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Unilever in Brazil (1997-2007):

Marketing Strategies for Low-Income Consumers

- Overall winner of the 2008 European Case Clearing House Awards
- Winner of a 2007 European Case Clearing House Award in the category "Marketing"
- Winner of the European Foundation for Management Development Case of the Year Award 2004 in the category "Marketing"

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This case was prepared by Pedro Pacheco Guimaraes, INSEAD MBA 2003, and Pierre Chandon, Associate Professor of Marketing at INSEAD, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. We thank Laercio Cardoso and Robert Davidson from Unilever Brazil for making this case possible. We also thank Fernando Machado (INSEAD MBA 2003), Mauricio Mittelman (INSEAD PhD Student), Weima Bezarra (RB distributors, Ceara, Brazil), and Luca Lattanzi (INSEAD Executive MBA 2004) for their comments.

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After three successful years in the Personal Care division of Unilever in Pakistan, Laercio Cardoso was contemplating an attractive leadership position in China when he received a phone call from the head of Unilever's Home Care division in Brazil, his native country. Robert Davidson was looking for someone to explore growth opportunities in the marketing of detergents to low-income consumers living in the Northeast of Brazil. An alumnus of INSEAD's Advanced Management Programme, Laercio had joined Unilever in 1986 after graduating in business administration from Fundação Getulio Vargas in São Paulo. He thus had the seniority and marketing skills that were necessary for the project. More importantly, he had never been involved in the traditional approach to marketing detergents and, having witnessed the success of Nirma[1] in India, he was acutely aware of the threat posed by local brands targeted at low-income consumers.

For this project, named "Everyman", Laercio assembled an interdisciplinary team including Marcos Diniz from Sales, Antonio Conde from Finance, and Airton Sinigaglia from Manufacturing. The first phase of the project involved extensive field studies to understand the lifestyle, aspirations, shopping and laundry habits of low-income consumers. It was during one of these trips that Laercio met Maria Conceição, pictured on the cover page in her home in Fortaleza, where she lived with her daughter, Elizangela, 19 (shown on the right with two of her four children). Like almost everyone in Brazil, Maria told Laercio that although she would love to buy Omo, Unilever's flagship brand, her tight budget meant that she could only afford cheaper local brands.

Back at Unilever's headquarters in São Paulo, Laercio prepared for an important meeting with Davidson to decide whether the company should change the way it marketed its detergent brands to low-income consumers in the Northeast. Increasing detergent usage by Maria and the other 48 million predominantly low-income consumers in Brazil's Northeast was crucial for Unilever, given that the company already had an 81% share of the detergent powder category. However, many in the company believed that a large multinational like Unilever should not fight in the lower-end of the market, where even small, local entrepreneurs with a lower cost structure struggled to break even. How could one justify diverting money from Omo to invest in a lower-margin segment?

Deciding to target low-income consumers in the Northeast would throw up some more difficult questions: Should Unilever change its current marketing and branding strategy? For example, could Unilever extend or reposition its existing cheaper brands, Minerva and Campeiro, or would a new brand be necessary? What would be the ideal positioning and marketing mix of a Unilever brand targeted at low-income consumers? Finding the answers would not be easy as few at Unilever (or other multinational firms) had any knowledge of low-income consumers or first-hand experience of the kind of marketing strategy that would work for this segment.

1 Nirma, a low-price detergent developed by a small Indian entrepreneur, quickly gained 48% of the Indian detergent market, leaving Unilever in a distant second place with a 24% market share. For more information on Nirma, see "Hindustan Lever Limited: Levers for Change", by Charlotte Butler and Sumantra Ghoshal (INSEAD Case n° 302-199-1 © 2002).

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Consumer Information

Brazil: Overview and Regional Differences

Brazil is by far the largest country in Latin America. It covers 8.5 million km^2 (almost as big as the US and 35 times bigger than the UK) stretching 4,345km from North to South and 4,330km from East to West. Its 170 million people live predominantly in two clusters on the Atlantic coast: one concentrated in the Southeast, home to Brazil's two largest cities, São Paulo and Rio de Janeiro, and the other in the Northeast, whose main cities are Salvador, Recife and Fortaleza.

During the last three decades Brazil has experienced cycles of deep recession and strong economic recovery. GDP grew by 8.1% per year during the "economic miracle" of the 1970s, but only by 2.6% per year during the 1980s, the so-called "lost decade" characterized by stagnation and hyperinflation. In 1994, the *Plano Real* initiated by the Finance Minister (and later President) Fernando Henrique Cardoso introduced a new currency (the Reais, R$) and succeeded in controlling inflation, which led to a strong economic recovery in 1995-1996. The boom was particularly beneficial to lower-income consumers and the purchasing power of the poorest 10% of the population grew by 27% per year during this period.

In 1996, Brazil's per capita income was $4,420, on a par with countries like Hungary ($4,370) and Malaysia ($4,310), and well above other developing countries like Indonesia ($1,050) and India ($380). As shown in Exhibit 1, however, this average hid large regional differences. Per capita income was around $6,600 in the Southeast (comparable to Uruguay or Saudi Arabia) and only around $2,250 in the Northeast (comparable to Peru or Jamaica). More generally, the 48 million people living in the Northeast lagged their Southeastern counterparts on just about every development indicator. For example, 40% of the population in the Northeast (NE) are illiterate, a level comparable to India (52%), whereas only 15% are illiterate in the Southeast (SE). As shown in Exhibit 2, 53% of the population in the Northeast lives on less than two minimum wages (social classes E+ and E–) vs. 21% in the Southeast. During the 1990s, federal and local governments started providing tax incentives to companies investing in the NE region, yet the economy in the NE was predominantly rural and remained heavily dependent on agriculture.

The Northeastern states of Brazil also have a distinct culture and history. It was the first region of Brazil to be colonized by Europeans, who brought large numbers of West Africans to work as slaves on sugar cane and cocoa plantations as early as the sixteenth century. In 1996, 65% of the population in the NE was of mixed African and European origins (vs. 30% in the SE). Lifestyle, culture and religion all share African influences. Music and humour are key elements of their culture and many of Brazil's best-known artists come from the region. Popular parties like Carnival, "Forró Festivals" and "Maracatu" bring millions of people onto the streets and are major events in the region. In contrast, the Southeast was developed later, mainly by Europeans who migrated in the 1880s to work on the coffee plantations. The economic and political power of modern Brazil is firmly rooted in the Southeast region.

