Rachel Hetrick

Sasha Fedorikhin

M401 International Marketing

1 October 2013

Unilever: Brazil Case Analysis

The Brazil division of Unilever has a big decision to make regarding the proposal to break into the low-income consumer market in order to increase its market share. It should target low-income consumers because this segment is currently its greatest missed opportunity, and therefore its best option to increase market share in Brazil. These consumers are operating on very tight budgets and are expectedly concerned with getting a great value from the products they spend their hard-earned money on. Right now, a lot of the major players in this segment are local brands. Unilever definitely has the resources to conduct thorough market research and develop a marketing plan to defeat these local companies, which are largely fighting to break even and stay in business.

One issue to consider is the inevitable cannibalization of some of Unilever's other brands by whatever brand is used to compete in this market. While, to a certain degree, this cannibalization will be obviously unavoidable, if the product is marketed correctly it will not be a large amount. The only concerning factor that would take away from sales of the premium Unilever brands is the fact that, in order to successfully market to this segment, Unilever will need to communicate a high value for the low price of this brand. This could potentially give consumers the idea that they are overpaying for the premium brands when they can buy essentially the same thing for a lower price. The key in avoiding this problem will be to communicate the value but also emphasize the differences from Unilever's premium brands. The main ingredients should be highlighted on the packaging so that it will be obvious to consumers that they are not formulated identically. Advertising for the current brands may require minor adjusting to ensure that the different benefits are defined.

Many other employees of Unilever's corporate offices have expressed concern that targeting the low-income market could potentially damage Unilever's reputation which could hurt its existing brands which are currently thriving. For this reason, it will be best to launch a brand in this market that is not already present in Brazil. The possibility of bringing another existing Unilever brand to Brazil that is currently available in other countries is mentioned in the case. This is a viable option. As the brand would essentially be unknown to Brazilian consumers, it does not seem that it would make much difference whether this approach was taken or a new brand was created. However, it may be more cost effective to transfer a current brand.

I would not recommend repositioning a brand that is already available in Brazil because it will be confusing to consumers. Also, to reposition one of the premium brands, Unilever will definitely lose profits because it takes away one of the premium options from the consumers and replaces it with a lower quality option. It also seems that there is a higher risk to the company's image by attempting to reposition a brand that is present in Brazil already because consumers already have images of the brand and expectations for the quality. The three brands existing in Brazil are also the three best-known brands of detergent among the targeted consumers and are likely already linked together. It would be easy to launch a new brand and market it as a separate line all together from the premium brands.

I would probably go ahead with a brand that is brought over to Brazil from other countries and that is already established as a lower quality/lower price point option. The biggest challenge here will be to communicate the value. It will be best to find a brand with a formula that is clearly lacking from the premium brands, but that still offers qualities that the low-income consumers will perceive as high value. Because determination of value is so subjective, it is essential that more thorough market research be conducted to determine exactly what factors will best imply a high value and which of these factors can feasibly be included in a low-cost formula.

One recommendation I would have is to emphasize the communication of value. Marketing to low-income consumers will definitely involve competing on price to a certain extent, but it has already been determined that these consumers are very concerned with value. So if the product can be formulated in a way that will offer a real, definable advantage in value, consumers will be willing to pay a price that is fractionally higher than the competitors playing in this segment. Competing solely on the basis of price will get Unilever in trouble and will doubtfully do any good for its market share.

Another point of focus should be the packaging. The slogan needs to be in line with the advertisements used in the media for the detergent, but I would recommend differentiating it. Fewer and simpler words should be used on the packaging to account for the high illiteracy rate among these low-income consumers. It would be smart to have packaging that can be read by the most people possible. Research has also already shown that the consumers are somewhat concerned with the packaging and that they like it to be simple. The slogan should plainly communicate the great value of this detergent.

The case information also touches on the issue of distribution. I agree with the suggestion that it is vital that Unilever figure out a way to reach the local shops to sell this brand of detergent. Realistically, they will need to not only get the product onto the shelves, but do something to get the shop owners behind it. It is stated in the case that many consumers in the

North East rely on the shop owners for advice. One suggestion is to give free samples to the shop owners to test out the detergent themselves so that they can speak to the quality and value from personal experience.

In conclusion, it is my recommendation that Unilever more forward under Mr. Cardoso's direction with marketing to low-income consumers in Brazil in order to increase market share. They need to take advantage of this market sooner than later, as it is likely that their competition will jump in and try to exploit this weakness in Unilever's business strategy. I believe it will be most efficient for Unilever to transfer an existing brand from another country and do some minor repositioning to fit the target market's needs here. This has the potential to be a very successful endeavor for Unilever.