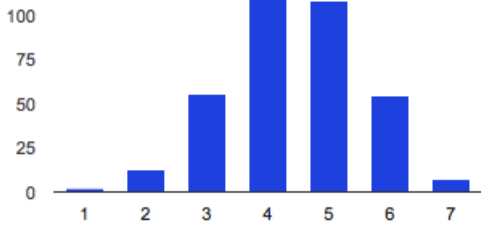
Based on what factors do you usually choose your groceries shopping place?

| | | |
|-------------------------|------------|-------|
| Proximity | 173 | 48.9% |
| Quality of the products | 63 | 17.8% |
| Prices/Promotions | 89 | 25.1% |
| Variety of Products | 21 | 5.9% |
| Other | 8 | 2.3% |

Graph 2.3

In a scale of 1 to 7 how do you perception Lidl in terms of Quality

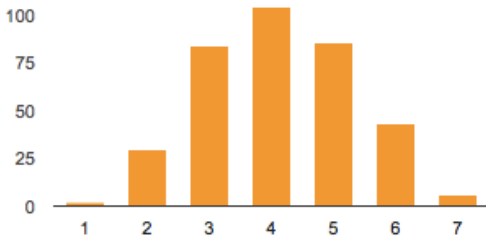
Graph 2.4



| | | |
|---|------------|-------|
| 1 | 2 | 0.6% |
| 2 | 13 | 3.7% |
| 3 | 56 | 15.8% |
| 4 | 112 | 31.6% |
| 5 | 108 | 30.5% |
| 6 | 55 | 15.5% |
| 7 | 7 | 2% |

In a scale of 1 to 7 how do you perception Lidl in terms of Variety of Products

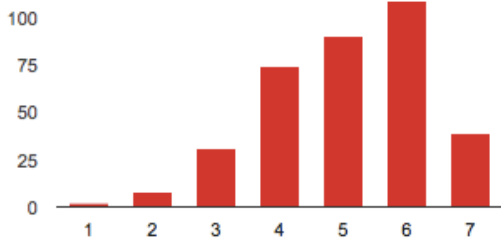
Graph 2.5



| | | |
|---|------------|-------|
| 1 | 2 | 0.6% |
| 2 | 30 | 8.5% |
| 3 | 84 | 23.7% |
| 4 | 104 | 29.4% |
| 5 | 85 | 24% |
| 6 | 43 | 12.1% |
| 7 | 6 | 1.7% |

In a scale of 1 to 7 how do you perception Lidl in terms of Price

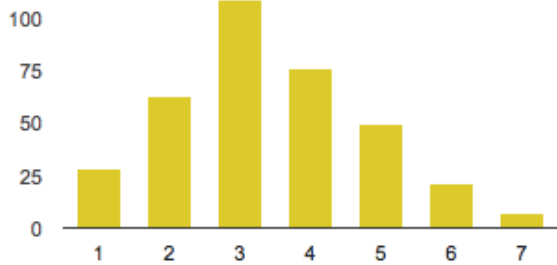
Graph 2.6



| | | |
|---|------------|-------|
| 1 | 2 | 0.6% |
| 2 | 8 | 2.3% |
| 3 | 31 | 8.8% |
| 4 | 74 | 20.9% |
| 5 | 90 | 25.4% |
| 6 | 109 | 30.8% |
| 7 | 39 | 11% |

In a scale of 1 to 7 how do you perception Lidl in terms of Image

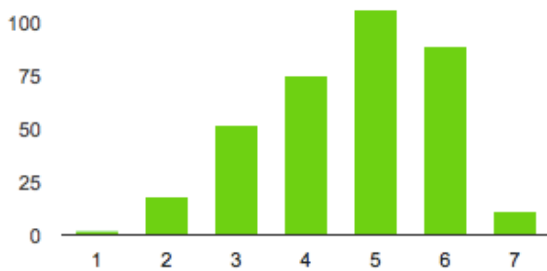
Graph 2.7



| | | |
|---|------------|-------|
| 1 | 28 | 7.9% |
| 2 | 63 | 17.8% |
| 3 | 109 | 30.8% |
| 4 | 76 | 21.5% |
| 5 | 50 | 14.1% |
| 6 | 21 | 5.9% |
| 7 | 7 | 2% |

In a scale of 1 to 7 how do you perception Lidl in terms of the relation Price/Quality

Graph 2.8



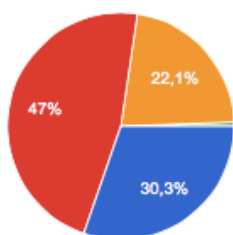
| | | |
|---|------------|-------|
| 1 | 2 | 0.6% |
| 2 | 18 | 5.1% |
| 3 | 52 | 14.7% |
| 4 | 75 | 21.2% |
| 5 | 106 | 29.9% |
| 6 | 89 | 25.1% |
| 7 | 11 | 3.1% |

Do you know Lidl's campaign: "The Goodness Gang"?

| | | |
|---|------------|-------|
| Very Well | 78 | 22% |
| I have an idea but I'm not familiarized with it | 101 | 28.5% |
| Vainly | 70 | 19.8% |
| No, never heard about it | 79 | 22.3% |

Graph 2.9

Do you know Lidl's supermarket?