Clothes Washing in the Southeast and Northeast of Brazil

The way clothes are washed in the Northeast and Southeast of Brazil is very different. In Recife (NE), only 28% of households own a washing machine and 73% of women think that bleach is necessary to remove fat stains. In São Paulo (SE), 67% of families own a washing machine and only 18% of women think that bleach is necessary to remove fat stains. In general, women in the Northeast scrub clothes using bars of laundry soap, a process which requires intense and sustained effort. They then add bleach to remove tough stains and only add a little detergent powder at the end, primarily to make the clothes smell good. In the Southeast, the process is similar to European or North American habits: women mix powder detergent and softener in a washing machine and use laundry soap and bleach only to remove the toughest stains.

As a result of these differences, the penetration of detergent powder and laundry soap is almost the same in the NE and the SE, but Northeasterners use a lot more soap and less powder than Southeasterners (see Exhibit 3). Another difference is that clothes are washed more frequently in the NE than the SE (5 times a week in Recife versus 3.9 in São Paulo). This is because low-income consumers own fewer clothes and have more free time (because fewer women work outside the home) than higher-income consumers. Interestingly, many women in the NE view washing clothes as one of the more pleasurable activities of their week. This is because they often do their washing in a public laundry, river or pond where they meet and chat with their friends. In the SE, in contrast, most women wash clothes at home alone. They perceive doing laundry as a chore and are primarily interested in ways to make the task easier.

People in the NE and SE differ in the symbolic value they attach to cleanliness. Many poor Northeasterners are proud of the fact that they keep themselves and their families spotlessly clean despite their low income. Because it is so labour intensive, many women see the cleanliness of clothes as an indication of the dedication of the mother to her family. Personal and home cleanliness is a main subject of gossip. In the Southeast, where most women own a washing machine, it is much less important for self-esteem and social status.

How do Northeastern Consumers Evaluate Detergents?

Along with price, the primarily low-income consumers of the Northeast evaluate detergents on six key attributes (Exhibit 5 provides importance ratings, the range of consumer expectations, and the perceived positioning of key detergent brands on each attribute). The most important attribute is the perceived power of the detergent (its ability to clean and whiten clothes with a small quantity of product), which is often judged by the quantity of foam it produces. Second is the smell of the detergent: consumers often associate a strong, pleasant smell with softening power and gentleness to fabric and hands. Third is the ability to remove stains without the need for laundry soap and bleach. Next is the ease with which the powder dissolves in water and the absence of residue on the fabric after rinsing, two elements that are evaluated by the consistency and granularity of the powder. Packaging comes next: low-income consumers (who are often barely literate) prefer distinctive, simple and easy-to-recognize packages that are also easy to open and protect against humidity. Impact on colours (fading) is the least important attribute for these consumers.

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The Brazilian Fabric Wash Market

Key Industry Players in Brazil

Unilever

Unilever is a US$56 billion company, headquartered in London (UK) and Rotterdam (Netherlands). It has about 300,000 employees in more than 150 countries. In 1996 it had a portfolio of 1,600 brands worldwide, including 45 key detergent brands (see Exhibit 6). Unilever is a pioneer of the consumer goods industry in Brazil. Lever Brothers started operations in Brazil in 1929 and opened their first plant in São Paulo in 1930 to manufacture Sunlight soap. Omo, Unilever's most successful brand, was launched in 1957 and was the first detergent powder in the country. Unilever acquired Cia Gessy Industrial and its rich portfolio of personal care brands in the 1960s and started its food operations in the 1970s with the launch of Doriana, the first margarine in Brazil. In 1996 it operated with three divisions: Lever for home care, Elida Gibbs for personal care, and Van den Bergh for foods. Yet detergents remain the cash cow of Unilever Brazil, providing fuel for growth in the food and personal care categories. In 1996, Unilever was a clear leader in the detergent powder category in Brazil, with an 81% market share achieved with three brands: Omo (one of Brazil's favorite brands across all categories), Minerva (the only brand to be sold as both detergent powder and laundry soap), and Campeiro (Unilever's cheapest brand).[2]

Procter & Gamble

Procter & Gamble is a US$40 billion company, headquartered in Cincinnati (USA), with 98,000 employees and operations in 80 countries. P&G started operations in Brazil only in 1988. In 1996 they acquired the detergents business of Bombril, a Brazilian company, and its three brands: Quanto, Odd Fases and Pop. After spending a large amount on manufacturing improvements, P&G migrated Quanto towards Ace and Odd Fases towards Bold, two of its global brands, but kept the low-price brand Pop. P&G is a distant second player with only a 15% share of the Brazilian detergent market. However, the real threat is larger than its current market share suggests because P&G Brazil can draw on the formidable R&D and marketing expertise of the company worldwide.

Market Structure

The Brazilian fabric wash market consists of two categories: detergent powder and laundry soap (sales of liquid laundry detergents are negligible).

Detergent Powder

In 1996, detergent powder was a $106 million (42,000 tons) market in the Northeast, growing at the remarkable annual rate of 17% thanks to the economic upturn of the *Plano Real*. The barriers to entry in this market are high because the manufacturing process is capital intensive. Detergent powder is made by mixing sulfonic acid, sodium sulphate and kelp. Premium products, like Unilever's three detergents, also contain specific enzymes and builders which

2 Unilever also sells Brilhante, a brand of laundry soap and detergent powder. However, it had almost zero market share in the NE in 1996 and is therefore not mentioned any further in this case study.

improve the whitening power of the detergent when it is used in a washing machine. The mix is then heated up to 400ºC to form a liquid pulp which is then transformed into powder when hot air is blow through it in a dry tower. The drying process consumes a great quantity of steam which is produced by a local utility plant. Perfume and other heat-sensitive substances are added at the end of the process. Detergent designed for hand washing is cheaper to produce but performs very poorly when used in a washing machine.

At 75%, Unilever's share of the NE detergent market is below its national average (see Exhibit 7). Omo, its dominant brand, has a 52% share and is sold to retailers at $3 per kg. Minerva has a 17% share and its retail price is 82% that of Omo. Campeiro has 6% of the market and is sold at 57% of Omo's price. In the NE, P&G's market share is slightly above its national average (17.5%). Ace is the third highest-selling brand with an 11% market share.

