

THE RELATIONSHIP BETWEEN PREMIUM BEER BRAND ATTRIBUTES AND BRAND LOYALTY – AN EXPLORATORY SOUTH AFRICAN STUDY

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ABSTRACT: *This paper reports the findings of an exploratory study conducted among a convenience sample of 300 premium beer consumers selected from two major cities in KwaZulu-Natal, South Africa. South African Breweries (SAB), the largest brewery in South Africa has been struggling to compete in the premium beer market as a result of more brands competing in the premium beer market which is the most attractive segment of the beer market. This paper aimed at exploring the factors that attract consumers to premium beer brands. It was ascertained that the crispiness of the beer, superior, unique taste and, the price of the beer brand are important factors. The implications of the above for the SAB, is that premium beer market is a highly competitive market hence, marketing strategies should take into consideration the factors which attract the consumers to a brand. For the SAB to gain a competitive advantage, it needs to design marketing strategies that will differentiate its premium beer brands on the basis of the important factors that attract consumers, namely price, beer quality, crispiness and taste.*

KEYWORDS: Consumer Behaviour, Competitive Advantage, Branding, Premium Beers, South African Breweries.

INTRODUCTION

South Africa has a well-established national liquor industry which contributes greatly to the growth of the local economy (Department of Trade and Industry, 2005). The first South Africa vineyards were planted in 1665 in the Western Cape, and today the industry is a key player in the South African economy, with a significant contribution to economic growth as well as employment. Truen, Ramkolowan, Corrigan, and Matzopoulos, (2011) assert that a large part of the South African liquor market is made up of beer sales, which is the single most popular beverage among South African drinkers. In 2008, South Africa was positioned 12th for consumption and 13th in the production ranks (Department of Trade and Industry, 2005), and the 'per head' consumption of beer averaged 51 litres (Shelves (2010).

Aggressive competition for market share from highly respected international brands has not only decreased the SAB's premium beer brand market share, but also created price wars amongst SAB and its competitors, thereby reducing profit margins and restricting the market growth of firms such as the SAB. In light of the above, this study (on which this paper is written) was conducted in order to explore premium beer brand consumer behavior in South Africa, more specifically consumer brand choice influenced by the attributes of the brand, in order to inform the marketing strategy which is necessary to remain competitive in a globalized premium beer market.

LITERATURE REVIEW

Branding and Brand Loyalty

Brand positioning is “the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market,” (Kotler and Armstrong, 2000). Brand positioning aims at creating a customer-focused value position, a cogent reason as to why customers should buy a product (Kotler and Keller, 2011). A well-positioned premium beer brand should create a differential advantage and value proposition appealing to customer needs of a particular market segment. Keller and Lehmann, (2003) assert that creative premium beer brand positioning would shape the preferences of consumers and lead to high consumer loyalty, consumer-derived brand equity and willingness to search for the brand.

The primary objective of any brand initiative is to position the brand in such a way that consumers perceive it as being different from other brands in its category. Baldauf, Cravens, Binder, Sing, and Ashton, (2003) state that “brands that are seen as being unique in the eyes of consumers have greater prospects for growth, than those brands which do not stand out in the crowd.” The process of globalization has created aggressive competition in markets that are uneven and flooded with different brands, where even the well-established global brands find it difficult to create substantial sustainable differential advantage over competitors (Wheeler, 2009). For the SAB’s premium beer brands to stand out in the crowd, there is a need to establish appropriate brand associations with a positive impression in the mind of consumers allowing them to differentiate the brand and appreciate its value (Keller 2008).

Due to the ever increasing costs of introducing new products in the market, brand extensions have become a popular strategic tool for many firms seeking market expansion both at national and international level. Keller et al. (2008) assert that “brand extension entails employing a well-known brand name to introduce a new product into the market.” The SAB introduced its Castle Lite premium brand under as its ‘flag-ship’ product brand namely, the Castle Lager brand. This introduction offered the SAB several advantages, for example, the SAB enjoys the benefits of communication cost reduction as a result of synergies generated between experience and communication of any product of the organisation (Keller 1991). However Aaker (1991) argues that “the extensive usage of brand extension can result in the weakening of the parent brand and in some cases it could lead to reciprocity effects.” World markets are complex and dynamic hence, when crafting brand strategies one has to pay greater attention to the effects that the brand extension will have on the brand portfolio, as this can either reinforce brand loyalty or can damage the faith and confidence that consumers have in the parent brand.

Closely allied to brand extension is the concept of brand loyalty, which is described as “when a consumer deliberately chooses a specific brand over a competing brand or an alternative brand without going through a decision making process to select that brand,” (Kim, Morris and Swalt, 2008). Kumar, Luthra and Datta (2006) argue that incidental bias towards a brand does not guarantee brand loyalty because the process of brand loyalty is dynamic, hence some consistency is needed during a certain time span. Thus, the SAB should not only consider the number of times a specific premium beer brand is purchased over a certain period, but also the purchase pattern

over a successive purchase period. Rust, Zeithamal, and Lemon (2004) argue that consumers may actually be loyal to more than one brand, especially lower priced goods.