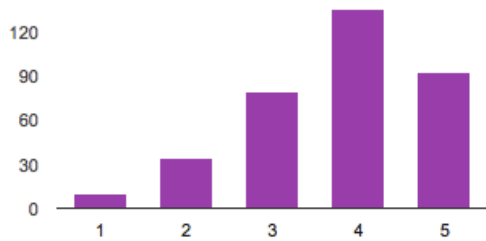


| | | |
|--------------------------|------------|-------|
| Very Well | 78 | 30.2% |
| Yes | 101 | 46.9% |
| Yes, but not much | 70 | 22% |
| No, never heard about it | 2 | 0.6% |

The statements analyzed through a scale of 1 to 5 (1-completely disagree; 5- completely agree) were the following (in order):

1. The campaign has a didactic goal and is an excellent way to teach children the importance of healthy eating habits;

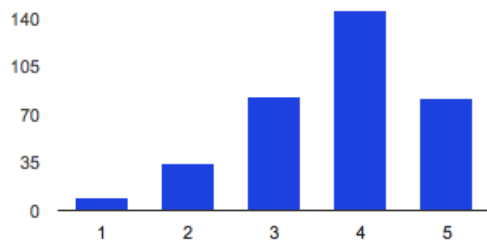
Graph 2.10



| | | |
|---|------------|-------|
| 1 | 10 | 2.9% |
| 2 | 34 | 9.7% |
| 3 | 79 | 22.6% |
| 4 | 135 | 38.6% |
| 5 | 92 | 26.3% |

2. The campaign's format is attractive for both children and their families and easily catch their attention;

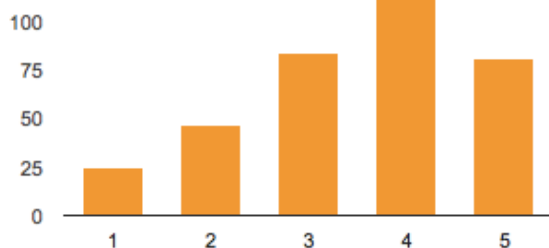
Graph 2.11



| | | |
|---|------------|-------|
| 1 | 9 | 2.5% |
| 2 | 34 | 9.6% |
| 3 | 83 | 23.4% |
| 4 | 146 | 41.2% |
| 5 | 82 | 23.2% |

3. If I was a parent I would easily contribute to get at least one plush toy;

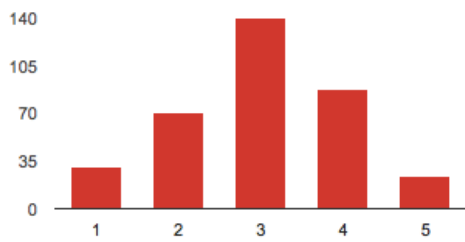
Graph 2.12



| | | |
|---|------------|-------|
| 1 | 25 | 7.1% |
| 2 | 47 | 13.3% |
| 3 | 84 | 23.7% |
| 4 | 117 | 33.1% |
| 5 | 81 | 22.9% |

Graph 2.13

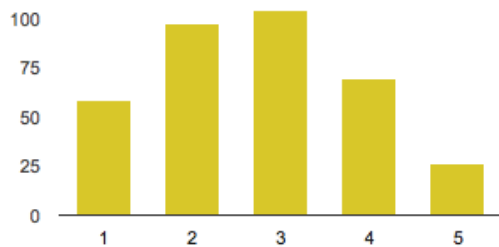
4. The benefit brought by the campaign is fair taking into account its monetary trades;



| | | |
|---|------------|-------|
| 1 | 31 | 8.8% |
| 2 | 71 | 20.1% |
| 3 | 140 | 39.5% |
| 4 | 88 | 24.9% |
| 5 | 24 | 6.8% |

Graph 2.14

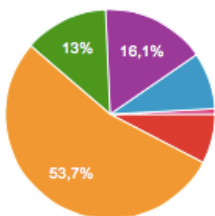
5. I think this campaign is a way for Lidl to purely achieve their commercial objectives



| | | |
|---|------------|-------|
| 1 | 58 | 16.4% |
| 2 | 97 | 27.4% |
| 3 | 104 | 29.4% |
| 4 | 69 | 19.5% |
| 5 | 26 | 7.3% |

Graph 2.15

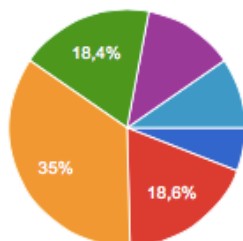
Age



| | | |
|-------|------------|-------|
| -16 | 0 | 0% |
| 16-20 | 27 | 7.6% |
| 21-30 | 190 | 53.7% |
| 31-45 | 46 | 13% |
| 46-55 | 57 | 16.1% |
| 56-65 | 31 | 8.8% |
| +65 | 3 | 0.8% |

Graph 2.16

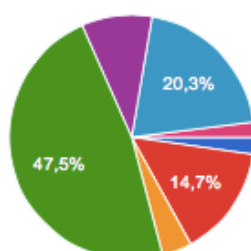
What is your monthly household income?



| | | |
|-------------|------------|-------|
| -500€ | 21 | 5.9% |
| 500€-1000€ | 66 | 18.6% |
| 1000-2000€ | 124 | 35% |
| 2000€-3000€ | 65 | 18.4% |
| 3000€-5000€ | 44 | 12.4% |
| + 5000€ | 34 | 9.6% |

Academic Qualifications

Graph 2.17



| | | |
|--------------------------------------|------------|-------|
| 9 th Grade | 8 | 2.3% |
| 12 th Grade – High School | 52 | 14.7% |
| Professional course | 14 | 4% |
| Under graduation | 168 | 47.5% |
| Post-Graduation | 33 | 9.3% |
| Master | 72 | 20.3% |
| PhD | 7 | 2% |

CHAPTER II – LITERATURE REVIEW



CHAPTER III – LITERATURE REVIEW

“The essential foundation of any organization, with or without profit purposes is the creation of value” (António C. Pais, 2009).