Laundry Soap

In 1996, the NE market for laundry soap bars was as large as the detergent powder market ($102 million for 81,250 tons), but growing at a slower rate (6%). The barriers to entry were lower in the laundry soap market than in the detergent powder market because soap is relatively easy to produce from fats and oil. In fact, the animal fat that is a primary component of soap is produced in large quantities by slaughterhouses and meat processing plants. One of the limitations of laundry soaps is that animal fat tends to leave the clothes yellow. They are also difficult to perfume because the base has a very strong smell.[3] Laundry soap was sold at a much lower price than laundry detergent powders (average revenues of $1,250 per ton vs. $2,520 per ton for detergent powder).

Laundry soap is a multi-use product which has many home and personal care uses. People with washing machines primarily use it to remove tough stains (e.g., on shirt collars); for those without, laundry soap is used to wash all clothes. The popularity of laundry soaps in the NE is also due to the softness of the water in this region (i.e., its low calcium content), which helps the soap to dissolve and produces great quantities of foam, thus reducing one of the key advantages of powders. In comparison, most water in Europe, US and India is hard

The NE market for laundry soap was very fragmented. As shown in Exhibit 7, the top four players have only 38% of the market. Unilever's Minerva brand is the leader with a 19% market share, selling to retailers at $1.7 per kg (a 41% discount relative to Omo). P&G did not manufacture laundry soap. Hence Unilever's main competitors were local Brazilian companies. The biggest competitor was ASA. Its brand, Bem-te-vi, had 11% of the market and sold at $1.2 per kg. The other players were even smaller local companies with no more than 1% of the market each (except for Flora Fabril, which had 6% of the laundry soap market).

Brand Positioning

Exhibit 8 provides information on brand awareness, brand knowledge and brand penetration of the major detergent powder brands in the NE in 1996. Exhibit 9 shows the perception of these brands on two dimensions: perceived quality and perceived price. Exhibit 10 provides

3 Toilet soap uses the same base as laundry soap but the raw material is submitted to a long and costly process of filtering, which removes the base smell and leaves it neutral.

key information on all detergent powder and laundry soap brands (packaging, positioning, key historical facts, and financial and market data).

Decision-making Time

The results of the Everyman project increased Laercio's conviction that Unilever should also target low-income consumers. Still, he was facing strong internal resistance from people like Fernanda Machado, the category manager for detergents. A typical argument between Laercio and Fernanda would run like this:

> *"Laercio, I think that we should stay away from the low-income segment. These people just have no money and I really don't see why we should divert money from our premium brands to invest it in a low price brand! In the short term this would simply cannibalise our high-margin sales with lower-margin ones. In the longer term this would certainly increase price competition in the category. How will I be able to sustain Omo's price premium if people can buy almost the same product at half the price?"*

> *"Fernanda, I understand your concerns but we need to do something for the low-income segment. We already have 81% of the market and I really see no other way to grow. Besides, if we don't do anything, P&G will attack us in this segment where we are most vulnerable. Just look at what happened to us in India."*

> *"But Laercio,* caramba*! Brazil is not India! Detergent penetration is 95% here vs. 55% in India, our products are of much higher quality, and we have been marketing premium brands in Brazil since 1929. Think about the kind of message that the global investment community will hear: "Unilever has lost its marketing skills and is abandoning its premium brands." Remember Marlboro Friday?*[4] *How do you think the stock market will respond? What about our corporate reputation? How are we going to be able to attract and retain the next generation of brand managers who only want to work on premium brands?"*

> "Que isso, *Fernanda! You should spend more time getting to know your fellow Brazilians and less time behind your computer! If we get the right strategy, low-income consumers will be ready to pay for our brand and Omo buyers won't move. Also, think about the expertise that we would gain, which we could apply to our other categories. If we become a leader in marketing to low-income consumers I bet that financial analysts will praise us and that top students will line up to interview with us."*

Go/No Go Decision

Robert Davidson had heard these arguments over and over, yet he was still undecided. He was particularly concerned with the profitability of this consumer segment. Certainly, part of the

4 On 2 April 1993, Philip Morris USA cut the price of Marlboro by 20%, and in the process knocked almost \$10 billion off the market value of the company. Many analysts interpreted Philip Morris' decision as a sign that big brands were losing the battle against cheaper private labels and unbranded products.

new sales would come at the expense of Unilever's existing brands. At what cannibalization rate (percentage of new sales coming from other Unilever brands) would Unilever start losing money? More generally, he wondered whether Unilever had the right skills and organization to compete in this market. In the long run, what exactly would Unilever gain and what would it risk if things went wrong?

Brand and Marketing Strategy

Value proposition

Was there something wrong with the existing positioning of Unilever's three detergent brands? Would it be really necessary to develop a new value proposition? If so, what should it be?

Brand Strategy

Could Unilever deliver the desired value proposition with one of its three existing brands, or with a brand extension? Would Unilever really have to develop a new brand from scratch? Could it use a brand from its large international portfolio? This was a thorny issue, especially considering the rumor coming from headquarters that Unilever was about to embark on a large-scale effort to reduce its brand portfolio.[5]

Marketing Mix

Product

Unilever could produce a product comparable to Campeiro, its cheapest product, but would it deliver the benefits that low-income consumers wanted? Alternatively, Unilever could use Minerva's formulation, but it might be too expensive for low-income consumers. Unilever's scientists could develop a third formula priced half-way between Minerva and Campeiro if they could eliminate some ingredients. The question was to determine which attributes could be eliminated, which should be retained, and which, if any, would actually need to be improved relative to both existing brands.

Selecting the right packaging size and type was another difficult task. Larger packages would reduce the cost per kilo but could price the product out of the weekly budget range of the poorest consumers. Unilever could use a plastic sachet, which would cost 30% of the price of traditional cardboard boxes, but market research data showed that low-income consumers were attached to boxes and regarded anything else as good for only second-rate products. One solution might be to launch multiple types and sizes.

Price

Choosing the wholesale price (the price paid by retailers) was the single most important decision for Unilever. Priced too high, the product would be out of reach for the target segment. Priced too low, it would increase the inevitable cannibalization of existing Unilever

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5 For the purpose of the break-even analysis, assume that developing a new brand would add $0.10 per kg in incremental marketing costs, that launching a brand extension would add $0.05 per kg and that repositioning an existing brand would not lead to any incremental marketing costs.

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brands. Should Unilever use coupons or other means to reduce the cost of the product for low-income consumers? Should it change the price of Omo, Minerva and Campeiro?