The attainment of brand loyalty is the core of all marketing initiatives and efforts, hence every effort should be made to understand and establish the influences or factors that build brand loyalty. Keller (2008) asserts that brand loyalty influences used in the process of building and sustaining brand loyalty as value proposition which refers to “the promise of value that a firm is prepared to deliver and a belief from customers that value will be experienced,” (Aaker, 1991). Creating value should be embraced as the core of a business strategy, and customer satisfaction is the source of sustainable value creation that can lead to sustainable competitive advantage. Furthermore, brand loyalty demands the creation of a brand personality, which refers to “the way a brand conveys its message and how it behaves towards its customers,” (Keller, 2008), and demands the allocation of human personality characteristics and traits to the brand, and represents the emotional associations of the brand. Brand personality is used as the platform upon which an organisation differentiates its brand in markets where brands are more similar in their attributes and characteristics (Belch and Belch 2012), for example premium beer brands such as Castle Lite, Heineken, Amstel and Windhoek. Beer consumers have become more sophisticated, and thus, for the SAB to win the consumers with their premium beer brands, they need to assign a clear personality to their brands. The South African beer market is flooded with different beer brands, premium brands as well as lagers, and this results in strong competition in the beer market. However, for the premium beer brands competition is especially aggressive because consumers cannot clearly differentiate between the attributes of the brands. The development of a successful marketing strategy demands knowledge about the perceived position that the product in the minds of consumers, and this can partially be addressed through an understanding of what attributes of the beer consumers prefer.

In light of the brief literature reviewed above, this study (on which this paper is written) explored the perceptions of a convenience sample of consumers using the methodology described below.

METHODOLOGY

A total of 300 beer consumers were selected to participate in this study, using convenience sampling. The Statistical Package for Social Sciences (SPSS) was used to conduct Principal Component Analysis (PCA), to create consumer perception indices which determined the main attributes of premium beer brands. The total number of participants was equally split between the two selected study areas, that is, 150 participants were from the Durban CBD, and 150 were from Pietermaritzburg. Only consumers aged 25 and above and have tasted all the five premium beer brands listed in the study were allowed to participate in this study.

Prior to development of the questionnaire, a pilot study was conducted within the Pietermaritzburg area, taking into cognizance Cooper and Schindler’s (2001) assertion that “the purpose of pilot test is to refine the questionnaire so that respondents will have no problems in answering the questions and that there will be no problems in recording the data.” The pilot study served as the initial qualitative exploratory study aimed at identifying the most frequently purchased and preferred premium beer brands, and to explore the factors that consumers considered when evaluating premium beer brands. An open ended questionnaire containing questions on the most preferred

premium beer brands and their attributes was personally administered to a pilot sample of 50 beer consumers who were also conveniently selected. The data analysis revealed five premium beer brands, namely, Castle Lite, Heineken, Peroni, Windhoek and Amstel, and five attributes namely, alcohol content, taste, crispiness, flavor, and calories, which were important to consumers in evaluating premium beers.

The final questionnaire that was administered to the consumers comprised five (5) point Likert-type scale questions which were carefully designed to avoid the questions influencing respondents' answers. The points on the scale were assigned as follows; 1= strongly agree, 2= Agree, 3= Neutral, 4=Disagree, 5= Strongly disagree.

Findings and Discussion

The findings reveal that there are mainly three premium beer attributes that consumers consider as being important; namely, crispiness, good taste, and flavour of the beer. The same order of importance was maintained through all the five beer brands studied, namely, Castle Lite, Heineken, Peroni, Windhoek, and Amstel.

Table 1 shows that consumers are attracted to the Castle Lite brand and develop brand loyalty mainly because of its crispiness (0.818), good taste (0.673), and light flavour (0.536). This implies that any marketing communication directed at Castle Lite consumers will have to incorporate the aforementioned product (brand) attributes that attract consumers to this brand, as well as point out the superiority of this brand in comparison with other premium beer brands.

Table 1: Correlations between Attributes of Premium Beer Brands

Beer Brands	Attributes of Premium Beer Brands (Versus) Factors Attracting Consumers	
	Factor 1 Correlations	Rank
Castle Lite	0.599**	1
Heineken	0.508**	4
Peroni	0.591**	2
Windhoek	0.494**	5
Amstel	0.544**	3
Overall	0.553**	

It is also evident from Table 1 that with regard to the Peroni brand, there is a relatively strong positive correlation between its attributes and the factors that attract consumers ($r = 0.591$). The Peroni brand has attributes of crispiness and good taste, which attributes attract consumers to this brand. The Amstel brand showed a relatively strong relationship among its attributes and the factors that attract consumers ($r = 0.544$). Consumers are attracted to the Amstel brand because it displays outstanding attributes of good taste and crispiness. The Heineken brand showed a relatively strong correlation between its attributes and the factors that attract consumers ($r = 0.508$). Heineken consumers perceive this brand as having good taste, crispiness, and good flavour, which attributes give the Heineken brand its superior quality. These consumers also find the price of this

beer to be value for money. With regard to the Windhoek brand, it was evident that the weakest relationship existed between its attributes and the factors that attract consumers ($r = 0.494$). The principal component analysis shows that when compared with other beer brands, the attributes of the Amstel brand such as taste, crispiness and light flavour are least correlated with the factors that attract consumers to this brand.

