Black and White South African beer consumers: the influence of marketing mix elements on brand choice

Research report submitted by

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2012

ABSTRACT

The South African beer industry is one of the most lucrative in the world but is currently facing a few big challenges such as increased regulation on advertising, increased excise duties and new international competition. South Africa is also experiencing a shift in consumer spending from the white to the black middle class segment. While this provides an opportunity for beer marketers, they need to understand the reasons why these different segments make beer brand choices. This could contribute to achieving a competitive advantage and increased market share, volume and profitability during these challenging times for the liquor industry.

The purpose of this study is to understand which of the marketing mix elements most appeal to and influence the two largest beer consumer groups in the country. A literature review was conducted to provide an overview of the South African consumer and beer market as well as to highlight the marketing mix and its various elements. Key findings from the study were that most of the marketing mix brand choice drivers are similar for both segments but that some are more important to one consumer type compared to the other and that brand image was seen as important to black consumers while white consumers expressed that the actual product and its quality was important. The most impactful and influential marketing mix element for both groups was the "Product" element.

Black male consumers were found to purchase and consume most of their beer at "on premise" consumption outlets compared to white consumers who purchased most of their beer at bottle stores to be consumed at home. The implications for marketers of beer is that they will have to utilize customized marketing programmes to appeal to each segment in order to utilize their marketing spend optimally. Recommendations are also provided on how current beer producers and manufacturers can overcome their challenges and continue to grow their volume, market share and profitability.

DECLARATION

I, Rohan Dev Sukuram , declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Signed at the Wits Business School in Parktown

On the 27th day of March 2012

DEDICATION

I dedicate this research report to my loving wife Roslynn Nicolette Sukuram who has continuously supported and motivated me, to my precious children Tekayha Anastasia Sukuram and Sohan Trey Sukuram who have always been understanding and patient, and most of all to the Almighty Lord for blessing me with the strength, wisdom and opportunity to complete this research report.

ACKNOWLEDGEMENTS

This research report was made possible through the support and guidance of my study supervisor, Prof. M.J.Peters, of the Wits Business School. I would like to express my gratitude to him for his invaluable insights, guidance, assistance and advice throughout the various stages of this project.

I would also like to thank all members of the research survey team for ensuring that the survey completion and results submission were conducted properly and timeously. I am also grateful to all respondents for taking the time to complete the questionnaire and for sharing their insights and information.

Finally I would like to thank my family for providing me with all the support, understanding and patience that I had required in order to complete not only this research project, but the entire Master of Business Administration degree.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this study is to assist marketers of beer brands to better understand which of the marketing mix elements have the most impact on brand choice of beer between consumers from the black and white consumer segments in South Africa. It will also provide an understanding of these consumers' brand choice patterns and behaviours and whether or not there is a difference between the two segments. The findings from this study could also be utilised by marketers when they develop their brand strategies and plans which could in turn lead to increased return on investment from marketing mix expenditure.

1.2 Context of the study

Stats SA (2011) estimates the population of South Africa to be 50,85 million people with expected spending power of R962 billion in 2012 (Economist Intelligence Unit 2009) which signifies good growth and profitability potential for marketers. Martins (2007) states that there are recognisable differences between the consumers in the South African market with regards to economic activities. The country's GDP is estimated to be US$ 346bn with retail sales of US$ 982bn and disposable income of US$ 900bn for 2011 with GDP growth estimated as 3.7% (2011), 4.6% (2012) and 3.8% (2013) indicating the lucrative size and growth rate of the South African market (Economist Intelligence Unit 2010).

Companies collectively spend hundreds of millions of dollars annually to create and execute marketing strategies using the marketing mix to optimise their return on invest and there has been a lot of advancements in explaining how these brand plans and expenditures effect and enhance brand performance

(Bucklin and Gupta1999). Knowing which of the marketing mix elements are the most critical for making brands successful is one critical question that remains unanswered according to (Ataman, Van Heerde and Mela 2010).

The modern consumer has become more demanding, involved, individualistic, independent and is more informed (Capon and Hulbert 2000). Constantinides (2006) attributes this change to the increasing power and sophistication of the consumer. The impact for the modern marketer in South Africa is that they have to now find ways to appeal to the different consumers in the most appropriate way to that segment. The key to this is to understand the needs and reasons of brand choice of the target consumers.

South Africa is a market with great potential where consumers' buying patterns have changed in recent years and are still changing, making the task of marketing beer brands even more complicated and challenging. It is therefore important and valuable for marketers of beer brands to thoroughly understand their target markets' needs and reasons for brand choice.

The South African liquor industry is currently made up mainly of wine, spirits and beer and faces many challenges today such as global competition in line with the World Trade Organisation's "free trade" principles, increased regulation on the advertising and sale of liquor products, the imposing of high excise duties on liquor products as well as the competition with indirect industries such as the cell phone, internet, satellite television, lotto and tobacco companies for a share of the consumer's discretionary income (Naumann 2005). Despite the volume growth, the effect of these indirect competitors can be illustrated through the decrease in discretionary income spent on liquor in 2004 of 13% compared to 1996 which was 23.7%. (Naumann 2005).

South Africa was excluded from world trade during the apartheid era which in turn resulted in many overseas companies being prevented from investing and participating in the South African economy. Apartheid and tensions between the Afrikaaners and English capital led the government to create policies that prevented foreign investments, regulated the distribution of liquor and imposed heavy excise duties which sheltered certain local liquor companies like the South African Breweries who dominated the beer industry throughout most of the 1900's, from international competition (Mager 2008). There is strong competition for the South African Breweries (89,8%) in the form of Molson Coors (5,6%), Brandhouse (1,8%), which is the joint venture between Heineken, Diageo and Namibian Breweries and the other smaller breweries who have a combined market share of 4,8% (Datamonitor 2010).

Increased competition is due to the abolishment of apartheid in 1994 which resulted in the South African economy becoming more integrated with the global economy, opening the way for foreign investments and increased competition for the beer industry (Jenkins 2006). The competition came mainly in the form of Brandhouse which is the merger between Diageo, Namibian Breweries and Heineken, but additional competition also arrived at the same time in the form of global spirits and wine companies such as Edward Snell & Co., Pernod Ricard and Douglas Green Bellingham (Naumann 2005).

The premiumisation trend has moved to South Africa as imported and premium spirits brands are now driving strong growth in the spirits sectors (Heather 2008). These imported spirits brands are growing rapidly in South Africa due to the growing middle class and these brands' premium image (Heather 2008).
This shows the intense competition facing the beer industry from both spirits companies and global companies.

South African marketers are currently experiencing a shift in demand and buying patterns of black consumers who are claiming the space long denied to them and are taking the opportunity to access products and brands not previously made available to them (Wamelen et al 2010).

Wamelen et al (2010) also state that marketers need to look closely at the differences between these consumers before making assumptions as a common mistake made by some marketers are that they assume that as black consumers earn higher salaries, their tastes for goods change while the opposite has found to be true for white consumers.

According to Mager (2008), the social, economic and political changes after apartheid resulted in a sharp rise of the black middle class consumer who demanded premium beer and other products, creating intense competition amongst all liquor companies for this segment of consumers. This is confirmed by Brandhouse making their intentions clear by explicitly stating that they are mainly interested in the premium segment of the South African market (Nevin 2010).

All the challenges and threats facing the liquor industry as a whole mentioned above along with the increased competition from the spirits and wine markets adds to the difficulties being experienced by beer companies and their marketers because their profitability and market share is threatened. An analysis of the beer market in South Africa and the reasons for beer brand choice by different segments of consumers will provide in depth insights to the competing firms of the beer industry and FMCG industries regarding what is important to South African consumers when they choose brands, what the main drivers are and whether there really is a difference between the various segments of consumers in terms of their choice patterns.