Promotion

What would be the objective of the communication? What should be the key message? Low-income consumers might be reluctant to buy a product advertised "for low-income people", especially as products with that kind of message were typically of inferior quality. On the other hand, using the classic aspirational communication of most Brazilian brands could confuse consumers and lead to unwanted cannibalization. What about packaging and point-of-purchase displays? Should they use the same slogan as the television commercial? Finally, what should Unilever tell the owners of the small stores where most low-income consumers shopped? Getting buy-in from small store owners would be crucial because low-income consumers relied on them for advice and for financing (which is widely used in Brazil, even for inexpensive consumer goods).

In regular detergent markets Unilever had established that the most effective allocation of communication expenditure was 70% above-the-line (media advertising) and 30% below-the-line (trade promotions, events, point-of-purchase marketing). The advantages of using primarily media advertising were its low cost-per-contact and high reach because almost all Brazilians, irrespective of income, are avid television watchers. One alternative would be to use 70% below-the-line communication. At $0.05 per kg, this plan would require only one third of the cost of a traditional Unilever communication plan. On the other hand, it would lower the reach and increase the cost-per-contact.

Distribution

Unilever did not have the ability to distribute to the approximately 75,000 small outlets spread over the Northeast (see photograph, Exhibit 12). Yet getting access to these stores was key because low-income consumers rarely shopped in large supermarkets like Wal-Mart or Carrefour. For distribution, Unilever could rely on its existing network of generalist wholesalers, which supplied Unilever's existing detergents and a wide variety of products and had national coverage, but which sometimes had to rely on secondary, smaller local wholesalers to reach all stores, which increased their cost. Alternatively, it could contract with dozens of specialized distributors who would get exclusive rights to sell all Unilever detergents in certain areas (see Exhibit 13 for a comparison of the two distribution channels). Choosing the right distribution channel was important because it was a large component of the product cost, would be hard to reverse, and ultimately would have strong implications for the ability to push sales and build brands at points of sale.

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Exhibit 1

Map of Brazil and Key Economic and Social Indicators by Region in 1996

Source: IBGE.

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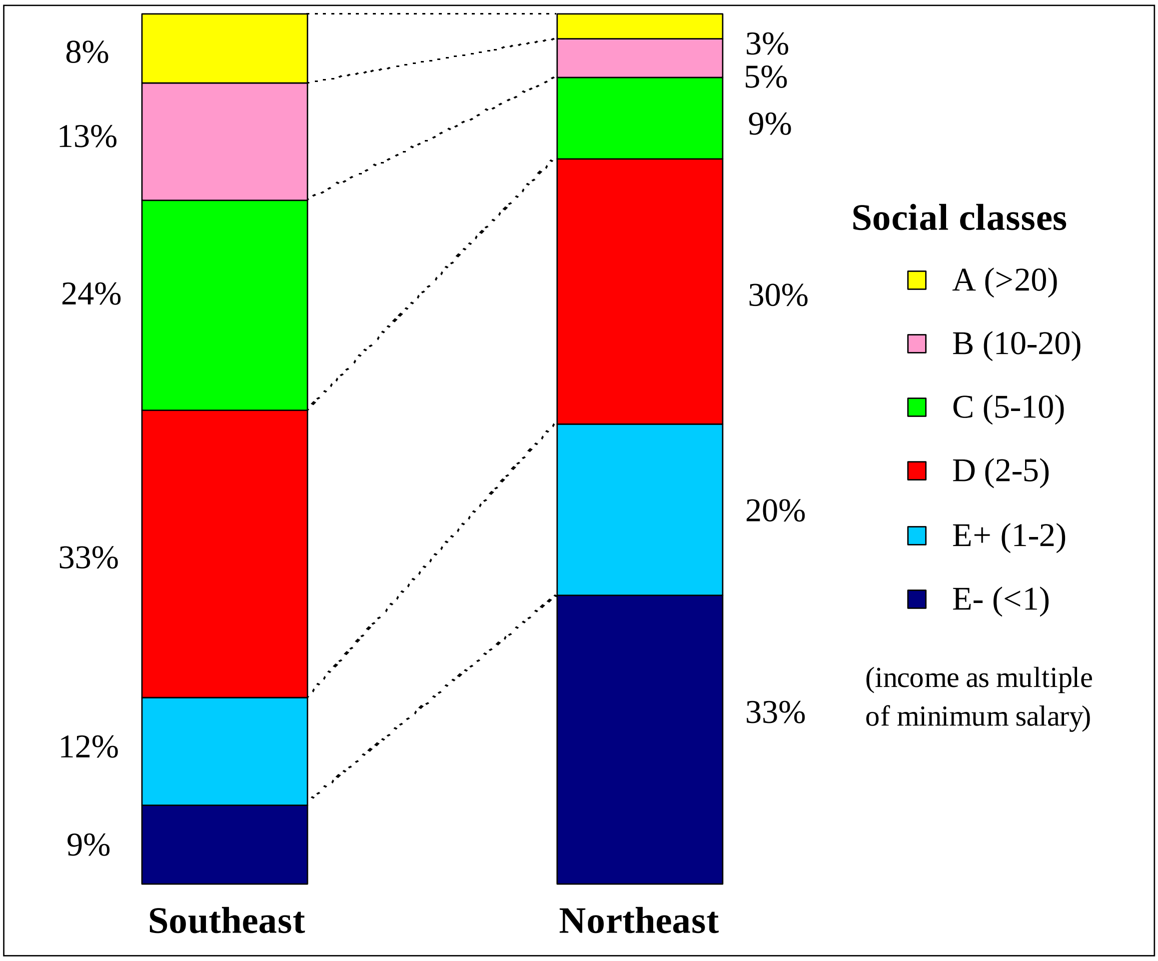
Exhibit 2

Distribution of Social Classes in the Southeast and Northeast of Brazil in 1996



Source: IBGE.

Note: Social class membership is based on family income, shown here as a multiple of monthly minimum salary (in 1996, one minimum salary is about $70 per month).