Technology development changes the market everyday and one of the most important changes that ever occurred was the Internet: a tool that somehow connected people with similar opinions from opposite parts of the world. These revolutions made consumers more demanding and businesses more complex than ever. Nowadays, corporations independently of their sizes need to be alert and conscious of their impression, influence and effect. “Companies are recognizing that consumers are not interested in buying ‘responsible’ products from companies that are not known for being ‘responsible’ themselves,” says John Friedman, Corporate Responsibility Communications Director for facilities management firm Sodexo.

The EuropeanCEO refers a study conducted by Cone Communications and Echo in which results showed that 90% of the surveyed alleged they would stop buying a certain product if they knew that any negligent practices were being conducted by the company responsible for that product. Also, 92% said that they would buy a product with a social or an environmental benefit, if they had the chance to. This study is no more than a proof of what CSR represents nowadays, not only as a trend that marketing departments should be aware of but also as a mandatory tool to differentiate from other organizations.

The same article refers also the importance that these politics might have to engage employees as well, something that can be used to motivate and involve them. Actually some internal communications departments are already awake for the fact that actions moved to the wellbeing of other might be a great way to “practice” team building.

For these order of ideas, three main topics were chosen for this chapter, containing a brief literature review. Business Ethics and Global Markets, Ethical Issues in Sales Promotions and CSR as a Strategic tool are examined next.

Business Ethics and Global Markets

A company is an element of a certain society, like other organizations composed by people and therefore it must integrate itself in the society it is in. Every company must adapt itself to the values, traditions and customs of their correspondent society and consequently also their ethics, which may vary between different cultures. Following this line of thought it must be referred that the concept of Universal Ethics isn’t realistic nowadays due to the

totally different civilizations we find across the globe. (Cavaliere, E. (2007). Ethics and Corporate Social Responsibility. *Symphonya. Emerging Issues in Management*, 2).

The same author states also that new trends in ethics and CSR emerge everyday and those trends emerge essentially from economical and social needs of societies. In these list of needs we may find Transparency. A very important factor for democracy that is indispensable to prevent manipulation and some kind of abuse by some parties, especially in countries where corruption is part of the government. Alongside with Transparency also Quality is appointed as a social and economical need by this author. Quality is presented as a complex component that affects the whole process of any company, since employee's methods, motivation, pride and of course the procedure of any product or service creation. On the other hand, Quality is not only known for its complexity but also because it is a factor that distinguishes every company from the others and is the main goal of every business.

Transparency and Quality are two very important elements that emerged from social and economical needs in the ethics field, but there are also two more that make the difference: Cooperation and Protection of the Environment. Cooperation is all about finding the right support. It may be simply contacts or even collaborations, alliances and partnerships. Cooperation may also affect the whole decision making process once it has usually another party to consider but it sure helps a company reach the next level and it may be present in almost every field of a company.

Last but not the least the author presents Protection of the Environment as another need of today's society. More than a tendency, "Going Green" is a necessity that has already moved many companies to change their strategies and policies in order to ultimately protect the planet.

Markets globalization conduct to Breaking Effects and Cavaliere (2007) enumerates some of them. The first one is also the most significant one: Economic and Legislative asymmetries between markets caused by Global competition. This is usually the reason why some companies don't manufacture their products in their country of origin and therefore it affects the whole way companies operate. Apart from this issue, also Group Structure (manufacturer) and the Role of Finance are part of these Breaking Effects.

As long, as these three main effects are not conducted in a proper way and affect negatively the functioning of global markets, it is almost impossible to believe in pure ethical behaviors in corporations and markets and only trends created by the need for Transparency, Quality, Cooperation and Protection of the Environment will exist somehow.

Ethical Issues in Sales Promotions

When we refer to Ethics in Business, we should not exclusively talk about how ethical it is to pursue this or that campaign, but also its surroundings. There are other ethical issues that need to be considered in sales promotions. Terrence A. Shimp mentions practices such as coupons, premium offers, rebates, sweepstakes and contests. The author defends that all of these promotions are “potentially unethical when consumers think their odds of winning are much greater than they actually are”. From this explanation we might conclude that companies should not only focus on the goal of the campaign but also on the best way to pursue it, given the possibility of their process be considered unethical.

The same author also states that consumers might be unethical too, when they find a gap in the process they can manage their own way.

Overall, ethics should be considered in all parts of a business. Apart from campaigns’ concepts, also Public Relations, Sales Promotions, Packaging, Branding, Online etc should ponder this factor.

Other concept that might come along when studying the presence of ethics in business is cross-promotion and cause marketing (Audra Bianca², Demand media). The first one usually happens when a brand or a company wants to associate itself with a certain cause and therefore uses its resources to do it by showing it to their consumers. This way, both the cause and company win, once customer may buy the product more often for knowing they are helping a cause. Cause Marketing is a different way to act. A company that sets up a whole event to help a certain charity cause in which can give away some of their products and that way promote them at the same time that is helping the cause they and their customer believe in.