Beer producers are now forced to ensure that they optimise their spending and get the highest possible return on their marketing investment in order to maintain and grow their profits as well as to create an advantage over their competitors. They will now have to also compete vigorously for their share of the highest growth segment in the South African liquor industry, namely the black middle class which is highly attracted to premium brands (Nevin 2010).

The situation is thus that there is a huge potential in the market for marketers to capitalise on but they need to be careful of not assuming that all consumers across all segments in the South African market make brand choice decisions in the same way (Martins 2007). These marketing mix influencing factors of brand choice need to therefore be closely analysed in order to identify what exactly it is the different segments of the market look for when choosing brands since there is no analysis done yet on this topic or on the importance in weighting of each of the decision factors (Martins 2007). There is also no concrete evidence that the black consumers' choice criterion varies that much from the white consumer.

1.3 Problem statement

1.3.1 Main problem

Identify the elements that affect brand choice of consumer goods globally and then to articulate the differences and similarities between beer brand choice drivers between white and black beer consumers.

1.3.2 Sub-problem 1

Identify the marketing mix elements that affect brand choice.

1.3.3 Sub-problem 2

Articulate the differences and similarities between black and white beer consumers when choosing beer brands.

1.4 Significance of the study

The study fills a gap in that marketing managers of FMCG companies allocate large amounts of their annual budgets on their marketing mix expenditure yet there has only been a few studies that have investigated the role of the marketing mix elements on a brand's performance, resulting in little guidance being available to firms and their marketers on the relative efficacy of their various marketing mix expenditures over a longer period (Ataman et al 2010). South African beer marketers also invest heavily in marketing and therefore need to understand the weighting of the impact of each element on beer brand choice.

Due to the landscape of the South African beer market changing from being white to black focussed, the study will provide beer marketers with deeper insights into why these consumers choose certain brands of beer, allowing beer marketers to make more informed decisions and create more effective brand plans and strategies when targeting different consumer segments with the same brand.

The main benefits to be derived from more effective and efficient brand plans are a higher return on investment, increased sales and reduced marketing costs which is imperative in today's highly competitive market where beer brands not only compete against each other and spirits brands, but for a share of wallet of the consumer's discretionary income.

1.5 Delimitations of the study

The study will focus only on the marketing mix elements that impact consumer brand choice and will exclude all other factors such as culture, family influence, etc. The marketing mix comprises of 4 elements which are the price, place, product and promotion and is known as the 4 P's of marketing. The consumer segments targeted for this study are black and white males only between the ages of 18 - 35 years old.

The products assessed are only malt beer and exclude sorghum beer, Ready-To-Drink (RTD) beverages and Flavoured Alcoholic Beverages (FABs) such as ciders, spirit coolers and pre-mixed spirits.

1.6 Definition of terms

- 4 P’s – Price, Product, Promotion and Place elements of the marketing mix (Constantinides 2006).

- Above the Line advertising – advertising that is aimed at and exposed to a wide reaching public audience and include, radio and TV ads, billboards, magazines, cinema and newspapers (Kotler and Keller 2006).

- Below the Line advertising - non media communication aimed at a specific target audience and include in-store merchandising and displays, direct mail, tele-marketing and e-mails (Kotler and Keller 2006).

- Black consumers – African consumers in South Africa. Excludes Indian and Coloured consumers.

- Black diamonds – affluent black middle class consumers over 18 years old (Goyal 2010)

- Brand equity – the incremental value added to a product through its name (Park and Srinivasan 1994).

- Fast Moving Consumer Goods (FMCG) – These are goods that are low-priced items that are used with a single or limited number of consumption and are not durable. (Baron, Davies and Macmillan 1991).

- Off premise outlets – retail outlets where the product is consumed off the outlet’s premises. For this study, it refers to bottle stores.

- On premise outlets – retail outlets where the product is consumed on the outlet’s premises. It includes bars, restaurants, taverns, shebeen, nightclubs and pubs.

- Spirits – Alcoholic beverages that include brandy, whisky, vodka, cane, liqueurs and tequila.

- White consumers – White consumers in South Africa.

1.61. Acronyms

- AMPS – All Media and Product Survey
- ATL – Above the Line advertising
- BTL – Below the Line advertising
- FAB's – Flavoured Alcoholic Beverages (SAB 2010)
- FMCG – Fast Moving Consumer Goods (Martins 2007)
- GDP – Gross Domestic Product
- LSM – Living Standards Measures
- RTD – Ready To Drink (SAB 2010)
- SAB – South African Breweries (SAB 2010)
- StatsSA – Statistics South Africa

1.7 Assumptions

The following assumptions have been made regarding the study:

a. The sample will be willing to share their purchase patterns and decision making criteria.

b. The responses provided by the respondents will be conveyed honestly and truthfully. Incorrect or false data will negatively affect the study's results.

c. The number of respondents chosen for the sample will be sufficient to yield adequate and accurate results.

d. The sample will reflect the population of South African consumers being studied.

2 LITERATURE REVIEW

2.1 Introduction

This section contains a literature review on the main aspects and topics that are related to the study. The first section analyses the beer industry and its potential, threats and challenges. The second section then identifies the 4 P's of the marketing mix and its relevance to strategy creation and implementation by marketing managers of consumer goods globally. The last section looks at the concept of market segmentation and the differences between the black and white consumer segments in South Africa as well as their characteristics and buying behaviour.

2.2 Background discussion

The South African liquor industry is the fastest growing in the world (Business Wire 2007). The South African beer market grew by 0.1% in 2009 to reach sales of $3,838bn but the volume shrunk by 0.5% to reach 2,674 million litres which is mainly attributed to the recession but sales are expected to reach 2,905 million litres by 2014 indicating the great potential for any brewer in this market (Datamonitor 2010).

Current beer manufacturers and distributors are facing major challenges such as increased regulatory pressure on advertising and sales, annually increasing excise duties and the entrance of new global competitors who are lured by the high profitability potential of the South African market. This lucrative South African beer market was once dominated by the South African Breweries which up until 1998 had about 98% market share but this has changed with the entry of Brandhouse which is the joint venture between Heineken, Namibian Breweries and Diageo (Nevin 2010). The major brewers as at 2009 by market share of the malt beer segment are SABMiller (87,8%), Molson Coors Brewing Company (5,6%), Brandhouse (1,8%) and other brewing companies which account for 4,8%.

According to Nevin (2010), there is currently a shift of spending from the white consumer to the fast growing black middle class consumers referred to as the “black diamonds”. The author describes this segment as enjoying increased affluence from continuously increasing disposable incomes and as a segment who demand premium beer and the finer things in life. Consumers and the reasons for their brand choice has been a widely discussed and researched topic. Therefore a deeper understanding of this consumer segment compared to the previous most lucrative segment, the white male consumer, could provide advantages to beer producers if they targeted them with the relevant market mix.

With the intense levels of competition that has been created through globalisation, it has become a focus area for most marketers in order for them to try and gain a competitive advantage over their competitors, making branding one of the key focus areas for many companies (Johansson and Leigh 2011). Keller and Kotler (2006) describe a brand as a name, term, logo, symbol or design or any combination of these elements that is used to differentiate a product from another. The brand choice drivers of consumers is something that is key to the success of any business which could mean the difference between success or failure for many brands and companies.

