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Aptamil's Decline in the Growing Up Milk Category in the United Kingdom: Optimizing the Value Proposition to Meet Customer Expectations and Increase Customer Retention

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Abstract

Aptamil is facing a decline in the Growing Up Milk category in the UK, failing to retain mothers after their baby's first year. This work focuses on improving customer retention by increasing customer satisfaction, which will be done through the alignment of the value proposition and customer expectations. To explain mom (consumer) behavior, data was collected though a survey questionnaire (n=244), semi-structured interviews (n=5) and secondary research. Based on the analysis of the data, three recommendations are provided including an optimization of the product portfolio, and two new potential value propositions exposed through the value proposition canvas.

Keywords: Growing Up Milk, Customer retention, Customer Satisfaction, Consumer Behavior, Brand trust, Value Proposition, United Kingdom, Baby Food, Mothers

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1. Study background, motivation, and scope

The present elaboration is the result of a team-based, problem-centred learning experience, which has set itself as a goal the search for solutions to an organizational business challenge for Danone. Fascinated by the consumer goods industry, we selected the company as it distinguishes itself to be one of the leading firms in the market, in terms of market share and innovation. In particular, the focus of this work project will be Early Life Nutrition (ELN), one of Danone's businesses in the field of the specialized nutrition (SN) segment, which develops and markets products for young consumers with specific nutritional needs (Danone 2020). Particular attention will be given to Aptamil, one of the international Early Life Nutrition brands of Danone, which plays an important role in the dynamic and innovative baby food industry, since it is one of the market leaders (Statista Consumer Market Outlook 2021).

With the objective of validating the organizational challenge and having a better understanding of Aptamil, an introductory meeting, in the form of an exploratory interview, (Appendix 1 - Exploratory interview protocol) was set up with Luiza Cibili Tuncer, Aptamil's Innovation Programs Director. As a result of the exploratory interview and of the analysis of both internal sources (as for example Stravito and AVA Dashboard) and external sources (as consultancies' firms reports, journals, specialized articles, and books), the team was able to identify an organizational challenge that was relevant from an academic standpoint and concerned a customer retention problem for Aptamil's Growing Up Milk (or GUM), which is a formula for children between the ages of 1 and 3 (toddlers). Henceforth, in this thesis we will refer to children between the ages of 1 and 3 as "toddlers".

Finally, the scope of our project is the United Kingdom's Growing Up Milk market, for three main reasons. First, the UK was selected as Aptamil's decline in performance in the Growing Up Milk category is particularly evident when compared to other countries, as confirmed by the Aptamil

Innovation Program Director (Tuncer 2021). Second, the UK is one of the most relevant European markets for the brand (Tuncer 2021), counting for 641 million pounds (approximately 750 million Euros, at date 16/11/2021) in sales in 2020 (Baker 2021). Third, in spite of the geographical distance, the team had access to data regarding the UK market, thanks to the internal reports provided by the company and other external sources, and access to respondents via social media.

2. Contextual Background: Company and Industry Analysis

2.1 Company overview

Danone is a leading firm in the global food and beverage industry employing more than one hundred thousand people in 60+ countries (Marketline 2021). The company articulates its offer in three business units, which are Essential Dairy & Plant-Based, Specialized Nutrition, and Waters (Pasqualetto 2021). Danone's Specialized Nutrition unit offers a diversified portfolio with tailored solutions, support programs and services to meet the nutritional needs for every life stage. The segments served are babies, adults, and elders, with and without medical conditions (Pasqualetto 2021). Within the unit, the most profitable category is represented by Early Life Nutrition (Danone 2020), which led Danone to be in the top ten companies by revenues in the baby food industry in 2020 (Statista Consumer Market Outlook 2021);(Mordor Intelligence 2021). As anticipated in the first paragraph, the report will have a particular focus on the UK baby food market, and more specifically on baby formula for toddlers. An overview of the company in the UK will be presented the following paragraph.

2.2 Danone in the UK

In the United Kingdom Danone commercializes twelve brands, ranging from local ones, such as Cow & Gate and Harrogate Waters, to global ones, like Aptamil, Alpro and Activia (Danone 2021).

Within the Early Life Nutrition segment, the United Kingdom represents the second most important market for the company after China in terms of sales, and it is therefore, essential to sustaining category growth (Danone 2021). The two brands dedicated to the nutrition of babies and toddlers are Aptamil and Cow & Gate. The first, Aptamil, worth almost 164 million British pounds (approximately 193.4 million Euros, to date 08/11/2021) (Bedford 2021), provides highly specialized products perceived as premium by customers with a price point among the highest in the segment (First Steps Nutrition Trust 2019). The latter, Cow & Gate, worth 102.2 million British pounds (approximately 120.8 million Euros, to date 08/11/2021) (The Grocher 2020), provides highly specialized products, perceived as less premium than Aptamil's, with more joyous and familiar feeling packs that are sold at a lower price point (Mintel 2021). Such brands together, in 2020 were worth 77% of the baby food segments' sales value (Breban 2021), making Danone the baby milk brand leader in the United Kingdom in 2020 (The Grocher 2020), followed by Nestlé with its brand SMA, which holds 15% of market share. Both Aptamil and Cow & Gate commercialize a range of products tailored for baby nutrition which include fortified cereals and formulas for infants (Infant Formula and Follow-On Formula) and toddlers (Growing Up Milk). Growing Up Milk, a core offer of Aptamils', is the focus of our work and can be defined as a substitute for breast milk, that derives from animals or plants' protein, and aims to mimic the composition of maternal milk to provide babies with the correct nutrition (Martin, Ling and Blackburn 2016).

To meet the needs of different life stages of babies and toddlers, all manufacturers in the market categorize their offer in three stages, which are stage 1, or Infant Formula (or IF), suitable for the first six months of a baby's life; stage 2, or Follow-On Formula (FO), studied for babies from 6 to 12 months; and stage 3 and 4, or Growing Up Milk, (or GUM) (I. Hojsak, et al. 2018);

(Suthutvoravut, Abiodun and Chomtho 2015); (Lovell, et al. 2018). (Appendix 2 - Visual representation of Formula Milk market segmentation)

2.3 Aptamil's decline in Growing Up Milk category in the UK market

The sales of Aptamil Growing Up Milk have been steadily decreasing for many years, in line with the category decline (The Grocher 2020). From the analysis of data provided by Danone (2021), it emerged that between 2019 and 2021 there was an overall decrease in sales of 22.5% for Growing Up Milk (suitable for children aged 1 to 3 years). In particular, in 2020 there was a drop of 12.2% in the sales of the product, since the Moving Annual Total (MAT), used to eliminate the seasonality of sales, dropped from 46,359 to 40,684 in a year. Although not yet concluded, 2021 is following this negative trend (Danone 2021). In fact, to date (December 2021), the product faced a further 10.3% drop in sales, as the MAT fell from approximately 40,684 to 36,496 (Danone 2021). (Appendix 3 - Aptamil's sales decline in the Growing Up Milk in the UK market). Furthermore, in comparison with the other baby milk products marketed by Aptamil (Infant Formula and Follow-On), Aptamil Growing Up Milk is the worst performing one, as in 2020 the Infant Formula segment dropped by 4.7%, while the Follow-On segment slightly increased by 2.9% in the last year (Danone 2020). In conclusion, Aptamil Growing Up Milk is facing challenges in terms of sales in the UK baby food market. Therefore, the aim of this study is to analyze possible causes of the phenomenon, whilst providing recommendations that could solve this problem. To do so, a clear organizational challenge was defined to consequently elaborate the research problem for this thesis. Both are presented in the following paragraphs.

3. Study focus: organizational challenge and research problem and questions

3.1 Organizational challenge

In light of the foregoing paragraph, Aptamil is experiencing difficulties to maintain Growing Up Milk's sales in the UK, and it is facing a challenge across the consumer journey, failing to remain relevant for its customers, as highlighted by the market research firm Fiftyfive5 (2020). During our exploratory interview with Aptamil Innovation Programs Director Luiza Cibili Tuncer (2021), it was found that mothers are prone to stop buying Aptamil after their baby's first year of life, not switching from Follow-On formula (suitable from 6 to 12 months) to Growing Up Milk (suitable from 12 months onwards). We saw this as an opportunity to contribute via our study to this organizational challenge, and for this reason, the team aims to support the company in the harsh process of identifying the underlying causes of the phenomenon and in the equally difficult task of outlining appropriate strategies to contain and hopefully reduce its effects. Given the academic nature of the work project, a rigorous research study required the translation of the organizational challenge into a general research problem and related research questions (Babbie 2010). For this reason, the following paragraphs will outline the research problem and the research questions.

3.2 Research Problem

Aptamil is facing a drop in sales, driven by its decline in the Growing Up Milk category. This decline is particularly evident when compared to the performance of other categories marketed by the brand, namely Infant Formula and Follow-On formula, which are not experiencing the same steady drop. An exploration of the possible causes of this phenomenon through desk research and an exploratory interview with Aptamil Innovation Program Director Luiza Cibili Tuncer, shed light on the company's difficulty in retaining mothers (customers) after the first year of life of their children.

Therefore, the research problem of this thesis is to increase Aptamil's customer retention in order to improve sales in the Growing Up Milk category.

To address this research problem, four research questions have been developed, based on the the concepts of customer retention and mom (consumer) behavior when buying baby food, suggested by the literature.

3.3 Research Questions

> **RQ1**: How can Aptamil improve toddlers' moms (customer) satisfaction and increase customer retention through alignment between value proposition and customer expectations?

One of the main factors influencing customer retention is customer satisfaction (Raab, Ajami, et al. 2008). In a continuously changing industry, such as the food one, shaping solutions that constantly meet consumers' expectations and needs, especially when it comes to babies, can be intricate. The goal of this question is to investigate how Aptamil can provide a relevant value proposition for Growing Up Milk to meet customer's expectations.

> **RQ2**: What is Aptamil brand trust in the UK market, and what impact does the brand trust and commitment to the brand have on customer retention?

Customer retention is significantly dependent on 2 co-dependent elements which are brand trust and customer relationship quality. The elements are mainly influenced by the company's marketing efforts and word of mouth and the customers' commitment to the relationship with the brand (Verhoef 2003) (Srivastava, Dash and Mookerjee 2015). These elements play a fundamental role in consumer decision-making and behavior which affects the customer retention (Alavijeh, Esmaeili, et al. 2018). Therefore, the second question aims to investigate how Aptamil would be able to improve their relationship commitment with their customers, and brand trust to increase customer retention.

RQ3: Is Aptamil Growing Up Milk price aligned with customers' willingness to pay and what impact current pricing strategies have on customer retention?

Selecting the optimal pricing model implies more than setting the price for an individual product. It involves a company's strategy, positioning, processes, culture, and values ultimately resulting in the price tag (Meckes 2021). After our exploratory interview with Luiza Cibili Tuncer, Aptamil Innovations Programs Director (2021), we found out that price is a major component of Aptamil customer's commitment. Therefore, this question intends to investigate if Aptamil Growing Up Milk's current price is aligned with consumers' willingness to pay and to confirm whether Aptamil's pricing strategy impacts its customer retention rate.

RQ4: Which influencer most impacts the purchase behavior of moms when it comes to baby food, and how can Aptamil engage it and leverage it in its communication strategy, aimed at increasing customer retention?

Mothers' consumer behaviour is heavily influenced by the communications of the companies in the industry (Román and Sánchez-Siles 2018), and by interactions with influencers, represented by the other members of society (Boak, Virgo-Milton, et al. 2016); (Webster, Frederick and Yoram 1972). Therefore, the goal of this question is to identify the influencer who has most power in influencing moms' purchasing behavior when choosing baby food and, as a result, explore how Aptamil can craft a communication strategy that leverages and engages this influencer, to ultimately retain customers.

4. Literature review

Given the company's organizational challenge related to Aptamil's difficulty to retain customers after their babies' first year of life, the following literature review will focus on two main pillars: customer retention and moms (consumer) behavior towards baby food. The first one is relevant to investigate the causes which determine Aptamil's drop in sales in the Growing Up Milk category in the UK. The second is important to find out the factors influencing the behaviour of moms when it comes to baby food purchase.

4.1 Customer retention

Customer retention is defined as the opposite of customer defection (Ahmad and Buttle 2001). It determines benefits for the company as it grants sales and marketing cost reduction (Grönroos 1990), and contributes to profitability (F. Reichheld 1996). The concept has been studied from various scholars, who investigated the antecedents of customer retention and found that there is a clear causal effect between satisfaction and retention (Raab, Ajami, et al. 2008). Among these scholars, Hennig-Thurau and Klee (1997) proposed the construct of Relationship Quality (Appendix 4 – Relationship Quality construct), which explains the correlation between satisfaction, relationship quality, and customer retention. Relationship quality is defined by Hennig-Thurau and Klee (1997) as positive or negative feelings toward the relationship with the brand and it is the result of the customer's perceived product quality, trust and commitment. Morgan and Hunt (1994, 22) suggested that quality of the relationship can be influenced by the company's marketing activities, and it is fundamental to achieve retention. In the next paragraphs, the different approaches in the literature about the main variables of the relationship quality construct will be explored.