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Exhibit 3

Penetration and Consumption of Laundry Soap and Detergent Powder in 1996

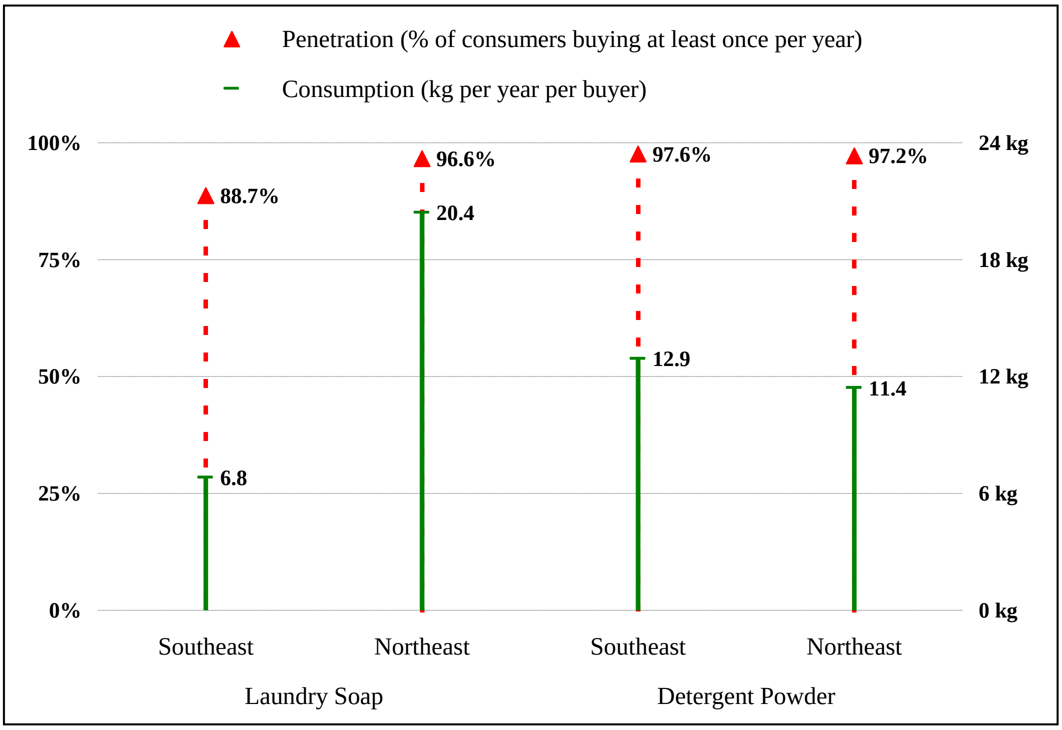

Exhibit 4

Laercio Cardoso Visiting a Low-Income Family

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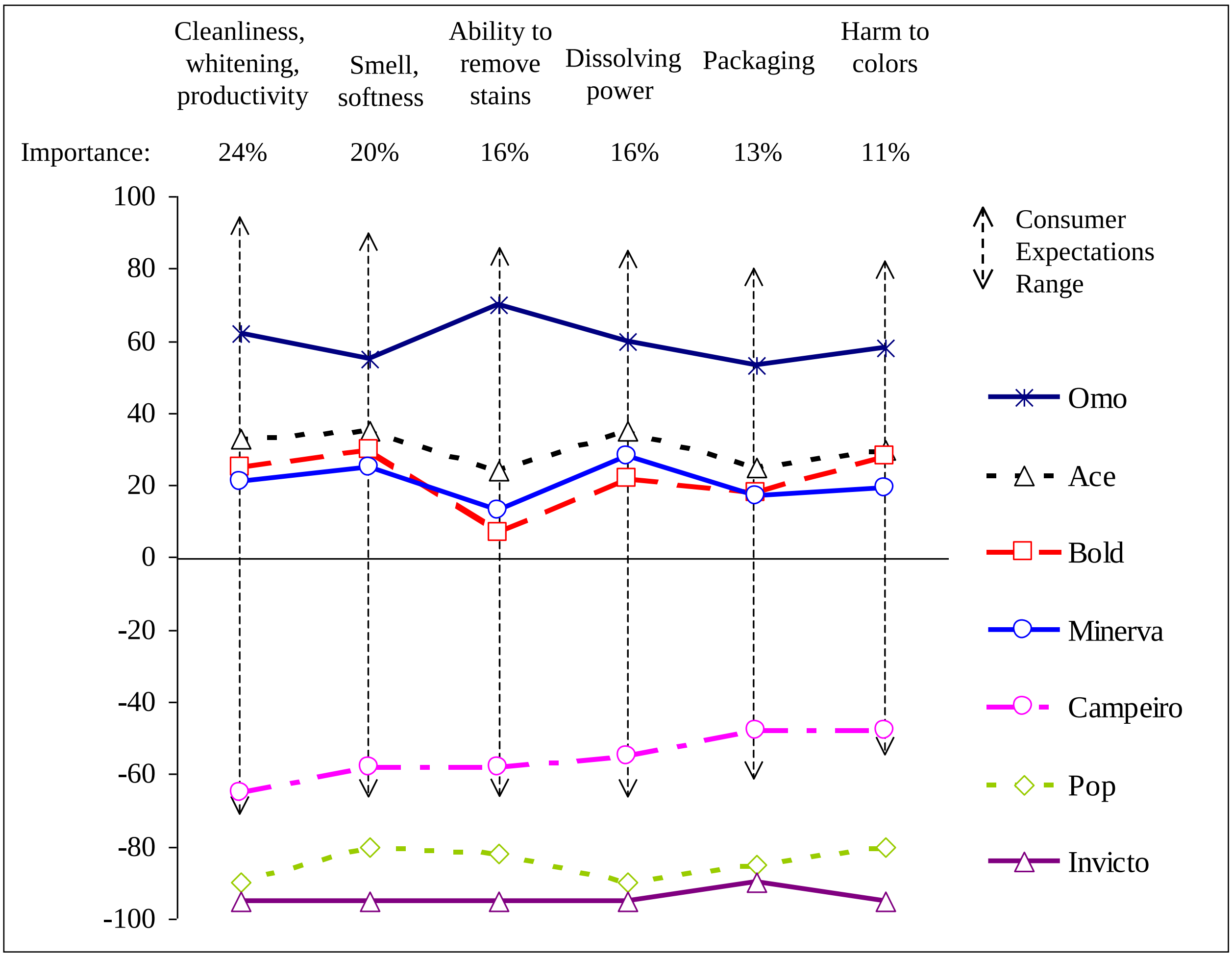
Exhibit 5

Attribute Importance, Brand Positioning, and Consumer Expectations in the Northeast



Source: Unilever research.