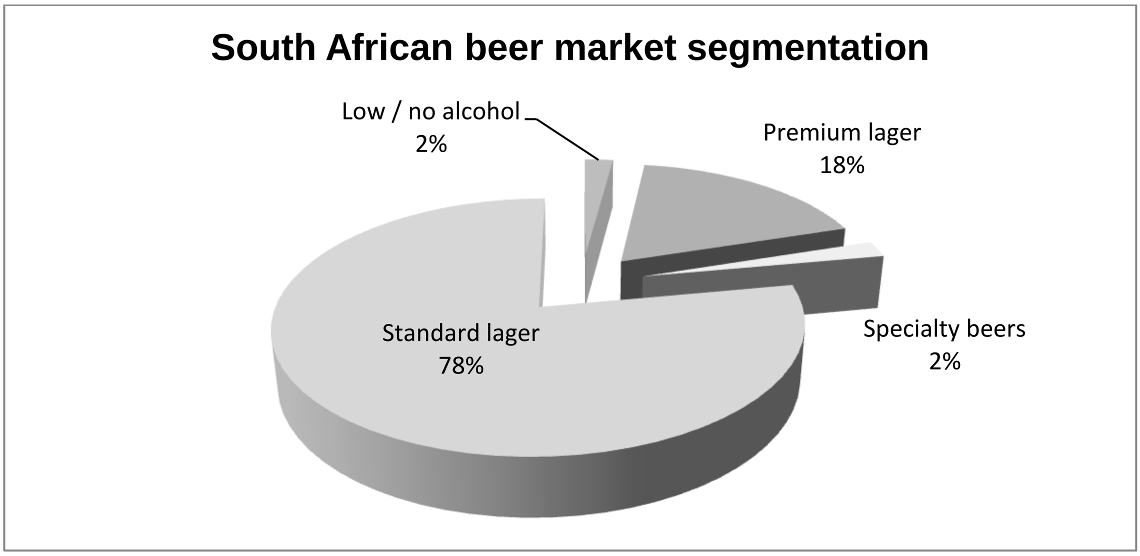
2.2.1 The South African Beer industry

South Africa’s brewing industry gained huge growth in the apartheid era after the prohibition on the sale of beer to Africans was lifted (Mager 2008). The ending of apartheid brought renewed international competition in the late 1990s and early 2000's (Mager 2008).

The domestic liquor industry can broadly be classified into the manufacturing (or direct importation) of beer, wine, spirits and flavoured alcoholic beverages, with beer sales accounting for just over 50% of the volume of total liquor sales in 2009. The beer category can be further sub-divided into malt and sorghum beer (or traditional African beer), while wine can be delineated into natural, fortified and sparkling wine. Spirits, in turn, can be segmented into white spirits (e.g. vodka and gin), brown spirits (e.g. brandy and rum) and whisky, while spirit coolers and cider-like drinks are the main categories within the flavoured alcoholic beverages segment (SAB 2010).

The South African beer market experienced sales of $3.6 billion in 2009 which is expected to grow to $4,0 billion by 2014. The 3 major players which are SABMiller, Brandhouse and Molson Coors Brewing Company hold 95.2% of the market volume with SAB alone holding 87,8% market share and standard lager accounting for 73,4% of total malt beer sales (Data Monitor 2010).

Figure 1: South African beer market segmentation



Source: Datamonitor 2009

The main brands dominating the beer by company industry are:

a) **SABMiller:** Carling Black Label, Castle Lager, Castle Lite, Hansa Pilsener, Miller Genuine Draft, Dreher Premium Lager, Grolsch, Peroni Nastro Azzurro, Pilsener Urquell, Blakes and Doyle, Brutal Fruit, Redd's, Sarita, Skelter's Straight

b) **Brandhouse:** Amstel, Heineken, Windhoek, Kilkenny, Guinness, Tafel Lager

c) **Molson Coors Brewing Company:** Coors Original ("Banquet"), Coors Light, Killian's Irish Red, Blue Moon, Keystone

d) **United National Breweries:** Chibuku, iJuba Blue, iJuba Special, Joburg Beer, leopard Special, Tlokwe (all sorghum beers)

2.2.2 Challenges for the beer industry

The South African liquor industry is experiencing many significant challenges which impact on the way business is done in this industry as well as the profitability of the current companies (Naumann 2005). These challenges and their impact are as follows:

2.2.2.1 Higher excise duties:

Excise duties in October 2010 was 33% of the average retail price for beer, 23% for wine and 43% for spirits which averaged out at R50.20 per litre of absolute alcohol or an average of 85.34c per 340ml can (SAB 2010).

I-Net Bridge (2011) reports that the excise rate has been maintained at the same rate of 33% for beer as it had been for several years in February 2011, however, SAB has only increased their prices by 4.5% which is in line with inflation versus the government's 7.5% increase in excise of beer. The report also states that the South African excise on beer is ahead of the international average and out of line with the international trend towards higher excise duties for alcohol products with higher alcohol levels. Traditional beer has escaped with no excise being imposed.

This shows that malted beer has a great disadvantage over both spirits and sorghum beer who compete with malted beer in that both these products are unfairly and disproportionately taxed. Bleby (2010) states that further increases in excise duties on alcohol will hurt the sales of liquor and beer, more especially of mainstream beer compared to premium beer or spirits due to the consumers of these products having more disposable income versus mainstream beer consumers. The result is that malted beer and SAB would be the hardest hit from the increases in excise duties.

2.2.2.2 Increased advertising bans:

Naumann (2005) states that regulatory challenges are mainly focused around the registration and licensing of new and existing traders along with proposed bans on advertising. The liquor industry is under immense pressure from regulators who are supporting the banning and restricting of alcohol advertising which is placing alcohol companies under immense pressure to sustain the advertising of their products to ensure growth.

The World Health Organisation is increasing their momentum and focus on the banning of alcohol advertising as is evidenced by the passing of a resolution on the "Public health problems caused by harmful use of alcohol" in 2005 (Babor et al 2003). The World Health Organisation's pressure on the South African government has already taken its course as we have noticed the passing of

legislation making it compulsory for alcoholic beverages to have warning labels (Khumalo 2007).
While the advertising ban is not yet affected, it is placing pressure on alcohol companies who now have the added challenge of having to compete for disposable income with other products that are allowed to advertise. Since alcohol advertising is threatened, it is integral for alcoholic beverage companies to comply with regulation and self-regulation in order to protect its right to advertise (Harker, Harker and Volkov 2001).

Beer marketers have to ensure that they now optimise utilisation of the marketing mix by focussing on the other 3 P's (place, product and price) of the marketing mix, should the alcohol ban be implemented. Below the Line advertising will have to be the key focus for companies competing in the industry currently along with consumer engagements.

2.2.2.3 Intense competition:

Beer brands do not only compete with each other, they also compete with spirits and wines as well as for a share of the consumers' disposable income with companies in the communications sector (especially cellular), the lottery, tobacco, and other non-alcoholic beverages (Naumann 2005).

While South Africa has a growing consumer demand, especially amongst the middle class which demands premium products, it is a challenge for the beer industry as these consumers are opting for and switching from traditional malt beer to spirits and Flavoured Alcoholic Beverages (Naumann 2005). The author also states that intense competition for consumers' disposable income, technological advances and widening product offerings will be the key factors of growth for the beer industry.

There is currently intense competition in the beer industry in South Africa, especially between SABMiller and Brandhouse who are competing for market share, volume and profitability for the lucrative beer market. Nevin (2010) states that the war of the beer will be fought in the townships where both SABMiller and Brandhouse see the potential of the emerging middle class black consumers as this is the segment that Brandhouse aims to target with their portfolio containing premium brands, however SABMiller is determined to fight for this segment as well. This illustrates the intensity of the competition in the South Africa beer market and therefore it is of utmost importance for the brewers and marketers to understand their consumer segments in order to appeal to them most effectively due to changing needs and behaviours of both the white and black beer drinkers.

2.3 The marketing mix

The marketing mix is a tool that contains a set of variables that can be utilized, controlled, coordinated, managed or manipulated by marketers in order to influence and satisfy their target markets as well as reach their marketing objectives (Bellmunt and Valencia 2005). Understanding which of the elements of the marketing mix most influences a marketer's target market can create an advantage for them.

The term 'marketing mix' was created after Neil Borden read about James Culliton's description of marketers as 'mixers of ingredients' in his reference to them designing marketing programmes for their brands, which then led Borden to re-name this mix of marketing elements the 'marketing mix' (Borden 1984).
Borden first developed the marketing mix in the 1960's to contain twelve controllable marketing elements which he stated would lead to "profitable business operation" if managed properly which Jerome McCarthy then reduced to a four-elements framework in 1964 called the 4 P's which consists of Product, Price, Promotion and Place elements (Constantinides 2006).

