BROMOR FOODS MARKETING STRATEGY

A PERSPECTIVE

BY

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DECLARATION

I, Ashley Paul Barberis, do hereby declare that this dissertation entitled, "Bromor Foods Marketing Strategy: A Perspective" is my own work save to the extent indicated in the acknowledgements and bibliography. I further declare that this dissertation has not been submitted to any other university for degree purposes.

ASHLEY PAUL BARBERIS
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1. CHAPTER ONE

1.1 INTRODUCTION

1.1.1 Overview of Marketing

This opening entry seeks to define what might be considered the true essence of marketing, that it is the establishment of mutually satisfying exchange relationships. The modern marketing concept would appear to have undergone at least three major phases of evolution – the emergence of the mass market, the articulation of the modern marketing concept and the transition from an emphasis upon the transaction of the relationship (Baker, 2000:1).

A new school of conventional strategic thought has now emerged, which believes, that firms can orchestrate internal resources and processes to create and sustain customer loyalty. Collectively, this new orientation, which has both American (Berry, 1989) and Nordic (Gummesson, 1987) roots, is known as relationship management. Supporters of this new management convention argue that in order to survive in markets, which have become more competitive and more turbulent, organisations must move away from managing transactions and instead focus on building long-lasting customer relationships (Chaston, 2000:21).

1.1.2 The Rationale behind Marketing

There are a number of reasons why it is useful for managers to have a basic understanding of the core concepts underpinning marketing. Firstly, the theory provides a common terminology and framework for discussing marketing problems.
Secondly, it introduces directions for managers to enhance the effectiveness of their marketing. Finally, it explains the economic and political significance of marketing and how it contributes to the general welfare. (Doyle, 1998:33).

1.2 BACKGROUND OF THE PROBLEM

Bromor Foods is a company operating within the beverage market of South Africa. The company introduced a brand into the marketplace some ten years ago named “Energade”, which has been a success story over a short period of time becoming the darling of Bromor Foods. The company has a wide range of different brands, some of which are more than a century old. “Energade” outperformed all these brands reaching performance levels never seen in the company before over a short period of time. The brand was able to open new doors by sponsoring high profile sports events such as the South African Rugby Team as well as the National Cricket Team.

This performance has allowed Bromor Foods to continue to dominate in both the concentrated and sports drink markets. Thus “Energade” dominates the sports drink market within the South African beverage market. Figure 1.1 on page 3 indicates that although “Energade” has lost some of the market share, it still remains the number one brand within the total sports drink market.

There are many questions raised around the decline of a brand, such as, has Bromor Foods management become complacent? Is this complacency due to the exceptional performance of the brand, or have changes been too rapid within this market? Was the brand not able to react to these changes quickly enough or has competition reacted to opportunities presented within the sports drink market? Whatever the reasons, this research will identify possible solutions and make recommendations, which may assist in addressing the decline in market share for “Energade”.
Figure 1.1 Total RTD Sport Drinks Sales Units Share (Litres)
Source: Bromor Foods internal report, 2003

1.3 HISTORY

The name Bromor Foods only came into existence in 1986. Combining the surnames of Mr Brookes and Mr Moirs formed the name Bromor Foods. During the late 1970's a company in the building industry known as Murray and Roberts bought the company "Brookes Oros", and "Moirs" as well as some other similar companies. This move by Murray and Roberts where they purchased companies that had no relation to the industry they operated in, later proved to be costly. When debating why they chose this risky behaviour, the view taken by many is that Murray and Roberts wanted unrelated diversification.
This diversification approach undertaken by Murray and Roberts did not seem to work and during the early 1980's, they started showing losses. In 1986 Murray and Roberts sold "Brookes Oros" and "Moirs", to Cadburys Schweppes, who created the name Bromor Foods. Bromor Foods has continued to operate within the Cadburys Schweppes stable since the buyout in 1986. The company continues to add value within the group.

1.4 AIM OF THE STUDY

a) The purpose of this study is to identify the reason for a decline in market share.

b) To make recommendations addressing the decline in terms of a turn around strategy.

c) This research will determine the extent of the problem, analyse the strategic position of "Energade" and relate the relevant theory on the strategy to the actual situation experienced by "Energade". Therefore some chapters will begin with a theoretical discussion and then move on to see how this relates to "Energade".

This research will determine whether or not a different marketing strategy needs to be adopted for "Energade" to stop the decline in market share seen over the past three years.

1.5 OBJECTIVES

The following areas have been identified as the main objectives:

1.5.1 Identify the strategic marketing difference between Bromor Foods and Coca-Cola.
1.5.2 Understand the reasons for market share loss of "Energade".

1.5.3 Recommend a strategy to address this loss in market share by "Energade".

1.6 LIMITATIONS

The main limitation is that the researcher will only concentrate on the sports drink market within the total beverage market of South Africa. Therefore, the research will be limited to analysis of a single brand "Energade". Furthermore, it will not be possible to investigate all possible factors, nor will the researcher exhaust the topic.

The researcher is faced with the following limitations during the study.

- Time and budget constraints
- Lack of information due to confidentiality.

The researcher wants to better understand the influence and importance of marketing factors in order to guide Bromor Foods marketing department in formulating marketing strategies that would lead "Energade" to sustain its competitive advantage.

1.7 HYPOTHESIS

1 Null Hypothesis: "Energade lost market share due to reasons other than ineffective marketing.

2 Hypothesis: "Energade has been losing market share because of out of date marketing practices."
1.8 METHODOLOGY

1.8.1 Research method

The research method selected for this study is qualitative, and exploratory. Self-administered questionnaires will be utilized. The questionnaires will be e-mailed, hand delivered and collated during personal interviews with participants.

1.8.2 Basic Methodology

After defining the problem and sub-problems the researcher will develop a suitable methodology in order to conduct the research, such as using personal interviews with participants to address how the decline in market share can be stopped.

1.8.3 Data type (Qualitative)

The study is qualitative in that the researcher will employ a highly structured methodology involving the administration of semi-structured questionnaires and the analysis of qualitative data.

This study is contextual in that it is limited to the issues related to the decline in market share by the "Energade" brand only.

Finally, this study is exploratory in that it seeks to scrutinize the unknown.

1.8.4 Data collection

1.8.4.1 Population

The research consists of two sets of populations for the surveys conducted.
One of the senior management from both companies will be selected to participate in the survey aimed at ascertaining their perceptions about the importance of marketing strategies within their companies.

- Marketing director Bromor Foods (internal).
- Senior marketing management Coca-Cola (external)

1.8.4.2 Sampling techniques

The participants were selected based on their positions held within the organisation.

1.8.4.3 Sample size

A single product within the sports drink market in South Africa.

1.8.5 Data collection methods

- The data to be collected will be one-to-one qualitative interviews with prominent decision-makers within Bromor Foods and Coca-Cola. The purpose is to gain a fundamental understanding of changes in the market and the environment and the ultimate effect these changes have, as seen by these individuals.

A literature search will be done on all the variables identified in the interviews as well as any variables that emerge during the course of the study.

- Questionnaires through interviews because this is a single company research.
• Data collected will be secondary data such as, in-house and from A.C Nielsen's, a market research company.

1.8.6 Data Analysis

This research will be conducted in the following manner. Firstly a qualitative study will be done to identify the key factors influencing the market.

Secondly, to analyse these and propose appropriate strategies to counteract the negative consequences:

• the data to be collected will be qualitative. Categories will be worked out from the literature review for the quantitative data analysis while qualitative data collected will be from interviews and questionnaires.

• the results of the interviews and continuous observation will result in the identification of pertinent variables. These will be analysed and compared to the applicable theoretical information identified in the literature survey relevant to the market.

• the preparation of practical strategic recommendations/interventions required by the marketing team is seen as necessary to remain a competitive force within the sports drink market where “Energade” is the current leader.

1.9 STRUCTURE OF THE STUDY

The structure of the study is done in a manner that will firstly give a background of the problem facing Bromor Foods’ most successful brand, secondly discuss the theoretical approach on determining a strategy, and thirdly apply the relevant
theory to the "Energade" brand in order to determine a short term strategy for increased market share.

1.9.1 Chapter 1

Objective
To provide background to and general information about the study, including the objectives of the study, organization of the dissertation, definitions of terms, description of methodologies used and brief outline of chapters. The scope of the research will be covered in this chapter.

1.9.2 Chapter 2

Objective
This chapter will provide an in-depth look at the literature review in order to gain insight into the relevance of the material in terms of the problem statement. This chapter will also discuss the generic theoretical background of factors that need to be considered in developing an effective strategy for a brand.

1.9.3 Chapter 3

Objective
This will involve the analysis of the data collection from the questionnaires obtained from competitors within the sports drink market. This chapter will include conclusions from the completed research.

1.9.4 Chapter 4

Objective
This will encompass a literary review of marketing strategies and a marketing strategy for "Energade" in the sports drink market. The marketing strategy will
include market segmentation, targeting, positioning and marketing mix and competitive analysis, with a closer look at "re-positioning" within the marketing mix.

1.9.5 Chapter 5

Objective
This chapter will portray the findings, recommendations and conclusions for "Energade's" marketing strategy within the sports drink market.
2. CHAPTER TWO

2.1 LITERATURE REVIEW

In this chapter, a literature review will be conducted on product life cycle; segmentation, targeting, positioning, marketing mix and competitor analysis as well as what market strategy says about market share with regard to the research question. The reason for this literature review is to provide a literary background for the above topics. Once the literature has been gathered, it shall be compared with the data gathered from respondents.

The perspective of the respondents will then be compared with the literature reviewed in this chapter. This should give a clear indication whether there are any significant differences between Bromor Foods’ marketing strategy for “Energade” and the prescribed theory. During this chapter, it may seem that the researcher is digressing from time to time; this is merely to gain insight into the broader field that the literature covers.

2.2 MARKETING

Before discussing some of the variables on marketing strategy, a definition on marketing will assist in gaining a much clearer understanding of what marketing is all about.