4.2 Customer satisfaction

Several scholars have been interested in the causal relationship between customer satisfaction and retention (Almossawi 2014), stating that the former leads to a reduction in customer defection (Jones, Mothersbaugh and Beatty 2002); (Kotler 2000). The literature is contradictory on the definition of customer satisfaction. Some scholars, such as Hennig-Thurau and Klee (1997) interpret satisfaction as a transient status which influences perceived-product quality. However, the one used in this thesis, as it is the most prevalent approach, is the one that defines satisfaction as an evaluation based on a product performance versus customer's expectation (R. L. Oliver 1997). According to this approach, a customer is satisfied when expectations about a specific offer are either met or exceeded (Kotler 2000); (Dabholkar, Cravens and Dickson 1993); (Hallowell 1996). To achieve a high customer retention and success, companies must focus on satisfying its customers by fulfilling their needs (Daniel and Darby 1996); (Menet and Szarucki 2020) and expectations. Expectations are, in turn, defined as the perceived potential of the product to meet certain outcomes (Sheth 1973) and represents which are customer's *wants* (Zeithaml, Berry and Parasuraman 1993). Scholars suggest that to ensure customer satisfaction and increase retention, companies should deliver value to their target through the creation of a relevant value proposition (Johnson, Christensen and Kagermann 2008); (Hassen 2012). The consumer value proposition (CVP) is a strategic tool employed by companies to communicate their ability to deliver superior value to consumers (Anderson, Narus and Van Rossum 2006); (Payne, Frow and Eggert 2017), and give the target audience reasons to purchase the product (Kotler and Keller 2009).

Payne, Storbacka and Frow (2008) suggest that the consumer value proposition is the foundation of business success because, when properly crafted and implemented, meeting consumer expectations increases satisfaction by reducing the gap between expectations and perception.

4.1.1 Product quality perception

Perceived product quality is defined as the overall perception of the product, including its tangible and non-tangible attributes (Mircea Andrei, et al. 2019). Aaker (1991), agreeing with this definition, also explains that perceived quality is measured in relation to its objective standards and it reflects the mental evaluation of the customer related to a specific good (Yang and Peterson 2004). As previously stated, the concept of perceived quality is debated in the literature, since, although most scholars understand it as a direct antecedent of satisfaction (Chaudhuri 2002); (R. L. Oliver 1997), others see it as its consequent (Hennig-Thurau and Klee 1997). In any case, both approaches recognize the importance of product perception for customer retention as confirmed by many scholars such as Fornell (1992), Singh (2012) and Verhoef (2003).

4.1.2 Brand Trust

Brand trust is defined as the "will to rely on a partner in whom one has confidence" (Moorman, Deshpande and Zaltman 1993, 82), and is strongly influenced by previous experiences with the provider (Hennig-Thurau and Klee 1997). Trust is essential to nurture a healthy and long-term relationship with the customer (Morgan and Hunt 1994) and, therefore, it represents a fundamental pillar in the retention of the latter (Hennig-Thurau and Klee 1997).

A brand is deemed trustworthy when it is able to keep its promises (Aydin, Aybeniz Akdeniz and Taşkin 2014), and when it is perceived as honest, altruistic, and reliable (Hess 1995).

Brand trust is further derived from the reputation of the company (Prahalad 2011). Accordingly, a favorable reputation increases the customer's purchase intention and results in customer retention (Rittichainuwa and Mair 2011). The interaction with other members of the community, such as friends or relatives (Story, Robinson-O'Brien and Glanz 2008) and word of mouth (WOM) play a pivotal role in influencing brand reputation and brand trust-building (Scarinci and Pearce 2012).

In the baby food industry, characterized by high perceived risk (Delgado-Ballester and Munuera-Alemán 2001), since the buyer (moms) do not buy the product for themselves, but for their vulnerable babies, creating a sense of trust is, therefore, paramount. Brand trust is, indeed, among the critical variables motivating the brand choice when buying baby food (Román and Sánchez-Siles 2018) and according to Upamannyu (2014) it can positively impact customer retention. Indeed, as pointed out by Boak, et al (2016), moms tend to keep on purchasing one specific brand if they had a previous positive experience with it, cultivating the relationship with the trustworthy company, and rarely switching to the competition.

In conclusion, brand trust has a positive impact on both buyer's choice of alternatives, mitigating the indecision regarding the purchase (Upamannyu 2014) and on the company's performance (Reast 2005). In this regard, for example, if a consumer trusts the brand, the company will enjoy an advantage over others when extending its brand or product portfolio (Reast 2005). Lastly, it is evident that trust towards a brand keeps the consumer within the company and, as we will see in the following paragraph, higher trust leads to higher commitment (Hennig-Thurau and Klee 1997).

4.1.3 Commitment

The third and last component of the relationship quality construct, influenced by customer satisfaction, is commitment (Hennig-Thurau and Klee 1997). Commitment is defined as the desire to establish (Moorman, Zaltman and Deshpande 1992) and uphold a bond between parties (Morgan and Hunt 1994).

The literature identifies two types of commitment: cognitive and affective (Fullerton 2003). The *cognitive* commitment, also known as calculative, is based on rationality (Dwyer, Schurr and Oh 1987) and on the customer's assessment of the costs and benefits associated with staying compared to abandoning the current relationship with the brand (Becker 1960); (Young and Denize 1995).

On the other hand, *affective* commitment is the psychological attachment to a brand (Bhattacharya, Rao and Glynn 1995); (Fullerton 2005, 101). Affective commitment is the only type of commitment that positively drives retention (Verhoef 2003), and influences consumer behavior (Noel and Dwight 2013). Affective commitment depends on consumers' liking, feelings (Hansen, Sandvik and Selnes 2003), personal involvement with a company, and it reflects a higher level of trust and commitment (Garbarino and Johnson 1999). Affective commitment reflects the strength of the relationship with the company (Moorman, Zaltman and Deshpande 1992). When the affective commitment is high, customers are personally involved, and do not take decisions solely based on a cost-benefit analysis. In this regard, Bolton (2016) stresses that although customers generally tend to prefer lower prices on equal terms, customer commitment has an impact on price tolerability. Hence, committed customers are willing to pay higher prices to purchase a specific brand to which they are committed (Delgado-Ballester and Munuera-Alemán 2001).

To conclude, high level of affective commitment produces beneficial consequences to both consumers and companies (Delgado-Ballester and Munuera-Alemán 2001).

In sum, from the literature, it is evident that to retain its customers, companies should aim at satisfying their customers, to foster a better perceived quality, higher brand trust, and a stronger commitment. Moving on, this chapter will analyse the factors that can influence the consumer behaviour of mothers when buying baby food, to later address them in our research with the aim of increasing sales in the Growing Up Milk category.

4.2 Consumer behaviour of mothers toward baby food

The study of the decision-making process that leads to the selection, purchase, and use of the product to satisfy a pre-existing need is called consumer behavior (M. R. Solomon 1994). In this research, attention is paid to the buying behavior of baby food, generally purchased by caregivers, often the mothers of consumers (Tambunan, Purwanegara and Indriani 2013). Moms are influenced by numerous variables, but the literature highlights that the main factor driving the purchase of baby food is the genuine concern to ensure the healthy development of the child (Tambunan, Purwanegara and Indriani 2013). Story, Robinson-O'Brien and Glanz (2008) proposed the *ecological framework* (Appendix 5 - Ecological Framework) to explain the main factors influencing the choice of food and this can be also applied to the baby food context, as confirmed by a study carried out by Boak, et al (2016). The framework considers four main domains influencing food purchase behaviour: "individual factors (personal)", "social environment factors (networks)", "physical environments (settings)" and "macro-level environments (sector)" (Story, Robinson-O'Brien and Glanz 2008).

4.2.1 Individual Factors (personal)

Individual and personal factors, such as preferences, knowledge, and personality, can impact on food purchase behaviour (Story, Robinson-O'Brien and Glanz 2008). In the context of baby food choice, it was found, for example, that the preferences of the baby can impact the choice of mothers (Román and Sánchez-Siles 2018). Indeed, although moms remain at the heart of the decision-making process, sociological evolution has made children more and more involved and influential in the baby food buying process (Baldassare, Campo and Falcone 2016). For this reason, mothers tend to choose food that their children enjoy, recognizing that these are the final consumers and therefore the product must be to their liking (Román and Sánchez-Siles 2018). Aiming to improve any personal incorrect eating habits and directing children towards a balanced diet, mothers also tend to choose the healthiest natural products, free of artificial additives (Román and Sánchez-Siles 2018). Although mothers indicate as fundamental the origin and preparation of the baby food, it has been found that only a few really analyse the nutritional information reported on the pack at the time of purchase (Maubach, Hoek and McCreanor (2009).

4.2.2 Social environment factors (networks)

Another factor that influences food choice is the interaction with other members of the community (Story, Robinson-O'Brien and Glanz 2008). In particular, the literature emphasizes that there are five people, interacting with each other, play distinct roles in the purchase decision process play distinct roles in the purchase decision process (Webster, Frederick and Yoram 1972). These are the initiator, the influencer, the decider, the buyer, and the user (Webster, Frederick and Yoram 1972). The first is the initiator, who suggests the idea of buying a certain good (Webster, Frederick and Yoram 1972). The influencer is the one who proves information to evaluate different buying alternatives, directly or indirectly influencing the buyer (Webster, Frederick and Yoram 1972). The remaining actors involved in the buying process are the decider, who has the authority to choose between alternatives, the buyer who makes the purchase, and the user, represented by the person who uses the good (Webster, Frederick and Yoram 1972).

In the baby food field, mothers are influenced by different actors, the most important being pediatricians family members, and other parents (Boak, Virgo-Milton, et al. 2016). In this regard, mothers tend to categorize opinions about infant nutrition into "expert opinion" and opinions of others (Boak, Virgo-Milton, et al. 2016), stressing the need to receive information from a person with high credibility and experience(Hovland, Janis and Kelley 1953).

4.2.3 Physical environments (settings)

The ecological framework suggests that the settings in which food is purchased and consumed might influence people's food choices and behaviour (Story, Robinson-O'Brien and Glanz 2008). There is evidence that the level of accessibility to baby food and the time required to prepare infant food is likely to influence its choice and in fact force mothers to make compromises on the selection (Boak, Virgo-Milton, et al. 2016). On the same token, Román and Sánchez-Siles (2018) stress that mothers prefer brands that are easily available in most supermarkets and pharmacies because they represent a frequent purchase, making *convenience* another factor that can influence the purchase of baby food products.

4.2.4 Macro-level environments (sector)

The last factor suggested by the ecological framework encompasses macro-level factors which are able to affect society and decision making. Macro level factors can be social norms, marketing, especially related to food, government policies and many more (Story, Robinson-O'Brien and Glanz 2008). In this regard, according to Román and Sánchez-Siles (2018) mothers (consumers) behaviour is particularly influenced by the communication efforts of the companies in the industry. Also, especially in relation to the case of study, it was found that food packaging communication is able to influence consumer consumers' perceptions and purchase decision (Antoñanzas and Rodríguez-Ibeas 2011).

To summarize, mothers' buying behaviour of baby food is influenced by many factors. These include personal factors, such as their preferences and their children's taste preferences, social factors, related to the impact of influencers, environmental factors such as the level of accessibility and convenience of the product, and macro-environment factors, such as communications' efforts of the companies in the industry.

After the literature review explaining the concepts of retention and consumer behaviour, which underlie the research problem, we will focus on the data collection and analysis that was conducted to address the organizational challenge.

5. Methodology

The research is meant to address the specific research questions that cover different topics to better understand how to cope with Aptamil's drop in sales in the Growing Up Milk category. To do so, as will be further explained in the following chapters, the team made use of both primary and secondary data, including a survey questionnaire and one exploratory interview with Aptamil Innovation Programs Director.

5.1 Secondary data

To inform our research with secondary data, previously collected by third parties (Vartanian 2010), two types of sources were used, internal and external. Danone's internal sources provided us with first-hand insights and an overview of the problem from the company's perspective and therefore helped us to understand the issues to be analysed in-depth with a critical eye. Danone's internal data included company reports and dashboards, sales reports, market share analysis, market assessments, competitive landscapes, and past primary market research (McQuarrie 2005). External data, collected from diverse sources, gave us an external perspective on the industry trends (McQuarrie 2005), and challenges and were mainly collected through statistics portals, market research and market intelligence agencies, scientific journals, commercial research, and other academic papers in the literature review.

5.2 Primary data

To kick off our research, we conducted an exploratory semi-structured interview with Aptamil Innovation Programs Director, Luiza Cibili Tuncer, (Appendix 1- Exploratory interview protocol) which had three objectives. Firstly, to better understand the company and the industry, then, to choose a relevant challenge to address, and lastly, to explore possible causes of the problem.

To dive deeper in the research, we gathered primary data using a quantitative tool. An English questionnaire was created on Microsoft Forms to collect the collect the data needed to address the research questions (Appendix 6 - Questionnaire) (Vikas 2010). The investigated topics included customer satisfaction, trust, commitment, and behavior.

As the research focuses on the UK market, the population under study are mothers of toddlers (babies between 1-3 years old) living in the UK for at least 5 years. The sampling procedure included two respondent selection criteria: moms living in the United Kingdom for at least 5 years and having one or more children aged between one and three years old. The pool of participants was meant to be as big as possible (Babbie 2010) and we expected to reach at least 200 UK moms, and in the end, 244 valid questionnaires were collected. To sample the population, we used a nonprobability method, due to the impossibility of drawing random probability sampling due to time and cost constraints (Babbie 2010). The questionnaire was distributed, for the sake of convenience, with the Computer Assisted Web Interviewing (CAWI) method (Couper and Hansen 2001), and it was meant to be completed on a voluntary basis. To reach representative respondents, the survey was posted on social network groups related to motherhood on Facebook (as for example "Bumps, Babies, Toddlers & Mums UK", "London Mums" and "First Time Mums UK") and on Mumsnet.com, a popular blog regarding parenting in the UK. This method allowed us to reach a wide number of answers in a short time span, while also providing the respondents with a confidential atmosphere that encouraged them to give honest answers (Babbie 2010).

The survey consisted of 27 questions and was divided into two main blocks (Appendix 6 - Questionnaire). The first part was divided into five groups that aimed to select the respondents who met the criteria of the sampling procedure and address the research questions; the last part was used to collect demographic characteristics of the respondents.