The author has also cited Lauterborn (1990) as stating that the 4 P's marketing framework is one of the few topics of commercial theory that has truly inspired the marketing academia and is considered the 'Rosetta stone of marketing education". Constantinides (2006) has cited Groonroos (1994) in stating that the marketing mix is regarded as the toolkit of transaction marketing and as an archetype for operational marketing planning and has also cited (Kotler 2003; Brassington and Pettitt 2003) in describing the mix as the 4P's which are the controllable parameters that could be used to influence the consumer buying process and decision making.

2.3.1 Components of the marketing mix

The marketing mix elements with their components have been tabled below as per (Perreault, D.W. and McCarthy, E.J. 2005).

Table 4: The marketing mix (Perreault, D.W. and McCarthy, E.J. 2005)

Product	**Place**	**Promotion**	**Price**
Product variety	Channels	Sales promotion	List price
Quality	Coverage	Advertising	Discounts
Design	Assortments	Sales force	Allowances
Features	Locations	Public Relations	Payment period
Brand Name	Inventory	Direct Marketing	Credit terms
Packaging	Transport		
Sizes			
Services			
Warranties			
Returns			

Kotler and Keller (2006) describe the marketing mix as consisting of 4 main categories with various components within each category as per Table 4. Due to the nature of FMCG products and beer in particular, this study will only focus on the marketing mix elements that are unshaded in Table 4and will exclude the shaded elements due to the irrelevance of these elements to the product and the consumer type.

Each element of the marketing mix is unique in its own way with unique characteristics resulting in each element requiring different levels of adaptation when marketing a brand (Powers and Loyka 2010). The components of each marketing mix element as described by Kotler and Keller (2006) are described below.

a) Product: The main elements of the "Product" category that is focussed on are its variety, quality, features, brand name, packaging and sizes of packs.

b) Place: The "Place" category relates to the channels utilised to distribute the manufacturer's product, the coverage of outlets that stock the product, assortment of products, location of stores stocking the product and the inventory or the amount of stock held by stores.

c) Promotion: The main "Promotion" components are sales promotions, above and below the line advertising, use of the sales force, public relations and direct marketing.

d) Price: "Discounts and list prices" are the 2 main tools utilised as part of the marketing mix under the 'Price" category.

2.3.2 Use and importance of the marketing mix

Each of the elements of the marketing mix is useful to the marketing manager in their own specific ways and therefore this makes the tool an adaptable one for marketers to choose the relative and best elements for their product and brand strategies (Goi 2004). The usefulness of each of the components of the marketing mix is discussed as follows:

a) Product activity is useful mainly for building brand equity, improving and enhancing a brand's perceived quality in order to increase the likelihood of purchase (Ataman, Van Heerde and Mela 2010). The product element relates to the actual product and its features. Marketers can use the product to appeal to consumers by focussing on elements such as product assortment, features of the product, its packaging, name, design quality and services and warranties related to it (Keller and Kotler 2006).

b) Pricing elements such as 'recommended selling price', price gaps and promotional pricing can be used to increase sales since they exploit the opportunity of price elasticities to build brand equity. Consumers use price as a cue or indicator of the quality of a product which results in consumer perceiving higher priced products to contain more quality and vice versa for lower priced products (Boonghee, Donthu and Lee 2000). This is important for brand building which makes strong brands less vulnerable to competitor price cuts.

Thaler (1985) states that low-priced products provide transaction utility whereas high-priced products create an acquisition utility which means the product is viewed as having more quality. Factors influencing price include economic factors, political and legal issues, price controls, transportation costs, market structures, demands, rates, taxes, trade barriers and pricing practices (Brei, D'Avila and Camargo 2011).

c) Promotion is referred to as brand-oriented advertising (non price advertising) and has various benefits such as creating brand awareness, building brand equity, differentiating products and to enhance or strengthen a brand's image (Aaker 1991 ; Keller 1993) as cited by Ataman et al (2010). There are also various promotions that are targeted at retailers as well as consumers which allow for trade discounts, prize give aways, experiential events, trade incentives and activations which serves the purposes of creating awareness and trial in order to assist in brand building (Perreault and McCarthy 2005).

d) Place mainly relates to the distribution and availability of the product in the outlets that serve the consumer (Ataman et al 2010). The sale of products are expected to increase if they are more readily available in the appropriate quantities and range due to consumers being exposed to the brand or range of variants and having it available which reduces the chances of brand switching and opposition product trial and signals the company's commitment to the brand which helps to improve the company and brand image (Ataman et al 2010).

The first of the 2 distribution methods employed by companies is to distribute intensively which involves getting the brand placed in a large number of stores to cover the market (Boonghee, et al 2000). A company gains the benefits of creating customer satisfaction and brand loyalty when consumers find the brand in a large variety of stores which reduces consumers' search and travel time resulting in consumers having to make less sacrifices to purchase the brand (Ferris, Oliver and Kluyver 1989).

Boonghee et al (2000) describes a second method of distribution which involves the selective or exclusive distribution of products which enhances a brand's image and gains trade support. This is done by placing the brand at only certain stores that are aligned to the brand's plan and image which creates scarcity that enhances the premium image of the brand. Retail support is gained through reciprocation from retailers due to their gratitude to be part of the outlets selected to stock the brand.

2.3.3 Criticisms of the marketing mix

A review on the views of some of the most popular and influential marketing authors such as Kotler (1984); Ohmae (1982); Robins (1991); Vignalli and Davies (1994); Doyle (1994); Bennett (1997); Yudelson (1999) and Schultz (2001) has revealed that the majority of these authors have criticised the marketing mix of containing shortcomings, of which the 3 main areas highlighted are that it has an internal orientation resulting in a lack of customer orientation; a lack of consumer interactivity since the marketing mix ignores the changing nature of the changing consumer who demands more control of the communication and transaction process and a lack of strategic elements which make the marketing mix inappropriate for planning purposes in an environment where the external and uncontrollable factors define the company's opportunities and threats (Constantinides 2006).

Other critical authors with their criticisms include Groonroos (1994) who has described the marketing mix as inadequate theoretical grounding and that it is incompatible with the relationship marketing paradigm. Yudelson (1999) has stated that it is not integrated into the exchange paradigm formally and Dobscha and Foxman (1998) has stated that the marketing mix only focuses on the stage of acquisition of consumption. Another limitation of the marketing mix is that it assumes primarily independent exchanges between marketers and customers and therefore does not place any focus or emphasis on the potential buyer-seller interaction and relationships (Moller 2006).

Even though there have been many scholars and academics who have criticized the marketing mix and its limitations, the 4 P's marketing mix remains the most widely utilized tool in marketing and for most marketing researchers in large parts of the academic world it seems to remain the marketing truth even today (Groonroos 1994).

2.3.4 Other proposed elements of the marketing mix

From the criticisms and shortcomings mentioned above relating to the marketing mix and all of its components, various authors have suggested adding other elements to the marketing mix in order to complete it and make the mix more applicable to the modern market and to a wider range of products and service.

An example of one such author is Neil Borden who himself has also mentioned an additional 8 elements that he suggests should be added to the marketing mix (Borden 1984). These include:

1. Branding
2. Personal Selling
3. Advertising
4. Packaging
5. Display
6. Servicing
7. Physical Handling
8. Fact Finding and Analysis

Borden's marketing mix consists not only of the 4 P's, but includes market research, tests and measurement as key components of marketing management (Quelch and Jocz 2008).

Even though there are many authors after McCarthy and Borden who have suggested additional or replacement components to the marketing mix, the basic framework has still survived and is still the most accepted set of elements to be used in marketing management (Quelch and Jocz 2008). Therefore this study will focus only on the marketing mix as the basis for testing the responses of the two consumer segments being studied.

