

## How **increasing quality** can **increase market share**—even in a tough market

Increased competition in a price-sensitive market often drives brand owners to reduce input costs and turn to cheaper ingredients. Quality almost always suffers from such a short-sighted strategy—with possible long-term effects on brand image and customer loyalty.

One market leader took a different approach—and used quality to create a sustainable strategy for increasing market share.

### Situation

By 2014, Philips had become one of Brazil's leading marketers of blenders, marketing under the Walita brand. The market was becoming increasingly competitive, with other brands eroding opportunities for differentiation, sales, and profits.

For their blender jars, most manufacturers had adopted styrene acrylonitrile (SAN). SAN is a low-cost resin that provides acceptable clarity, but its brittleness and low impact resistance can result in short product life during routine use.

Consumers were becoming increasingly dissatisfied with the SAN jars because of cracking, chipping, and breaking—with a negative effect on brand loyalty. Consumers who needed to replace a blender jar often replaced the entire blender.

### Material challenge

Repeated exposure to impact force, abrasion, and chemical attack from foods and detergents makes the blender jar one of the toughest applications for a clear polymer.

- Consumers demand the clarity of glass but without the combination of high cost, weight, and safety risks involved with glass.
- Consumers seek the advantages of economical and lightweight plastics without the cracking, breaking, and chipping of SAN.

Philips searched for the "sweet spot" between the two in a polymer it could process easily and market effectively as a differentiated product. It wanted a material change for Philips Walita blenders that could make a material difference for its long-term brand success.



### Material solution

The Philips strategy directly addressed the consumer dissatisfaction regarding durability and impact resistance. The plan was to mold blender jars from an innovative resin, Tritan™ from Eastman.

Tritan had been used with great success in blender jars in other parts of the world. It offered the advantages of:

- Excellent clarity
- Outstanding resistance to chemical attack and environmental stress cracking
- Not taking on odors, tastes, or stains from foods
- Excellent processability and design flexibility
- Superior dishwasher durability
- Exceptional impact resistance and toughness
- Tooling similar to that used to mold SAN

## Duravita—durability that’s guaranteed

Philips’ in-house testing demonstrated that a blender jar made with Tritan™ from Eastman is 20 times more impact resistant than its previous blender jar made with SAN.

To emphasize the promise of long life, the new jar was named “Duravita.” To support the promise, the company planned to back the jar with a 5-year guarantee—compared to the 2-year guarantee on its SAN jar.



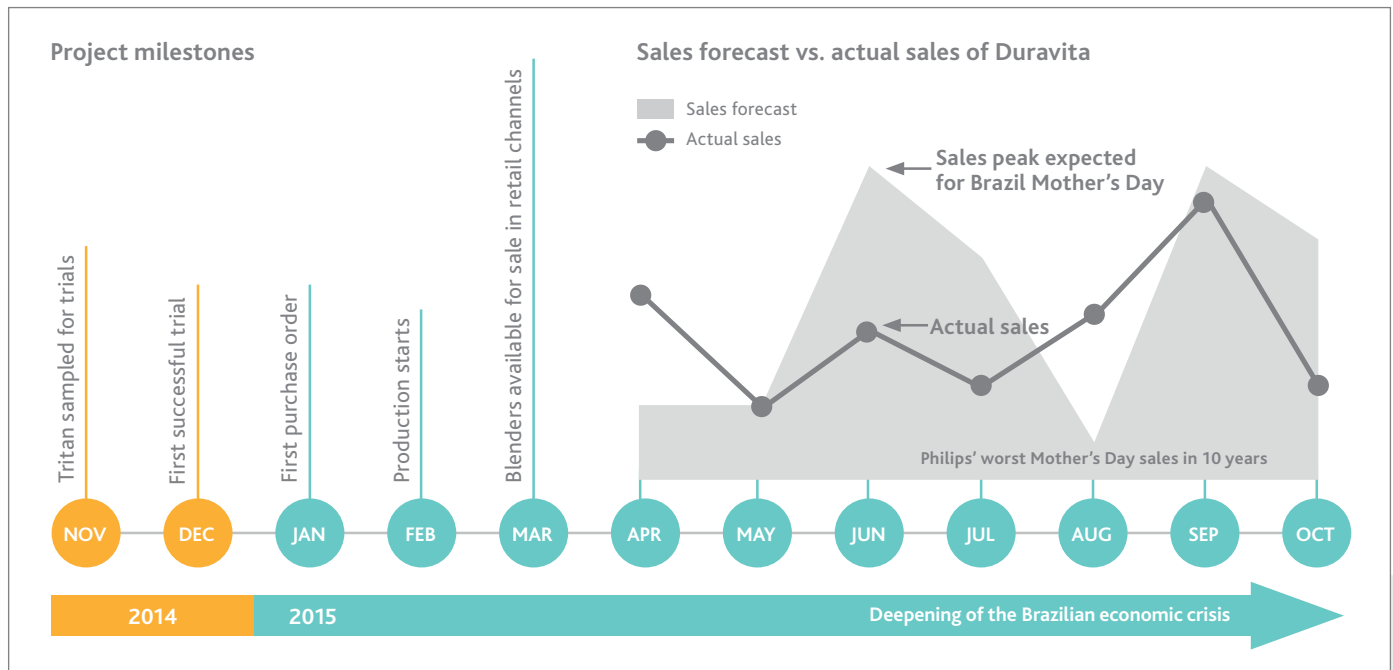
After eight months of product development, the Duravita blender jar was being shipped to retailers and the launch date was set for Mother’s Day 2015.