In business as in any other field the first step to solve ethical problems is identifying the ethical issue itself. Usually, this issue is related to some kind of choice between monetary profit and the supposed right conducts to follow. (Ferrel, Fraedrich and Ferrel, 2009). Also, conflicts may also emerge from personal interests, known as the Conflicts of Interests. These are very common when running a business and might arise for various reasons being Communication or the lack of it, the first one.

² <http://smallbusiness.chron.com/corporate-social-responsibility-tool-sales-promotions-10181.html>

Most of the times, these conflicts and ethical issues lead people to make important and crucial decisions. These decision making process is naturally complex when considering business ethics.

Table 4 - Questions to consider when determining whether an action is ethical (Ferrel, Fraedrich and Ferrel, 2009)

| |
|--|
| Are there any potential legal restrictions or violations that could result from the action? |
| Does your company have a specific code of ethics or policy on the action? |
| Is this activity customary in your industry? Are there any industry trade groups that provide guidelines or codes of conduct that address this issue? |
| Would this activity be accepted by your coworkers? Will your decision or action withstand open discussion with coworkers and managers and survive untarnished? |
| How does this activity fit with your own beliefs and values? |
| How would you feel if your actions were published in the newspaper? |

The table above presents some of the questions one might consider when determining if a certain action is or isn't ethical (Ferrel, Fraedrich and Ferrel, 2009). However, the decision making process will always depend upon many factors including personal ones. The same author came with the following figure to explain the main factors that influence Business Ethics.



Figure 1- Factors that might influence Business Ethics (Ferrel, Fraedrich and Ferrel, 2009)

To conclude the topic of Business Ethics and Ethical Issues on Business and Sales Promotions one should also take a look to the Pyramid of Social Responsibility adapted from Archie B. Carroll, “The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders.”

In this representation we find Economical Responsibilities as the core ones, being on the bottom of the pyramid while Voluntary and Ethical Responsibilities appear at the top.



Figure 2 - The pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders

CSR as a Strategic tool

‘Governments, activists and the media have become adept at holding companies to account for the social consequences of their activities, with the negative effects generated by this attitude. This is why ... CSR has emerged as an inescapable priority for business leaders in every country.’ – Porter

The author quoted above advocates that Corporate Social Responsibility only emerged because of this new propensity of some parties to confront companies with the consequences of their actions. Taking into account media’s power nowadays Porter refers to it as an *inescapable priority*. Enrico Cavalieri (Ethics and Corporate Social Responsibility, Emerging Issues in Management, n. 2, 2007) agrees that this whole attention to CSR hasn’t always been voluntary and that many of the companies that adapted these policies did it due to some confrontation from public opinion. However, Cavalieri defends that is time for people to move on to a different approach to CSR, a winning and positive one. This last author also refers that the whole existing tension between a certain business and the society it is in should be rather seen as interdependence instead.

“ The company therefore pursues social integration by seeking (and implementing) synergies between the growth of society and the growth of its own business. “ Cavalieri

Any company or organization must pursue social integration and include it in its strategy to achieve both long-term and short-term advantages that are inherent to it. Overall, the most common advantages are those related to the raise of awareness for the company as well as the improvement of its performance and consequently their profits growth. All of these long-term pluses can be achieved for all the parties involved and that's why this integration can be a win-win situation.

Moreover, when trying to define the right strategy, it is very important to separate certain lines of behaviour that, according to the author, tend to overlap or merge. Here Cavalieri is referring to business areas such as strategic behaviours and decision making related to the Corporate Social Responsibility politics implemented.

Overall, the Enrico Cavalieri criticizes Porter's point of view about the conduct of CSR, saying that there is a lot more that CSR can bring to a company and that is must not be viewed exclusively as a necessity due to all the “eyes” that follow company. Instead, Cavalieri agrees that it must not always been voluntary but that companies need to open their eyes to opportunities that may emerge from “commitments” as this one. To justify his opinion, the author wrote about the importance of social integration and the benefits it may bring to all the parties, concluding that a company must create value not only for its stockholders but also for itself and for all the other stakeholders in contact with it. That will bring financial and economic equilibrium and competitive advantage.

CHAPTER III – TEACHING NOTE



Introduction

This case was created with the purpose of exposing a real example of a successful marketing campaign that was combined with Corporate Social Responsibility to overpower consumer's loyalty. It can be used for class discussion on marketing, communication and business ethics.

It is an existing and common concern these days. Its power over people is huge and due to that there are many ways to interpret this kind of campaigns. The main objective is to conclude whether it is ethical or non ethical and how may it affect all the parties (corporations, consumers and if it is the case, institutions).

Globalization, market liberalization and some many other drivers conducted to big market changes and especially to the creation of new markets. Capitalism changed the game and competition increased beyond expectations. Now, it is time for brands to fight for better strategies that could lead them to achieve better results than yesterday.

Improved tools are being design everyday to survive in this competition and new elements are being introduced. Imagination, creativity, originality, Internet, relationships, partnerships, design, concept, between other are no more than tools. We are used to these tools, sometimes we do not notice them but we know that they are there when we see a product promotion, an ad or even a shampoo in the hypermarket shelve.

But what if Corporate Social Responsibility was one of this tools as well? What if brands started to take advantage of consumers' goodwill? What if brands started to confuse people with Social Responsibility campaigns, which are no more than marketing strategies? How ethical would it be? Or would it be peaceful because at the end, both parties win?