Regression analysis was performed in order to establish the contribution of the attributes of a brand to brand loyalty. Table 2 presents the outcome of the analysis of the Castle Lite brand.

Table 2: Loyalty - Castle Lite Beer

Factors	Coefficient	Std. Error	T	p-value
Constant	3.518	0.064	54.887	0.000
Attributes	0.242	0.079	3.051	0.002
Attraction	0.701	0.093	7.506	0.000
R = 0.607			R-Square=0.368	

The r-square value of 0.368 shows that the independent variable explains about 37 percent of the variation in brand loyalty.

Table 3 presents the contribution of each factor towards the consumers' loyalty of the Heineken brand.

Table 3: Brand Loyalty – Heineken Beer

	Coefficient	Std. Error	T	p-value
Constant	3.579	0.066	54.405	0.000
Attributes	0.153	0.079	1.935	0.054
Attraction	0.570	0.085	6.664	0.000
R=0.531			R-Square=0.282	

It is evident (r-square of 0.282) from Table 3 that the independent variables explain about 28 percent of the variation in the data. The results show that consumer loyalty towards the Heineken brand is influenced by the outstanding attributes of the Heineken brand. Table 4 presents the contribution of each factor to the consumers' loyalty towards the Peroni brand.

Table 4: Brand Loyalty - Peroni Beer

	Coefficient	Std. Error	T	p-value
Constant	2.646	0.056	47.471	0.000
Attributes	0.130	0.069	1.879	0.061
Attraction	0.533	0.079	6.726	0.000
R=0.527			R-Square=0.277	

The r-square value of 0.277 in Table 4 implies that the independent variable explains about 28 percent of the variation in the data. Table 5 presents the contribution of each factor towards consumers' loyalty towards Windhoek.

Table 5: Brand Loyalty – Windhoek Beer

	Coefficient	Std. Error	T	p-value
Constant	2.951	0.060	49.513	0.000
Attributes	0.147	0.075	1.960	0.051
Attraction	0.484	0.082	5.878	0.000
R=0.495			R-Square=0.245	

The r-square of 0.245 (Table 5) shows that the independent variable explain about 25 percent of the variation in the data. Table 6 presents the contribution of each factor towards consumers' loyalty towards the Amstel beer brand.

Table 6: Brand Loyalty – Amstel

	Coefficient	Std. Error	T	p-value
Constant	3.186	0.058	54.527	0.000
Attributes	0.060	0.071	0.850	0.396
Attraction	0.617	0.081	7.656	0.000
R=0.648			R-Square=0.420	

According to Table 6, the r-square of 0.420 shows that the independent variables explain about 42 percent of the variation in the data.

CONCLUSIONS

The findings of the study show that the main attributes that attract consumers to premium beer brands are crispiness, superior quality, special/unique taste and, the price of the beer brand. The study also shows that premium beer market is a highly competitive market as the brands competing for attention in this market segment display similar attributes. Thus, for the SAB to gain competitive advantage in the premium beer market sector, there is a need to design marketing strategies that will clearly differentiate its premium beer brands on important factors that attract consumers such as price, beer quality, crispiness and taste.

Premium beer marketers need to be aware that premium beer brands are not created and sold as individual elements; but are products developed and sold as “offerings,” which are a bundle of

physical (tangible), service (intangible), and symbolic (perceptual) attributes designed to satisfy customer's needs and wants. Since most of the premium beer brands have very similar attributes which consumers can hardly differentiate between, for the SAB to win consumers, it needs to come up with creative marketing strategies that support its claims; about its premium beer attributes.

RECOMMENDATIONS

On the basis of the findings and conclusions, it is recommended that the marketing communication initiatives of SAB should emphasize the superiority of its premium beer brands in order to attract more consumers. By emphasizing the premium beer attributes through its marketing communication campaign, the SAB premium beer brands will be more appealing to consumers, and this will create a strong bond between the premium beer brands and consumers leading to an expansion of the market that would result in a sustainable competitive advantage in the premium beer sector.

Since in the premium beer market a number of premium beer brands compete with each other, the perceived image of each brand has a greater impact on the purchase decision than the relative price.

Thus, the SAB should use the price/quality characteristics of its premium beer brands such as its superiority, crispness, and its good taste, combined with its value for money, at a competitive price gained as a result of the cost leadership strategy. This positioning strategy will give the SAB an edge over its competitors as it will have a clear set of marketing offerings different from other competitors

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