Defining marketing: Marketing consists of management tasks and decisions directed at successfully meeting opportunities and threats in a dynamic environment by effectively developing and transferring a need–satisfaction market offering to consumers, in such a way that the objectives of the enterprise, the consumer and society will be achieved. (Marx, 1995:28).
2.3 MARKETING STRATEGIES

As James Quinn points out, “goals” (or objectives) state what is to be achieved and when results are to be accomplished, but they do not state how the results are to be achieved. A marketing strategy is essentially a pattern or plan that integrates an organization’s major goals, policies and action sequences into a cohesive whole. Marketing strategies are generally concerned with the Four P’s: (Czinkota, 1997:109)

- **Product**
  - Developing new products, repositioning or re-launching existing ones, and scrapping old ones
  - Adding new features and benefits
  - Balancing product portfolios
  - Changing design or packaging

- **Price**
  - Setting the price to skim or to penetrate
  - Pricing for different market segments
  - Deciding how to meet competitive pricing

- **Promotion**
  - Specifying the advertising platform and media
  - Deciding the public relations brief
  - Organizing the sales-force to cover new products and services or markets

- **Place**
  - Choosing the channels
  - Deciding levels of customer service
Czinkota (1997:109) states briefly what marketing strategy is about. "The subject has many variables that must be considered when an organization embarks on developing the marketing plan". During this chapter the researcher will cover those variables that are pertinent to the topic as stated in paragraph 2.1. Let us start with a brief introduction to the product life cycle.

2.4 SEGMENTATION, TARGETING, POSITIONING AND THE MARKETING MIX

It is an opportune moment to begin at what is commonly called the starting point of marketing, namely segmentation, targeting, positioning and the marketing mix. Marketing has two meanings. The first, and most important, is as a philosophy for the whole business according to which all functions and activities are focused on satisfying the customer with a view to making a profit.

The second meaning of marketing is as a distinct set of activities and tasks that constitute marketing planning and decision-making. These marketing decisions and plans focus on four areas that are the subject of this chapter, namely: the steps in market segmentation, targeting, positioning and planning as described on figure 2.1 on page 15 (Doyle, 1998:64).

Market segmentation

Management has to segment the markets in which it operates, research the needs of customers in these segments and study their characteristics, decision-making processes and buying behaviour.
Selecting target markets

The attractiveness of the different segments in terms of profit and growth has to be analysed, and those segments offering the firm the best potential need to be chosen.

Market positioning

Once a segment is chosen, the firm has to seek to build a differential advantage, which will make its offer preferred to those of competitors. It will then develop a marketing mix to implement this positioning strategy.

Marketing planning

Management will then develop a plan to implement the positioning strategy and build an organization capable of exploiting the potential of the market.
2.5 MARKET SEGMENTATION

Definition:

Market segmentation can be defined as the process whereby the total heterogeneous market is divided into homogeneous segments. The segmentation process can be concentrated or differentiated. (Marx, 1995:111-2). The two segments are briefly discussed.
2.5.1 Concentrated market segmentation

Concentrating the market offering on one specific segment can lead to greater expertise in production, distribution and marketing communication. A great disadvantage, to paraphrase a proverb, is that all the eggs are now in one basket.

The risk of product failure and non-acceptance of the product is thus concentrated in a single target market, should consumers' preferences in this target market change or competitors take over the market segment with a new product, the results could be disastrous.

2.5.2 Differentiated market segmentation

Differentiated market segmentation is also known as multi-segments strategy, and means that marketing management have decided to serve two or more market segments and to develop a separate marketing strategy for each one. Therefore it is recommended that management separates product, distribution, marketing communication and price decision. Previously it was said that the advantage of market aggregation lies in lower cost. Conversely, differentiation market segmentation brings about higher costs, for example,

- **Product modification and product differentiation costs.**

  By modifying and differentiating a product for different market segments, relatively higher costs of research and development and the installation of machinery are incurred.
• **Production costs**

   A high fixed-costs component makes it more expensive to manufacture units of different products than units of the same product.

• **Inventory costs**

   It is generally more expensive to stock a variety of products than to stock only one type of product. The higher costs are attributed to, *inter alia*, more ledger accounts and higher stock control costs. A stockpile must also be held in reverse for each product.

• **Marketing communication costs**

   Differentiated marketing necessitates that the various market segments have to be reached by different media. This requires *inter alia* the planning of special advertising campaigns for each market segment.

   Differentiated marketing probably means that the consumer's needs are satisfied more fully than in the case of undifferentiated marketing. This will increase need satisfaction, which may occur at a higher cost to the consumer. These approaches can be used during the marketing strategy. Figure 2.2 on the following page illustrates approaches to the market.
Figure 2.2 Market segmentation approaches  
Source: (Marx, 1995: 113)
2.5.3 Michael Porter's Generic Strategies

According to Porter (1985), competitive advantage arises from a selection of the generic strategy which best fits the organization's competitive environment and then organizing value-adding activities to support the chosen strategy (Campbell, 2000:134).

- **Differentiation** – creating a customer perception that a product is superior to those of competitors so that a premium price can be charged.

- **Cost leadership** – being the lowest costs producer of a product so that above average profits are earned even though the price charged is not above average.

- **Focus** – utilizing either a differentiation or cost leadership strategy in a narrow profile of the market segments (possibly just one segment).

2.5.4 Market segmentation rationale

Anderson (2000:188) claims that business revolutions contribute to an increase in subdividing the market into identifiable segments. Globalisation has opened up world markets to more competitors, with a more diverse customer base in both consumer and organizational markets. He believes that consumers have more choices of goods and services to buy than ever before and more companies are eager to fulfil their needs.

There are many good reasons for dividing a market into smaller segments. Thus segmentation increases profit opportunities because different groups of customers attach different psychological values to the solution offered. When this occurs, the provider can pursue a differentiated pricing strategy for the same
offering and have brands or a service that cover the entire market. The primary reasons are:

- **Easier marketing.** Where it is easier to address smaller groups of customers with many characteristics such as: (seeking the same benefits, age, gender, etc).

- **Find niches.** Identify under-served or un-served markets. Using "niche marketing", segmentation can allow a new company or new product to target less contested buyers and help a mature product seek new buyers.

- **Efficient.** Make more efficient use of marketing resources by focusing on the best segments for your offering - product, price, promotion, and place (distribution). Segmentation can help you avoid sending the wrong message or sending your message to the wrong people.

However, another reason why a firm should segment their market is the benefits they will enjoy. The benefits of segmenting markets are described below:

### 2.5.5 Benefits of Market Segmentation

Segmentation increases profit opportunities because different groups of customers attach different psychological values to the solution offered. When this occurs, the provider can pursue a differentiated pricing strategy for the same offering and have brands or a service that cover the entire market. The benefits of segmenting markets are as follows: (Doyle, 1998:64).
• **Better matching of customer needs**

An example would be an airline. If South African Airways (SAA) treated all its customers the same, business and first class passengers would be unhappy. Hence, different classes on airplanes satisfy the needs and wants of different groups of people.

• **Enhanced profits**

Segmenting the market allows a marketer to raise average prices and improve profits. Experience has shown that it is difficult to raise prices by 5% to all customers, but it is far easier to raise prices by 10% to a portion of customers. Profit margins and price increases are best achieved by a segmentation strategy.

• **Enhanced opportunities for growth**

Segmentation can build sales growth. For example, if all airlines had not segmented their market, then one specialist airline would have skimmed off the first class passenger market and the economy class by a charter or discount airline.

• **Retention of customers**

By offering an appropriate product at each stage, the company can retain its customers as opposed to losing them to a competitor. For example, a motor vehicle manufacturer knows that a family usually starts off with a small vehicle. As it grows and becomes wealthier, it needs a larger family saloon car and so on.
- **Targeted communications**

It is difficult for a company to convey a message to a broad, undifferentiated market. Effective communication requires a promise that the product or service will deliver and will satisfy the needs of the targeted customer. This is easier to achieve if, for example, a large proportion of the target market reads a particular magazine or listens to a particular radio station.

- **Stimulation of innovation**

The return on investment from an undifferentiated market has been proved to be low. However, research and practice has shown that segmented markets offer far greater returns and are therefore worthy of larger spending on research and development or innovation.

- **Market segment share**

Minor brands suffer from a lack of economies of scale in marketing, production and distribution. This may mean that they have higher costs and lower margins. Clearly, such a company is not going to seek leadership in a total market. It will aim for dominance in a segment or niche market because it can then benefit from the above mentioned advantages and become the preferred brand for buyers in a specific segment. Market share and not size is the key to profitability. It is better to have 50% of a 10 million Rand market segment than 1% of a 100 million Rand market.

Market segmentation in brief tells us of the important benefits as to why a firm should segment their market into smaller more manageable segments.
2.5.6 Sales and Market Share

A sensitive measure of how customers regard a product or service can be sales or market share. After all, if a product’s relative value to a customer changes, sales and share should be affected, although there may be an occasional delay caused by market and customers’ inertia. Sales levels can be strategically important. Increased sales can mean that the customer base has grown. A problem using sales as a measure is that it can be affected by short-term actions, such as promotions by a brand or its competitors. This area must be monitored and tracked to ensure that the additional sales are based on changes in consumers’ preference (Aaker, 1998:118).

2.5.7 Growth or Market Share Objectives

At some stage in the life of an organization, growth and expansion become among the most important objectives. This is especially true of businesses who must grow and maintain market position in order to “keep up with” or “keep ahead of” competitors.

Size and market position offer a number of advantages and it is these that an organization seeks when growth is a key objective. It means that a large organization attracts resource inputs at preferential unit costs compared with smaller concerns (Campbell, 2000:2).

2.5.8 Bases for Segmentation

Target marketing decisions are based on attributes of the customers in a selected market. The problem is that there are many possible ways to divide a market, often making it difficult to know which are the most appropriate. Creative problem solving techniques can be applied to gain competitive advantage through innovative segmentation, targeting and positioning.
Marketers use the bases of segmentation’s data extensively to describe their markets. This type of descriptive information is quantifiable and relatively easy to obtain and verify, but it provides only a general description of a customer group (Anderson, 2000:196).

Opportunities for segmentation tend to increase as the market evolves, in paragraphs 2.2.1.2, 3 and 4 the opportunities and benefits are clearly outlined. Consequently, even in growth markets a business must change radically to grow. It must first shift resources out of maturing market segments into new emerging ones.