This matter can generate some conflict but the truth is: it sure happens. Many companies nowadays include elements of Corporate Social Responsibility in their communication and marketing strategies. The recent financial crisis was a major contribution to this fact. Corporations felt the need of "telling" people how trustable and "green" they are. In addition, there is no such thing as doing something great for the society and not take the advantage of showing that up. Concerning any of the ways, why do people still feel lied to in this sort of occasions? What is the best way of doing this type of marketing in a way that people feel good about contribute to it? What work and what doesn't? How to create business value?

There are also the cases of corporations in which these concerns appear after a scandal in order to compensate their mistakes. Many important companies have gone through this matter. A few years ago Nike went through a major scandal on child labor. Nowadays, this company conducts one of the most important foundations that focus on helping girls in extreme poverty situations all around the world.

More recently Volkswagen was all over the news due to its corrupt scheme to occult the true pollution values of its cars. A huge scandal that got the company not only financial troubles but also reputation problems. The company is now trying to compensate civilization for its serious error.

Within this case study I intend to present you a specific case: Gang dos Frescos (Goodness Gang), the hero of my story. A Lidl's 2014 marketing campaign that was combined with Corporate Social Responsibility elements and whose success leads the company to repeat the campaign one year later. A company whose marketing campaign's portfolio in Portugal is very small and which is passing through some identity changes.

Synopsis

The present case describes the Goodness Gang Campaign implemented by Lidl in 2014. Lidl is a discount retailer that arrived in Portugal in 1995 and since then has maintained a low profile marketing and advertising. However since 2013 they have decided to change their positioning in the market and their Marketing was no exception. They started to advertise and sponsor events in pair with some social responsibility campaigns.

The Goodness Gang campaign is a pioneer project executed to achieve consumer's truthfulness that targeted children until 13 years old and consequently their parents and family. The campaign worked through a points fidelity structure and the final objective was for the kids to collect the plush toys collection through this points that they attained by shopping in every Lidl store. The plush toys represent fruits and vegetables and aim to teach kids the importance of healthy eating behaviors.

The campaign was complemented with 30 schools visits, which represented best the social part of it. The overall results were great, not only in terms of sales but also in terms of consumer's acceptance.

The Goodness Gang represents a real case in which CSR enriched a marketing campaign and obtained good results for both sides, which raised a few ethical issues.

Suggested Assignment Questions

1. How is the Lidl brand perceived by consumers comparing to its competitors? What has been its positioning over time? How did the Goodness Gang campaign affect it?
2. How is the Food Retail Sector in Portugal Analyzed according to the Porter's Five Forces analysis?
3. How can the Goodness Gang campaign be analyzed through the SWOT analysis?
4. Do you consider this campaign as socially responsible marketing? Do you think consumers perceive Lidl as a disguised evil entity for acting this way? Please take into account the definition and method of Social Marketing proposed by Alan R. Andreasen.
5. According to the responses of the survey and taking into account the respondents that claimed to be totally aware of the Goodness Gang Campaign as well as those who claimed to not knowing anything about it, could you find any demographic relation for both scenarios?
6. According to this case study and taking into account the insights of the last article suggested³ as well as the elements present in the "Ethical Issues in Sales Promotion" section of the present literature review, what could be the best way to conquer consumer loyalty through a message that has obviously commercial objectives behind? Is it ethical to do it?

Teaching Objectives

1. To illustrate how environmental and social issues are such an important factors for companies to consider nowadays;
2. To have students understanding what means for a company to be socially responsible and to clarify the differences between charity and Corporate Social Responsibility;
3. How CSR policies can motivate and engage both employees and consumers;
4. To have students become familiar with loyalty types of campaigns and strategies;
5. To show students how complex might be to include CSR objectives in a loyalty – marketing campaign;

³ Corporate Social Responsibility: the ultimate marketing tool. (Feb. 13th 2015). EuropeanCEO

6. To have students evaluate survey results in order to interpret them and to understand possible connections between answers so that important conclusions can be build.

Use of the case

The present case and its teaching part can give a consistent starting point to any discussion on business ethics, marketing, public relations, consumer behavior and advertising being the two first topics more suited. It can be used to discuss what marketing paths are ethical or non-ethical to pursue and what is the best way to accomplish consumer's loyalty. It can also be used to follow a debate about how ethical it is to target children and to captivate them.

For the referred reasons this may be a useful case for a Business Ethics, Brand Management and Marketing Communications course.

Relevant Theory

The case is mainly focused on the current trend that brought social responsible concerns to updated companies and how organizations might take advantage of this trend. More specifically it tells Lidl's story on this issue with the loyalty campaign of the Goodness Gang 2014.

In order to better address the issues present in the case three pieces of academic literature are proposed:

- Cavaliere, E. (2007). Ethics and Corporate Social Responsibility. *Symphonya. Emerging Issues in Management*, (2);
- Mamdoohi, F. (n.d.). Corporate Social Responsibility: Marketing Device or Strategic Opportunity?. *SSRN Electronic Journal*;
- Corporate Social Responsibility: the ultimate marketing tool. (Feb. 13th 2015). EuropeanCEO.

Analysis and Discussion

1. How is the Lidl brand perceived by consumers comparing to its competitors? What has been its positioning over time? How did the Goodness Gang campaign affect it?

Since the entry in the Portuguese market in 1995, Lidl's positioning was also one of a discount retailer with lower prices and limited assortment. Its merchandising was basic and

quality was not one of the immediate features on consumers evoke set when thinking about this brand. Lidl started to be better known due to specific products but the overall perception was always the same.

