



# Unilever: Premiumization and Brand Loyalty

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# Introduction

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- Our main focus is on premiumization and what opportunities arise.
- We see the relationship between price elasticity and the loyalty towards the brands by customers.
- We analyse the effect of promotions on brand loyalty
- Lastly we aim to see the characteristics of the brand portfolio for Unilever

# Research Questions

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**What opportunities in terms of premiumization exist in the deodorant and Body & Skin Care market within the UK for Unilever?**

1. What type of household is more likely to premiumize?
1. How do promotions affect brand loyalty and how can Unilever take advantage of that?
1. What insights regarding premiumization can be found from a market analysis?

# Data Question 1

What type of household is more likely to premiumize?

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- Goal: Search what customers buy more premium products over the years.
- How: Per household look at at how many premium/mass/value for money products they bought compared to the year before.
- Used linear regression to see which customers significantly differed

# Data Question 1

**What type of household is more likely to premiumize?**

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How do we define Premiumization:

- ❖ Increase in share of premium products of the customer.
- ❖ Consumers uptrading to a premium brand

# Question 1: Deodorant

What type of household is more likely to premiumize?



- Buyers of Tesco and Morrison buy significantly more premium products in the following year



- Buyers of Deodorant Creams and Deodorant Sticks buy significantly more premium products in the following year
- Recommendation:

Make advertisements for these customers



# Question 1: Body Creams & Skin Care

What type of household is more likely to premiumize?



- Unilever does not have a premium brand
- Customers of facial moisturisers bought significantly more premium brands in the following year

- Recommendation:

Create a premium brand with facial moisturisers



# Question 1: Both Markets

What type of household is more likely to premiumize?

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- Customers who bought a lot of premium products & these customers bought relative a lot of products in a year. -> bought more premium
- Some evidence that older people bought more premium in the following year.
- Some evidence that smaller households bought more premium in the following year.



# Data Question 2

How do promotions affect brand loyalty and how can Unilever take advantage of that?



- Goal: find which (premium) brands can increase brand loyalty using promotions.
- Per purchase per household before and after a promotion.
- Measure brand loyalty as the difference in the purchases due to promotion.
- Include variables such as age, household size and retail stores and do a linear regression to see the results.

# Results from Question 2:

How do promotions affect brand loyalty and how can Unilever take advantage of that?



- Promotions generally increase brand loyalty
- Unilever's only premium brand has an above average increase in loyalty
- Variables are very important in determining the success of a promotion
- Costs of a promotion is unknown

# Question 2: Deodorants

How do promotions affect brand loyalty and how can Unilever take advantage of that?



NB1	NB2	NB5	NB_Rest
Promote More	Promote Less	Promote More	Promote Less
Convenience Stores	Avoid Poundstores	Avoid HardDiscounter	Miscellaneous Store
DrugStores	DrugStore	DrugStore	DrugStore
Younger Households			

# Question 2: Body Creams & Skin Care

How do promotions affect brand loyalty and how can Unilever take advantage of that?



NB3	NB6	NB_Rest
Promote More	Promote Less	Promote Less
Avoid PoundStores	Avoid Miscellaneous Stores	Avoid Convenience Stores
Avoid Tesco	Avoid Tesco	Target Older People



# Question 3: data

What insights regarding premiumization can be found from a market analysis?



- Goal: track how groups of individuals are associated with premiumization.
- How: just interpret groups that deviate from the average individuals.
- Variables were turned into factors and classed by number of units purchased.

# Question 3: Deodorant

What insights regarding premiumization can be found from a market analysis?



- Low quantity customers of a particular brand are associated with a higher likelihood to premiumize than high quantity customers (>20 units)
- customers of hard discounters and pound stores tend to be positively associated to premiumization.
- The large quantity customers may be interested in trading-up to a more premium product, but they may find the increased price too high.
- Separate individuals by purchase amounts and target low quantity deodorant customers
- Implement a mass brand in the hard discounters and pound stores retail groups.

# Question 3: Body Cream & Skin Care

What insights regarding premiumization can be found from a market analysis?



- NB2 and NB8 customers are negatively associated with premiumization.
- Individuals with two or more purchases for Unilever's NB3 and NB6 form a homogeneous group.
- There was found no association between premiumization and a particular retail group or subcategory.

Thank you for your attention :)

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Questions?