The most common profilers used in consumer market segmentation are the bases below: (Doyle, 1998:71-72).

a) **Geographic**
   - Region or province
   - Urban or rural

b) **Demographic**
   - Age, sex, family size
   - Income, occupation, education
   - Religion, race, nationality

c) **Psychographic**
   - Social class
   - Lifestyle type
   - Personality type
d) Behavioural
- Product usage: light, medium, heavy user
- Brand loyalty
- Type of user: such as with meals, on special occasions, etc.

2.6 TARGET MARKET

The natural extension of segmentation is target marketing. The first step is to prioritise the segments according to their attractiveness, as mentioned earlier. An organization then has to decide if it is to focus on a single segment or develop differentiated programmes for a number of segments.

This depends as much on organizational resources as on the opportunities and threats relating to each specific market segment. It is therefore vital to select the segment carefully. This is why well thought-out bases for segmentation are necessary as has been pointed out in paragraph 2.5.4. They do recommend focusing on three groups of customers that create maximum value for the marketing investor:

- those who have low acquisition costs, “switchables”
- those generating the most returns, “high-profit customers”
- those contributing to long-term growth, “share determinates”

The identification of such characteristics is part of segmentation and will derive from a full and detailed understanding of individual customers. However, it is as well to remember the “Pareto” effect when considering which customers to target with increased effort in order to gain increased sales: 80% of business will typically come from 20% of the customer base. This grouping of existing customers forms a key segment of high-profit customers who should be identified.
They should receive maximum attention aimed at retaining them as customers into the future ('Premier plus 10' in the Hamel matrix), and developing the strong possible relationships with them to deter competitors. A key issue of building long-term relationships is the enhancing of the mutual benefits by increasing the value perceived as received by both parties from their continuing links. This is likely to involve some form of augmentation to a product or maybe even a customized offering (Adcock, 2001:113-4).

2.6.1 Important Factors in Target Marketing

It is important at this stage to consider what Marx (1995:120) stated about the importance of target marketing. The following factors are of primary importance in the selection of one or several target markets.

- When the resources of the enterprise with regard to labour, capital, natural resources or entrepreneurial are limited then one target market is the realistic choice.

- When the product is homogeneous, for example table salt in plastic bags, the market offering will be aimed at only one target market.

- If all consumers have the same preferences and similar reactions to the marketing strategy they are in fact all members of only one specific target market.

- Product items in a differentiated product range are directed at different target markets, for example Sta-Soft that is now available in different fragrances.
• In the beginning of the product life cycle the new market offerings are aimed at only a few target markets, while many different target markets are served in the maturity phase.

• The marketing strategy of competitors also determines the enterprise's approach to the market. If competitors serve only one target market there are opportunities in the gaps thus created. But if competitors each develop separate market offerings aimed at many different target markets, the enterprise's competitive position will be harmed if it fails to do likewise.

• It is also possible to serve several target markets with one specific product. Baby talcum powder is a good example. As well as babies, women and sportsmen use the same product albeit for difference purpose. This means that three different target markets are involved. Except for the advertising message, the remainder of the market offering (packaging, pricing, distribution channels) remains the same.

2.7 POSITIONING

Definition:

Gummesson (2000:90) defines positioning as follows: positioning is a strategy for allocating a position, a cell in the consumer's brain to a product or service in order to make the consumer think of a special brand when a purchase is pending.

2.7.1 Overview

Positioning refers to the place in the market that a company, product or service occupies relative to others in that same marketplace. The opinion of the researcher is to equate the importance of position to that of location, meaning,
should a company have all the necessary resources, but a bad location it will not survive at all. Good skills and resources will be waste when trying to make up for the poor location. The same could be said of positioning.

There are two types of positioning, company competitive positioning, and product or brand positioning. A company’s competitive position relates to how it attempts to build its overall competitive advantage in the marketplace. Competitive position is the totality of offer and image of the company relative to competing companies. Company positioning is generally based on the combination of price, quality and increasingly, service positioning. Where a company position is well developed the full range of the company’s offerings benefit, or suffer from that positioning.

Product or brand positioning is more concerned with a particular offering and how that is perceived by customers and potential customers relative to other competing brand offerings.

Positioning is closely related to two key concepts in marketing, market targeting and product differentiation. Decisions on these two aspects of marketing are at the heart of competitive strategy development. Without a clear idea of the position aimed for, it is difficult if not impossible to take coordinated decisions on the rest of the marketing mix. Indeed, defining the competitive positioning aimed for often dictates the most effective combination of other elements of the marketing mix (Baker, 2000:206-7).

This is the expectation of what that specific product will offer and it comes directly from the consumer interpretation of the product position. It is possible to position a product in a number of ways in which the appropriate emphasis is in the claims made about the offering; these could include some or all of the following:
• the product/service features

• the benefits that it offers

• the relevance to specific usage occasions

• the suitability for particular users or uses

• positive associations with complementary products

• the comparison with competing products.

It has been suggested that in the introductory phase of a product's life the task is to establish an image for the product.

2.8 POSITIONING STRATEGY

The third way, after segmentation and targeting, in which a company can enhance its competitiveness, is through positioning (Doyle, 1998:86-87).

Positioning strategy is the choice of target market segments that determines where the business competes and choosing a differential advantage that dictates how it competes. So, it is a matter of where and how it competes.

A product or business unit may be inadequately positioned for three reasons:

a) The targeted segment may have become unattractive because it is too small, declining or too competitive.

b) The quality and features of the offering do not appeal to the targeted segment.
c) The product’s costs are too high to allow competitive pricing.

![Diagram of market segments](image)

**Figure 2.3** Repositioning in a segmented market
*Source: (Doyle, 1998:86-87)*

### 2.8.1 Costs

Figure 2.3 illustrates the structure of a typical market made up of four segments. Product Z is inadequately positioned because it is too costly for the mass market and has insufficient perceived quality appeal for the premium or luxury segments. The business has several repositioning options. The first two might be termed real repositioning while the latter are psychological, as follows:
- **Introduce new brand**

Sometimes, new entrants leapfrog leaders, such as in the PC markets of the early 1990s. The reaction of a market leader could be to introduce its own cheap clone to maintain a foothold in the mass and economy markets.

- **Change existing brand**

A firm can also change its cost and utility combination to make it more appealing. It may, for example, cut its prices and simplify its features to hold onto a position in the market.

- **Alter beliefs about the brand**

Many products have been repositioned to appeal to different segments. An example is Chivas Regal whisky, a product that was repositioned from mass to premium markets in order to rationalize its high price.

- **Alter beliefs about competitive brands**

The Body Shop, a group selling natural personal care products, implied that the beauty and personal care products of their rivals were not environmentally friendly.

- **Alter attribute importance rates**

Volvo highlighted the importance of safety as an attribute in buying a car thus enhancing its differentiation strategy.
• **Introduce new or neglected attributes**

Consumer research can highlight attributes that have previously been considered as unimportant.

• **Find a new market segment**

Companies are being forced by legislation to diversify away from their core business. In South Africa, the major players are now involved in the leisure and entertainment industries.

**2.8.2 Strategy to Substitute and to Complement**

Two more strategies that could be investigated (Guiltinan and Paul, 1991:179-180) include a strategy to substitute and a strategy to complement. These two strategies are very close and are two that firms will look at when determining their marketing strategy. Table 2.1 illustrates these two strategies.
<table>
<thead>
<tr>
<th>STRATEGY TO SUBSTITUTE</th>
<th>STRATEGY TO COMPLEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Line Retention</strong></td>
<td><strong>Leaders</strong></td>
</tr>
<tr>
<td>Variety of existing products</td>
<td>Promote one product aggressively and hope that the customer will buy other products as well</td>
</tr>
<tr>
<td><strong>Flankers</strong></td>
<td><strong>Bundling</strong></td>
</tr>
<tr>
<td>New brands to serve new segments of the market</td>
<td>Combination of products are sold together</td>
</tr>
<tr>
<td></td>
<td><strong>Systems selling</strong></td>
</tr>
<tr>
<td></td>
<td>Individual products compatible with one another</td>
</tr>
</tbody>
</table>

Table 2.1 Two types of strategy: Strategy to substitute and to compliment
Source: (Guiltman and Paul, 1991:179-180)

2.8.3 Positioning and Attack Strategies

According to Kotler (1997:373-398) a further two types of strategies that can be followed are positioning and attack strategies. Table 2.2 illustrates these additional two strategies. Bromor Foods, being the market leader in the sports drink market now needs to defend its position as the leader. This is because of the slide in market share as well as a decline in revenue. Bromor Foods has the option to continue to defend its position or they may need to consider alternative strategies. An alternative strategy would be the better option, as the current strategy is not working.
<table>
<thead>
<tr>
<th>POSITIONS</th>
<th>ATTACK STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Market leader: no 1 – expand or defend position</td>
<td>1. Frontal attack: concentration on leader’s soft spot</td>
</tr>
<tr>
<td>2. Market challenger: no 2/3</td>
<td>2. Flank attack: into several segments</td>
</tr>
<tr>
<td>4. Market nichers: focus on a niche</td>
<td>4. Bypass attack: diversification or technology leapfrog</td>
</tr>
<tr>
<td></td>
<td>5. Guerrilla attack: harass &amp; withdraw</td>
</tr>
</tbody>
</table>

Table 2.2 Position and attack marketing strategies
Source: (Kotler 1997: 373-398)

2.8.4 Lack of Knowledge and Skills

McDonald (1992:8) conducted a series of experiments whereby he found that most marketing practitioners didn’t know the difference between a corporate objective, a marketing objective and an advertising objective. If this is the case, then they won’t be able to come up with an innovative and proper marketing strategy. The question is, does the marketing team at Bromor Foods know the difference between these marketing strategies?
2.8.5 Lack of a Systematic Approach to Marketing Planning

Leppard (1987) as quoted by McDonald (1992:18) discusses different kinds of planning systems necessary for organizations. By looking at these systems, one can see that there are some mistakes often made with marketing strategies and marketing planning. These mistakes are:

Isolating marketing function from operations is one of the most common causes of the marketing planning failure within a firm. Everybody within the organization should be involved in marketing their product development, finance, customer service and sales. The common feeling (out of experience) is that only the marketing department is involved in marketing and nobody else within the company. This is a situation that must be reviewed urgently within Bromor Foods or it will lead to major disappointments.

The most important message out of all this is that marketing is both an attitude of mind and a series of functional activities! (McDonald, 1992:17).