2.4. Differences between black and white South African consumers

2.4.1 Market segmentation and methods

Segmentation of consumer markets involves the grouping of consumers with similar characteristics and can be done by either looking at descriptive characteristics such as geographic, demographic or psychographic characteristics or at the behavioural considerations such as activities, lifestyle opinions, interests and consumer responses to benefits and use occasions of brands (Kotler and Keller 2006).

Market segmentation is important as each segment has identifiable characteristics of actual or interest potential and very often segmentation is done according to the industry or products being marketed (Martins 2007), hence the importance of knowing and understanding the needs of each segment.

The strategies of market segmentation make various assumptions such as that the consumers are different; that the difference between these consumers are related to their differences in product choice and that the various consumer segments can be isolated within the bigger market (O'Connor and Sullivan 1995). Blattberg, Buesing and Peacock (1978) describes that the relevance to management of segmentation is their ability to divide the consumer population into groups that are homogeneous but that differ from each other in their purchase behaviour. O'Connor and Sullivan (1995) also state that there are various advantages to be gained from segmenting a market such as marketers more easily identifying market opportunities, fine tuning and adjusting their offerings to appeal more to the consumer and to better understand their target market needs through understanding their response characteristics which leads to the development of more appropriate marketing programmes.

2.4.2 Segmentation of the South African market

South Africa is a very diverse country with various ethnic groups who are further segmented into income groups resulting in these groups having different needs and reasons when choosing products and brands. According to Stats SA (2011), there are currently 50, 59 million consumers in South Africa that are segmented into four racial categories which are African (79, 5%), White (9, 0%), Asian (2, 5%) and Coloured (9%). Segmentation of the South African market by race is crucial since there are a number of cultural differences present such as home language that prevail among the four races in South Africa and must be taken into account in marketing strategy decisions (Martins 2007).

Table 1: South African population by ethnic group

Population by ethnic group - 2011				
Population Group	**Male**	**Female**	**Total**	**%**
African	19472038	20734237	40206275	79.48%
Coloured	2188782	2351008	4539790	8.97%
Indian/Asian	626690	648177	1274867	2.52%
White	2227526	2338299	4565825	9.03%
Total	**24515036**	**26071721**	**50586757**	**100%**

Source : Stats SA (2011)

Within South Africa, the population density and personal disposable income of the inhabitants of the nine provinces differ considerably with important consequences for marketing and distribution costs, hence segmentation by province is necessary (Martins 2007). The geographical distribution of the South African population for 2011 is as follows:

Table 2: South African population by gender and geographical area

Gender	**Gauteng**	**Mpumalanga**	**Northern Cape**	**North West**	**Western Cape**
Male	5712545	1772138	536309	1621731	2580119
Female	5615658	1885043	560422	1631659	2707744
Total	11328203	3657181	1096731	3253390	5287863
%	**22.39%**	**7.23%**	**2.17%**	**6.43%**	**10.45%**
Gender	**KwaZulu Natal**	**Limpopo**	**Eastern Cape**	**Free State**	**Total**
Male	5159983	2578344	3221865	1332002	24515036
Female	5659147	2976313	3608093	1427642	26071721
Total	10819130	5554657	6829958	2759644	50586757
%	**21.39%**	**10.98%**	**13.50%**	**5.46%**	**100.00%**

Source: Stats SA (2011)

Martins (2007) states that segmentation is also conducted utilising a tool from the Living Standards Measure (LSM)® group, whereby households are classified into one of 10 LSM® groups, on the basis of their possessions and where they live, enabling marketers to do more informed target marketing, especially when media selection for promotion is considered. The LSM breakdown is as follows:

Table 3: South African population by LSM group

LSM Group	Average Household Income
LSM 1	R 1,386
LSM 2	R 1,564
LSM 3	R 2,116
LSM 4	R 2,580
LSM 5	R 3,627
LSM 6	R 5,990
LSM 7	R 9,694
LSM 8	R 12,188
LSM 9	R 17,809
LSM10	R 26,602

Source: SAARF (2009)

2.4.3 The “Black Diamond” segment

“Black Diamonds” is the name given to describe the South African black middle class. Goyal (2010) describes this segment as a product of the South African government’s Black Economic Empowerment (BEE) program that started post 1994 which now constitutes almost 10% of the current black population of 22 million consumers over the age of 18 years old.

The emergence of this black middle class has clearly shifted the spending patterns of South African consumers, changing consumption per head from US$1,501 in 2002 to US$3,602 in 2007 (Economist Intelligence Unit 2009). This has contributed to making the country the largest retail market in Sub-Saharan Africa and the 20th-largest retail market globally. South Africa is also one of the largest consumers in the world of beer and the growing black middle class has contributed to the growth of the beer, cider and the flavoured alcoholic beverages market (Economist Intelligence Unit 2009).

The spending power of the 3 million consumers belonging to the so called “Black Diamond” segment had equaled that of the total white population in 2008 for the first time to amount to R250bn (Klein 2008). This segment’s drastic increase in spending power by 39% from R180-billion in 2007 to R250-billion in 2008 makes it the new future growth key segment for many brand owners (Klein 2008). This is the reason why the “Black Diamond” segment’s brand choice behaviour and requirements need to be differentiated from the previous and second key consumer segment which is the white middle class segment.

2.4.4 Reasons for Black and White consumers’ beer brand choices

The reasons for brand choice between these 2 segments of consumers have not yet been established and is what the study is intended to reveal.

2.5 Conclusion of literature review

The literature review reveals that while there is a lot of debate surrounding marketing tools and which of them is the best for developing the most impactful brand marketing plans, the marketing mix as endorsed by Borden (1984) is the most widely utilised in the marketing world today and consists of Price, Product, Place and Promotion elements.

It also highlights that the South African beer market is a very lucrative one and the fastest growing in the world but also faces various challenges such as increased regulation, competition and excise duties while containing diverse consumer segments who are at different stages in the economic cycle with differing needs and reasons for choosing various products and brands.

Due to the rapidly growing black middle class of consumers in South Africa that offer huge growth and profitability potential to beer manufacturers, it becomes helpful to understand which of the marketing mix elements appeal to them and influence their purchase decisions compared to their white counterparts who were previously the most profitable segment.

Based on all the findings contained in the literature review, it becomes important for beer manufacturers and marketers to understand which of the marketing mix elements most influence their two key consumer segments, namely the white and black consumer groups. An understanding of the key marketing mix brand choice drivers between the two groups has not been conclusively determined in the literature.

2.5.1 Research Question 1:

What are the marketing mix elements that affect brand choice of consumer goods globally?

2.5.2 Research Question 2

What are the differences and similarities between black and white beer consumers when choosing beer brands

3 RESEARCH METHODOLOGY

Research is a process of inquiry and investigation that is used to increase knowledge of a certain topic or that is used to solve a particular problem while being done in a systematic and methodical manner (Sekaran 1992). Conducting research involves investigating and reviewing existing problems or situations so that knowledge can be increased on a topic in order to provide solutions and new processes to resolving the problem and comprises 3 purposes which are either exploratory, descriptive and casual or predictive (Sarantakos 1993).

This section highlights the methodology that will be used in order to conduct this research. The concept of quantitative research will be discussed along with the design of the research and the instruments that will be utilised. Issues related to data collection and the analysis of this data that is related to the study will also be discussed along with the validity and reliability of this study.

3.1 Research Methodology:

The research methodology used in this study to determine the reasons of brand choice is a quantitative study as it is appropriate for this study and will be useful in achieving the required results and outcomes of the study. Quantitative tools such as questionnaires are generally structured so as to ensure objectivity, generalisability and reliability (Creswell 2003). With quantitative methods the researcher is viewed as external and unbiased and the assumption is made that the respondents are chosen randomly and the selection criteria is unbiased, resulting in constant data regardless of who the researcher is (Creswell 2003).

The advantages of quantitative research tools are that they have more structure, are systematic and they allow the researcher to obtain information directly from respondents in an open and transparent manner. This research tool has the potential to produce highly accurate results and the results acquired through this method are easily quantifiable (Du Plessis 1994). Bryman (1984) states that the additional advantages to be gained are objectivity, replicability and causality.

