Case Study: Havaianas and Internationalization of a Brazilian

INTRODUCTION

Havaianas is a Brazilian brand of flip-flop sandals. Its owning company was originally founded as footwear for the São Paulo working class. Today, it is the world’s most popular flip flop and bought by people all across the socioeconomic spectrum.

The company’s history and modern image are reflections of Brazil’s history with immigration and its ongoing reconciliation of international influences with the evolution of local tastes, resources, and status. In this case study, I profile how Havaianas responded to these issues and the two phases of its subsequent growth into the prototypical Brazilian multinational firm:

Adaptation to Dynamic Domestic Needs and Tastes

A domestically produced solution to a common need arises due to limitations on foreign alternatives. The product evolves to local tastes, which also evolve with the economy.

Internationalization through Brand Strength

Positive international perception of a country or culture can be a product’s value proposition, beyond quality or reputation. Brazilian multinational firms have used the world’s perception of Brazil as a source of economic potential and touristic spectacle to generate high-end interest and demand for Brazilian brands.

COMPANY HISTORY

Founding, 1907

- Founded by a Scotsman, Robert Fraser, as the Brazilian expansion of an English company in Argentina producing Spanish-style shoes (alpargatas).
- Established as São Paulo Alpargatas in the industrial Mooca district, popular with working class Italian immigrants.

Signature Product, 1962

- Inspired by Japanese sandals called zori.
- Used local resources to substitute the zori’s straw sole with rubber and fabric strips with PVC.
- Named Havaianus (Portuguese for “Hawaiians”) since only rich and famous Americans were seen spending their vacations in Hawaii.

Branding Pivot, 1994

- Launched a new line of sandals (Havaianas Top) inspired by middle class fashion and consumption patterns.
- Refocused marketing campaigns to depict famous Brazilians wearing Havaianas in everyday situations.
- Began printing small Brazilian flags on all sandals for the 1998 FIFA World Cup.

CAPTURING AND EXPANDING IN THE DOMESTIC MARKET

As Legítimas

Despite their ubiquity, why did Havaianas begin to lose its leading market share in the late 1980s?

- Few competitive advantages, despite being as legítimas (lit. “the legitimate ones”), due to a simple design, production process, and thus cheap counterparts.
- Stigmatized as being for poor people due to the company’s origins, especially with the rapid growth of the Brazilian economy and middle class.

A Sandal for Everyone

Havaianas refocused their presentation and marketing to pivot their brand as a sandal for all Brazilians.

- Now displayed in shoe boxes and storefronts.
- Advertisements valorized wearing the product, not the product itself.
- Little to no change in the product’s design itself.

Company's history and modern image are reflections of Brazil's history with immigration and amenable to international audiences.

LEVERAGING COI FOR GROWTH INTO A MULTINATIONAL FIRM

Trazemos o Brasil no Peito

Brazil may be best known worldwide for soccer. How did Havaianas tap into Brazilians’ passion for it and leverage international renown of Brazilian clubs and players?

- Small Brazilian flags on sandals for the 1998 FIFA World Cup, establishing wearing Havaianas as a statement of national pride rather than just a status marker.
- Historical and contemporary success of the Brazilian national team in international competition (World Cup winners in 1994 and 2002, runners-up in 1998), tying the Brazilian passion for soccer with national pride.
- Endorsements from popular Brazilian players abroad like Romário, Jorginho, Ronaldo, Rivaldo, and Ronaldinho, solidifying Havaianas internationally as a Brazilian brand.

The Brazilian COI

What about Brazil’s COI acts as a country-specific advantage (CSA) in the international market for footwear?

- Advertisements feature Brazilians of all ethnicities, a marketing strategy made possible by Brazil’s history with immigration and amenable to international audiences.
- Positive stereotypical associations with Brazil such as friendliness and love of soccer are vicariously experienced through purchase of the product.
- The country’s tropical climate makes the product design simultaneously functional and fashionable.
- Brazil’s economic potential and touristic spectacle make it a place one wants to be.

LESSONS AND APPLICATIONS

Brazil is a newly industrialized country. Patterns and trends in its economic development hold valuable lessons for other countries in similar stages of development, such as the other BRIC countries. In particular, Havaianas demonstrates what firms from such emergent economies can do to effectively compete domestically and internationally.

Havaianas offers many takeaways for other Brazilian firms seeking to expand internationally:

- Take advantage of Brazil’s history with immigration and its multiethnic society today as a source of internationally informed ideas easily able to be adapted to a Brazilian context.
- Consider designing a product or service that can simultaneously target disjoint parts of the market through simple pivots in presentation, rather than for extreme ends of the market.
- Understand what positive and negative associations people in other countries reflexively make with Brazil.

PERSONAL TAKEAWAYS

I immensely enjoyed studying Havaianas as a company and as a case study for any business seeking to channel culture into economic value. Throughout my time in Brazil, I was able to see many of the uniquely Brazilian things that Havaianas seeks to evoke—communities from all over the world, warm and friendly people, and a rabid love for soccer. I take this away with high hopes for my ancestral Philippines, which can learn much from Brazil’s successes and failures so far, and from the Havaianas model.

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