2.9 PRODUCT POSITIONING

2.9.1 Positioning and Perception

According to Adcock (2001:132) the final aspect of positioning is the consideration of it as perception. This involves an element of judgment, and is sometimes seen as irrational. It is how customers themselves rate the offering in relation to other products or services considered in a purchase decision. In contrast with the other aspects, this is a result rather than a choice, but it is, after all, the customer perception of a position that is critical in a purchase situation.

Figure 2.4 on page 37 is a positioning map. This is a typical type of a perceptual map that is used in most industries. The map gives an indication of how a
company like Bromor Foods may benefit by using such a map. In this figure emphasis is placed on the relative size of the different market segments. There are eight market segments.

- A is a traditional group (25% of the market)
- B is the drinker with an image (20% of the market)
- C is the social drinker (13% of the market)
- D is the status seeker (11% of the market)
- E is the bargain hunter (10% of the market)
- F is the true connoisseur (8% of the market)
- G is the fitness-conscious consumer (8% of the market)
- H is the occasional sipper (5% of the market)

There are four variables in the positioning map, namely light/heavy taste and low/high price. In each segment there are two or more competitors. Most competitors centre on the traditionalist group. The researcher makes the assumption that "Poor product positioning is like bad location for a business".
Figure 2.4 Positioning map according to market segments

Source: (Adcock 2001:132)

2.10 REPOSITIONING ALTERNATIVES

In a seminal work, Reis and Trout (1981) claim that when considering positioning there are three principal alternatives open to an organization (Drummond and Ensor, 2001:186).

- An organization can build on a current position to create a distinctive perception of the brand by consumers.
Having established the attributes that are most important to the consumer, the organization can see if there are any unoccupied positions that are desirable in consumers' minds and therefore viable opportunities.

Due to changes in consumer behaviour, or where perhaps there has been failure of the original positioning, a third alternative can be considered which is to reposition the brand.

There are alternative views on the correct approach to successful product/brand positioning. One view is that an organization should identify one unique selling proposition (USP) for a product and concentrate purely on that aspect. The most effective USPs are based on quality, service, price, value or advanced technology (Ries and Trout, 1981).

2.11 BRAND REPOSITIONING

Brand repositioning is undertaken in order to increase a brand’s competitive position and therefore increase sales volume by seizing market share from rival products. When repositioning, companies can change aspects of the product, change the brand’s target market or both. (Drummond and Ensor, 2001:206). Figure 2.5 on the following page gives four repositioning options.
2.11.1 Image Repositioning

This takes place when both products and the target market remain unchanged. The aim is to change the image of the product in its current target market.
2.11.2 Market Repositioning

Here the product remains unchanged but it is repositioned to appeal to a new market segment.

2.11.3 Product Repositioning

In this situation the product is materially changed but still aimed to appeal to the existing target market. Any changes that are instituted, address the change in consumer tastes in the product's target market.

2.11.4 Total Repositioning

This option involves both a change of target market and accompanying product modifications. The product quality and design has changed significantly and the brand now has credibility with new, more affluent consumers.

2.12 MARKETING MIX

Traditionally, marketers have considered the marketing mix as a combination of four components, or elements, namely product, place, price and promotion. Marketing managers must design and coordinate these elements to achieve synergy in the marketplace (Anderson, 2000:12). See figure 2.6 on the following page, which illustrates this concept.
With so many elements in the marketing mix to consider, we will only focus on one. This is an area where competitors entering the marketplace will try to lure consumers away from your brand by offering their product at a much lower price.

The researcher at this point would like to address two issues regarding brands; they are the wrong approach to understanding brands and the right approach.
2.12.1 The Wrong Way to Understand Brands

Before we look at the right way to build a brand, we need to understand what's wrong with the old ways of thinking. In recent years many marketers have treated a brand as something other than a way of tapping into the power of market perceived quality as a guarantee of sales or cash flow, for instance. When people do that, all the benefits of a brand can quickly prove illusory. Brands with superior quality (market perceived quality ratio greater than 1.24) earn net margins nearly four times as high as those earned by brands perceived to be inferior (ratio less than 0.76). See figure 2.7 below (Gale, 1994:154).

![Market Perceived Quality Boosts Margins](chart.png)

Figure 2.7 Market perceived quality ratio
Source: (Gale, 1994:154)
2.12.2 The Right Way to Understanding Brands

The basic mechanism for creating and maintaining a power brand, on the other hand, is laid out in figure 2.8 on page 42. Shrewd entrepreneurs and executives today understand that they have to start with a clear sense of the desires of a well-defined group of customers. They then must design and produce products and supply the associated services that meet those needs exceptionally well.

Effective quality control measures must ensure that these competitors "do things right the first time" in delivering those products and services. The proper goal is to achieve superior quality in areas that will matter most to the customer together with costs no higher, perhaps even lower than those quality competitors. Though this is difficult, the PIMS database shows that most leading brands achieve it (Gale, 1994:154).
Figure 2.8 Power Brands: The essentials
Source: (Gale, 1994:155)
2.12.3 Understanding Brand Equity

There are many different definitions of brand equity, but they do have several factors in common: (wwwa: 2003)

- **Monetary Value:** The amount of additional income expected from a branded product over and above what might be expected from an identical, but unbranded product.

- **Intangible:** The intangible value associated with a product that cannot be accounted for by price or features. It is not the physical features that drive demand for their products, but the marketing image that has been created. Buyers are willing to pay extremely high price premiums over lesser-known brands, which may offer the same, or better, product quality and features.

- **Perceived Quality:** The overall perceptions of quality and image attributed to a product, independently of its physical features.

The overall description of brand equity incorporates the ability to provide added value to your company’s products and services. This added value can be used to your company’s advantage to charge price premiums, lower marketing costs and offer greater opportunities for customer purchase. A badly mismanaged brand can actually have negative brand equity, meaning that potential customers have such low perceptions of the brand that they prescribe less value to the product.
2.12.4 How do I use Brand Equity to my Advantage?

Brand Equity can provide strategic advantages to your company in many ways: (wwwa: 2003)

- Allow you to charge a price premium compared to competitors with less brand equity.
- Strong brand names simplify the decision process for low-cost and non-essential products.
- Brand names can give comfort to buyers unsure of their decision by reducing their perceived risk.
- Maintain higher awareness of your products.
- Use as leverage when introducing new products.
- Often interpreted as an indicator of quality.
- High brand equity makes sure your products are included in most consumers' consideration set.
- Your brand can be linked to a quality image that buyers want to be associated with.
- Offer a strong defence against new products and new competitors.
- Can lead to higher rates of product trial and repeat purchasing due to buyers' awareness of your brand, approval of its image/reputation and trust in its quality.

Brand names are company assets that must be invested in, protected and nurtured to maximize their long-term value to your company. Brands have many of the same implications as capital assets (like equipment and plant purchases) on a company's bottom line, including the ability to be bought and sold and the ability to provide strategic advantages.
2.12.5 Product Life Cycle

The definition will assist in guiding the researcher to focus only on those tasks relevant to the problem.

Shakespeare wrote about the "seven ages of man", the product also has several phases in its life cycle. In this case there are only four phases, namely the introductory phase (when a new product is offered on the market for the first time), the growth phase (during which product sales gradually increase, the maturity phase (when product sales reach their peak), and then the decline phase (when unavoidable stagnation and decreasing sales set in) (Marx, 1995:523).

Therefore when trying to understand the problem facing "Energade" it would be fair to return to basics and briefly check where "Energade" features within the phases of the product life cycle (PLC). The reason for a brief reflection of the PLC theory, is that, "Energade" seems to draw on certain similarities of the PLC. Although the product life cycle consists of four major phases as mentioned earlier, the researcher would like to briefly reflect on two of the four phases: the maturity phase and the decline phase, as these may have some relevance to the "Energade" saga. Let us firstly focus on the decline phase and then on the maturity phase.

2.12.5.1 Decline Phase

McCarthy (1990:252) states that during the sales decline phase, new products replace the old. Price competition from dying products becomes more vigorous, but firms with strong brands may make profit until the end. These firms have down-sloping demand curves because they have successfully differentiated their products. As new products go through their introduction stage, the old ones may keep some sales by appealing to the most loyal customers or those who are slow
to try new ideas. These conservative buyers might switch later, smoothing the sales decline.

The above statement from McCarthy on the decline phase does not seem to indicate that "Energade" is within this phase, although there seem to be similarities, and the brand losing sales and market share, it is not a dying brand, as it still maintains its leading edge of market share. Figure 2.10 on page 90 shows a decline in sales and profit during the decline phase.

2.15.5.2 Maturity Phase

McCarthy continues to expand on managing maturing products. What is relevant is how quickly the firm can change its strategy as the life cycle moves on. Some firms are very flexible. They are able to compete effectively with larger, less adaptable competitors by adjusting their strategies more frequently. Having some competitive advantage is important as you move into market maturity. Even a small advantage can make a big difference and some firms do very well by careful management of maturing products. They are able to capitalize on a slightly better product or perhaps lower production and or marketing costs. They are simply more successful at promotions allowing them to differentiate their more or less homogeneous product from competitors.

An important point to remember here, however, is that industry profits are declining in market maturity. Top management must see this or they will continue to expect the attractive profits of the market growth stage, profits that are no longer possible. If top managers don’t understand the situation, they may place impossible burdens on the marketing department, causing marketing managers to think about collusion with competitors, deceptive advertising or some other desperate attempt to reach impossible objectives (McCarthy, 1990:257).
2.12.6 Pricing

The pricing plan is there to indicate how a company sets their basic price. To be successful, a company must establish prices for products/courses that will allow for a profit margin, will be competitive with similar companies and will be acceptable to the customer (Pinson and Jinnett, 1996:85). This links once again to the marketing research and strategies.

2.12.7.1 Marketing Strategies with Correlating Pricing Objectives

For every marketing strategy as mentioned in paragraph 2.6 there is a correlating pricing strategy as can be see in table 2.3 (Guilman and Paul, 1992:226). The strategy as mentioned in table 2.1 relate to the various strategies in paragraph 2.6. There is also some link to the product life cycle model.