In order to maintain objectivity, the study made use of methods such as survey research in the form of structured direct questionnaires which were done face to face with the targeted respondents.

3.2 Research Design:

The design of this research is in the form of a descriptive study which is the term used to describe research involving the collecting, organising and summarising of information that is related to the problem in question (Punch 2000). Descriptive research entails the thorough examination and analysis of a problem and then describing, measuring and clarifying the problem (Dane 1990). The advantages of the face to face questionnaire are that it provides a broad scope, has the ability to test respondents in their natural setting, respondents may be more honest due to anonymity of the questionnaire, respondents are familiar with the concept and can get clarity should the need arise, has higher accuracy due to larger sample and is easy to administer, score and code (Pinsonneault and Kraemer 1993).

The disadvantages of the face to face questionnaire are the chances of misinterpretation of questions between the 2 segments due to different cultures and contexts. This will be resolved by ensuring that the interviewers are trained and briefed in exactly the same way.

The data will be collected by completing questionnaires one on one with consumers from the targeted market. The surveys will be done in outlets frequented by the target consumers where they purchase their products and brands which will allow the respondents the opportunity to give their true reasons as they are in the actual environment where they make their purchase decisions. The duration of the questionnaire completion will be between 15-20 minutes long and will consist of closed ended questions with a range of options for each question that will cover all possible answers. The reason for the closed ended question is that the study focuses only on the marketing mix elements as reasons for consumer choice of brands.

3.3 Population and sample:

3.3.1 Population:

The population consisted of 50 white and 50 black beer drinkers in the Gauteng province that frequent liquor outlets such as bottle stores, tavern, bars, nightclubs and restaurants. A qualifying criterion was included in the questionnaire in order to ensure that the correct profile of consumers interviewed met the needs of the study. This qualifying criterion was that the respondents had to be male only and had to be either white or black beer drinkers between the ages of 18-35 years. A total of 20 respondents (20% of sample) were called back by the researcher in order to ensure that the questionnaires were fully understood and completed correctly by the respondents and to randomly test the authenticity of the sample surveyed.

3.3.2 Sample and sampling method:

As stated above, the sample consisted of 50 black and 50 white male beer drinkers between the ages 18-35 years old in the Gauteng province and the method of sampling used was direct questionnaires. The target respondents were identified at the targeted liquor outlets through observation of beer purchases and were approached by surveyors who then conducted the survey with the respondents. A team of 8 surveyors were utilised which consisted of current merchandisers in the liquor industry. One of the teams consisted of black researchers and the other of white researchers in order to relate more closely to the target respondents. A total of 100 questionnaires were completed with 100 respondents.

3.4 Measuring Instrument:

The measuring instrument was a standard structured questionnaire that contained 3 sections as found in Appendix A. The 3 sections are as follows:

a) The consumer demographics
b) The consumer behaviours
c) Consumer attitudes

The questionnaire was designed in a manner that allowed the interview to be conducted quickly with very little confusion since the alternative chosen will cover the actual choice of the consumer relative to the study. The questionnaire was also designed to be user friendly to the researchers as it is a simple tick box questionnaire for the options chosen by the respondents.

3.5 Procedure for data collection

The interviews took place when the typical consumers in terms of the target market frequented the outlets chosen. The days chosen for the survey was mainly Fridays, Saturdays and Sundays since these are the days when the target consumers most visit these outlets. Respondents were randomly selected as they make their purchases and only consisted of buyers and users of beer products. The areas were located in the Gauteng province and were split equally between townships and suburbs.

Completed questionnaires were handed to the researcher and a quality check was done. Incomplete or incorrectly completed questionnaires were extracted and its respondents were then contacted and the questionnaires were then corrected through a telephonic survey.

3.7 Data analysis and interpretation

Analysis of the data followed the data management system which involves data reduction, data display and the drawing of conclusions. During the data reduction process, information and responses gathered from respondents was captured into excel spread sheets for analysis. The reduced data was displayed to draw any interpretations related to the study and finally the drawing of conclusions was done as the last step. Conjoint analysis is the method that was used to analyse the data.

Conjoint analysis is useful to managers since it assists in understanding consumers' preferences of one brand over another and it not only predicts overall preference but it is also used in estimating price-demand tradeoffs or tradeoffs among the various product elements of the marketing mix (Quelch and Jocz 2008).

Conjoint analysis is used for research done on consumer and industrial goods, services and not for profit offerings and allows researchers to deal with situations where the consumer makes choices that vary across two or more brand or product attributes (Green, Krieger and Wind 2001). Quelch and Jocz (2008) state that conjoint analysis is now the most widely used method for analysing choice tradeoffs in marketing research and can even be applied to positioning, price, product design and market segmentation.

3.8 Limitations of the study

One of the main limitations of the study is that it can mainly be conducted after hours and on weekends due to the nature of the liquor industry where the product is predominantly purchased and consumed during these times. The other limitation is that it will be very difficult to identify consumers in the age bracket of 18-35 years old through observation only and this could therefore cause delays if we have too many consumers approached by interviewers that fall outside of this bracket. The lack of quantitative methods limits the additional insights that could be gained from the population about their buying patterns that are not related to the marketing mix elements such as cultural and family influences.

3.9 Validity and Reliability:

3.9.1 External Validity

Kalof, Dan and Dietz (2008) state that external validity is about whether or not a study can be applied to other industries or to a larger population in general in order to have the same relativity and impact. Leedy and Ormrod (2001) also describe external validity as the extent to how far the data is applicable to situations beyond the study it is being used for. This study does have high external validity since beer is a fast moving consumer good which is consumed by the same population that purchases and consumes most of the other goods in the consumer goods category. This then indicates that marketers of consumer goods in general can use the insights and learnings from this study to apply to the same population which is also their target market.

3.9.2 Internal Validity

The concept of internal reliability is about the study drawing the right conclusions from the data that will be gathered (Kalof et al 2008). Since the study and data is designed to measure the brand choice drivers of beer consumers, the tool being utilised will be valid since the questions in the questionnaire are specifically related to beer purchase and consumption (refer to Appendix A). The population will provide data on their choice drivers as per the topic being studied and hence there will be sufficient and relevant data to draw the right conclusions and this is in line with Leedy and Ormrod (2001) who state that internal validity should allow the researcher to draw conclusions about the relationship between the data and the findings through the design of the questionnaire and the data produced.

3.9.3 Reliability

Reliability is mainly concerned with the consistency of the data and one can consider research findings reliable if there are similar findings revealed over numerous applications of the same research (Kalof et al 2008). The structured questionnaire utilised in this research can be considered reliable as the exact questionnaire was utilised for all respondents. Reliability is assured since a standard questionnaire was utilised and all surveyors were provided with the same training.

4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter will provide a presentation of the results produced through the study conducted. The subsequent chapter will then determine whether or not the results confirm or deny the research propositions. The presentation will make use of various graphs and tables to present the results of the study.