Also, it was a very criticized retailer for not having national products but German ones instead, as well as its lack of fresh products in stores. However, Lidl's consumers increased since 2011, not only because of the prices but also because of some changes in its variety and quality. Moreover, the brand started to communicate which was something that didn't happen in Lidl's early years and the feedback was clearly positive. Lidl which was initially supposed by consumers as a discount retailer with low quality and limited stock started to be seen as attractive supermarket with food and non food products, low prices and good quality.

The big positioning changes happen when stores started to be renewed gaining a modern and clean look in pair with TV and Radio advertising. People started to shop there because of its perceived quality and price comparing to other retailers. Some marketing campaigns and contests started to appear in order to create a different engagement with consumers and that was another strong contribute to the overall change of perception. Within these campaigns we can find the Goodness Gang. A huge marketing investment that intended to conquer the attention of the youngest generation.

The Goodness Gang was the first big campaign that Lidl implemented mainly to attract children. This happened when Lidl's social networks already had a very strong engagement with its followers and could be use ad channels of promotion as well.

All the positive receptivity of this campaign was a very important element on the transformation that the retailer is going trough. It was a component that allowed the brand to be viewed as a brand that cares with kids and their families and does more than simply promoting its products: creates commitment.

2. How is the Food Retail Sector in Portugal Analyzed according to the Porter's Five Forces analysis?

Bargaining Power of Suppliers: *Low*

Big food retail chains have sufficient power to negotiate with suppliers for better promotional prices, something that is not possible to happen with smaller individual chains, due to the order's size. On the other hand retailer's need to manage these negotiation so they can maintain the supplier that matches their quality requirements and their margin strategy.

Usually suppliers fear to lose their business to large supermarkets that provide them scale

orders. This can happen not only because of a new supplier with lower prices but also due to the possibility of the big food retail chains order their products from abroad at cheaper deals.

In the food retail industry, brands can easily have a similar substitute, which also lowers suppliers' power.

Threat of Substitutes: *Medium – Low*

It is very difficult for a small food retail chain to present consumers all the variety of products and attractive prices that big retail chains usually do. However, there are new trends emerging that can constitute in the near future some threats for these chains. Trends such as smaller chains and convenience stores. These smaller format stores may not firstly offer such attractive price deals as big chains but when in scale they might really threat the big ones, not only for their competitive prices but also for more accessible locations. This is also the reason why some retail chains in Portugal are recently opening some stores in these formats.

Threat of New Entrants: *Low*

The threat of new entrants in the food retail industry is low due to many factors, being the main one related to the high costs associated to it. Also, the fact that the margins are not high in this business and new entrants would not be able to breakeven immediately. Additionally it is a very competitive industry with players already very well established in the market. The existing threat can happen when players of the food industry present in other international markets want to enter in the Portuguese one; these cases represent a most reliable threat for existing players.

Bargaining Power of Buyers: *Medium/High*

Because of the high existing offer nowadays bargaining powers of consumers is now higher. Consumer loyalty is the main goal of every supermarket chain and is not easy to achieve also because of external factors. One of the most important variable that influences consumers choices are economic factors: costumers tend to keep on promotional offers and following this trend, supermarkets are constantly offering new and different promotional deals, private labels and loyalty discount cards. Also, the quantity of similar products within today's market makes its switching cost lower and consequently more power is yielded to consumers.

Alongside with these changes, consumers started to choose supermarkets not only for groceries shopping but also to shop other items, which made supermarkets enlarge their

products offer to non-food and pharmacy goods as well.

Industry Rivalry: High

Competition in the Food Retail industry is very intense with large domination by the big players that have bigger store sizes and bigger number of stores in the country. The market can show just 5 big players but the demand is getting more specific and complex by consumers, fact that increases competition to its highest level.

Retail chains compete mostly in loyalty programs, quality of products, price, promotion and locations. In order to compete in all these factors, players had to call upon innovative and creative actions, trying always to be one step ahead of their competitors. Contests, offers, partnerships and CSR campaigns are some of the arrangements studied according to consumers' behavior held by these institutions so they are able to differentiate themselves and build their market share.

3. How can the Goodness Gang campaign be analyzed through the SWOT analysis?

Table 5- SWOT Analysis on the Goodness Gang Campaign

| | |
|---|--|
| <p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ▪ Evolution of the campaign every year; ▪ Campaigns good results allow the company to consider new ideas for the future ▪ Expand the company's CSR; ▪ Impact on consumers loyalty ▪ Schools attention | <p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ▪ Easy to copy; ▪ Difficulty of maintaining kids attention; ▪ Plush Toys stock out; ▪ Lack of recognition among consumers |
| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ▪ Attracts kids attention immediately; ▪ Social Responsibility; ▪ Parents perception on Lidl; ▪ Easy interaction between kids; ▪ Attractiveness of the toys | <p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ▪ Easily criticized by its commercial objectives; ▪ Points collection can be expensive; ▪ Families have limited time to collect the points and the toys |

4. Do you consider this campaign as socially responsible marketing? Do you think costumers perceive Lidl as a disguised evil entity for acting this way? Please take into

account the definition and method of Social Marketing proposed by Alan R. Andreasen.

The socially responsibility marketing definition states that it is no more than a type of marketing within a company prioritizes the best interest of society. "Social marketing is the adaptation of commercial marketing technologies to programs designed to influence the voluntary behavior of target audiences to improve their personal welfare and that of the society of which they are a part." ⁴

It is no more than a way of marketing something taking into consideration the best value that it can bring to consumers instead of profit-driven factors and that is way it is often considered with ethics.