2.12.8 Various Types Of Pricing

Apart from the pricing objective, one gets various types of pricing (Guilman and Paul, 1991:239-241). This is explained in Table 2.3 on the following page.
<table>
<thead>
<tr>
<th>Marketing strategy</th>
<th>Pricing objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary demand strategy</strong></td>
<td></td>
</tr>
<tr>
<td>1. Increase number of users</td>
<td>3. Reduce economic risk and offer better value</td>
</tr>
<tr>
<td>2. Increase rate of purchase</td>
<td>4. Enhance frequency of consumption</td>
</tr>
<tr>
<td><strong>Selective demand strategy</strong></td>
<td></td>
</tr>
<tr>
<td>1. Retention</td>
<td>1. Meet competition (Price Parity)</td>
</tr>
<tr>
<td>2. Acquisition</td>
<td>2. Undercut competitor on price and use price to signal premium quality</td>
</tr>
<tr>
<td><strong>Product line strategy</strong></td>
<td></td>
</tr>
<tr>
<td>1. Substitutes</td>
<td>1. Get buyers to “trade-up” expenditure range of products and attract new clients</td>
</tr>
<tr>
<td>2. Complements</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.3 Correlating pricing strategy
Source: (Guiltinman and Paul, 1991:239-241)

- **Penetration pricing**

This is when you use low price as a major basis for stimulating demand. In Bromor Foods as in other industries, low price is associated with low quality.

- **Parity pricing**

This is when you set the price near to the competitor's price without “rocking the boat”. This is normally the case where institutions have similar qualifications and want to dominate or increase their market share.
2.13 CLARIFY THE STRATEGY

Della-Piana, (2000:27) state that the purpose of strategy clarification is to determine four things, a description of the business, a description of the strategy, how the firm is distinct or how it gains advantage, and the clarity of the strategy throughout the organization.

Description of the Business

- A description of the business includes information about what industry the company is in, what niche(s) the company competes in, what part of the industry management has decided to focus on, the strategic objectives of the business, and the mission, vision and values of the firm.

Strategy Description and Clarity

- Besides describing what business an organization is in, the leadership team should also describe what strategy the company is pursuing in that business

Distinctiveness and Advantage

- One mark of a successful strategy is that it distinguishes a company from its competitors by creating advantage in the marketplace.

Sources of Finding Strategy Clarification Information

- There are a number of sources available to audit teams that will help find much of the data needed, such as surveys and interviews. The audit team should determine what kind of information is needed to best complete the strategy audit.
2.14 COMPETITIVE ANALYSIS

2.14.1 Introduction

No country or organization can operate as an island. The marketing environment consists of external forces: political, economical, technological, demographical, cultural and natural, which directly or indirectly influence Bromor Foods’ acquisitions of inputs and generations of outputs. No industry or country is immune to foreign competition. Because of the rapid market changes observed today, a company must acquire the ability to respond to these changes without hesitation (Sunter, 1997:5).

Not only is Coca-Cola, Bromor Foods’ most fiercest competitor because of their brand “Powerade”, they have also emerged as one of South Africa’s major investors. An extensive program of long-term investment to serve the South African market began after 1994. Following apartheid’s demise, the Coca-Cola system has grown and changed with the market itself. (Silkhakhane, 1997, quoting Ron Sheppard, Coca-Cola’s cold-drink manager).

The intensity of competition in a market is dependent on the moves and countermoves of various firms active in the market. There are various factors, which determine the degree of competition in a given market (Subhash, 1993:79).

In the real world of business, ‘perfect’ strategies are not called for. What counts, as we have seen, is not performance in absolute terms but performance relative to competitors. A good business strategy, then, is one by which a company can gain significant ground on its competitors at an acceptable cost to itself. Finding a way of doing this is the real task of the strategist (Ohmae, 1982: 37-8).
2.15 COMPETITIVE STRATEGY

2.15.1 Cost Leadership

Cost leadership is perhaps the clearest of the three generic strategies. In it a firm sets out to become the lower-cost producer in its industry. The company has a broad scope and serves many industry segments and may even operate in related industries. The firm’s breadth is often important to its cost advantage. They may include the pursuit of economies of scale, propriety technology, preferential access to raw material, and other factors. A low-cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry, provided it can command prices at or near the industry average.

2.15.2 Differentiation

The second generic strategy is differentiation. In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniqueness with a premium price. The means for differentiation are particular to each industry. Differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach, and a broad range of other factors. A business that can achieve and sustain differentiation will be an above-average performer in its industry if its price premium exceeds the extra costs incurred in being unique. The logic of the differentiation strategy requires that a firm chooses attributes in which to differentiate itself that are different from its rivals.
2.15.3 Focus

The third generic strategy is focus. This strategy is quite different from the others because it rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimising its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall. The focus strategy has two variants: in cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Porter, 1985: 11-15).

2.16 SWOT ANALYSIS OF BROMOR FOODS

Once we have established the organization's internal strengths and weaknesses, and its external opportunities and threats, the challenge becomes to select a strategy that will address the weaknesses and threats, whilst at the same time building upon its strengths and exploiting its opportunities.

This process sometimes involves an additional stage of condensing the strengths, weaknesses, opportunities and threats (SWOT) into a survey of the "key issues". These are the most pressing or most important elements of the SWOT statement (Campbell, 2000:2).

2.17 SUMMARY

During this chapter we see how crucial it is for a company like Bromor Foods to develop effective marketing strategies. These strategies can assist companies to consider alternatives, such as repositioning its brand or considering a different
pricing strategy. Most importantly strategies are there to help keep a company focus on what they have set out to achieve.

It is critical for Bromor Foods to develop an effective marketing strategy. These strategies can lead to addressing the slide in market share in the short term for "Energade", and look towards gaining market share over medium term. For any business to be successful in its chosen marketplace it is imperative that it knows how to compete effectively.

Therefore, competitive offerings will be considered against one another, the specific criteria on which a customer makes such comparison must be understood in order to develop the most appropriate combination of products and services. The question haunting Bromor Foods is how can they compete with a giant like "Coca-Cola"?
3. CHAPTER THREE

3.1 INTRODUCTION

This chapter will present the research methodology employed in the study. Methodology means the philosophy of the research process. During this chapter, the researcher will use semi-unstructured personal interviews to establish the respondents' knowledge and perceptions regarding marketing strategy and marketing plans within their industry. This includes the assumptions and values that serve as a rationale for research and the standards or criteria the researcher uses for interpreting data and reaching conclusions (Bailey, 1987:33).

The researcher will use a survey to conduct the research. This method allows the collection of a large amount of data from a sizeable population in a highly economical way (Saunders et al., 1997:76). A survey is mostly based on a questionnaire therefore the data is standardized, and allows easy comparison. Survey questionnaires were used to determine how people perceived customer service and what the current perceptions are of the employees as far as customer service is concerned. Finally, the chapter concludes with a discussion on the data analysis including a description of the techniques used.

3.2 RESEARCH DESIGN

The research design selected for this study is qualitative and exploratory. According to (Huysamen, 1994:10) research design is a plan or blueprint according to which data are to be collected to investigate the research hypothesis or question in the most economical manner.

The study is quantitative in that the researcher will employ a highly structured methodology involving the administration of structured questionnaires and the analysis of quantitative data.
One of the most widely used techniques for gathering data in business, sociology and government is the descriptive survey or normative survey. The descriptive survey measures the characteristics of the sample at one point in time. It is a type of conclusive research that has as its major objective the collection of data, which can be used to describe something.

This study is contextual in nature in that it is limited to the issue related to the dramatic decline in market share by “Energade” within the sports drink market.

Finally, this chapter is exploratory in that it seeks to scrutinize the unknown.

3.3 DATA COLLECTION

A sample can be defined as a subset or portion of the total population. This sample must always be viewed as an approximation of the whole rather than as a whole in itself (Bailey, 1987:82). The confidence in the use of samples is based on a branch of statistical theory that allows the accuracy levels of samples to be estimated within ranges of probabilities. A common mistake about sample size is to assume that accuracy is determined by the proportion of a population included in a sample. A sample of a population of one million can be as accurate as a sample drawn from a population of five million (Hague & Jackson, 1999:100).

The researcher used sampling because of the savings in time and money that it creates. Both senior managers are at the heart of their marketing plans. The writer therefore used convenience sampling. One merely chooses the closest five persons as respondents (Bailey, 1987:93).

Data collection tools for surveys include the personal interviews and the questionnaire. A common instrument for observing data beyond the physical reach of the researcher is the questionnaire (Leedy, 1997:191). Questionnaires
are designed to be self-administered and can be used to survey a larger number of respondents than the interview. Also, the respondents may not be inhibited in answering a questionnaire (Melville & Goddard, 1996:45). For this study three different self-administered questionnaires were developed using a closed response design.

In attempting to extract reliable data about the population being surveyed, the following concerns, as outlined by Loubser (1996:277), were taken into consideration in gathering the data:

- Avoiding measurement errors by ensuring that the questionnaire was designed such that it elicited the required information from the respondents.
- Avoiding frame errors by ensuring that the sample frame contained all the elements of the population.
- Avoiding non-response errors by making repeated follow-ups to potential respondents to reduce the non-response rate.
- Avoiding selection errors by ensuring that all elements in the population had the same chance of being selected.
- Avoiding sampling errors by ensuring that sample selected was a true representation of the population.

3.3.1 Self-Administered Questionnaires

Targeted at the Senior Marketing Management of Bromor Foods.  
(see Appendix 1)

3.3.1.1 Aim of the Questionnaire

To ascertain whether Bromor Foods marketing strategy is effective in addressing the decline in market share of their "Energade" brand.
3.3.1.2 Target Population

The Marketing Director of Bromor Foods was the target population for this survey.

3.3.1.3 Sample and Sample size

The Bromor Foods Marketing Director was selected to participate in this survey.

3.3.1.4 Methods used to Collect the Data

A letter containing the researcher’s introduction and purpose of the research was hand delivered to the marketing director together with the questionnaire. This assisted him to be prepared for the interview that was to be conducted by the researcher.

3.3.2 Self-Administered Questionnaires

Targeted at the Marketing Management of Coca-Cola.
(see Appendix 1)

3.3.2.1 Aim of the Questionnaire

To ascertain the effectiveness of Coca-Cola’s marketing strategy, with regards to their brand “Powerade”, which is gaining significant market share over “Energade”.

3.3.2.2 Target Population

Senior marketing management of Coca-Cola.
3.3.2.3 Sample and Sample Size

Coca-Cola's senior marketing management was selected to participate in this survey.