The first group of questions of the first block intended to measure customer satisfaction, usually studied with quantitative surveys (Bearden and Netemeyer 1999). The measurement scale was adapted from Hill, Brierley and MacDougal (2003). A list of relevant attributes in the category provided by Danone (2021) was submitted to the respondent to score first about their level of satisfaction in relations to them, and then about their perceived importance. The literature mentioned before suggested the use of Likert scale, to deaverage respondents (Hill, Brierley and MacDougal 2003). We were although aware that the answers would have tended to be positively biased (Danaher and Haddrell 1996), therefore, the attributes were showed in a random and rotating order to different respondents (Hill, Brierley MacDougal 2003).

The second group of questions was prepared to assess whether consumers trust Aptamil. This was achieved using the survey techniques outlined by Bearden and Netemeyer (1999). Hence, we adapted the Likert-type scale to measure 6 items over the three dimensions of brand trust, namely perceived honesty, altruism, and reliability (Bearden and Netemeyer 1999). The responses were analysed accordingly to identify how trustworthy the brand is, and the image that the brand has created according to the customers (brand image). (Bearden and Netemeyer 1999).

The third group of questions aimed to determine customer's willingness to pay (WTP) for Aptamil Growing Up Milk. For this purpose, it was employed a *contingent valuation* (Grunert, et al. 2009), a survey-based methodology that consists in inviting respondents to state how much they would be willing to pay for a certain product (Breidert, Hahsler and Reutterer 2006). This approach was chosen as it is commonly used to assess customer's willingness to pay for food products (Boccaletti and Nardella 2000), although it implies the risk that the stated willingness to pay is slightly different form the actual one, as respondents tend to report higher values (Breidert, Hahsler and Reutterer 2006).

The fourth group of questions was aimed to identify the influencer that has the biggest impact on mothers' purchasing behavior when it comes to baby food. Considering that moms prefer to rely on the advice of people with high perceived credibility (Boak, et al 2016), they were asked to evaluate, through a 5-point Likert scale, the reliability of possible influencers identified in the literature, such as pediatricians, other moms, and family members (Boak, et al 2016). Furthermore, moms were asked to rate the frequency of use of different information sources, such as mass media, parenting magazines, and social media, to identify possible touchpoints that Aptamil could use in its communication strategy.

6. Main Findings

6.1 Secondary data

To have a clear understanding of the industry Aptamil plays in, the following chapter will include an analysis of the data collected on the baby food industry and trends, as well as the assessment of the brand, its competitors and customers through the 3C framework, proposed by Ohmae (1982).

6.1.1 Baby food industry and main trends in the UK

The baby food industry in the UK is valued at around £1.4B (approximately €1.64B, to date 08/11/2021) (Statista 2021), and within the market, formula holds the largest share of the baby food and drink industry, boasting sales of £360M (approximately €421M, to date 08/11/2021). Full of growth opportunities to capture, the market is characterized by fierce competition, with leading powerful players such as Danone, Nestlé, HiPP, and other smaller brands (Breban 2021), which offer customers reliable source of nutrition in form of formula for their babies. However, the baby food industry has been characterized by negative trends that have led to a decline in sales volumes of 12.1% from 2018 to 2020 (Baker 2021), and with a focus on the baby milk segment, this suffered a more dramatic sales volume drop of 15.5% in the same period (Baker 2021).

Among the mentioned negative trends, it is appropriate to analyse the important growth in breastfeeding that was driven by the circumstances of the pandemic lockdowns (Brown and Shenker 2021). Even if there is an increase of working moms in the UK, representing 75.1% of all mothers in 2019 (Office For National Statistics 2019), lockdowns forced them to stay at home more, with the consequence that breastfeed was practiced more frequently and for a longer period (Costantini, Joyce and Britez 2021). On the other hand, cow's milk has a high penetration in the

UK baby food market, and 69% of mothers in the UK tend to feed their children aged 1 to 3 with cow's milk, and one-third of them introduces the latter before the twelfth month of life (Danone 2021). Therefore, cow's milk, being an indirect competitor and substitute of Growing Up Milk, acts as a big threat to the category (Tuncer 2021). It is also essential to mention a critical factor concerning birth rates. It should be noted that stagnant birth rates are expected to continue to decline over the next few years (Ha 2020), suggesting that the entire category is and will be contracting for the foreseeable future. Despite this, the baby food industry, represents, albeit limited, growth opportunities, especially in the UK (Breban 2021), where the market is estimated to grow at a rate of 3.5/3.6% annually from 2022 to 2025 (Statista Consumer Market Outlook 2021). This growth is expected to come from premiumization opportunities and cleaner ingredient lists, as mothers are becoming more aware of the nutritional value of manufactured baby food (Breban 2021).

Beyond encouraging breastfeeding, the outbreak of the Covid-19 pandemic has revolutionized consumer preferences, causing a strong interest and consciousness related to health (Jagt 2021). As a result, the existing demand for healthy, traceable, additive-free food continues to grow (Szegedi 2021). With particular regard to the baby food segment, consumers are more conscious about their babies' health, which leads to the increasing demand for balanced baby food (Mordor Intelligence 2021), as well as a growing inclination towards quality food and premium product variants (IMARC Group 2021). Indeed, there is an increased demand for organic and natural baby food products, which is preferred by mothers to inorganic foods, as the latter contains synthetic ingredients that could pose a threat to children's health (Prescinent & Strategic Intelligence 2021). To ensure the well-being of their babies, moms are willing to spend more, therefore price point in the category has been rising in the last years (Futerra & Bloom 2021) at a rate that is higher than inflation, while the retail price has nearly tenfold since 1970s, forcing mothers who cannot or choose not to breastfeed to spend up to £1,000 a year (approximately €1170, to date 4/12/2021) on baby formula (Changing Markets Foundation 2017).

Spending more, moms expect to purchase high-quality, and hygienic products (Mordor Intelligence 2021) which can support the babies' immune system (Roux 2020). Aware of this trend, companies are mobilizing to attract buyers, by making immunity claims center stage, but there is still room for improvement (Roux 2020).

Nowadays, mothers prioritize homemade food, often synonymous with safety, healthy, cleanliness, and affordability, especially now that they are spending more time indoors due to the pandemic (Hong 2021). However, convenience remains at the forefront of moms' purchases drivers, especially for out-of-home consumption, and to cope with this trend, companies are tailoring their solutions to meet the needs of time-pressured mothers and caregivers (Walji 2020).

In summary, it is important to underline that in these times of great change, the UK baby food market has been characterized by stiff competition and limited growth opportunities, due to some threats, such as an increase of breastfeeding, the menace of cow's milk, and the decline in birth rates in this geography. To win over competition, companies must constantly adapt to the new trends and needs of buyers and have to respond to the demand for balanced, high-quality, and convenient food.

Having analysed the market in which Aptamil competes, it is now necessary to deep dive into the characteristics of the product at the center of the organizational challenge, that is Growing Up Milk.

6.1.2 Growing Up Milk in the UK

Growing Up Milk is a formula for toddlers which may contain either cow's milk proteins or other proteins such as other animal's or plant's (I. Hojsak, et al. 2018). Generally, this type of drink is a dilution of the Follow-On formula (suitable from 6 months) and it aims to meet the nutritional needs of children aged 12 to 36 months (1 to 3 years). Growing Up Milk provides energy and nutrient content such as iron, vitamin D, and polyunsaturated fatty acids, which may be in short supply in the diets of toddlers, especially in Europe (Agostoni 2013). However, there are conflicting opinions on the actual impact of Growing Up Milk in toddlers' diets. On one hand, scientists and researchers have studied that compared to other foods or drinks in a toddler's diet, Growing Up Milk cannot be considered essential (Agostoni 2013). Though not necessary to ensure the toddlers' adequate nutrition, it is recognized that the drink can compensate for potential nutritional deficiencies that may arise when transitioning from childhood nutrition to family feeding (Przyrembel and Agostoni 2013). Accordingly, multiple studies confirm the benefits of Growing Up Milk for toddlers' development and growth. To begin with, a study conducted by Ghisolfi, et al. (2012), assessed the nutritional appropriateness of Growing Up Milk and its impact on the child's diet, proving that a risk of deficiency in important nutrients such as α-linolenic acid, iron, vitamin C, and vitamin D, that can occur with the cow milk consumption, could be reduced with the use of growing up milk. The product's benefits are also tangible according to a study by Eussen, et al. (2015) on 591 babies aged 12 to 18 months, which found that Growing Up Milk can reduce saturated fat while promoting essential fatty acid intake. The experiment also demonstrated how completely substituting the consumption of cow's milk for the intake of the same doses of Growing Up Milk (434 ± 187 ml/day) drastically reduced vitamin D and iron inadequacy compared to before the simulation, as this dropped to 4.9% for vitamin D and 2.7% for iron (Eussen, et al. 2015). These, and other studies, confirm that growing milk contributes to nutritional intakes that better meet toddler's needs. Despite this, organizations such as the World Health Organization have repeatedly stressed the superiority of breast milk over formula. These, therefore, recommend the assumption of the latter over any other product (World Health Organization 1981).

6.2 3C Analysis

After analysing the industry, trends and characteristics of the product marketed by the brand, it is important to scrutinize the factors that can determine the competitive advantage of the company, through the framework of the 3Cs, as suggested by Kenichi Ohmae (1982).

6.2.1 Customers

In the baby food industry, there is a distinction between the *consumer,* represented by the babies and toddlers, and the *customer*, in this case represented by mothers as they usually are the purchasers and decision makers in the buying journey (Tambunan, Purwanegara and Indriani 2013).

All in all, it is fundamental to understand and address mothers' needs in order to provide them with a tailored value proposition, right price and communication to foster trust and increase retention.

Mothers are strongly motivated by the desire of doing the right thing for their babies (Tambunan, Purwanegara and Indriani 2013), as highlighted by a study carried out in the UK by Schofield (2019)*,* they are very careful to their little ones' health and development. In this study, 41% of the sample (moms), recognized the importance of fortified food and drinks as a source of minerals and vitamins over supplements.

Some moms, acknowledging the importance of introducing babies to a wide range of flavors (Baker 2021), are likely to prefer vegetable juices, flavored water for their toddlers, as they are healthy alternatives (Market research firm: Ipsos Marketing 2018).

In the UK there are around 633 thousand moms and most of them give birth between the age of 24 and 35 (Corps 2020). According to Danone (2020), moms can be clustered in different categories according to their lifestyles, and within the same categories, mothers showed to have the same needs. *Independent moms*, to begin with, are those who see motherhood as a stimulating and dynamic experience, in which they enjoy making their own rules as how to play this role. Given their inclination to encourage children to explore the world, formula must provide them with the required energy for physical and mental development. *Ambitious moms* are the ones who wish to gain respect and admiration from others and consider their child's future success paramount. Indeed, high quality foods that support the physical and cognitive development of the baby are preferred. On the other hand, *competent moms* consider themselves organized and rationale in their motherhood choices, hence the baby formula chosen should be scientifically backed-up and commercialized by a patented brand. *Protective moms* can be described as sensitive and calm. Therefore, baby formula should contribute to the holistic, healthy, and safe development of the child. In this regard, products must be proved to be safe by laboratories certifications and the pediatricians' favorable opinion. As for *natural moms*, these can be described as relaxed and fulfilled, and they see motherhood as a joyful experience. Indeed, also when looking for baby food, they want the decision to be as easy as possible and, to make the choice simple, they tend to rely on the recommendations made by pediatricians. *Easy-going moms* are spontaneous and practical in playing the role and, therefore, branded, and accessible baby food, also used by peers and endorsed by paediatrician, are preferred, as these can make life easier.

Identified the customers segments and their needs and characteristics, the 3C framework suggests investigating about the company, and its strengths and weaknesses. Therefore, in the following paragraph a detailed overview of Danone and Aptamil will be given.

6.2.2 Company

Danone plays a leading role in the global food and beverage market, and it is capable of influencing customers' perceptions and therefore to easily attract new customers (Marketline 2021). Within Danone's brand portfolio, Aptamil is one of the most important brands capable to deliver premium products to its customers. The brand positions itself in the market as a premium brand, with the following positioning statement. “For moms that need a breastmilk substitute, Aptamil offers a baby formula which is the closest to breast milk based on 40 years of scientific research” (Danone 2021).

Aptamil targets moms-to-be and moms of babies from 0 to 36 months and tries to deploy the most advanced science to convey its closeness to breast milk (Danone 2021). Furthermore, the premium positioning of the brand allows it to charge a premium price for its product (Tuncer 2021). Indeed, one pack of Aptamil Growing Up Milk (800g) costs around £11.50, i.e., £1.40 per 100gr (Specialized Nutrition S&I 2021) and the price is in line with the revenue-optimizing price (Prayssac 2020). This product price is in line with the customer expectations as confirmed by a survey by Prayssac (2020) on 405 British moms’ willingness to pay for Aptamil Growing Up Milk. In addition to the above-mentioned analysis of the pricing strategies adopted by Aptamil, it is paramount to assess its strengths and weaknesses to have a more complete picture of the brand. To begin with, the brand boasts numerous strengths, for example, the breadth of the portfolio, including tailored health needs for babies up to three years old and especially moms (Danone 2021). Moreover, the brand has a particularly strong R&D department, in which last year invested around 1.4% of the total revenues (Marketline 2021). Thanks to the large investments in R&D, the brand is able to deliver constant innovation to the markets, such as new visual identities, packaging and formats and new customer value propositions (Marketline 2021). On top of that, another important strength is represented by the brand image, valued positively through a study conducted by the market research firm Fiftyfive5 (2018) on a sample of 400 moms in the UK. The study highlighted that Aptamil is perceived as an expert in baby nutrition and breast milk research, and that its products are based on science, perfectly reflecting the brand identity (Tuncer 2021).