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Exhibit 6

Key Unilever Detergent Brands Worldwide (1996)

Region	Brand	Price Index
Africa	Skip	100 - 115
	Omo	100
	Surf	100
	Brilliant	100
	Surf	85 - 100
	Sunlight	85 - 100
	Le Coq	85 - 100
	Key	60 - 85
	Rin	60 - 85
	Lang	60 - 85
	Maluwa	60 - 85
	Zamwasha	60 - 85
	Chik	60 - 85
	Dambo	60 - 85
Asia	Omo	100
	Surf	100
	Breeze	100
	Rinso	100
	Bailan	100
	Tip	100
	Persil	100
	Omo	85 - 100
	Rin	85 - 100
	Persil	85 - 100
	Viso	85 - 100
	Rinso	85 - 100
	OK	60 - 85
	Sunlight	60 - 85
	Surf	60 - 85
	Ekonomy	60 - 85
	Fangcao	60 - 85
	Biomat	60 - 85
Oceania	Drive	100
	Omo	85 - 100
	Persil	85 - 100
	Surf	60 - 85

Region	Brand	Price Index
Europe	Skip	100 - 115
	Omo	100 - 115
	Via	100 - 115
	Enka	100 - 115
	Omo	100
	Persil	85 - 100
	Rinso	85 - 100
	Bio Luvil	85 - 100
	Polenna	85 - 100
	Bona	85 - 100
	Bio Pon	85 - 100
	Surf	60 - 85
	Sunil	60 - 85
	Omo	60 - 85
	Bio Presto	60 - 85
	Radion	60 - 85
	Luzil	60 - 85
	Dero	60 - 85
Latin America	Skip	100 - 115
	Omo	100
	Rinso	100
	Drive	100
	Puro	100
	Unox	100
	Omo	85 - 100
	Ala	85 - 100
	Nevex	85 - 100
	Marsella	85 - 100
	Campeiro	60 - 85
	Opal	60 - 85
	Rinso	60 - 85
	ABC	60 - 85
North America	Wisk	100
	Sunlight	100
	Surf	60 - 85
	All	60 - 85

Source*:* Unilever (list not exhaustive).

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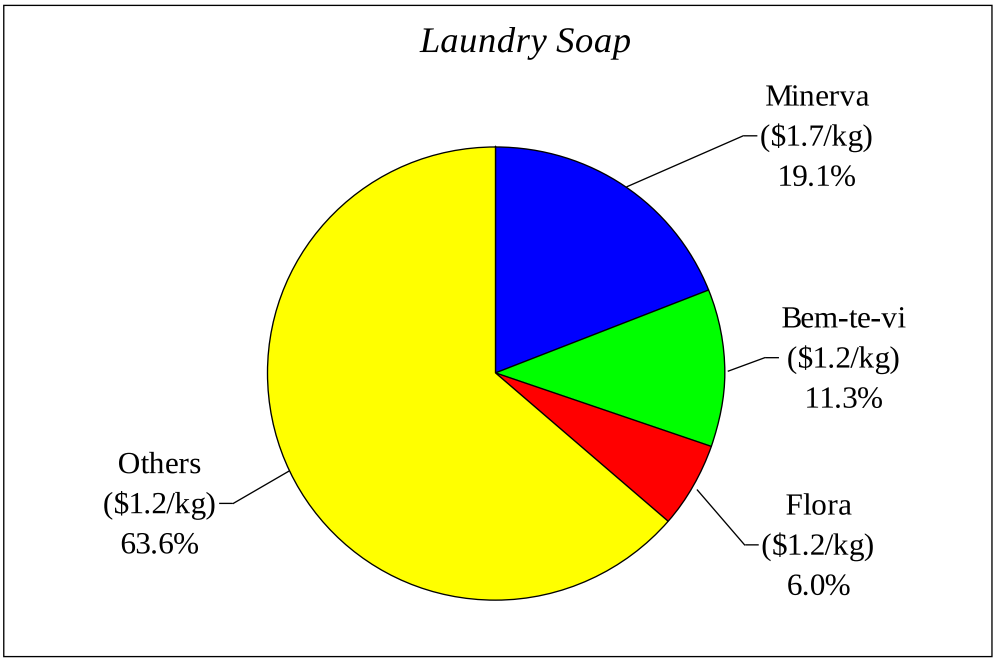
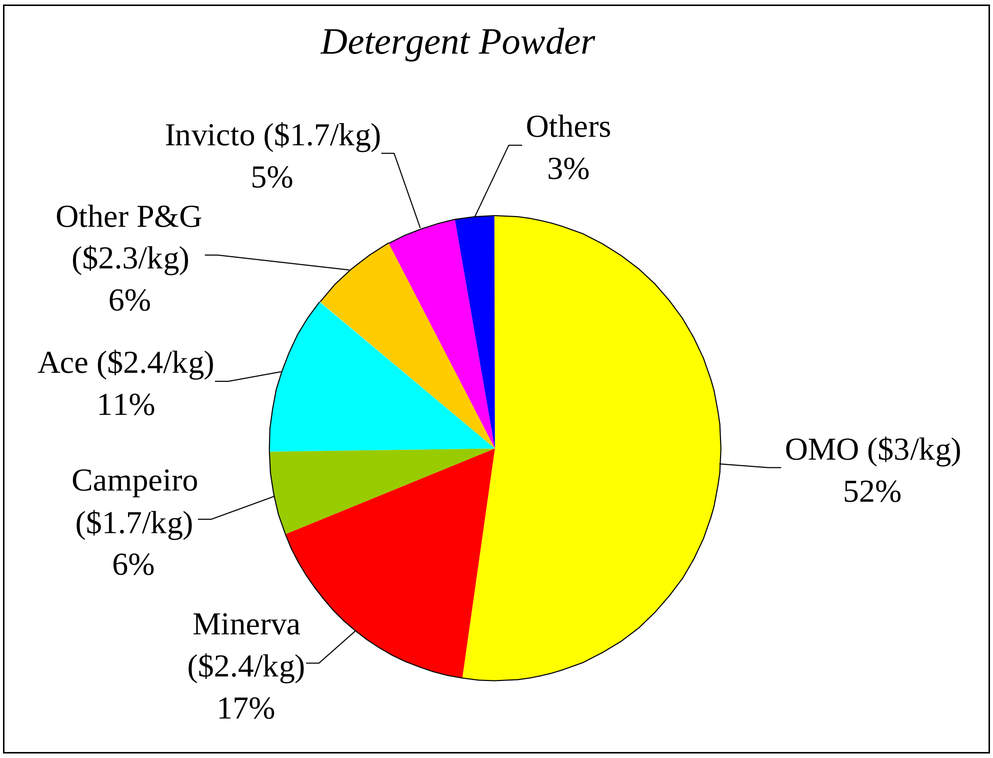
Exhibit 7

Market Share and Wholesale Price of Major Brands in the Laundry Soap and Detergent Powder Categories in the Northeast in 1996





Source: Nielsen.