3.3.2.4 Methods used to Collect the Data

A letter containing the researcher's introduction and purpose of the research was mailed to the marketing department senior marketing manager together with the questionnaire. This prepared him for the interview that was to be conducted by the researcher.

3.4 ANALYSIS OF DATA

The analysis of the data gathered will be made during this chapter. This data will then be compared with the literature on the topics that were covered. This includes:

- an analysis of the knowledge and perspective of the respondents regarding their marketing strategy and the marketing plans

- comparing the literature with the gathered data, one can ascertain whether the perspectives of the authors are confirmed or denied by the respondents. As already indicated, interviews were conducted with the marketing directors of both companies. The questionnaire was structured according to the topics as discussed in chapter 2.

3.5 VALIDITY

Validity is another word for truth. Sometimes one doubts the validity of an explanation because the researcher has clearly made no attempt to deal with
contrary cases. Validity is the extent to which an account adequately represents the social phenomena to which it refers (Silverman, 2000:175). Bailey (1987:68) defines validity of a measuring instrument as the extent to which differences in scores on it reflects true differences among individuals on the characteristic that one seeks to measure. Leedy (1997:32) states "Validity is concerned with the soundness, effectiveness, of the measuring instrument. Validity looks to the end results of measurement. The principle question that validity asks is, are we measuring what we think we are measuring?"

Leedy (1997) describes the six most common types of validity. These are face, criterion, content, construct, and internal and external validity. Internal validity is the degree to which findings correctly map the phenomenon in question, where as external validity indicates the degree to which findings can be generalized to other settings similar to the one in which the study occurred (Silverman, 2000:91).

The entire sample is by definition representative of the population for this study. The sampling technique used was appropriate given the nature of the study.

3.6 RELIABILITY

The reliability of a measure is simply its consistency. A measure is reliable if the measurement does not change when the concept being measured remains constant in value (Bailey, 1987:70). LeCompte and Goetz as cited in Seale, (2000:147) define internal reliability as the degree to which other researchers would match given constructs to data in the same way as original researchers.

3.7 SUMMARY

Two questionnaires were circulated electronically and by hand to Senior Management at Bromor Foods and Coca-Cola. This was to gain insight into how
marketing strategies are planned, implemented and reviewed over a period of time. According to Baker (2000: 161) marketing strategies can have a broad impact on the business in terms of instilling a marketing orientation among all those in the firm, the way of thinking or philosophy of the whole organization? This research method was mainly qualitative.
4. CHAPTER FOUR

4.1 OPEN DISCUSSION QUESTIONS – Addressed to two beverage companies in South Africa

4.1.1 Introduction

According to Bromor Foods senior marketing management during an interview, the company’s marketing strategy is a penetrating strategy. A list of questions and responses by the respondents for Bromor Foods and Coca-Cola will be covered.

QUESTION ONE:

How do you determine your target market?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our target market is determined from research data gathered by research companies such as A.C Nielsen. “Energade” is specifically targeted at sports persons; therefore research will assist us by understanding all the different sports sectors available in the country.</td>
<td>Before we determine our target market, we first define our business. Once we have defined our business we look at identifying opportunities within the market we operate. The reason we first define our business is that we have both customers and consumers. Each of these two groups is different and we will target them differently.</td>
</tr>
</tbody>
</table>
EVALUATING ANSWERS:

This survey confirms the following:

- The approaches taken by both companies are very different when identifying their target market. Bromor Foods’ approach may be limiting. Research is very costly, therefore taking information supplied by their research companies would be limited focusing only on target markets they are operating in, possibly excluding other potential opportunities.

- The approach taken by Coca-Cola is quite different to that of Bromor Foods. They seem to adopt the “Pareto” effect. Paragraph 3 on page 25 indicates that, when considering which customers to target with increased effort in order to gain increased sales: 80% of business will typically come from 20% of the customer base. This grouping of existing customers forms a key segment of high-profit customers who should be identified.
**QUESTION TWO:**

**How did you segment this market for your sports drink?**

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent, The brand was researched through the sports council and Dr Tim Noakes endorse the product as a good supplement for sports men and women when they are actively participating in their various sports. The important point to note here is that the product was not to be seen as an energy drink but rather as a sports drink. Therefore it was then quite easy to segment the market into &quot;Ready to Drink&quot; (RTD) and then further into the segment in which &quot;Energade&quot; was positioned, the sports drink sector.</td>
<td>Coca-Cola dominated the carbonated soft drinks and had no products within the non-carbonated soft drink market. Therefore we identified an opportunity and introduced &quot;Powerade&quot; to compete with &quot;Energade&quot;. We did not segment the market; we saw a gap in the market in which we did not operate.</td>
</tr>
</tbody>
</table>
EVALUATING ANSWERS:

This survey confirms the following:

- Based on the endorsement by Dr Tim Noakes, Bromor Foods was able to segment their "Energade" brand aimed directly at sports persons, with their slogan being "It is not what you put on, it is what you put in", replacing lost fluids during sporting activities.

- Coca-Cola did not need to segment the market; they introduced a brand to compete with "Energade" who dominated the sports drink market without any major threats. As mentioned during the interview they identified a gap and capitalized on the opportunity.
QUESTION THREE:

How do you define your customer and their needs?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>These needs are determine by questionnaires and face-to-face interviews with customers. This is also done through open-ended questionnaires.</td>
<td>As mentioned earlier, we have both customers who are the retail companies or the FMCG companies with whom we do business from a trade perspective, and then we have the consumer who consumes our product.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- The research information supplied by these institutions seems to give Bromor Foods all the necessary information needed to understand their customers. However it gives the researcher the opinion that Bromor Foods themselves are not close to their customers.

- On the other hand, the approach adopted by Coca-Cola gives the impression that they understand that there are two types of customers; retail customers and consumers and they are two very different target audiences. This makes formalizing a strategic plan more focused.
QUESTION FOUR:

Is a formalized SWOT analysis done?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, this information helps us to become more aware of the way our customers and competitors perceive us. We can build on our strengths and improve on our weaknesses, which make us vulnerable within the market place.</td>
<td>Yes, this can once again be attributed to the opportunity mentioned earlier regarding &quot;Powerade&quot;.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- The fact that a SWOT analysis is done by Bromor Foods does however raise a concern. The researcher believes that through the SWOT analysis, the company was able to realize and react to the decline in market share by "Energade". Thus three years down the line the brand has consistently lost market share (see figure 1.1).

- In both cases a SWOT analysis is done, however Coca-Cola used their SWOT analysis to their benefit. There was an opportunity and they reacted, giving them a significant share of the market with a threat in becoming market leader.
QUESTION FIVE:

Do you do market research?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, we have two research companies that we use A.C Nielsen and Research and Planning Intelligence.</td>
<td>Yes, we believe this would be the only way we are able to understand the market and the needs of our consumers. Market research indicates that an opportunity existed within the sports drink market. Thus the birth of “Powerade”.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Although both companies do market research it is how they utilize the research to benefit themselves. Clearly Coca-Cola at present is utilizing their research to benefit themselves; the proof is in their brand “Powerade”, which has consistently been gaining market share over “Energade”. Over the past three years significant share has been gain and may continue this trend in the future.

(See figure 1.1 on page 3.)
QUESTION SIX:

When would you develop a differentiation strategy?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>We differentiated from dominating the concentrated beverage market into the &quot;ready-to-drink&quot; market. This is how &quot;Energade&quot; came about.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the main reason considered, was when we realized the potential that exists in other segments of the soft drinks non-alcoholic beverages, in which we were not part of. Thus we differentiated from carbonated soft drinks into non-carbonated soft drinks.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Both companies seem to differentiate in a similar way. Where they are dominating in one type of market, they then seem to have realized that other opportunities exist to differentiate into other market segments. Paragraph 2.5.2 explains that differentiation means that marketing management have decided to serve two or more market segments and to develop a separate marketing strategy for each one.
QUESTION SEVEN:

How do you position yourself?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Energade&quot; was targeted at sports persons and through the endorsements from Dr Tim Noakes; we positioned ourselves within the sports drink market, where an opportunity existed to fulfil consumer needs.</td>
<td>&quot;Powerade&quot; was as brand positioned at competing against &quot;Energade&quot; being the market leader. This was our positioning strategy. We also look at all groups that are potential consumers and will position our brand very close to those consumers. This is called an &quot;All Groups&quot; target market. They fall into the &quot;ready-to-drink&quot; market.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- The approach by both companies is significantly different. Bromor Foods positions its product to address a need, whereas Coca-Cola positions its product to directly compete against the number one brand "Energade".

- However, on page 28 paragraph 2, it states that there are two types of positioning, company competitive positioning and product or brand
positioning. This statement from the literature is self-explanatory in terms of the approach taken by both companies.
QUESTION EIGHT:

How often do you review your strategy?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not very often, this is an area we need to work much harder at.</td>
<td>We have five and ten year strategies, however we meet every month to review the smaller plans, which ultimately helps us achieving our medium to long-term strategies.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Bromor Foods seem to be lacking in this area over its fiercest rival (Coca-Cola). By not reviewing their strategy regularly they are most likely to lose focus in terms of the marketing goals set out in the marketing plan. Coca-Cola’s approach to reviews indicates that they are serious in achieving their marketing goals. They are able to recognize at an early stage whether they are on track or not.
QUESTION NINE:

What is the gist of the strategy?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>The gist of our strategy is to capitalize on the opportunities presented in the marketplace.</td>
<td>The gist of our strategies is to ensure we are able to achieve our marketing goals and ultimately become the market leader.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- The gist of each of the two companies are different in that Bromor Foods is looking at capitalizing on opportunities, whilst Coca-Cola seems to strive towards achieving their marketing goals, which will ultimately give them the reward they are aspiring towards, greater market share.
QUESTION TEN:

How do you communicate the plan to various groups to ensure buy-in?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are sales exco’s (meetings), and during those exco’s (meetings) the information is then communicated.</td>
<td>Once the plans are completed we communicate the essence of the plans to all internal employees, at meetings and in newsletters. We are also open to any suggestions that any employee may have.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Communications to various groups within the organization is vital to ensure buy-in from all. This can be compared with paragraph 2 on page 35 of the literature, where it states that isolating marketing functions from operations is one of the most common causes of the marketing planning failure within a firm. Everybody within the organization should be involved in marketing their product: development, finance, customer service and sales. During the interview it was revealed that both companies are communicating their plans internally.
QUESTION ELEVEN:

How often is the plan updated or reviewed?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>The plans are updated quarterly, however, as mentioned earlier, this is an area than needs improvement.</td>
<td>There is an annual plan, which assists in setting budgets. During our monthly reviews we will review the plans to check whether we are tracking well or if problems are for some reason going to delay implementation of the plans.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- With regards to Bromor Foods, their plan is updated quarterly and as mentioned during the evaluation from question eight, that reviews are not done regularly and needs much work to improve.