Among Aptamil's weaknesses, it is possible to claim that the brand is not able to deliver a relevant Growing Up Milk value proposition (Tuncer 2021), and that it is not perceived as being too natural and it is not fully trusted by mothers, as highlighted in the study done by the market research firm Fiftyfive5 (2018). This lack of trust is a problem that concerns Aptamil and most of other companies competing in the baby food industry since only 15% of British moms believe that the feeding advice given by baby food brands is trustworthy (Schofield 2019).

At the product level, Aptamil, shares with the competition (SMA and HiPP Organic) share some points of parity. Among these, there are the iconic shape of the tin, different formats offered and the yellow color of the powder. To set itself apart from competition, Aptamil has developed some points of difference, which are the brand assets, namely the bear and the drop of milk on pack, the latest innovation of packaging represented by tabs and its patented formula (Aptaclub 2021).

6.2.3 Competitors

Competitive analysis is the definition and understanding of the industry, competitors and their strengths and weaknesses (Zahra and Chaples 1993). To preserve a precise scope in our investigation, it is relevant to only scrutinize Aptamil's direct competitors, similar in size, product offer, and target, which are *SMA* with 15% in market share, owned by Nestlé, and *HiPP* with 5% in market share, owned by HiPP Beteiligungs AG (Mintel 2021); (Marketline 2020).

SMA is the official Nestlé brand commercialized in the UK, however the brand global offer is much wider including products such as Little Steps, NAN, Carelac and Nido to serve different segments, and these are also available in the UK. SMA offers a range of premium formulas, deeply rooted in science, at a premium price of £9.20 for a 600gr pack costs and £1.53 for 100gr (Tesco 2021). One of the SMA brand's strengths is represented by the number of synergies that has with the parent brand, Nestlé, which boasting over 150 years of health research, is the largest food and beverage company in the world (Marketline 2021). For this reason, the brand has easy access to high quality resources and R&D to constantly launch innovative products. SMA, similarly to Aptamil, is a brand deeply rooted in science and this is a strength as consumers tend to associate positive connotations with it. On the flipside, SMA is largely affected by its parent brand Nestlé and one of its weaknesses is intricately connected with its negative brand image and the decline of customer confidence resulting from product recalls (Marketline 2021). This is linked with scandals and alerts issued by the company over time. As an example, SMA, in March 2021 alerted consumers that there was the risk of the presence of plastic pieces in some packages of marketed baby formula. On top of that, according to the brand is not perceived as a natural brand nor modern (Sharp and Wesarg 2019).

HiPP, on the other hand, is an emerging brand, which is gaining popularity in the market, with a rise of 34% in market share in the last two years, offering high-quality organic products at a lower price point than competitors (Mintel 2021). For example, HiPP's 600gr pack has a price of £7.2 and £1.20 per 100gr (Tesco 2021).

HiPP distinguishes itself as it strongly emphasizes its strong roots in the Christian tradition which steer the company's moral. Their aim is to build products that put consumers' health above all (HiPP 2021). HiPP offers a fully organic portfolio, in line with the latest customer trends (Hipp 2021) (Prescinent & Strategic Intelligence 2021). On top of that, HIPP seems to attract more and more customers in the UK due to the strong value proposition based on high-quality and organic products sold at a low price point, its Christian values, and its vision to health of babies instead of profits (Mintel 2021). On the other hand, being a smaller brand, HIPP shows some weaknesses in terms of supplier bargaining power, resulting in a smaller product range compared to competition, and a lower share on shelf (Mintel 2021).

For what concerns the products offered by HiPP, these share with Aptamil the same points of parity mentioned above and distinguish themselves with points of difference. For SMA, the most salient points of difference are represented by the offer of different solutions for toddlers such as fortified milks, Growing Up Milk and milk fortifiers, while for HiPP, the point of difference is represented by the whole organic and palm oil free portfolio.

To conclude, the 3C analysis revealed that in the UK, Aptamil can count on a wide audience of potential customers (moms), carefully segmented based on their lifestyle and needs. Furthermore, from the analysis emerged that in this geography Aptamil is one of the leading firms in the industry and competes with incumbents that can count on powerful synergies with the holding, such as SMA (Nestlé) or with a solid value proposition, capable of meeting the needs of customers (HiPP). In this competitive context, Aptamil can count on numerous strengths, such as its broad portfolio and its positively valued brand image, but it should be aware of and minimize its weaknesses, such as the lack of trust by customers or the inability to deliver a relevant value proposition for its Growing up milk.

6.3 Primary data Analysis

The following block aims to illustrate the data collection process that the group followed to gather insights to tackle the organizational challenge. The crucial step of this process consisted of an exploratory interview with Luiza Cibili Tuncer, Aptamil Innovations Program Director. Furthermore, a survey was spread among UK toddler's moms, from November 21, 2021 to November 27, 2021. As a result of screening, of the total 270 answered received, we obtained a sample of 244 valid questionnaires. Around 9.6% of the total sample did not meet the criteria of being a mother of at least one toddler, living in the United Kingdom for at least 5 years.

6.3.1 Sample Demographics and Profile

Most of the respondents in the sample fell in the group age between 25 and 34 (81.6%), followed by the group age 35-44 (17.2%), while only a minimal number of respondents were aged between

16 and 24 (1.2%). The number of children per mother was distributed as follows: 89.8% of moms had one toddler, 10.2% had two, none of the moms has three or more children aged 1-3.

To better understand the profile of the respondents, these were asked about their occupation and monthly household income. It emerged that a conspicuous number (45.1%) of respondents works full-time, 22.1% part-time, 13.5% is on parental leave, 10.7% is self-employed and a minority was represented by unemployed (6.6%) and students (0.8%). As for monthly household income, 35.7% of the sample claimed to earn between £3,000 and £4,499, 25.0% makes £1,500 and £2,999 per month, and 23.0% can count on a low monthly household income between £500-£1,499. The highest and the lowest income bracket, corresponding to less than £500 and more than £4,500, belonged to 1.2% and 1.9% of the sample respectively. Most of the respondents (91.8%) were familiar with Aptamil Growing Up Milk and 82.4% of the sample was a frequent buyer (purchasing it more than 5 times per year), while the remaining 17.6% claimed that never (11.9%), or rarely (5.7%) buy the product. Among a set of alternatives, mothers chose the brand they use most frequently to feed their toddlers. The most popular was Aptamil (79.1%), followed by Cow & Gate (7.8%), SMA (7.0%), HiPP (4.1%) and others (2.0%).

6.3.2 Main findings: Survey Questionnaire

6.3.2.1 Customer satisfaction

Starting the questionnaire, respondents these were asked to answer the block of questions concerning customers' satisfaction. The results of the responses on a Likert scale (1-5) were aggregated in order to better analyse the responses. To get a clear picture of product satisfaction, moms were asked if they thought Aptamil's Growing Up Milk met the needs of toddlers. To this question, 67% of respondents answered positively, 18% were unsure, versus 15% who disagreed. To test satisfaction with the current product and understand the importance of the same in such a product, nine benefits of Aptamil Growing Up Milk were presented to mothers. From the responses on satisfaction, it emerged that moms most appreciate the product's ability to contribute to the development of the immune system (with positive ratings from 85.7% of respondents), its nutritional completeness (positively appreciated by 84.8% of moms), its closeness to breastmilk (positively satisfying 84.8% of moms) and its support of the child's cognitive system (83.4%). In addition, moms are, for the most part, satisfied with the natural ingredients and support for digestion (80.1% and 79.7%, respectively). Areas that could benefit from improvement in Aptamil's offerings, and that do not fully satisfy respondents are the ability to comfort the child (considered neutral or negative by 15.1% of respondents), good taste and different flavours (considered neutral or negative by 17.5%), and convenience of the package/format (considered neutral or negative by 22.1% of respondents). On the other hand, moms expressed the importance of having the benefits listed in Growing Up Milk. It turned out that, the most relevant features are immune and cognitive system support (both rated important by 96.3% of moms), followed by the complete nutrition offered, natural ingredients and ability to soothe the child (voted important by 95.9%, 95.4% and 93.0% respectively), convenient packaging and goodness and variety of flavours (92.0% and 91.7% respectively). The least voted were *support for digestion* (unimportant or neutral for 15.3%) *closeness to breast milk* (with a negative or neutral importance rating of 17.2%). Finally, after exploring the satisfaction and importance of the benefits offered by Growing Up Milk, in order to better assess the needs of mothers and explore preferred consumption patterns, respondents were asked what is the ideal time to feed their toddlers with formula, and from this response, it was found that the preferred times are breakfast (50.0%), before bedtime (47.1%), and at lunch (36.0%). From the above data, Aptamil satisfies its habitual and current customers, but some areas for potential improvement have been identified. Among these, the improvement of the product taste and packaging, in order to successfully meet customer expectations. In addition, considering value proposition, the brand could leverage on creating a formula suitable for the morning, lunch, or evening, and focus on the benefits rated as important as immunity, cognitive development, and complete nutrition.

6.3.2.2 Price

To evaluate customers' cognitive commitment and better assess which pricing strategies can be the most suitable for Aptamil, we included in the survey a group of questions regarding clients' willingness to pay. The first question of the price question group aims at determining customers' willingness to pay (WTP) for Aptamil growing-up milk and gathering data to delineate a clear overview on consumers eagerness to spend for competitors' offers. To do so, respondents were directly asked which price interval they think is the most appropriate for cow's milk, Aptamil Growing Up Milk, Cow & Gate Growing Up Milk, and SMA Growing Up Milk.

As expected, cow's milk is the alternative for which consumers are willing to pay the less: 70% of respondents would not spend more than £1.69 (approximately €1.98, to date 4/12/2021) for a liter of milk. For Aptamil Growing Up Milk, customers' willingness to pay tends to be higher than the one for cow's milk. For a Growing Up Milk pack (800gr), which roughly corresponds to six liters of liquid milk, 56% of respondents would spend more than £11.00 (approximately €12.87, to date 4/12/2021), more than £1.70 (approximately €2.32, to date 4/12/2021) per liter. For a Growing Up Milk pack, 49% of respondents would pay more than £11.00, more than £1.70 per liter, and 25% of answerers declared that would pay more than £15.00.

Finally, it emerged from the survey that respondents spending behavior for SMA Growing Up Milk is comparable to Aptamil's. As a matter of fact, for a Growing Up Milk pack, 54% of respondents would spend more than £11.00, i.e., more than £1,70 per liter, and 26% would pay more than £15.00. The last three questions of the group focus on respondents' price sensitivity and responsiveness to promotions. In the first question, respondents that don’t purchase Aptamil frequently were asked whether their behavior would change after a price decrease. Only 5.7% of respondents would very switch probably to Aptamil Growing Up Milk if its price decreased. On the contrary, 66% of answerers stated that their purchase patterns won’t change after a price decrease. This insight highlights that Aptamil’s consumers probably won’t react to a price abatement. In the second question, we asked respondents if they are willing to purchase Aptamil Growing Up Milk by subscribing to a program through which they would receive the product every month directly at home. Almost 92% of answers gave an affirmative response. In particular, 27% of them stated that would subscribe to the offer only if it comes at a discount or at an affordable price. Finally, in the third question, consumers were asked if they would be more willing to buy Growing Up Milk if, after a purchase, they could receive up to 20% discount on the next one. More than 70% of answerers stated that the initiative would increase their eagerness to purchase Aptamil Growing Up Milk.

6.3.2.2 Brand trust

After analysing the price, particular attention was paid to Aptamil’s brand trust. The twelve options were shown to respondents for them to pick the two most important. These consisted of good, bad, and neutral characteristics to pick from which were trustworthy, nutritious, healthy, convenient, expensive, modern, unnatural, premium, unethical, misleading, scientific, and others. It was found that Aptamil is perceived by most respondents as nutritious (66.8%) and healthy (58.1%), in line with the brand identity (Tuncer 2021). Next, respondents selected trustworthy (42.2%) and premium (19.2%). To explore the customers’ feelings towards the brand, respondents were asked to react to six statements regarding the company’s honesty, altruism, and reliability which are the 3 dimensions of brand trust (Bearden and Netemeyer 1999). Most moms (76.2%) either strongly agreed or agreed that Aptamil is interested in the wellbeing of babies. Similarly, 49.6% of respondents, disagreed to the fact that Aptamil's sole priority is to make profits and will do anything to achieve it. This shows that Aptamil has been able to create a sense of reliability with their customers, however 47.9% of the participants were either unsure or agreed with it. This could prove to be damaging to Aptamil's brand trust. Moreover, 81.1% of the moms claimed to also know what to expect from Aptamil Growing Up Milk. Finally, Aptamil's ads and communication were seen as complete and accurate by 76.2% of respondents. However, an interesting aspect to be noted is that the respondents were split between whether Aptamil's advertisements were exaggerated or not. 51.6% of the respondents believed that the advertisements were exaggerated to make it seem better than it is. However, the remaining 48.4% was either unsure, or disagreed with the statement. This could be an effect of general opinion that advertising messages are always exaggerated by companies and therefore could explain why there is a mixed set of answers (Kamins and Marks 1988). Although Aptamil's positioning strategy is mainly focused on Nutrition and Health (Aptaclub 2021), as evident by their website, packaging, advertisements, etc., the brand is struggling to create a premium image as only 19.2% of the respondents saw Aptamil as a premium. This implies that Aptamil has a lot of room for improvement in their process of creating a premium image and creating believable advertisements to show they are not exaggerating.