## An unexpected market challenge

Allowing for the existing price sensitivity in the market, research showed that consumers valued the extended durability of the Duravita blender jar—and projected that the added value would justify it being sold at a 25% premium. Sales to retail channels were strong, beginning in March 2015.

However, no one in the country anticipated the depth of the economic recession in Spring 2015. A Philips spokesperson said it was “the worst Mother’s Day in 10 years for Philips in Brazil.”

The middle class was the worst affected—resulting in a migration to low-end blenders. The situation was so bad that shortly after the Mother’s Day launch, Philips reduced its forecast volumes by 25%—*but never waived from its plan emphasizing quality and durability.*





## “Doubling down” on quality

Confident that it had a sustainable strategy, Philips responded to the depressed market with an even greater promotional focus on durability, including the 20x greater impact resistance message. Taking advantage of a co-branding program with Eastman, Philips increased its activity, including:

- Strong online activation (especially Instagram and YouTube)
  - Online videos featuring product advantages
  - Partnership with recipe websites
  - Videos of recipes using the blender
  - Active blogging (working with 20 different bloggers)
  - Online banner ads
- Press releases and 23 articles published
- Updated packaging, including the use of the Tritan™ from Eastman logo to differentiate through a high quality ingredient
- Innovative and engaging point-of-sale materials

The most impactful demonstration of the toughness of the Duravita blender jar involved an interactive point-of-sale demonstration. At key retailers, shoppers pushed a button that dropped a Duravita jar more than five feet to a hard surface—giving a firsthand look at the toughness of Tritan.



### ONLINE REVIEWS

\*\*\*\*\* **Satisfeita Satisfied** 10/11/15

Liquidificador ótimo, lindo designer, resistente. Entregue pela americanas incrivelmente em 4 dias úteis. Valeu a compra! **The blender is great. It has a gorgeous design and is tough. It was delivered in only 4 days. Worth buying!**

\*\*\*\*\* **Excelente! Excellent!** 08/07/15

Produto muito bom. A marca Philips Walita está sempre a frente com ótimos produtos e inovações. Recomendo. **Very good product. The Philips Walita brand is always one step ahead with great products and innovations. I recommend it.**

\*\*\*\*\* **Excelente aquisição! Excellent purchase!** 10/08/15

O melhor da categoria que eu encontrei. **The best blender I have found in its class.**

\*\*\*\*\* **marca de qualidade A quality brand** 15/06/15

meu liquidificador phillips walita antigo com 9 anos de uso ainda funciona perfeitamente, estou trocando por que entre comprar outra jarra optei por comprar um novo, pois este tem uma jarra resistente, inquebrável com 5 anos de garantia, é potente com 600w, na classificação de ruído de 1 a 5 ele possui class 3. **My last Philips Walita blender has lasted 9 years and still works perfectly. I am buying another because the old jar broke. It is not worth it to buy another jar, so I chose to buy this blender with its tough jar that is unbreakable and has a 5-year warranty. Plus, it has a 600w motor and a class 3 noise rating.**

## Clearly a tale of two materials

How Philips Walita added value—simply by changing jar material and blender promotion

Blender jar made with SAN	Duravita jar made with Tritan™ from Eastman
Cracking was the #1 cause of losses during injection.	Zero cracking during injection; of the initial 63,000 units sold, only 2 were returned due to breakage in stores.
Philips was losing market share to other brands.	In the heart of the recession (May to August 2015): Philips recovered 4 points of market share in the blender category in Brazil; June to September: sales increased 20% compared with previous SAN models.
Blenders sold only in Brazil.	Also exporting to Mexico (initial demand exceeded supply); Philips plans to export to additional countries.
Competition had stripped away margins.	Differentiated value of Duravita jar supports a 25% premium in retail price (based on average retail price in Brazil).

## Sustainable results

By changing jar material from SAN to Tritan, Philips has used innovation to improve the quality and durability of its blender jars. By promoting this added value, it has increased blender sales, profit margins, market share, and customer loyalty.

- Despite traditional price sensitivity and a market recession, the emphasis on quality and durability resonated in the marketplace.
- Product differentiation in a crowded and competitive marketplace has allowed Philips to move into new blender markets.
- Success with this value-added strategy—under these challenging conditions—has encouraged Philips to investigate Tritan™ from Eastman for its market-leading line of food processors.

For more information about Tritan™ from Eastman, visit [TritanFromEastman.com](http://TritanFromEastman.com) or [Eastman.com/tritan](http://Eastman.com/tritan).

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