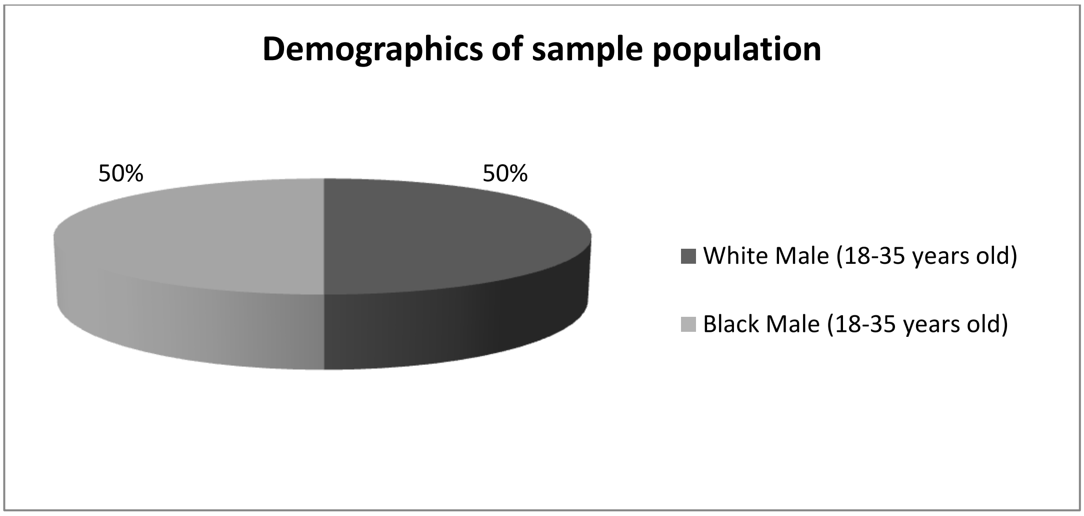
4.2 Demographic profile of respondents

This section describes the different consumer segments that were studied and the approach utilised in order to assess them. Research was conducted on two specific segments of South African beer consumers. The description of demographics is straightforward since the sample size for each consumer segment is equal and was pre-determined intentionally in order for a fair comparison to be made.

The demographics of the two segments targeted for the study were black and white South African male beer consumers between the ages of 18 – 35 years old. Since there were qualifying criteria for participation in the survey, the exact targeted demographic of consumer was reached and had responded, eliminating any issues of error related to respondents.

Figure 4.1 shows the demographics of the sample of consumers that were surveyed for the study. A breakdown by demographic segment is given below. Since the demographics of the sample were pre-determined, the results achieved are what were expected.

Figure 4.1 Demographics of sample population



4.2.1 Race:

The intended population for the survey was black and white consumers only with an objective of having an equal representation from both ethnic groups amounting to 50 respondents each which was achieved. As per the brief to the surveyors, 50 black and 50 white respondents had participated in the survey while all other ethnic groups were not approached to participate.

4.2.2: Gender

The survey was aimed at male consumers only and the surveyors were briefed that they should only approach male beer drinkers, hence all 100 respondents were male. While there are female drinkers of beer, this study focuses only on male beer drinkers.

4.2.3: Age

One of the pre-requisites for participation in the study was for respondents to be between the ages of 18 - 35 years old. This was one of two qualifying questions as it is illegal for any minor who is a person under the age of 18 years old to consume alcohol or to be communicated on anything related to alcohol in South

Africa, hence they were automatically excluded from this study. All respondents were therefore between 18-35 years old.

4.2.4: Income level

The income levels of the consumer segments being studied were not seen as a factor that would have a major impact on the study, hence it was excluded due to beer being a relatively inexpensive product which is within reach of the demographic of consumers being studied. Income disclosure is also seen as a sensitive question, so while it was included in the questionnaire, it was left optional to respondents to answer.

The final sample of respondents sampled were 100 male beer drinkers between the ages of 18 – 35 years old of which 50% were black and 50% were white. The final sample was 100% accurate as per the sample planned and there was no deviation.

4.3 Results pertaining to Research Question 1

The first research problem involved identifying what the marketing mix elements are for consumer goods. The central theme of the study was around the marketing mix elements and their impact on consumer brand choice of beer in South Africa.

The literature review was primarily utilised to identify the marketing mix elements that most impact consumers brand choices of FMCG goods. Results relating to Research Question 1 will be presented in the form of a graph which shows the marketing mix elements and their components that are considered and found to be important by beer consumers when making their brand choices.

4.3.1 Consideration set of marketing mix elements

Figure 4.2 provides a breakdown of all the marketing mix elements and their components that are considered as important for brand choice. Respondents were asked to rate the importance of each component on a scale of 1-10 with 1 being the lowest rating and 10 being the highest. The ratings are an average of the sample of 100 respondents and are a reflection of what these segments consider important and are influenced by.

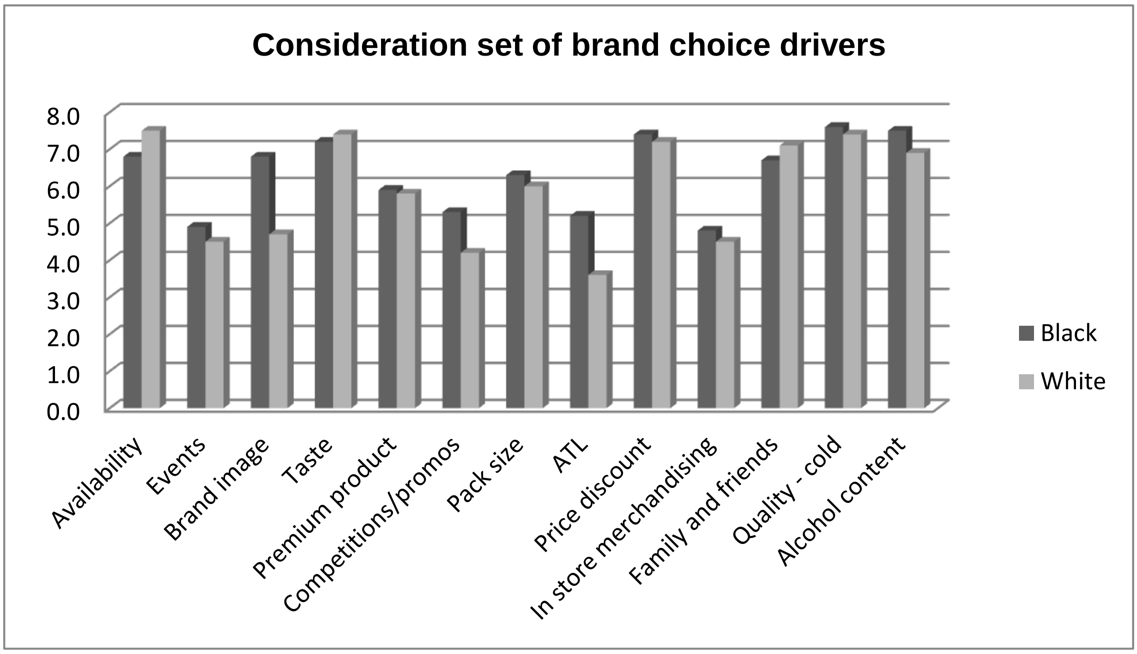
The finding is that beer drinkers across both the white and black ethnic groups consider all elements of the marketing mix as playing a role in their brand choice of beer. While this graph shows whether each element is important or not and considered when making brand choices, it does not necessarily highlight which are the most influential brand choice drivers as the respondents were asked to rank all choices, not just the main marketing mix elements that influence their choice.

A breakdown of the questions related to each marketing mix element is provided below.

a) Place element: this section analysed the availability of the product in outlets and in the correct quantities as an indicator as to whether the "Place" element is important or not to consumers.
b) Price: premium pricing as well as price discounts were analysed to establish the "Price" categories importance.
c) Promotion: the promotion components analysed were events; in store promotions and competitions; above the line marketing, in store marketing and the impact of friends and family as influencers.
d) Product: the product element was analysed through questioning the importance of alcohol content, product quality (coldness), taste and the pack size.

The level of influence of each element will be established in the second research question.

Figure 4.2: The importance of brand choice drivers



4.3.2 Conclusion of Research Question 1

As per the study conducted, it has been established that all the elements of the marketing mix that are relevant to consumer goods in international markets are also relevant and play a role in the decision making process of beer consumers in South Africa. Consumers are aware of these components of the marketing mix and utilise them to assess their purchases of beer. The consumers being studied are also able to rate the marketing mix elements on a scale of 1-10, highlighting their relevance to the decision making process of beer consumers.