6.3.2.4 Communication and influencers

Having ascertained that Aptamil's communication is perceived as tendentially credible and reliable, although some reported their claims are exaggerated, we submitted to mothers a list of possible actors, identified through the literature review, that could influence their purchase choices of growing up milk, to identify which one plays a greater role of influence. It emerged that pediatricians are the greatest potential influencer since their opinions were deemed credible or very credible by 93.4% of respondents. In particular, 54.1% of the sample considered their opinion credible, and 39.3% very credible, emphasizing a high potential influence that these subjects may have in the purchase decisions of growing up milk. In relation to the second most perceived impactful influencers, mothers take into consideration the opinion of other moms when deciding about the purchase of baby food, since in total 69.7% of respondents indicated that the opinion of these subjects on infant nutrition was credible (38.1%) or very credible (31.6%). The third position is occupied by family members, who were deemed reliable or very reliable respectively by 64.3% and 3.3% of the sample, emphasizing the influence that, despite the age and maturity of the parents, relatives may still exercise in the consumer decisions of such persons. Finally, public figures are the subjects who, although might be admired by parents, have the least perceived credibility and, consequently, the least influence regarding the choice of growing up milk, since only 34.0% of the sample reported their opinion on the subject as very credible (33.2%) or very credible (0.8%).

Next, respondents were asked to indicate how often they used certain channels to collect information about the nutrition of their children, to explore which communication channels Aptamil should exploit the most to retain customers. From the survey, it emerged that the channel most used to collect information about food for toddlers is Mass Media (TV, newspaper, radio, and outdoors), given that 71.7% of respondents reported to consult them often (65.6%) or always (6.2%) for this purpose. Next, there are internet searches, consulted frequently (54.1%) or very frequently (6.6%) by 60.7% of the sample to gather useful information about children's nutrition. Finally, 59.0% of respondents reported that they often (29.1%) or very often (29.9%) consult mom blogs to exchange thoughts and information about infant nutrition with peers, while only 53.3% of respondents indicated social media as a frequently (53.3%) or very frequently (2.1%) source of information. The last position is occupied by parenting magazines, as these were referred to be frequently (25.0%) or very frequently (27.9%) consulted only by 52.9% of the mothers interviewed

7. Study Limitations

This study came across some constraints that weakened some aspects of the research. To start with, the questionnaire administration was done exclusively through social media. Therefore the team reached mainly young, digitally connected mothers as showed by the sample age distribution (97.5% of respondents were under 35) and the relatively low parenthood experience of answerers (in no household were present more than two children). This could have biased some of the results, such as the one related to the information-seeking behavior of mothers, who pointed digital sources as the second most used channel. Furthermore, the survey questionnaire reached a significant number of habitual customers of the company (82.4%). Therefore, most of the respondents reported trusting the brand and to be satisfied with the product, making it hard to identify room for improvements that could be explored to retain dissatisfied customers. In addition, because most respondents reported high monthly incomes, the willingness to pay that emerged might be higher than the one that would have been measured if the sample had reported more income heterogeneity. To conclude, the research made extensive use of internal data provided by Danone. This might have made the results biased, as many issues are seen from the firm's standpoint. The team has adopted critical thinking towards the research findings but remains aware of a possible biased result. Trying to minimize this effect, findings were triangulated with different sources such as independent entities (e.g., Mintel, Euromonitor, etc.) and independent empirical studies.

8. Conclusion

As a result of our research, a clear organizational challenge for Aptamil was identified, related to the brand's decline in sales in the Growing Up Milk category, driven by its difficulty in retaining customers , as moms do not continue buying the product after their baby turns one. The research showed that the decline of the product is in line with the decline of the industry, influenced by recent negative trends in its environment. Trends include an increase in the use of breastmilk due to lockdown circumstances; a decline in birth rates, particularly relevant in the UK (Ha 2020); and, finally, the threat posed by the heavy use of cow's milk. Nonetheless, the British scenario presents, for the baby food brands opportunities for growth, albeit modest, in the area of high quality and natural ingredients (Breban 2021), premiumization of the products offered (IMARC Group 2021), and focus on immunity (Roux 2020) and convenience (Mordor Intelligence 2021); (Walji 2020). The competitive landscape is populated with many players amongst which the most important are SMA and HiPP. However, Aptamil holds, to this day, the largest UK market share in the segment (48.8%) (Danone 2021), although, as stated, its sales are declining in the Growing Up Milk category. With this scenario in mind, our survey questionnaire was aimed at having a better understanding of Aptamil's customer satisfaction, brand trust, commitment, pricing, and communication. The most relevant findings include customers being overall satisfied with Aptamil Growing Up Milk, but a few areas of improvement were identified, regarding the possibility to improve taste and convenience of the format offered. Moms also expressed the most important features that a Growing Up Milk must have, such as immunity support, in line with the industry trends, brain development and complete nutrition, to feed toddlers in the morning or before going to bed. Moreover, it emerged that customers' willingness to pay for Aptamil Growing Up Milk is the highest in the category, as most respondents were willing to pay more than £11.00 for a 800gr pack. Respondents also appeared not to be highly sensitive to a price decrease and were eager to participate in potential initiatives that could be launched by Aptamil. The findings also revealed that only 42.2% of the respondents believed Aptamil to be a trustworthy brand. This is a cause for concern to the brand as they were unable to instill a sense of trust in customers. In addition, it emerged that the influencer who can most impact mothers' purchase behavior of baby food is the pediatrician and that mass media, internet searches and mom blogs are the most used source that moms consult to inform their purchasing decisions.

Informed by these key findings the emergent topics were further investigated with the purpose of contributing to solve the issue of Aptamil's drop in sales due to low customer retention, the following sections will deal in detail with the possible causes and provide recommendations to address the organizational challenge.

9. Satisfaction and Value Proposition

This paper aims to propose recommendations that can entice Aptamil's customers to continue buying the brand after their baby's first year of age, counteracting the brand's challenge of declining sales in the category of Growing Up Milk in the UK and increasing customer retention. To address this problem, the following research question was formulated:

RQ1: How can Aptamil improve toddlers' moms (customer) satisfaction and increase customer retention through alignment between value proposition and customer expectations?

The following paragraphs include a review of the literature around the concepts of *customer satisfaction* and *value proposition* (section 10); an analysis of extensive primary (section 11) and secondary research (section 12); discussion (section 13); recommendations to solve the challenge (section 14); limitations (section 15); conclusion (section 16).

10. Literature review

To ensure a lower level of customer defection, scholars suggest that companies must focus on customer satisfaction (Raab, Ajami, et al. 2008). This is defined as the consequence of the perception of value proposed by the company (Xu, Goedegebuure and Van der Heijden 2008); (Blanchard and Galloway 1994). In turn, perceived value derives from the customers' assessment of the product's ability to meet needs and expectations (Pelham and Wilson 1996).

It has been argued that to enhance customers' perception and satisfaction, companies must develop a relevant value proposition based on customer needs by clearly setting expectations, benefits, and costs associated with it (Eggert and Ulaga 2002); (Chandrashekaran, et al. 2007).

Among the scholars who have addressed the topic of value proposition, Osterwalder, et al. (2014) proposed the Value Proposition Canvas. The latter is a framework to craft a unique value proposition, in line with the customer profile, which identifies the pains to relieve (costs), and gains (benefits) associated with the offer. The Value Proposition Canvas is composed of two parts, called *customer profile* and *value map*, which must match each other in order to deliver a superior value proposition. The "customer profile", in turn, lists *Customer Jobs,* related to what customer needs or wants to achieve; *Pains*, which are issues, worries, or challenges that the customer may encounter while achieving the job; and *Gains*, intended as the expected positive outcomes deriving from the achievement of the job. The "value map", on the other hand, includes *Products and Services*, which the company builds on, *Pain Relievers*, to address the possible problems encountered in the satisfaction of the need, and *Gain Creators* to explicit how the new value proposition helps to achieve the *Customer Jobs*.

All in all, given the importance of the value proposition to meet consumer expectations and needs, primary and secondary research data will be analyzed to verify customer satisfaction and identify areas for improvement.

11. Relevant findings from the primary research

Aptamil's value proposition is based on helping mothers to support the baby's immune system and development by providing a nutritionally complete formula, with essential nutrients naturally found in breastmilk, based on 40 years of breastmilk research (Danone 2020). This value proposition applies to all products in the range, regardless of the stage (Infant formula, Follow-On formula, and Growing Up Milk) (Tuncer 2021). It was interesting to assess in the survey whether the current value proposition suits the needs of UK toddler moms. At first glance, one might think that Aptamil Growing Up Milk meets the needs of toddlers, as confirmed by 67% of the surveyed mothers. However, these data can be misleading if one thinks that most of the moms reached were frequent buyers of the product. An important insight, on the other hand, is that 18% of respondents were unconvinced and 15% disagreed with the fact that Aptamil Growing Up Milk fully meets toddlers' needs. Hence, to investigate the possible reasons behind this, and to understand the non-retained moms' product perception and satisfaction, further data collection was conducted.

11.1 Extended data collection (interviews with five UK moms)

With the goal of understanding the reasons that might dissuade toddlers' mothers from purchasing Aptamil after the child's first year, a qualitative approach was taken. This allowed for a better understanding of customer behavior and perceptions associated with Aptamil Growing Up Milk (D. Silverman 2020). The qualitative research consisted of five one-to-one semi-standardized interviews (Appendix 7 - Interview Guide) (Imms and Ereaut 2002); (Babbie 2007) conducted on Microsoft Teams as the interviewees were in a different Country from the one where was the researcher (UK). Interviewees were selected from the pool of the survey conducted and contacted via email if they responded to the criteria of "not being frequent buyers" of Aptamil Growing Up Milk (Appendix 8 – Moms' Profiles). The main topics addressed in the interviews were perception of the product, reasons for not buying the brand and/or the category, needs, and pains associated with Aptamil Growing Up Milk.

11.2 Main Findings and Discussion

The interviewed moms shared the perception that Aptamil Growing Up Milk does not meet their expectations and is not adequate to meet toddlers' needs, therefore, they switched to cow's milk, as also revealed in research conducted by Danone (2021). Three main reasons were found that led moms to abandon the brand and they will be explained in order of importance. First, Aptamil Growing Up Milk is perceived as non-progressive, as it is tied to infancy rather than pushing the toddler to grow. Second, the product is not perceived as necessary, as according to moms, a balanced diet integrated with supplements, such as iron and vitamins, can provide the necessary nutrients for the baby's development. Third, Aptamil Growing Up Milk was seen as unnatural and considered less fresh and less socially accepted than other alternatives. On the other hand, moms, who had started and shortly thereafter *discontinued* the journey with Aptamil Growing Up Milk, confirmed some positive aspects of the brand also highlighted by Fiftyfive5's research (2021), claiming that they were driven to purchase Aptamil's product in order to ensure adequate nutrition, continue the toddler's routine, or establishing good habits for life, such as having breakfast together as a family.

Based on the moms' responses, it was possible to observe the impact that the factors suggested by Story, Robinson-O'Brien, and Glanz (2008) in the ecological framework (explored in section 4.2. Consumer behavior of mothers toward baby food), have on the moms' decision-making.

First, there is a clear impact of *individual factors* on product preferences. Confirming what Boak, et al. (2016) reported on the moms (consumer) behavior when buying baby food, and the industry trends (Hong 2021), all of the interviewees claimed to prefer more convenient and easier to prepare products, such as cow's milk, over Aptamil Growing Up Milk, that requires more time to make. Given their lack of time, moms identified practicality and convenience as key drivers of appeal. Furthermore, as if to confirm what Román and Sánchez-Siles (2018) suggested about the children's roles on mom's decision making, interviewees reported being influenced by the baby's preferences (in terms of taste, size, and autonomy), which are not addressed in the current product.

Social environment factors also have a decisive impact on product choice as confirmed by the interviews and the survey. In fact, it emerged that all mothers rely on pediatricians, and following their recommendations, they choose *not to buy* Aptamil Growing Up Milk but instead, they supplement their toddler's diet with the suggested vitamins.

Physical environment in which the product is purchased was also found to be a factor of influence on the purchase decision, confirming what was suggested by Story, Robinson-O'Brien, and Glanz (2008), some mothers interviewed stated that they had stopped buying Aptamil Growing Up Milk, sold in the baby aisle of the supermarket because "Toddlerhood is the time to leave the baby aisle of the supermarket and move to grown-up food, he is going to school already, he is a big boy!" (interviewee #3).

Finally, *macro-level factors*, such as communication on pack appeared to be extremely important in influencing moms' behavior. Indeed, some of the interviewed moms confirmed that, before transitioning to cow's milk, they continued to feed their toddlers Follow-On formula longer than recommended on the package (6-12 months), instead of switching to Growing Up Milk. This behavior was explained by the statement "I don't see any difference between the two packs, so if nothing changes between stages, I prefer not to switch, so I don't mess with my baby's gut." (interviewee #1), which indicated evident customer confusion about the benefits provided and fear of disrupting the baby's routine. A study conducted by Ipsos (2018) on the same phenomenon, confirmed the reasons identified behind this overlap between stages and found that 21% of moms would prefer fewer formula stages, with clear benefits tailored for their babies.

All in all, the interviews gave the research a better understanding of moms' decision-making and perceptions towards Aptamil's product, seen as a baby product rather than suitable for toddlers. There was evidence that the current value proposition might be misaligned with moms' expectations, as the reasons for the brand dropout is related to perception of the product, seen as not progressive, not necessary, unnatural, and confusing, as well as inconvenient and not preferred by the child. These barriers could be addressed through a new value proposition that might mitigate the mentioned aspects.

12. Extended Secondary Data Collection

In order to understand some of the moms' claims and inform the research with useful data to address the problem, the researcher leveraged findings from previous studies through additional secondary research.

To begin with, it is relevant to highlight key choice drivers of formula studied in a report by Euromonitor (2021), which are clarity and transparency on ingredients, and highlighted benefits on pack. Among these, the most relevant for toddlers are immunity and, as they are approaching school age, brain development.

