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Tupperware's Party Goes World-Wide
By Kathy Chu

Rick Goings, the chairman and chief executive of Tupperware Brands Corp. TUP -0.65% , is spearheading a transformation at the American company known for its colorful food-storage containers.

The company, founded in 1939 by inventor Earl Tupper, is headquartered in Orlando but gets 60% of its revenue from emerging markets. Tupperware expects this percentage to rise to 80% in five years.

Its largest market is Indonesia, a country where it's been challenging for many retailers to expand because of poor transportation networks and stiff competition for retail space. Tupperware has found success in the world's fourth-largest economy because its salespeople sell salad bowls and mini food processors to family and friends at home, often transporting the products by scooter or bus.

Globally, Tupperware's sales force of 2.9 million is still largely made up of stay-at-home moms who hold Tupperware parties to supplement the family's income. Yet increasingly, men are also throwing Tupperware parties.

Mr. Goings, 68, talked to The Wall Street Journal about how the 75-year-old company is adapting to a changing business model. Edited excerpts:

WSJ: Do people still have Tupperware parties?

Mr. Goings: Yes. But these kinds of products have been commoditized greatly in the U.S. You go to a Wal-Mart and someone wants to buy an under-the-counter trash can. You don't care about brand, but about how much it costs. We made an important decision that this is not our business.

There's an interesting analogy to Apple. When Steve Jobs came back to Apple in the mid-1990s, their core product was laptops. Dell was worth more than Apple. What happened? Dell stayed in the commoditized arena, and Apple moved into music with iPods.

Tupperware's products are higher-tech, and great value for the money. Twenty years ago, food service was most of our business. Now it's less. We sell a product called a micro steamer that's about \$150. Great seller in emerging markets. The U.S. tends to be much more price-sensitive.

WSJ: Why is the U.S. more price-sensitive than emerging markets?

Mr. Goings: It's very much a symbol of prestige in emerging markets. We've moved Tupperware from being about food storage to a powerful brand. She may not be able to go out to get a house or car, but (buying Tupperware) is the first thing she can do to show that she's moving forward in life.

WSJ: A decade ago, Tupperware brought its products into Target, a move the company has said was a mistake. What did Tupperware learn from that experience?

Mr. Goings: Target was an experiment. Unfortunately, what happened was that the consumer began to think that we had moved away from the party model and solely into retail, which was incorrect. This reinforced for us the power of the party and the fact that our consumers expected and enjoyed the Tupperware Brands party which is evident even more so today, as every 1.4 seconds a party happens somewhere in the world.

WSJ: How important are emerging markets to Tupperware?

Mr. Goings: We really moved away from being an American company 20 years ago. The U.S. is less than 10% of our business. We happen to have our headquarters in the U.S., but we're a global company.

We talk about where to put focus and resources, and 87% of the world's population lives in emerging markets. If you look at one area that's going to be strong, it's going to be Asia, including Indonesia and India.

WSJ: Why is Indonesia your top market?

Mr. Goings: They've got a population of a quarter of a billion. There have been limited earning opportunities for women. We've moved from the Suharto years to a democracy that's working. It's a gentle Muslim population. They believe in education. They focus on schooling. What you get there is incredible underlying currents that make it a perfect opportunity.

WSJ: What's the biggest challenge Tupperware faces in emerging markets?

Mr. Goings: The barriers exist in markets where you go in with an outside approach and you're not sensitive. More CEOs need to have the mindset of how do you work with governments. Governments don't have enough resources. They are looking more and more to companies to partner with them. That's what you need to do.

WSJ: What is your most challenging market and why?

Mr. Goings: Venezuela. It's a hyperinflationary market. The exchange rate is close to 6, but the actual exchange rate is closer to 60. It's hard to do business there. We remain committed to our sales force of 20,000 there.

WSJ: Why are women such an important driver of the company?

Mr. Goings: The DNA of the company has been about women empowerment. This was the first great company after the second World War that found a place for Rosie to go for her own personal development.

WSJ: Are men having Tupperware parties?

Mr. Goings: Absolutely. The image of this company is changing. That's the case the more we've gotten into culinary products like knives, cookware. Many of the best chefs in the world are men. In Brazil, our number one salesperson is a guy. The company's number one distributorship in the world is run by a guy.

WSJ: What mistakes has Tupperware made in recent years and what has the company learned from them?

Mr. Goings: We grew the distributorship side of the Russian business too quickly. We probably weren't sensitive to the fact that there would be devaluation. I would have gone with a Brazilian approach: Go slower, build bigger distributorships. We've had distributors on the fringe that we had to shut down or merge into others.

We also went through a big bump in the road with our South African business. After 10 years of growth, we didn't refresh the product line quick enough.

There was a lot of counterfeiting that went on in the market. If we stayed close to our formula, 25% of our products should be new, meaning launched in the last two years.

Last thing I would mention, in direct selling, the barriers to entry are very low, so the companies have a tendency to recruit large numbers of people and retain very few of them. Our focus is going to be not only on recruitment but retention. We are going to treat you as though you are the last recruit we are ever going to get.

WSJ: Is counterfeiting a big problem?

Mr. Goings: It's getting more so. We had it in South Africa, Indonesia and China. But China is starting to enforce intellectual property rights. There are three counterfeiters who knocked off Tupperware who are in jail.

Résumé

Work history: Mr. Goings was recruited to Avon Products in 1985, where he held a number of senior management positions. He joined Tupperware in 1992 as president of Tupperware Worldwide.

Education: Mr. Goings was educated at Guilford College and holds honorary doctorates in humane letters, from Rollins College, and business administration, from Bryant College. He also served in the U.S. Navy.

Outside interests: For more than 20 years he has served on the national board of the Boys & Girls Clubs of America, where he also served two terms as chairman.