The Goodness Gang campaign has a lot of exclusive social responsible elements like the presence in schools teaching the importance of healthy habits, the offering of recipe books for children, the cooking workshop etc. However, it is not correct to affirm that these actions are corporations' priority. The campaign is designed to achieve a certain level of consumer loyalty in order to increase its sales to an undeniable objective. The whole thematic is sure responsible but that was not company's the priority. This way, it is correct to say that the Goodness Gang campaign has socially responsible concerns but does not constitute totally a socially responsible marketing campaign.

Taking into consideration the analysis presented on the case study, its quantitative part does not give us any concise information about people's opinion. However, on some qualitative data collected, more precisely online comments, we can surely observe many opinions that underlined profit-driven motivations over the social responsible factors like the example above clearly shows.

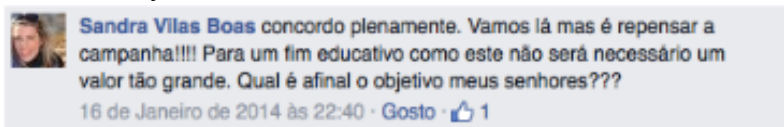


Figure 3- Lidl's Customer Facebook Comment

"I totally agree. But let's rethink the campaign please!!!! To meet an educational purpose as this one we shouldn't need such a high price. What's the final goal after all?"

There were many clients that showed their indignation towards the campaign because of its more clear weakness: expensiveness of points and plush toys collection. Almost 50% of the analyzed comments stated this point. On the other hand, they also showed an intention to

⁴ <http://www.ukessays.com/essays/marketing/discuss-the-concept-of-socially-responsible-marketing-marketing-essay.php>

purchase or a previous purchase. Sure the commercial factors of the campaign were obvious and many consumers disagree with them. Nevertheless, consumers ended up assuming the value that it could bring to their children and that was a fiercer factor in the decision making tie.

5. According to the responses of the survey and taking into account the respondents that claimed to be totally aware of the Goodness Gang Campaign as well as those who claimed not knowing anything about it, could you find any demographic relation for both scenarios?

Firstly it has to be taken into account the three existent demographic variables answered by the respondents: age, monthly income and academic qualifications. With the data provided we could run both a Cross Tabulation table on SPSS or a Pivot Table on Excel. The second one was chosen.

-Pivot Table showing the relationship between Age and Knowledge of the Goodness Gang Campaign:

Table 6

| Count of Do you know Lidl's Campaign: "Gang dos Frescos (Goodness Gang)"? | Column Labels | | | | | |
|---|---------------|-----------|----------------------|--------------------------|-----------|-------------|
| Row Labels | Very Well | No | Never heard about it | I just have a vague idea | Vainly | Grand Total |
| +65 | 1 (33%) | | | 1(33%) | 1(33%) | 3 |
| 16-20 | 5 (19%) | 2 (7%) | 10 (37%) | 7 (26%) | 3 (11%) | 27 |
| 21-30 | 41 (22%) | 22 (12%) | 37 (19%) | 59 (31%) | 31 (16%) | 190 |
| 31-45 | 13 (28%) | 1 (2%) | 9 (20%) | 13 (28%) | 10 (22%) | 46 |
| 46-55 | 13 (23%) | 1 (2%) | 13 (23%) | 11 (19%) | 19 (33%) | 57 |
| 56-65 | 5 (16%) | 0% | 10 (32%) | 10 (32%) | 6 (19%) | 31 |
| (blank) | | | | | | |
| Grand Total | 78 | 26 | 79 | 101 | 70 | 354 |

When analyzing the above table we can conclude that the majority of the young respondents whose ages are between 16 and 20 years are not totally familiarized with the campaign. Actually, the age group that appears to know it best is the one with people whose ages are between 31 and 45 years. When considering respondents who never heard about the campaign, results show us that the first age group is the one that have more respondents in

this situation. Qualitatively analyzing these numbers we may find logic associated. Usually, teenagers are not the ones who do grocery shopping in their families and when they do, a children-targeted campaign doesn't sound appealing to them. Moreover, people between 31 and 45 years are a more suitable age group to be aware of the Goodness Gang, not only because they probably do their own grocery shopping for their families but also because they are the most probable group to have children targeted by this campaign and therefore they are conscious of it.

-Pivot Table showing the relationship between Monthly Income and Knowledge of the Goodness Gang Campaign:

Table 7

| Count of Do you know Lidl's Campaign: "Gang dos Frescos (Goodness Gang)"? | Column Labels | | | | | Grand Total |
|---|---------------|-----------|----------------------|--------------------------|-----------|-------------|
| | Very Well | No | Never heard about it | I just have a vague idea | Vainly | |
| Row Labels | | | | | | |
| -500 | 2 (10%) | 1 (5%) | 6 (29%) | 9 (43%) | 3 (14%) | 21 |
| + 5000€ | 5 (15%) | 3 (9%) | 14 (41%) | 8 (24%) | 4 (12%) | 34 |
| 1000-2000€ | 28 (23%) | 8 (6%) | 25 (20%) | 31 (25%) | 32 (26%) | 124 |
| 2000€-3000€ | 19 (29%) | 7 (11%) | 12 (18%) | 9 (14%) | 18 (28%) | 65 |
| 3000€-5000€ | 6 (14%) | 3 (7%) | 12 (27%) | 21 (48%) | 2 (5%) | 44 |
| 500€-1000€ | 18 (27%) | 4 (6%) | 10 (15%) | 23 (35%) | 11 (17%) | 66 |
| (blank) | | | | | | |
| Grand Total | 78 | 26 | 79 | 101 | 70 | 354 |

The table above shows us some interesting values that relate respondents' household monthly income to their awareness of the Goodness Gang Campaign. When analyzing the respondents that showed total knowledge on the campaign we can state that the higher percentages belong to respondents whose household monthly income is between 500€-1000€ and 2000€-3000€ while the group that distinguished itself for having the higher percentage of not knowing the campaign at all have its monthly household income higher than 5000€.