Baby nutrition refers to different stages of children's lives and aims to meet their needs by adapting according to their evolution (Schofield 2019), considering that as infants get older, different nutritional needs must be addressed. In particular, toddlerhood represents a phase of rapid growth where we witness the affective, cognitive, and physical development of the child (Colson and Dworkin 1997). To support this growth, babies need a specific diet that should be fortified with Iron, Vitamin C and A, Zinc, Calcium, and Energy (NHS 2021). Typically, the risks associated with the wrong diet are reflected in the health of the child, as well as physical and mental development (Booth and Aukett 1997); (NHS 2021).

Specific nutritional needs are also to be considered within the toddlers' segment (which includes children from 12 to 36 months) as, according to age, these are distinguished in emerging toddlers (from 12 to 18 months) and established toddlers (from 18 to 36 months) (Colson and Dworkin 1997). Emerging toddlerhood is a phase of transition, and babies from 12 to 18 months share some of their needs with infants (Market research firm: Fiftyfive5 2021). In this stage, solid food and water are gradually introduced, the milk consumption during the day is reduced and it is mostly used about two or three times a day (Red Daffodil Sunhouse 2017) especially in the early morning or before bedtime as a comfort, just like for 6-12 months babies (Market research firm: Ipsos

Marketing 2018). When the toddler is between 18 and 36 months, nonspecific flavored drinks including cow milk, water, juice, squash, smoothies are introduced into the diet (Red Daffodil Sunhouse 2017), and these are used to manage the child's mood in addition to meeting the need to hydrate the toddler and provide a balanced diet (Monitor Deloitte 2015). The feeding moment becomes an occasion to encourage good habits such as stimulating socialization and eating as a family or establishing a good relationship with food (Red Daffodil 2015). Hence, in this stage, flavors like chocolate, strawberry, and vanilla are known to be appreciated by toddlers and moms (Buech 2017). As the toddlers get older, moms are likely to feed them with what the rest of the family eats. However, by doing this, there is a risk of overfeeding them, giving them things that are not suitable for their development stage and that do not supply them with what is needed for their healthy growth. Indeed, numerous UK toddlers have a diet with too high sugar, salt, and fat (Danone 2019) therefore, to counteract the effect of this problem, brands must focus their efforts on ensuring no added sugars, and furthermore, they must understand the customer needs and offer additional points of difference to win over the competition (Baker 2021).

13. Discussion

All in all, the survey questionnaire showed that Aptamil Growing Up Milk is satisfying its frequent consumer's expectations and identified some of the product's benefits as priorities, such as support to immunity, brain development, especially related to the concept of school, complete and natural nutrition and ability to soothe the child. However, data from the company's internal reports, industry trends, and insights from qualitative interviews have shown that the current value proposition is failing to reach relevance for unretained moms. In relation to this phenomenon, three problems were identified.

The first problem is related to the overlap between two products of the Aptamil Growing Up Milk offer, represented by stage 3 (suitable for babies from 1 year on) and stage 4 (from 2 to 3 years). First of all, the distinction between the stages is not appropriate because, as we have seen, the transition period from babyhood to toddlerhood occurs around 18, and not at 12 months. Emerging toddlers (12-18 months) demonstrate more similar needs to those of 6- to 12-month-olds than to those of established toddlers (18-36 months). Second, the two products in the category may confuse the target audience because they are not differentiated from each other, neither in terms of benefits nor pack. This causes moms to prefer to feed their child either with cow's milk or continue the nutrition with Follow-On Milk longer than they should.

The third problem is related to the relevance of the value proposition. Aptamil does not have a specific value proposition to meet the needs of toddlers, rather, it merely extends the benefits needed in infancy to an older age. However, the current value proposition is not aligned with toddlers' moms' wants and specific needs of children 18 months to 36 months and, therefore, the customer is not satisfied with the product, describing it as not natural, not needed, and not progressive. By addressing these pain points and responding to market trends, Aptamil can achieve the goal of satisfying and retaining customers, to increase sales. The next paragraphs will present three recommendations to address the problems identified so far.

14. Key Recommendations

To address Aptamil's challenge in retaining customers, the research question aimed to investigate customer satisfaction and expectations to identify the value proposition that best fit the target audience. In answering the research question through the analysis of primary and secondary data, three possible recommendations were identified. (1) The brand should optimize its portfolio to best address needs related to different stages of growth and should be clear in communicating the benefits provided by targeting different segments of the market (moms of babies and moms of toddlers). (2) The brand should evolve its current value proposition, toddlerising the offer to better meet toddler's needs and mom's expectations. (3) The brand should develop a new value proposition and possibly capture new spaces in the market with a fun fortified milk to address the need of progression and meeting unretained customers' expectations. All the recommendations will be further explored in the next paragraphs.

14.1 Optimization of formula stages

The first recommendation addresses the problem of stages by proposing an optimization of the product portfolio through the discontinuation of a stage, in order to better align the offering with children needs and consumer expectations. Given that, as outlined above, toddlers go through two different developmental stages called "emerging toddlerhood" (12-18 months) and "established toddlerhood" (18-36 months), formulas should accommodate and support the nutrition of children in these stages. Products currently offered are divided into two stages (3 and 4), respectively indicated for children 12-24 months and children 24-36 months. However, the first interval is very broad if one considers the developments and needs of the emerging toddler who, being in a period of transition, has needs that are more akin and similar to those of the babyhood than those of the toddlerhood. In this regard, the recommendation is to align the stages with toddler development and stretch the Follow-On formula's age recommendation to eighteen months to include emerging toddlers. This would result in a stage 2 (suitable from 6-18 months) and a new stage 3 (suitable from 18 to 36 months) that is more appropriate and more in line with child development from 18 months and older. On top of that, to minimize customer confusion, the brand should have a clear communication around the benefits provided and around the indications to use each product offered.

The recommended solution of lengthening the use Follow-On Milk to eighteen months to include emerging toddlers has two main benefits. Firstly, customers will be retained for longer by continuing the Follow-On formula journey for at least six months in accordance with the recommendation on pack. Secondly, by discontinuing one stage (4), Aptamil will be able to focus more on differentiating the value propositions according to the children and mother's needs and wants, alleviating the confusion generated in some moms.

On the other hand, there may be two downsides to this recommendation. First, it is more costly and less profitable for the company to produce Follow-On Milk rather than Growing Up Milk (Tuncer 2021). This problem is tempered by the fact that consumers will be buying the product for longer (at least 6 months), so it is safe to say that, although higher costs will arise, the company should not incur a loss. Secondly, it may be thought that this recommendation could be unethical, representing a forcing of the child's diet and only benefiting the company. However, Growing Up Milk is simply a diluted version of Follow-On, therefore, the consumption of the latter will not negatively affect emerging toddlers, as UK National Health System (NHS) and World Health Organization (WHO) specify the suitability of this formula from six months onwards and leave the indication of when to stop using the product to parental discretion and medical advice (NHS 2021). Moreover, the composition of Growing Up Milk is the same as Follow-On, although the former is a diluted version. Therefore, to mitigate the risk, it would be possible to add in the recommendations an adequate indication for the preparation of the product to ensure a correct intake of nutrients for each age.

14.2 Evolution of the value proposition: Toddlerised Fortified Formula

The second recommendation builds on the first one. While keeping the Follow-On Milk offer in line with the needs of children from 6 to 18 months, Aptamil Growing Up Milk (new stage 3) should focus on evolving the current value proposition by targeting mothers of toddlers from 18 to 36 months. This recommendation aims to improve the current value proposition, which is too generic, weak, and poorly tailored to mothers of toddlers, by proposing a toddlerised fortified formula which satisfies mom's expectations, without altering the cornerstones of Aptamil's current proposition. These are scientific principles, optimal growth support and immunity. The evolved value proposition would be an ideal product to consume before bedtime, one of the perfect formula-feeding moments highlighted from the survey. The CVP will be explored below via the Value Proposition Canvas (Appendix 9 – Toddlerised Fortified Formula).

To begin with, the *job to be done* is represented by the need of moms to provide their toddlers with the best nutrition and continue the routine of drinking formula. Moms might experience three main *problems* by accomplishing this task. The first is related to the child rejecting the formula because of its taste; the second concerns to the inconvenience in preparing the formula; while the third is related to the fact that moms do not want to feed their toddlers with artificial substances. By achieving the need to ensure the baby's adequate nutritional intake, mothers expect three main *benefits*. The first one is related to the immunity of the child, who, going to school, will be exposed to a greater risk of infections; the second one is related to healthy and balanced nutrition, as evidenced by the insights of primary research; the third one is to comfort the child before sleeping. To address the described *needs*, *pains*, and *gains*, a value map was structured to include a product described as toddlerised fortified formula. The latter provides three *pain relievers.* The first one is the offer of different flavors (such as plain, chocolate, strawberry, and vanilla) (Buech 2017), which can mitigate the risk of the child not liking the taste; the second one is related to the liquid and ready to serve format, which is more convenient and easier to feed for moms; the third one is that, in line with the industry trends, the product will contain natural ingredients, no sugar and no nasties, to be perceived as less artificial and more beneficial. At the same time, the value proposition mainly includes three *gain creators* being fortified in iron to strengthen the baby's immune system; supplements and vitamins to balance the diet; and will be rich in fiber to fill up the child and comfort him/her before bedtime.

Finally, this evolved value proposition highlights a more adequate fit between the customers' demands and company's offer is more evident and allows Aptamil to better communicate its differentiated proposition also through optimized visual identity and claims on pack, as these are the vehicle in the minds of consumers (Karaosmanoglu and Melewar 2006).

Aptamil would benefit from the launch of this evolved value proposition, as it would propose continuity and consistency in what has been offered so far, and it would not negatively affect the brand image. By following this recommendation, Aptamil would be able to leverage its clinical and scientific positioning, while crafting a value proposition more aligned with expectations of both, current and unretained customers. For example, it would move away from the concept of being close to breastmilk, since as confirmed by primary research, is seen as not progressive and no longer relevant to toddlers.

On the other hand, there is the risk that moms who do not value such a premium and scientific product may still not fully appreciate the proposed value and they might be interested in a different and more progressive product for their children.

In order to overcome the risk of mothers dropping out of the brand after stage 2 (suitable from 6 to 18 months), an interesting alternative for Aptamil could be to differentiate drastically from the current value proposition. This new, more revolutionary proposal will be explored in the next paragraph.

14.3 Launch of a new value proposition: Fun Fortified Milk

As with the second, the third recommendation builds on the foundation of the first, and therefore it targets moms of toddlers from 18 to 36 months old. This recommendation calls for a revolution of the current value proposition, with a stretched, innovative, and disruptive offering compared to the previous one. Based on the insights collected from primary and secondary data, this value proposition should call for a cow's milk fortified (Appendix 10 – Fun Fortified Milk) with various supplements to support the cognitive and physical development of the toddler. It could be marketed in a variety of flavors, and in a toddler-friendly format so the child can become familiar with the product and feed independently. This proposition would be ideal for feeding the toddler in the morning, another preferred milk feeding time, as seen from the survey.

In this case, the new value proposition is aimed at solving the *job to* establish a healthy routine for toddlers, for example at breakfast, and manage their hunger or thirst. While doing this, toddlers' moms may encounter three *problems*. The first is related to the fact that formula, is no longer socially accepted at this age; the second is the lack of time to devote to food preparation; the third is related to the extra costs related to the purchase of supplements to support their toddlers' health. On the other hand, baby mothers will expect three *benefits*. The first relates to the support to the toddler's cognitive system, considering that school age is approaching; the second to support the child's optimal growth; the third relates to winning the cooperation of child, often fussy eater, by trying to entice him or her to take the necessary nourishment. To successfully achieve the goal of addressing customer *needs*, *pains*, and *gains*, the company should propose the following value map. The value proposition should include a fun fortified milk as a *product*, and this will act as a *pain reliever* in three ways. The first is by offering a product that is more appropriate in the eyes of the society, represented by cow milk, which also fresher and better tasting than the classic formula; the second is solving the problem of lack of time to devote to food preparation by marketing a ready-to-drink format, through which the toddler can feed himself; the third is related to the fact that the milk is fortified with supplements, to overcome the need to buy supplements separately. The *gain providers* of the value proposition three. The first refers to the presence of brain booster ingredients (such as DHA), which aim to support brain development in preparation for school; the second is to provide a milk fortified with minerals and vitamins, tailored for toddlers (Iron, Vitamins, folic acid, fiber) (Agostoni 2013), to support optimal growth; the third provides a fun grown-up packaging, appealing to toddlers to encourage use.

This revolutionized value proposition would benefit Aptamil in two main ways. First, the brand would be able to meet customers' expectations by offering a product in line with their toddlers' needs. Second, through this value proposition, Aptamil would be able to compete in a new market, and therefore, could not only retain current customers, but could also attract new ones.

However, the revolution of the value proposition, although attractive, entails risks. The most important one is that, by proposing a product that is so different from the current proposal, the brand image and brand equity will be affected, and there is a risk of causing damage to stage in the range, namely Infant Formula and Follow-On. A solution to this risk would be to market the new value proposition, more playful and not in line with Aptamil's current offer, under a sub-brand such as "AptaKid" in order to differentiate the brand positioning and make the product benefit from Aptamil's trust.

15. Limitations

This thesis has two main limitations related to limited time resources. First, the researcher was unable to interview an extensive sample. Second, the sample profile did not show heterogeneity, as all interviewees came from the same area of the UK, they were all about the same age, and they all had either one or two children. However, to mitigate these limitations the researcher verified the consistency of the results with previous market studies (Jarratt 1996).