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Exhibit 8

Brand Knowledge, Market Penetration, and Top-of-Mind Awareness[6] of Major Detergent Brands in the Northeast in 1996

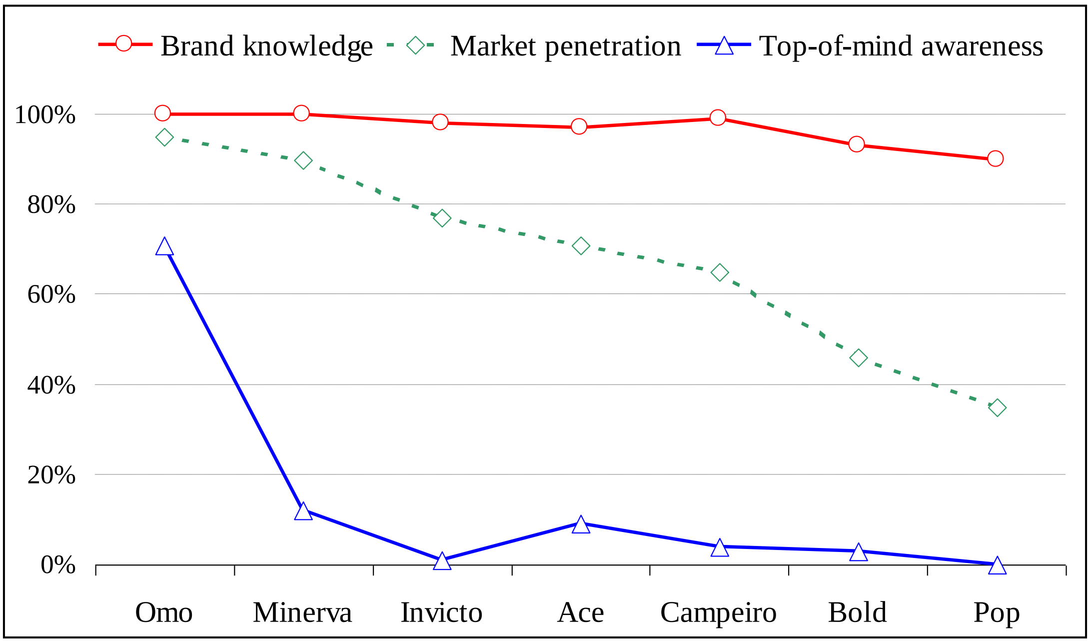
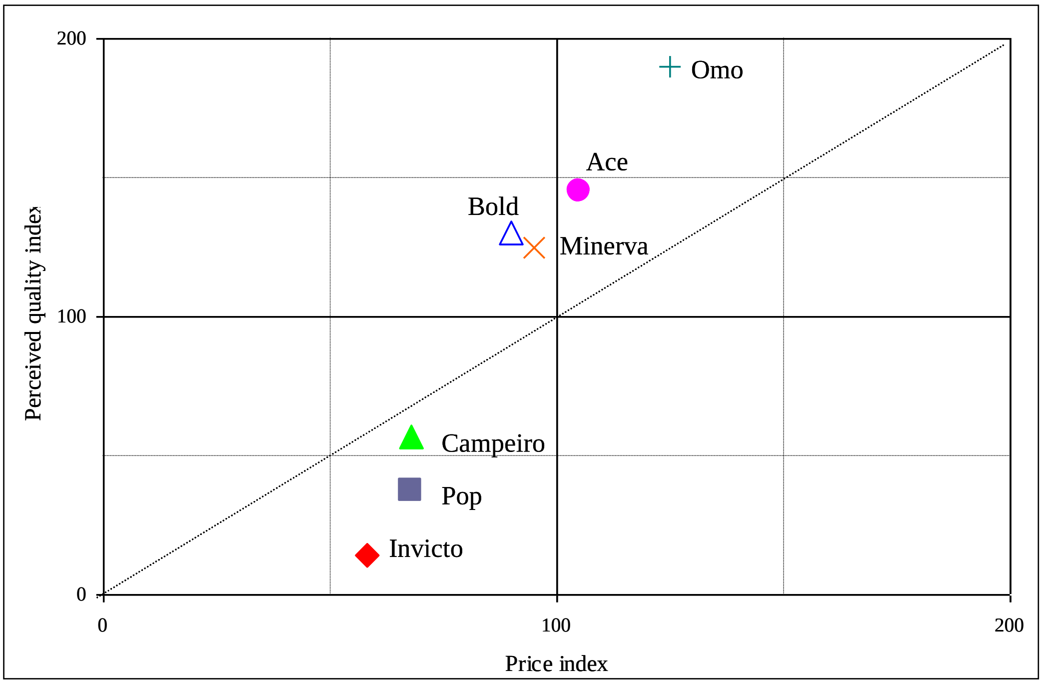


Exhibit 9

Perceived Quality and Perceived Price of Major Detergent Brands in the Northeast in 1996



6 Top-of-mind awareness is the percentage of consumers citing the brand first. Brand knowledge is the percentage of consumers declaring knowing the brand. Market penetration is the percentage of consumers having bought at least one unit of the brand in the past year. *Source:* Unilever Research.