This last value can be easily explained by the probability of more wealthy families choosing not to shop in discount retailers and therefore not being aware of this campaign. Also, the group of respondents whose monthly household income is between 3000€ and 5000€ just have a vague idea about the campaign. The opposite explanation can be given to the respondents whose income is between 500€ and 1000€, they show more knowledge of the campaign for probably being more familiarized with the shop. People whose income is below 500€ show a very wide lack of knowledge on the campaign. In this table we are not able to

see the age group of these respondents but we may assume that they are independent people, probably students whose campaign is not attractive to.

-Pivot Table showing the relationship between Academic Qualifications and Knowledge of the Goodness Gang Campaign:

Table 8

| Count of Do you know Lidl's Campaign: "Gang dos Frescos (Goodness Gang)"? | Column Labels | | | | | Grand Total |
|---|---------------|-----------|----------------------|--------------------------|-----------|-------------|
| | Very Well | No | Never heard about it | I just have a vague idea | Vainly | |
| Row Labels | Very Well | No | Never heard about it | I just have a vague idea | Vainly | Grand Total |
| 12º ano- Ensino secundário obrigatório | 11 (21%) | 3 (6%) | 14 (27%) | 12 (23%) | 12 (23%) | 52 |
| 9º ano - Ensino básico | 4 (50%) | 0% | 0% | 1 (13%) | 3 (38%) | 8 |
| Curso profissional | 3 (21%) | 0% | 4 (29%) | 3 (21%) | 4 (29%) | 14 |
| Doutoramento | 1 (14%) | 2 (29%) | 1 (14%) | 2 (29%) | 1 (14%) | 7 |
| Licenciatura | 35 (21%) | 10 (6%) | 36 (21%) | 57 (34%) | 30 (18%) | 168 |
| Mestrado | 11 (15%) | 10 (14%) | 17 (24%) | 19 (26%) | 15 (21%) | 72 |
| Pós-Graduação | 13 (39%) | 1 (3%) | 7 (21%) | 7 (21%) | 5 (15%) | 33 |
| (blank) | | | | | | |
| Grand Total | 78 | 26 | 79 | 101 | 70 | 354 |

The above values describe the possible relation between the academic qualification of the respondents and their knowledge on the campaign. Here we have the obstacle of not knowing their ages, fact that might help in some interpretations.

We might look first to the majority of our respondents: undergraduates. Within this group, the highest value registered is 34% that state having only a vague idea on the campaign.

When looking at the values that represent the respondents who never heard about the campaign we can easily see that the highest percentage corresponds to respondents that have professional/technical courses while the group of people who stated knowing the campaign very well, the respondents who have the basic education registered the highest value.

These last values are probably due to the fact that respondents with the basic education have usually about 14 years old and some of them might be somehow be targeted by the campaign.

Overall, some connections might be presented to justify the values given but it is not possible to give clear and absolute “answers” to these numbers.

6. According to this case study and taking into account the insights of the last article suggested⁵ as well as the elements present in the “Ethical Issues in Sales Promotion” section of the present literature review, what could be the best way to conquer consumer loyalty through a message that has obviously commercial objectives behind? Is it ethical to do it?

Consumer loyalty is most of the times the final objective of every marketing campaign. Corporations invest on customer acquisition through the creation of promotion actions, campaigns, events, contests, sponsorships etc. Even the simplest action promoted by a company has obviously profit-driven goals behind it, because that is what a company lives of.

When asked about the best way to conquer consumer loyalty, even when the commercial objectives are visible the best answer is: throughout the creation of value to the customers.

Customers worship when an organization creates **value** to them and not only asks something. It has to be created a **fair trade** in order to achieve the maximum loyalty of consumers. And it is only achieved through a whole process that may take years of engagement creation. However, it is the most correct way to do it and the truthful way that will make consumer perceptions about the company much better.

It is obviously a discussion topic but generally it is not wrong to produce marketing campaigns that create value through social responsibility. Giving something back to consumers is actually the best way to create trust among them.

According to Table 8 (Questions to consider in determining whether an action is ethical (Ferrel, Fraedrich and Ferrel, 2009)) there are a few issues one might ponder when analyzing such issues. First of all there should be consider any political or legal restrictions as well as the company’s code of ethics, beliefs and values. Also, there should be investigated if there isn’t any industry kind of guidelines to address this type of actions. Moreover, there should also be taken into account the predict reaction and acceptance of all the coworkers and media.

The same authors defend that the final result will come after the analysis of individual standards and values, manager’s and coworkers’ influences and opportunities (codes and

⁵ Corporate Social Responsibility: the ultimate marketing tool. (Feb. 13th 2015). EuropeanCEO

compliance requirements).

It is common to hear that profit-driven actions are not ethical but that can be interpreted in many different ways and until today there was not stated any correct answer to that topic. However, any win-win situation doesn't have a purpose not to be ethical. If it creates value and both parties win, it should be done more often.

CHAPTER IV – BIBLIOGRAPHY



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