16. Main conclusions and Suggestions for Future research suggestions

This paper aimed to investigate the causes of Aptamil's sales decline in the Growing Up Milk category in the UK. To solve the research problem, the following question was answered.

RQ1: How can Aptamil improve toddlers' moms (customer) satisfaction and increase customer retention through alignment between value proposition and customer expectations?

Based on primary and secondary data, three possible recommendations were proposed to answer the research question. The first involves the optimization of the product portfolio, the second relates to the improvement of the current value proposition, while the third proposes an entirely new value proposition. By following these recommendations, Aptamil Growing Up Milk would be perceived as more relevant and more aligned with toddlers' mother expectations as the offer would better fit the children's needs. This would lead to a higher satisfaction in moms (customers) who will be more inclined at continuing purchasing the brand, counteracting Aptamil's decline in sales in the Growing Up Milk category.

Finally, based on the explored recommendations, this thesis stimulates future research on two main topics. The first one being related to the study of an optimal marketing mix for the two suggested value propositions. While the second one concerning the implications of the creation of a new sub-brand, for the marketing of the revolutionized value proposition.

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APPENDICES

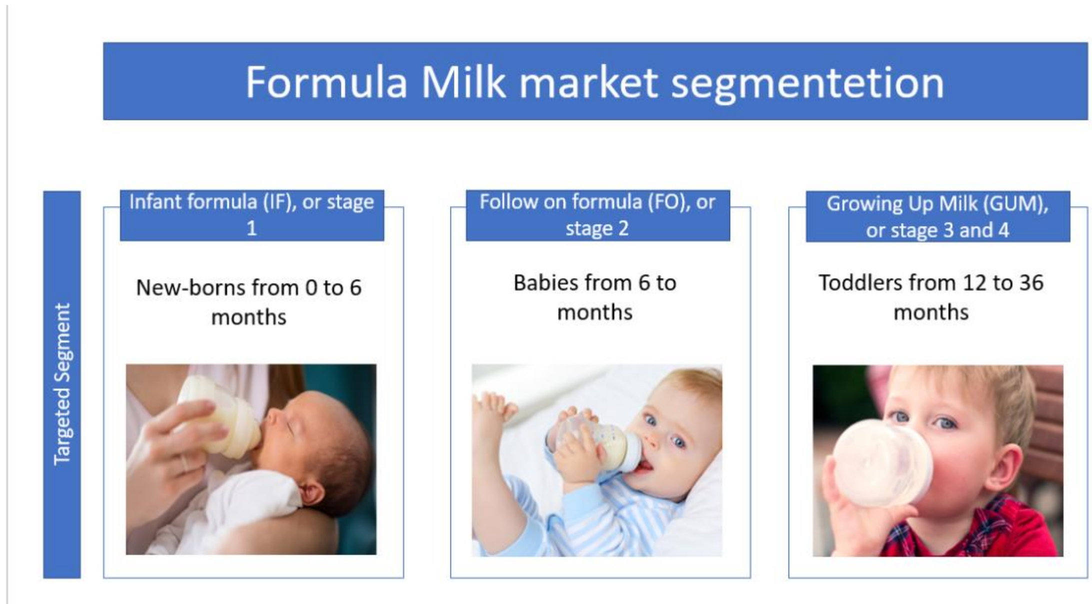
Table of contents

Appendix 1 - Exploratory interview protocol

<table>
<tr><td colspan="2">Interviewee: Luiza Cibili Tuncer , Aptamil Innovation Programs Director
Date: October 5, 2021
Location: Video Call (Webex meeting)
Interviewer: Roberta Lorusso
Taking notes: Arianna Losi, Giacomo Fulgione, Rahul Fernandes</td></tr>
<tr><td colspan="2">ICE-BREAKING CONVERSATION</td></tr>
<tr><td>Introduction</td><td>Hi Luiza, how are you?
It would be nice if we could all quickly introduce ourselves first before we talk about the field lab.
[team members introduce themselves]
[Luiza introduces herself and team ask question on her career if appropriate]
As you know, to complete our studies at NOVA SBE we are supposed to write a Master thesis about a marketing relevant topic for a real company. On behalf of the whole team, I would like to remark our commitment and excitement in working with Aptamil for this field lab and thank you once again for your precious time and support. Before we start, we would like to ask you if you mind that we record the call, so it will be easier to go back and analyze some points. Of course, all the recording will be destroyed once we turn in our work. This follows the regulations of the Ethical Council of NOVA SBE.</td></tr>
<tr><td colspan="2">MAIN TOPICS TO BE DEVELOPED</td></tr>
<tr><td>1. Understanding the product portfolio and characteristics</td><td>Within Aptamil, which product is given most priority to? Why is that?
Is the infant formula/Follow-On formula as important as young child from Danone's perspective? If not, why?
What are the current challenges Aptamil (for young child) is facing from a marketing perspective?
Health care professionals?
Do they suggest formula for babies older than 1?
Possible reasons
Is there awareness on this topic?
Would you say the image of the brand reflect the identity?</td></tr>
<tr><td>2. Retention of customers (Possible RQ)</td><td>How it has been faced so far?
What do you think it's the cause for parents to drop the formula after the first 12 months?
Looking at the data, we understand that Asia does not face the same challenge as Europe. Why do you think it is?
Other products in the portfolio are facing the same problem? How are you facing it?</td></tr>
</table>

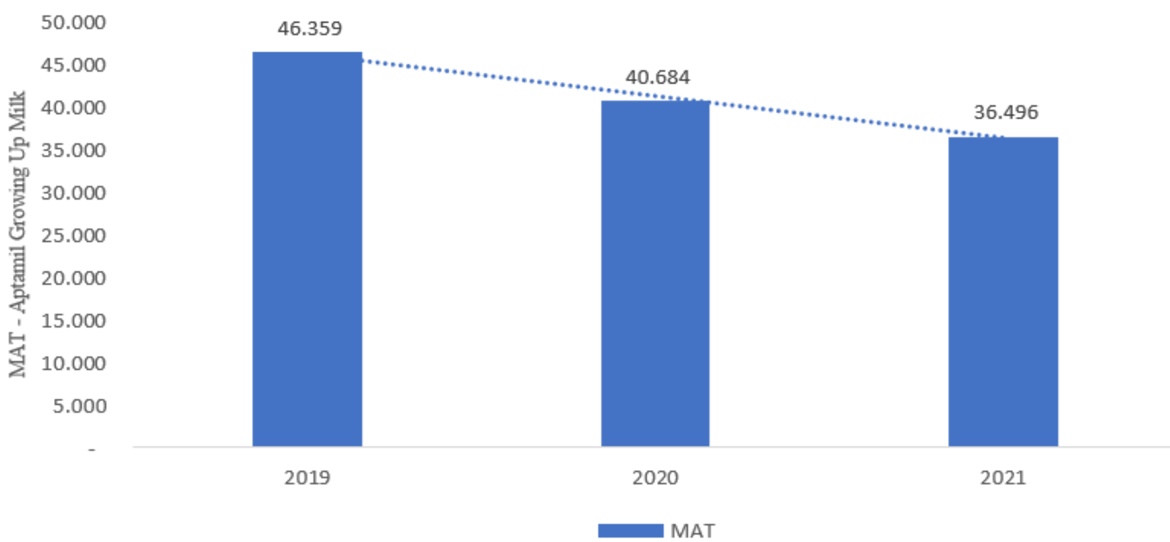
	• Why do you think this happens? • Possible causes related to this issue?
3. **Private Labels and Competitors (Possible RQ)**	• Do competitors also face the same issue? Is it an industry problem or just a Danone one? • Current solution implemented against PL • According to you, how are private labels different from Aptamil?
4. Aptamil and ethical issues	• Does Aptamil have an ethical regulation? • Have there been issues within the company regarding this topic (eg. selling products that were not suitable for babies)? How did you face it? • What is your long-term goal for the identity of the brand?
CLOSURE	
Is there anything else you would like to share with us? [Luiza answers] Thank you very much for all your insights and your precious time, it has been very interesting and helpful. We look forward to meeting you again.	

Appendix 2 – Visual representation of Formula Milk market segmentation



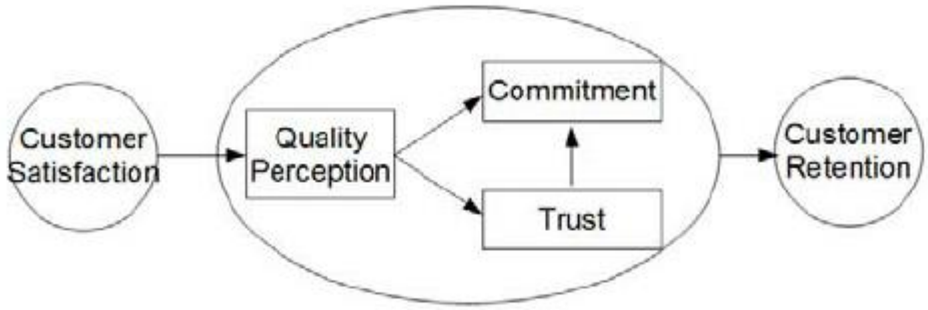
Source: Own elaboration

Appendix 3 - Aptamil's sales decline in Growing Up Milk category in the UK market



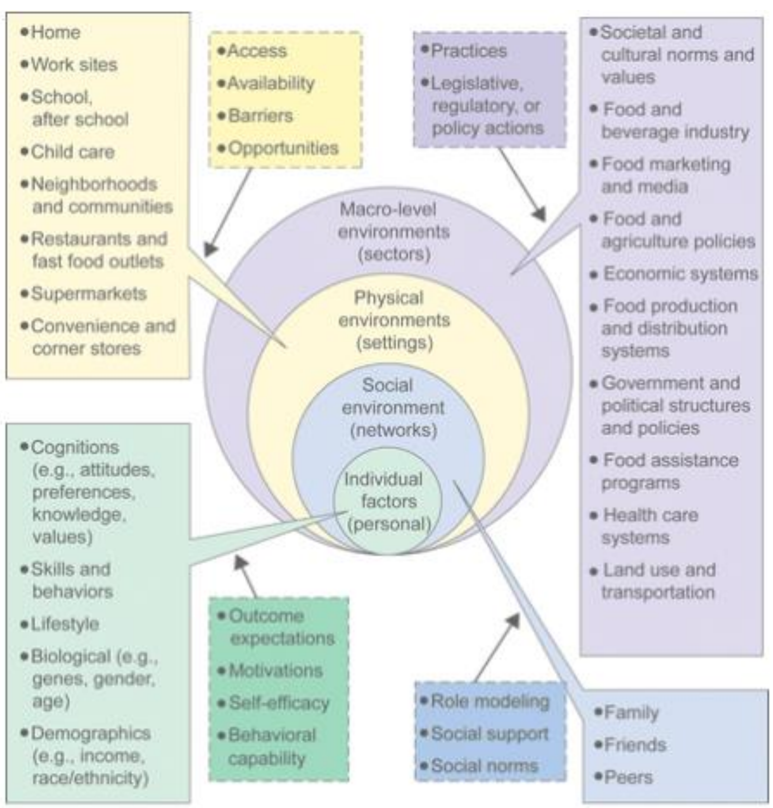
Source: Own elaboration

Appendix 4 – Relationship Quality Construct



Source: *(Hennig-Thurau and Klee 1997)*

Appendix 5 - Ecological Framework



Source: (Story, Robinson-O'Brien and Glanz 2008)

Appendix 6 – Questionnaire

Growing up milk - Master thesis

Who we are and our objective:
Hi, we are a group of students from NOVA School of Business and Economics in the final semester of a Master's Degree in Management. We are currently writing our Master thesis about the consumption of Aptamil's Growing-Up milk (formula for toddlers between 1 and 3 years old) in the UK and the goal is to study UK parents' consumption preferences and behaviours.

We need your help:
Your contribution is fundamental to gather reliable data to complete our thesis. It will take you approximately 10 minutes to complete the survey. There are no right nor wrong answers, we are only interested in your personal opinion.
The questionnaire assures **anonymity**, **confidentiality** and the exclusive use of aggregated answers for **academic purposes**.

We would like to **thank you** for your contribution, we hope you'll enjoy completing the survey and help us share it with other parents!