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Exhibit 10

Key Information for Detergent Powder and Laundry Soap Brands in Brazil

Detergent Powder

Brand	Packaging	Positioning	Key Brand Facts	Key Data[7]
	Cardboard pack: 1 kg & 500 g.	Removes stains with low quantity of product when used in washing machines, thus reducing the need for soap or bleach.	One of Brazil's top brands across all categories. Market pioneer. Technology oriented. Owned by Unilever. 4 brand extensions.[8]	S: 55.12 WP: 3.00 FC: 1.65 PKC: 0.35 PC: 0.35
	Cardboard pack: 1kg & 500g.	Emotional appeal. Delivers a pleasant perfume and softness to your clothes. "New perfume: Aphrodite's touch in your clothes".	Traditional brand of Cia Gessy Industrial. Acquired by Unilever in 1960.	S: 17.60 WP: 2.40 FC: 1.40 PKC: 0.35 PC: 0.30
	. Cardboard pack: 1kg & 500g.	Price brand. Focus on cost reduction across all dimensions valued by consumers.	Acquired by Unilever from Henkel in 1984. Its name evokes the countryside and fields.	S: 6.05 WP: 1.70 FC: 0.90 PKC: 0.35 PC: 0.20
	Cardboard pack: 1kg & 500g.	Offers superior whiteness. Removes the dirt and protects the fabrics.	Belonged to Bombril. Acquired by P&G in 1996 as Quanto.	S: 11.80 WP: 2.35

7 S = Sales ($ million), WP = Wholesale price ($ per kg), i.e., the price at which the retailer buys the product, FC = Formulation costs ($ per kg), PKC = Packaging costs ($ per kg), PC = Promotional costs ($ per kg).

8 In the 1990s, Omo launched four brand extensions: Omo Multiação, the standard version; Omo Progress, to remove the most difficult stains without bleach and laundry soap; Omo Cores, for colored clothes, and Omo Máquina, with less foam which can harm washing machines. For the sake of simplicity, we group these four brands under the umbrella brand Omo.

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Exhibit 10 (Cont'd)

Brand	Packaging	POSITIONING	Key Brand Facts	Key Data
	Cardboard pack: 1kg & 500g.	Key competitor of Minerva with a similar positioning. Focus on softness.	Belonged to Bombril. Acquired by P&G in 1996 as Odd Fases.	S: 5.35 WP: 2.50
	Cardboard pack: 1kg & 500g.	Price brand with small sales in the Northeast. Focus on cost reduction across all dimensions valued by consumers.	Belonged to Bombril. Acquired by P&G in 1996.	S: 1.40 WP: 1.70
	Cardboard pack: 1kg & 500g.	Entry-level detergent. Key competitor of Campeiro. Focus on cost reduction across all dimensions, valued by consumers.	Name means undefeated (e.g., for a football team that wins the championship without losing one single match). Only popular in the Northeast. Owned by ASA.	S: 5.20 WP: 1.70

Laundry Soap

Brand	Packaging	POSITIONING	Key Brand Facts	Key Data
	Plastic pack with 5 bars of 200g.	Intends to leverage its brand equity as a detergent powder in the laundry soap market.	Traditional brand of Cia Gessy Industrial. Acquired by Unilever in 1960.	S: 19.40 WP: 1.70 FC: 1.00 PKC: 0.15 PC: 0.25
 (Bem-te-vi)	. Plastic pack with 5 bars of 200g or single bar of 200g.	Multi-uses (perceived as killing bacteria) and traditional and regional values.	The traditional laundry soap brand in Brazil's Northeast.	S: 11.45 WP: 1.15

Source*:* Nielsen and case writer analysis.

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Exhibit 11
Examples of Advertising for Laundry Soap and Detergent Powder Brands in Brazil[9]

9 Key Messages: "New Omo with Blue Powder. Removes stains on pockets, cuffs and collars". "Get yourself comfortable. New Minerva. Irresistible comfort, incomparable softness"

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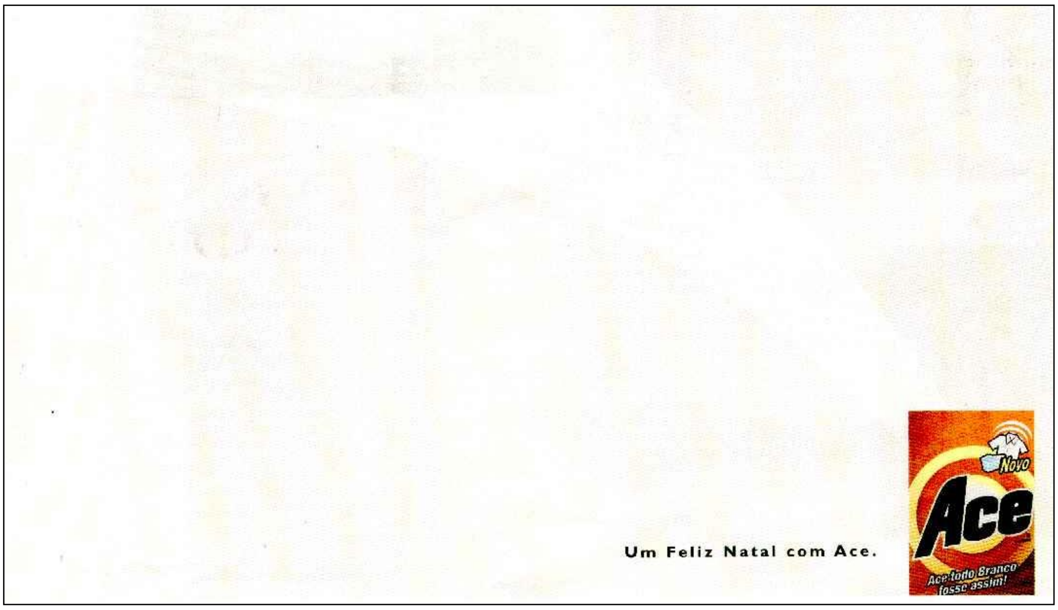
Exhibit 11 (Cont'd)[10]



10 Key message: "Merry Christmas with Ace"
"Summer Promotion with Viva! and Pop: Contest for 200 washing machines. One can be yours!"

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Exhibit 11 (Cont'd)[11]

Exhibit 12
Small Retail Store in Brazil

11 Key message: "Nobody can block this brand. Bem-te-vi. Our people's soap"

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Exhibit 13

Key Differences between Generalist Wholesalers and Specialized Distributors in Brazil

Dimension	Generalist Wholesaler	Specialized Distributors
Area or reach	Wide	Focused
Portfolio	Focused on top 3 brands in many categories	All brands from a manufacturer in a few categories
Size	Mid-sized / large	Small
Number of SKUs distributed	Hundreds	20 to 40
Customers	Supermarkets with 3 to 9 checkouts.	Traditional retail stores and supermarkets with 1 or 2 checkouts
Point-of-purchase activity (merchandising, category management).	Limited, focused on gaining distribution.	Extensive.
Relationship with manufacturer	Opportunistic, price driven	Partnership, information exchange
Variable cost (to reach the smallest stores)	$ 0.10 per kg.	$ 0.05 per kg.

Source: Case writer analysis.