- Coca-Cola reviews their plans on a monthly basis, checking whether they are on track.
QUESTION TWELVE:

How often do you define the business you are in?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not that often, I think it is because we see ourselves as operating within the beverage market, with a specific focus on the sports drinks. Therefore we do not need to define the business we are in.</td>
<td>As mentioned earlier we need to constantly define our business. This is the reason why we outsourced our distribution to Amalgamated Bottling Industry (ABI).</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- From paragraph 2 on page 51, description of the business is important and states as follows: a description of the business includes information about what industry the company is in. What niche(s) the company competes in. What part of the industry has management decided to focus on? This seems to only be the case in with Coca-Cola, Bromor Foods seems to be lacking in this area.
QUESTION THIRTEEN:

When do you believe you should innovate?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>At all times, this is what we have realized with “Energade”, thus we introduced into the marketplace the “Energade” energy bar.</td>
<td>All the time, this is due to changes in the marketplace and opportunities that are constantly presenting themselves.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Both companies seem to understand the importance of innovation, which can only benefit them all the time. Paragraph 2 on page 22 states that research and practice has shown that segmented markets offer far greater returns and are therefore worthy of larger spending on research and development on innovation.
QUESTION FOURTEEN:

What portion of market share do you think you want to own over time?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>We believe that although “Energade” has come from a base of 75% market share, a realistic portion of market share would be around 65% therefore still allowing us to be market leaders very comfortably.</td>
<td>We want to own 100% of the market share available. In the carbonated soft drink market in South Africa, Coca-Cola own 96% share; believing they can own 100% in the sports drink market.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- The approach from Bromor Foods does not seem to come across as aggressive as that of Coca-Cola. Coca-Cola indicated during the interview that they want to own 100% share in the sports drink market, which may be part of their market strategy. Bromor Foods has been more conservative wanting to achieve less than the market share they once owned.
QUESTION FIFTEEN:

Do you know the size of the beverage market or the size of the market you own?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>The beverage market is very large; we are only concerned with the size of the market in which we operate. The total size I do not know.</td>
<td>Yes I do, this is part of the information gathered by our research companies. However this market consists of teas, coffees, carbonated drinks, non-alcoholic drinks, alcoholic drinks and so on. It is a very large market.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Bromor Foods, due to costs of research, is only focused on the target market in which they operate, thus limiting them to a wider audience of market.

- Coca-Cola on the other hand, due to their financial muscle knows the size of the beverage market as well as the markets in which they operate. This may give them the edge over Bromor Foods.
QUESTION SIXTEEN:

Who are your strongest competitor/s? What are the differences between you?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regarding &quot;Energade&quot; Coca-Cola is our strongest competitor. The main differences are; Coke has a very effective distribution channel, they are very strong financially and they are an international organization who can draw on a wide range of knowledge, skills and experience.</td>
<td>Within the sports drink market, the &quot;Energade&quot; company is our strongest competitor and we are working hard at becoming the market leader within this sector of the beverage market. They are more focused on the concentrated non-carbonated soft drinks market which makes us very different although they are still a competitor.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Both companies recognize each other as their strongest competitors within the sports drink market. There is however an advantage Coca-Cola has over Bromor Foods. This is clearly mentioned during their response of question sixteen.
QUESTION SEVENTEEN:

What according to you is the difference between a market strategy and a marketing plan? Is there a difference?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>A marketing strategy is what you want to achieve, whereas a plan is how to achieve the strategy.</td>
<td>A marketing strategy is the direction where you want to go, and the marketing plan is how you are going to get there.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- There is a clear understanding from both companies as to the difference between a marketing strategy and the marketing plan. The literature states as follows: paragraph 1 page 12. A marketing strategy is essentially a pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole.
QUESTION EIGHTEEN:

Who is involved in your marketing planning process?

<table>
<thead>
<tr>
<th>Bromor Foods: Response</th>
<th>Coca-Cola: Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only the respondent is involved in drawing up the marketing plan.</td>
<td>The marketing team is involved in drawing up the plan.</td>
</tr>
</tbody>
</table>

EVALUATING ANSWERS:

This survey confirms the following:

- Bromor Foods seems to exclude other marketing personnel from the actual marketing plan. These individuals only seem to become part of the process when they are designing the brand plans, which will flow from the marketing plan.

- Coca-Cola on the other hand, seems to apply that which literature implies. During question ten paragraphs 2, page 35 indicated that everybody should be involved in the organization.

4.2 SUMMARY

This chapter highlighted the results of the research. Each question was presented briefly by means of summaries in order to reflect the qualitative aspect of the data. This chapter also presented a discussion of the research results in the context of the theories and prior literature research outlined in Chapter 2.
5. CHAPTER FIVE

5.1 INTRODUCTION

This chapter serves to summarize the findings, conclusions and recommendations for each objective of this research study. The recommendations presented are based on the analysis provided in Chapter 4. The research has assisted in providing some insight to the concept of marketing strategies.

5.2 ORIENTATION

The aim and objectives of this research study were outlined in Chapter 1.

In Chapter 2 a literature review provided us with some insight as to research that has been done on some of the aspects around marketing strategy, being that of segmentation, targeting, positioning and the marketing mix. The questionnaires in Appendix 2 were prepared based on the literature review presented in Chapter 2. The results were presented in Chapter 4.

All the research objectives were achieved. The below-mentioned incorporates the aim and objectives posed and the corresponding results:

5.2.1 Aim

a) The purpose of this study is to identify the reasons for a decline in market share.

b) Recommendations will be made to address the decline in terms of a turn-around strategy.

c) This research will determine the extent of the problem, analyse the strategic position of “Energade” and in order to do this; this report has
been structured so as to be able to relate the relevant theory on the strategy to the actual situation experienced by "Energade".

This research will determine whether a different marketing strategy needs to be adopted for "Energade" to stop the decline in market share seen over the past three years.

The aim of this research study was achieved through the achievements of objectives one and two, described below.

5.2.2 Objectives 1,2 and 3

1. Identify the strategic marketing difference between Bromor Foods and Coca-Cola.

2. To understand the reasons for market share loss of "Energade".

3. To recommend a strategy to address this loss in market share by "Energade".

The objectives were achieved through a literature study, as described in chapter 2. These objectives were also achieved by means of questionnaires to Senior Marketing Management at Bromor Foods and Coca-Cola.
5.3 EVALUATING LITERATURE REVIEW

5.3.1 Marketing

The marketing definition on page 11 refers to the management tasks and decisions directed at successfully meeting opportunities and threats in an environment, by developing a need-satisfying offering to consumers. Bromor Foods seems to lack some of the basic criteria outlined in the definition.

5.3.2 Marketing Strategies

Although Bromor Foods has a marketing strategy, they however have lost focus on one of the four P's, been that of "Product". Czinkota mentions on page 12 under product: repositioning or re-launching existing products. Due to "Energade" losing market share one of the above factors from Czinkota could have been adopted.

5.3.3 Segmentation, Targeting, Positioning and the Marketing Mix

During this section of the literature review a wide range of literature was reviewed, this will briefly be recapped below.

5.3.3.1 Market Segmentation

Marx expands on this part of the definition from page 15, which coincides with where "Energade" is setting within its target market. "Energade" has always been targeted at sports persons or individuals. This may lead to identifying certain areas, which may help in addressing the objectives in chapter one paragraph 1.5 on page 4.
Therefore has "Energade" found itself in a position where it performed very well, with little changes been considered? It may seem that Bromor Foods relied very much on the brand continuing to out perform expectations, thus losing focus on the basics.

At this point it can be said that Bromor Foods followed this process quite well when they introduced "Energade" into the marketplace ten years ago. They assessed the beverage market and felt that the product was well suited for sports persons, thus segmenting the beverage market into smaller groups thereby targeting people within the sports drink sector of the market. This approach worked as "Energade" did well, becoming the market leader within that sector and maintaining leadership for a number of years.

5.3.3.2 Target Market

The "Pareto" effect on page 25 is an effective tool to guide organisations like Bromor Foods to focus on gaining 80% of business from typically a 20% customer basis. Marx on the other hand continues to indicate the important factors of target marketing discussed on page 25. This information by Marx (1995:112) indicates that a very useful tool can be used when developing a marketing strategy for "Energade".

5.3.3.3 Positioning

During the definition of positioning on page 27, Gummesson indicates that management would like to achieve the following: creating a cell in the consumer's brain to a product or service in order to make the consumer think of a special brand when a purchase is pending. When considering "Energade's" initial position within the sports drink market, this is exactly what they achieved. This gave raise to the phenomenal performance as well as becoming the market leader.
5.3.3.4 Positioning Strategy

Positioning strategy is the choice of target market segments that determines where the business competes and choosing a differential advantage that dictates how it competes. So, it is a matter of where and how it competes. In the case of Bromor Foods and their brand “Energade” they are well aware of where they compete. However a positioning strategy is very costly. See paragraph 2.8.1, where Doyle indicates how costly it can be.

5.3.3.5 Product Positioning

Figure 2.9 is a perpetual map for “Energade” as depicted in figure 2.4 of the literature review. This perceptual map indicates where “Energade” is positioned to its rival “Powerade” and that it is more expensive than “Powerade”.
5.3.3.6 Marketing Mix

5.3.3.6.1 Product Life Cycle

Based on the theoretical information, the opinion is that “Energade” is a mature brand rather than a dying brand. A very important point raised by McCarthy is that during the mature phase, “industry profits are declining in market maturity. Top management must see this or they will continue to expect the attractive profits of the market growth stage, profits that are no longer possible.”