Roberta, Arianna, Giacomo, Rahul

1

Have you been living in the UK for at least 5 years *

- ○ Yes
- ○ No

2

Do you have at least one child between 1 and 3 years old? *

- ○ Yes, one
- ○ Yes, two
- ○ Yes, more than two
- ○ No

3

I am a: *

- ○ Mom
- ○ Dad

4

How often do you use each of the following options to feed your 1-3 years-old child, from 1 (Never) to 5 (Always)? *

	1 - Never	2 - Hardly ever	3 - Sometimes	4 - Often	5 - Always
Breastmilk	◯	◯	◯	◯	◯
Growing Up Milk (formula milk for children aged 1-3)	◯	◯	◯	◯	◯
Cow Milk	◯	◯	◯	◯	◯
Juice	◯	◯	◯	◯	◯
Flavored drinks	◯	◯	◯	◯	◯

5

Are you familiar with Aptamil Growing up milk (toddler milk for 1-3 years old babies)? *

◯ Yes

◯ No

6

How **satisfied** are you with following characteristics of **Aptamil growing up milk** (suitable for toddlers between 1-3 years old) from 1 (Highly dissatisfied) to 5 (Highly satisfied)? *

Close to **breast milk** and based on **science**	◯	◯	◯	◯	◯	◯
Supports **brain development** and helps **concentration**	◯	◯	◯	◯	◯	◯
Strengthens **immunity** and **reduces infections**	◯	◯	◯	◯	◯	◯
Nutritionally **complete** for an **optimal growth**	◯	◯	◯	◯	◯	◯
Helps to **soothe the toddler**	◯	◯	◯	◯	◯	◯
Supports **digestion** and helps **transition** to **solid food**	◯	◯	◯	◯	◯	◯
Different **flavors** and nice **taste**	◯	◯	◯	◯	◯	◯
Convenient packaging	◯	◯	◯	◯	◯	◯
Natural ingredients, **low sugar**, **low fat**	◯	◯	◯	◯	◯	◯

7

How **important** are the following characteristics to you in **a toddler drink** to feed to your 1-3 years old baby from 1 (not at all important) to 5 (very important)? *

	1 - Not at all important	2 - Low importance	3 - Neutral	4 - Important	5 - Very important	Not applicable
Close to **breast milk** and based on **science**	○	○	○	○	○	○
Supports **brain development** and helps **concentration**	○	○	○	○	○	○
Strengthens **immunity** and **reduces infections**	○	○	○	○	○	○
Nutritionally **complete** for an **optimal growth**	○	○	○	○	○	○
Helps to **soothe the toddler**	○	○	○	○	○	○
Supports **digestion** and helps **transition** to **solid food**	○	○	○	○	○	○
Different **flavors** and nice **taste**	○	○	○	○	○	○
Convenient packaging	○	○	○	○	○	○
Natural ingredients, **low sugar**, **low fat**	○	○	○	○	○	○

8

Do you believe that Aptamil's Growing up milk fully **meets** the **needs** of toddlers (1-3 years)? *

- ◯ Yes
- ◯ No
- ◯ Maybe

9

Imagine there is a new toddler drink that solves all your **child's needs**, in which occasion would you use it to feed your 1-3 years old toddler? Please select max 3 options. *

- ☐ Just after getting up (before breakfast)
- ☐ At breakfast
- ☐ During the morning (snack/school snack)
- ☐ At Lunch
- ☐ During the afternoon (snack)
- ☐ At Dinner
- ☐ After dinner (before going to sleep)
- ☐ During the night

10

Which of the following brands, offering growing up milk, do you use most frequently to feed your toddler? *

- ◯ Aptamil
- ◯ Cow and Gate
- ◯ HiPP
- ◯ SMA (Nestle)
- ◯ Kendamil
- ◯ None of the above
- ◯ Other

11

Which of the **two** following words best describe your overall perception of Aptamil? Please choose only the two most important. *

- ☐ Trustworthy
- ☐ Nutritious
- ☐ Healthy
- ☐ Convenient
- ☐ Expensive
- ☐ Modern
- ☐ Unnatural
- ☐ Premium
- ☐ Unethical

12

What is your degree of agreement or disagreement with the following sentences, from 1 (strongly disagree) to 5 (strongly agree)? *

	1 - Strongly disagree	2 - Disagree	3 - Neither disagree nor agree	4 - Agree	5 - Strongly Agree	Not applicable
Beyond making profit, Aptamil is interested in the wellbeing of babies and moms	○	○	○	○	○	○
Aptamil will do whatever it takes to make me happy	○	○	○	○	○	○
Aptamil will do whatever it takes to make a profit	○	○	○	○	○	○
When I see Aptamil's ads, I believe the information about its formula is complete and accurate	○	○	○	○	○	○
When I see Aptamil's ads, they are exaggerated to make it seem better than what it actually is	○	○	○	○	○	○
I feel I know what to expect from Aptamil	○	○	○	○	○	○

13

Which interval are you willing to pay for 1 Liter of Cow milk? *

- 0.00-0.99£
- 1.00-1.69£
- 1.70-2.19£
- 2.20-2.69£
- 2.70£+

14

Which interval are you willing to pay for Aptamil's growing up milk (800g tin = 6 Liters)? *

- 7.00-8.99£
- 9.00-10.99£
- 11.00-12.99£
- 13.00-14.99£
- 15.00£+

15

Which interval are you willing to pay for Cow & Gate's growing up milk (800g tin = 6 Liters)? *

- 7.00-8.99£
- 9.00-10.99£
- 11.00-12.99£
- 13.00-14.99£

16

Which interval are you willing to pay for SMA's growing up milk (800g tin = 6 Liters)? *

- 7.00-8.99£
- 9.00-10.99£
- 11.00-12.99£
- 13.00-14.99£
- 15.00£+

17

How many times have you purchased Aptamil's growing up milk in the last year? *

- Assiduously (more than 8 times)
- Many times (7-8 times)
- Sometimes (5-6 times)
- A few times (3-4 times)
- Not so many times (1-2 times)
- Never

18

Would you switch to Aptamil if the price was lower than the current price? *

- Not probable
- Somewhat improbable
- Neutral
- Somewhat probable
- Very probable

19

Would you like to receive Aptamil growing up milk directly at home by paying a regular monthly fee? *

- No
- Yes
- Yes, but only if products come at a discount
- Yes, if the monthly fee is affordable

20

Imagine Aptamil launches the following promotion: when purchasing Aptamil, you get up to 20% discount in the next pack.
What is the probability that this promotion would increase your willingness to buy Aptamil's growing up milk? *

- Not probable
- Somewhat improbable
- Neutral
- Somewhat probable
- Very probable

21

If you were to ask someone for advice regarding feeding your baby, what credibility would the opinions of the following people have from 1 (not at all credible) to 5 (totally credible)? *

	1 - Not at all credible	2 - A bit credible	3 - Neutral	4 - A lot credible	5 - Totally credible
Other mothers					
Paediatricians					
Family members					
Public figures that I admire					

22

With what frequency do you use the following sources to gather information about baby food, from 1 (never) to 5 (always)? *

	1 - Never	2 - Rarely	3 - Neutral	4 - Often	5 - Always
Mass media (TV, newspaper, radio and outdoors)	○	○	○	○	○
Parenting magazines	○	○	○	○	○
Internet search	○	○	○	○	○
Mom blogs	○	○	○	○	○
Social Media	○	○	○	○	○

About you

You almost reached the end of the survey! We just need a couple of information about you.
Note: the answers are **anonymous**, the data will only be used in aggregate form.

23

As a parent, I would describe myself as: *

- Independent
- Ambitious
- Competent
- Neutral
- Easygoing
- Other

24

What gender do you identify with *

- Woman
- Man
- Non-binary
- Prefer not to answer

25

How old are you? *

- 16-24
- 25-34
- 35-44
- 45-54

26

What is your current professional situation? *

- Employed, in parental leave
- Full time employed
- Part time employed
- Self employed
- Unemployed
- Student
- Prefer not to answer

27

Which of the followings best describe the net monthly income of your household? *

- Less than 500£
- 500-1,499£
- 1,500-2,999£
- 3,000-4,499£
- More than 4,500£
- Prefer not to answer

28

If you wish to be contacted for a future interview, please leave your email below. *

Enter your answer

Appendix 7 – Interview Guide

Interviewee profile: Non frequent buyers of Aptamil Growing Up Milk **Date:** December, 2021 **Location:** Video Call (Webex meeting) **Interviewer:** Roberta Lorusso	
ICE-BREAKING CONVERSATION	
Introduction	My name is Roberta and I am currently a student in the Master's in Management at Nova School of Business and Economics. I am conducting a field lab about Aptamil Growing Up Milk's sales drop in the UK. Thank you very much for accepting to share your thoughts with me today. I aim this interview to be more a conversation than a traditional interview. Please share everything that comes to your mind. In the end, I will ask you some questions about your profile so we can have some information regarding the interviewees. This interview will last approximately 60 minutes. If you agree, I will record the interview so that we can analyze it later. All the answers will remain anonymous. Whenever you are ready, we can start.
MAIN TOPICS TO BE DEVELOPED	
5. **Product perception**	• What do you think if I mention Aptamil Growing Up Milk?

	• Could you tell me what you think of Aptamil Growing Up Milk? • Do you think the product is good for your toddler? Why?
6. **Reasons not to buy**	• Why did you stop buying Aptamil? • What stops you from buying Aptamil Growing Up Milk? • What product do you consume instead and why? • What are the benefits of this product over Aptamil Growing Up Milk?
7. Needs and wants	• How do you feed your baby? • Do you buy supplements? • What does your baby need the most from a toddler drink (milk, formula, …)? • What do you appreciate in a baby product? • What are the most important benefits a formula should have for you? • What would the ideal Growing Up Milk be? • Can you describe what benefits you wish the product had? • When would you ideally use the product? • For what reason?

CLOSURE
Is there anything else you would like to share with me? [answer] Thank you very much for all your insights and your precious time, it has been very interesting and helpful.

Appendix 8 – Moms' Profiles

Interviewee profile: Non frequent buyers of Aptamil Growing Up Milk

Date: December, 2021

Duration: 60'

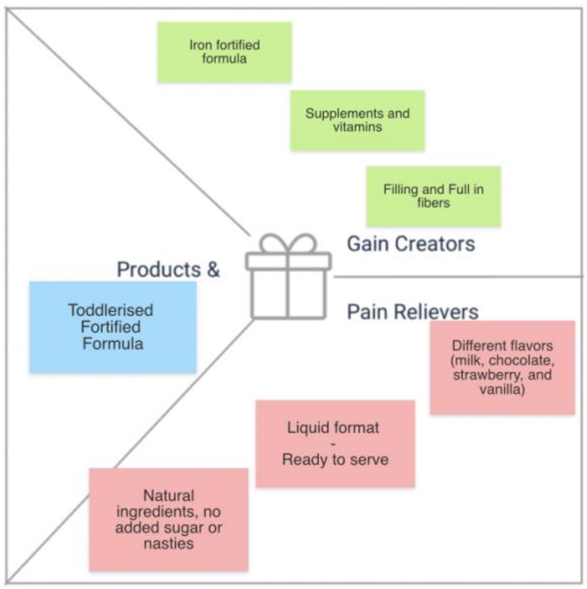
Location: Video Call (Webex meeting)

Interviewer: Roberta Lorusso

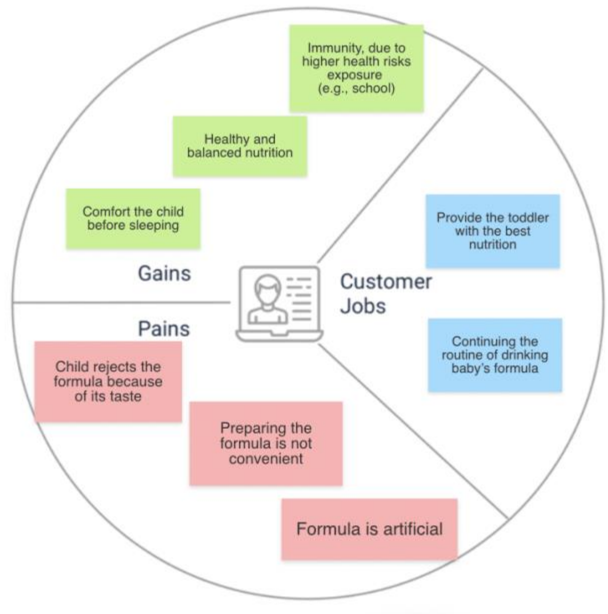
Interviewee	Age	Number of babies	Occupation	Residency
1	29	1	Full time	London area
2	35	2	On parental leave	London area
3	38	2	Full time	London area
4	32	1	Full time	London area
5	27	2	Part time	London area

Appendix 9 – Toddlerised Fortified Formula

Value Map



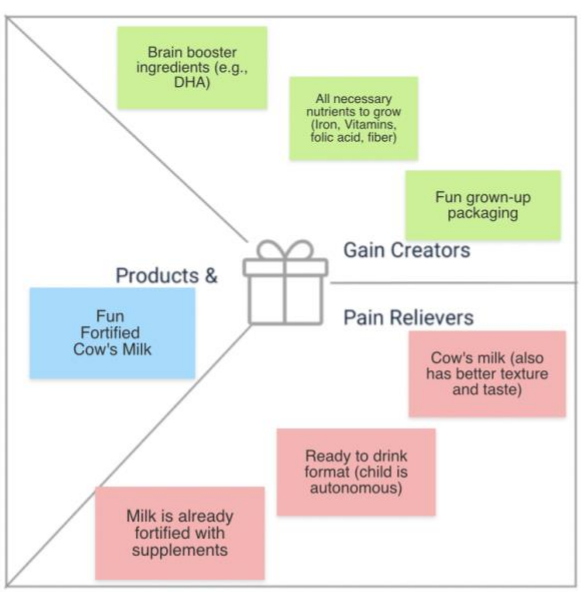
Customer Profile



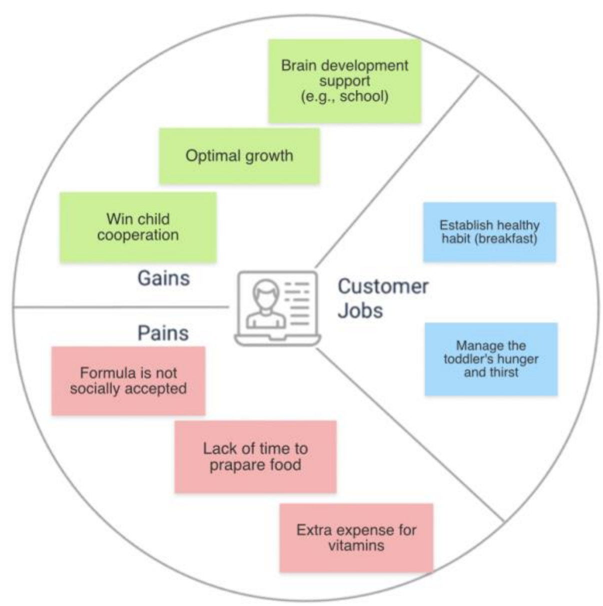
Source: Own elaboration

Appendix 10 – Fun Fortified Cow's Milk

Value Map



Customer Profile



Source: Own elaboration