There are however more factors that must be brought into consideration when looking at “Energade” as a mature brand. These factors are segmentation,
positioning, marketing mix, competitor analysis and market share which will now be discussed. The following factors will be reviewed and a comparison will be made to see if "Energade" fulfils these requirements from a theoretical viewpoint. Figure 2.10 indicates where "Energade" features within the PLC.

![Figure 2.10 Product life cycle and profit during decline phase
Source: (Marx, 1995:523)](image)

5.3.3.7 SWOT Analysis

It is vital for Bromor Foods to conduct a SWOT analysis; this will help them to capitalize on the strengths and allowing them to understanding that they could be
quite vulnerable to their weaknesses when trying to optimise on opportunities presented in the marketplace. Competitors may threaten their weaknesses, forcing them out of the marketplace.

5.4 SWOT ANALYSIS OF BROMOR FOODS

A SWOT analysis is a tool in the development of a marketing strategy for Bromor Foods. Below is a SWOT analysis done on Bromor Foods.

The Strengths, Weaknesses, Opportunities and Threat (SWOT) analysis is a framework for an objective appraisal of the performance and strategic move of the marketing side of the business. Strengths refer to the competitive advantage and other distinctive competencies that a company can exert in a marketplace. Weaknesses are constraints that hinder movements in certain directions. Opportunities refer to directions the company may wish to move towards to achieve certain marketing objectives, such as market share and new market penetration. Threats are conditions that exist in the marketing environment that may challenge the present strengths of the company (Subhash, 1993: 170-171).

5.4.1 Strengths

- Company has been around for over ten decades
- Brand awareness as a "Quality Product" "Energade"
- Financially secure company – Cadbury Schweppes as holding company
- Large range of homogeneous, complementary products in comparison with other South African manufacturers.
- Locally manufactured products
- Market leader
5.4.2 Weaknesses

- Production-orientated instead of market-orientated
- No formal marketing strategy
- Poor “strategy communication” throughout the company
- Pricing under monopoly
- Poor distribution channels
- Service levels below 90%
- Slow reaction to continuous slide in market share
- No potential for international markets, cannot serve local market effectively due to the above weaknesses

5.4.3 Opportunities

- Network development into emerging markets
- Optimisation of value added products, such as “Energade Energy Bar”
- Exports to rest of Africa
- Optimise on production lines to improve service levels
- Becoming a market-orientated company

5.4.4 Threats

- Competitive environment
- Low barriers to entry for new distributors
- Competitors have better distributions channels
- Competitors use price penetration more effectively
- High labour turnover within marketing department
5.5 RESEARCH FINDINGS

The following findings were made in the research.

Although both Bromor Foods and Coca-Cola are aware of the importance of an effective marketing strategy, there seems to be a concern arising from the strategy employed by Bromor Foods, thus very little time is spent reviewing the progress on the marketing strategy. Although non-disclosed, what type of strategy is being followed by Bromor Foods over that of their competitor? It was clear that they do not have a specific strategy to work with, but rather one based on experience.

When comparing this approach to that of Coca-Cola, the situation is very different. There seems to be much more focus and constant review that takes place within the Coca-Cola company, ensuring that the marketing team stays focused at all times.

- It is clear coming out of the interview, that Bromor Foods has not defined their business or who their customers are. Compare this to Coca-Cola, who seem to be focused on the importance of defining their business and their customer. This comes through in Questions three and twelve.

- Bromor Foods lacks reviewing their marketing strategy regularly, as opposed to Coca-Cola. This may be as a result of middle and low management not been involved in the planning process of the marketing plan, which is only prepared at senior management level.

- Although both companies do a SWOT analysis, Bromor Foods seems to not utilise this valuable information to their advantage. This comes through clearly in figure 1.1, where a decline in market share in volume has been consistent over the passed three years.
• During Question Seven, the positioning strategies adopted by both companies are very different, therefore if Bromor Foods utilize their SWOT analysis they may consider alternative positions. (see page 91 where a SWOT analysis was conduct for Bromor Foods).

• Although communication is taking place in both companies, Bromor Foods are putting themselves at a disadvantage by not reviewing their marketing plan as regularly as Coca-Cola. They may realize they are not having the buy-in they expected internally.

• When the question of market share was covered, in Question Fourteen Bromor Foods are not as aggressive as Coca-Cola and therefore may contribute to the lack of reviewing their position. There is a saying, “aim for the stars and fall on the moon”.

• During the interview, there was a feeling that Bromor Foods has lost their contact with their market. This observation came through in Question Fifteen, where they were not aware of the size of the total beverage market, narrowing their focus to only those markets in which they operate and excluding any other possible opportunities.

5.6 CONCLUSION

This research report has explored the importance of designing the right strategy for your company and your brand. It focuses on the importance of how best to address the lost market share.

Chapter 2 deals with marketing strategy and the importance of sticking to the Basics, by not considering alternatives beyond the set core competencies. This would be especially true for Bromor Foods having a power brand such as “Energade”. Therefore once a power brand has been created, it is vital to
maintain the power of the brand by the way they design, produce products and supply the associated service that meets those needs exceptionally well.

To date Bromor Foods has done exceptionally well in maintaining their brand power. However, due to aggressive competition this power brand has lost significant market share and is on the brink of losing their position as market leader. Any effective marketing strategy must be monitored on a regular basis to signal any possible hindrances that may occur. What comes through clearly in chapter four was that Bromor Foods did not have the same financial muscle as Coca-Cola, their closest rival, nor do they have an effective marketing strategy to address the decline in market share of “Energade”.

5.7 RECOMMENDATIONS

It is the view of the researcher that Bromor Foods urgently adopt a repositioning strategy for “Energade” to stop or even reverse the downward slide in market share.

According to Gummesson (2000:90) positioning is defined as follows; Positioning is a strategy for allocating a position, a cell in the consumer’s brain to a product or service in order to make the consumer think of a special brand when a purchase is pending. This is what Bromor Foods will try and recreate in the minds of consumers who had changed the preferences to “Powerade”.

Figure 2.3 may illustrate that “Energade” is in the position of product Z, being inadequately positioned because it is too costly for the mass market, which is probably the situation “Energade” has found itself in. (Drummond and Ensor, 2001:186) states that when considering positioning there are three principle alternatives open to an organization on page 37 paragraph 1. They are:

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• An organization can build on a current position to create a distinctive perception of the brand by consumers.

• Having established the attributes that are most important to the consumer, the organization can see if there are any unoccupied positions that are desirable in consumers' minds and therefore viable opportunities.

• Due to changes in consumer behaviour, or where perhaps there has been failure of the original positioning, a third alternative can be considered which is to reposition the brand.

5.8 BRAND REPOSITIONING

Brand repositioning is undertaken in order to increase a brand’s competitive position and therefore increase sales volume by seizing market share from rival products. When repositioning, companies can change aspects of the product, change the brand’s target market or both (Drummond and Ensor, 2001:206). Figure 2.5 gives four repositioning options. As can be seen from Drummond and Ensor, this strategy is to increase sales over competitors.

Drummond and Ensor states four ways to reposition. The research based on the study believes that only one is needed and that is:

5.8.1 Product Repositioning

In this situation the product is materially changed but still aimed to appeal to the existing target market. Any changes that are instituted, are to address the change in consumer tastes in the product's target market.
A repositioning strategy would not be very costly, as only slight changes need to be made. This may prove to be more effective as indicated by Drummond and Ensor.

5.9 RESEARCHER'S SELF-CRITIQUE

This study represents the researcher's first attempt at conducting academic research and in initially approaching this study the researcher found himself to be uncertain as a result of lack of familiarity with the nature of research processes. However, after extensive consultation with his research supervisor, who provided progressive, 'step-by-step' support, the researcher's familiarity with the research process grew, as did the researcher's confidence.

Indeed, the researcher found that as he became more and more familiar with the research process, so his appreciation of what emerged from the study grew. Furthermore, this study served to stimulate and expand not only the researcher's understanding of the research process, but also of the research topic, and in so doing has made a significant contribution to his personal and professional development.

5.10 SUMMARY

This chapter serves to indicate the manner in which the study’s aims and objectives have been achieved. The conclusions and recommendations that emerged from the study were summarised. The researcher's critique was also discussed in this chapter.
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7. GLOSSARY

7.1 ABBREVIATIONS

PLC  Product Life Cycle
FMCG  Fast Moving Consumer Goods
SAA  South African Airways
RTD  Ready to Drink
USP  Unique Selling Proposition
SWOT  Strengths Weakness Opportunities Threats
ABI  Amalgamated Bottling Industry

8. APPENDICES

8.1 APPENDIX 1: LETTER ACCOMPANYING QUESTIONNAIRE
8.1.1 APPENDIX 2: QUESTIONNAIRE
APPENDIX 1: LETTER ACCOMPANYING QUESTIONNAIRE

MASTERS DEGREE IN BUSINESS ADMINISTRATION
WITSWATERAND TECHNIKON
Underwritten by: University Of Wales

MARKETING STRATEGY INTERVIEW

31 July 2003

Dear Sir or Madam:

I request your assistance with an interview. I would like to understand your current marketing strategy.

I do understand that this information is confidential, and therefore I would appreciate an interview with members of senior management to answer questions in this regard. Information gained during the interviews will be treated as confidential.

Thank you for your courtesy and assistance

Yours faithfully

Ashley Barberis
MBA Student- University of Wales
APPENDIX 2: QUESTIONNAIRE

Interviewer’s Questionnaire

The purpose of the questionnaire is to determine how effective your marketing strategy is? And how well the strategy is geared towards their competitors.

1. How do you determine your target market?

2. How did you segment this market?

3. How do you define your customer and their needs?

4. Is a formalized SWOT analysis done?

5. Do you do market research?

6. When do you develop a differentiation strategy?

7. How do you position yourself?

8. How often do you review your strategy?

9. What is the gist of the strategy?

10. How do you communicate the plan to various groups to ensure buy-in?

11. How often is the plan updated or reviewed?

12. How often do you define the business you are in?
13. When do you believe you should innovate?

14. What portion of market share do you think you should want to own over time?

15. Do you know the size of the beverage market or the size of your own market?

16. Who is/are your strongest competitor/s? What are the differences between you?

17. What, according to you, is the difference between a market strategy and a marketing plan? Is there a difference?

18. Who is involved in your marketing planning process?