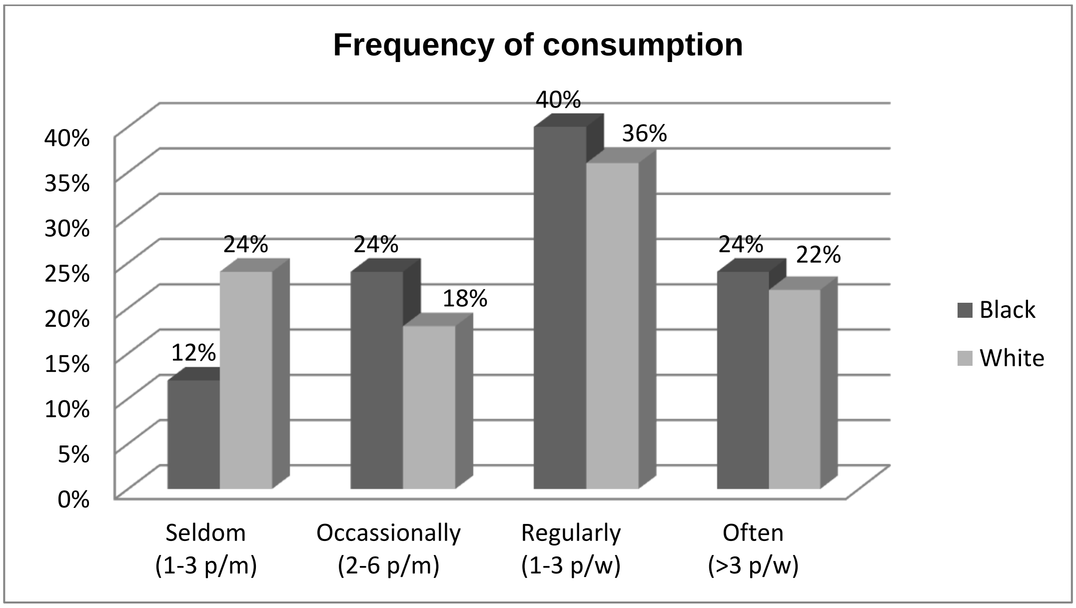
4.4 Results pertaining to Research Question 2

The second research problem involves articulating the differences and similarities of brand choice between black and white beer consumers. Graphs and tables will be utilised to highlight the different reasons and behaviours between the 2 groups being studying when it comes to their choice of beer brands.

4.4.1 Behavioural - Frequency of consumption

Figure 4.3 shows the frequency of consumption in terms of occasions per week that the consumer drinks beer. Four categories were available for selection. The results indicate that more than half of the consumers drink beer at least once per week. The mode of the graph lies in the "regularly" category which shows consumption between 1- 3 occasions per week.

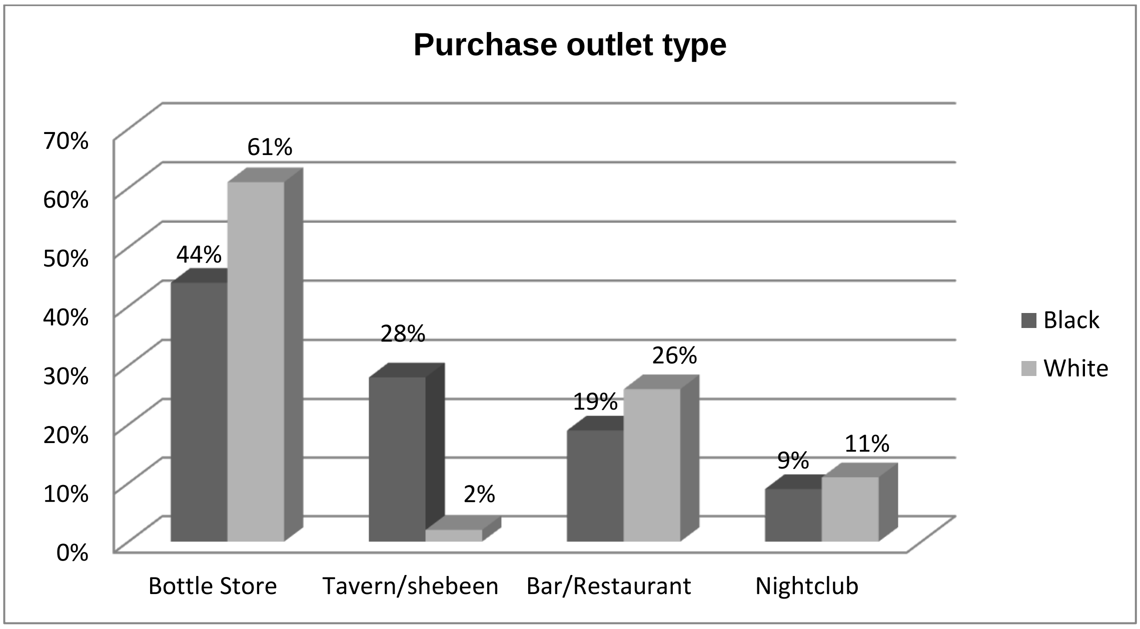
Figure 4.3 – Frequency of consumption



4.4.2 Behavioural - Purchase outlet type

Figure 4.4 provides data on the types of outlets that beer is purchased from.

Figure 4.4 – Purchase outlet type



There are four options into which any legal liquor outlet in South Africa can be classified into. Consumers gave each outlet type a percentage in terms of the visits that they made to these outlets. The bottle store is the most common outlet type selected by both groups as their purchase outlet type.

4.4.3 Reasons for main brand choice

Figure 4.6 highlights the reasons why the different consumer segments from the study choose their main brand of choice as per each of the marketing mix elements. A further sub-category analysis of each element is demonstrated in Figure 4.7.

Figure 4.6 – Reasons for brand choice

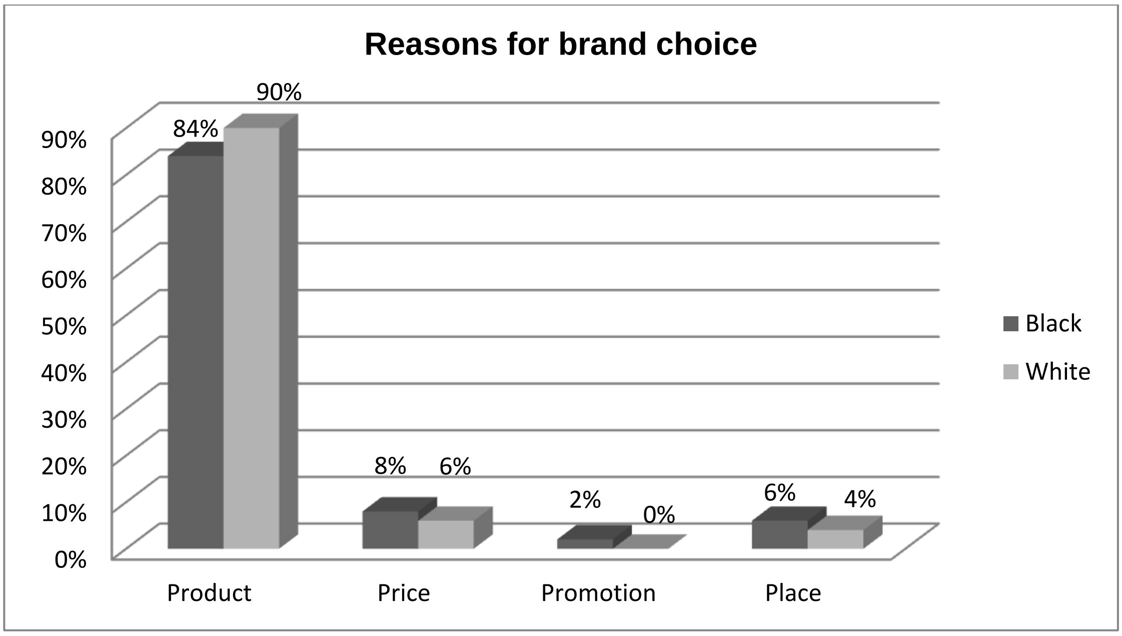
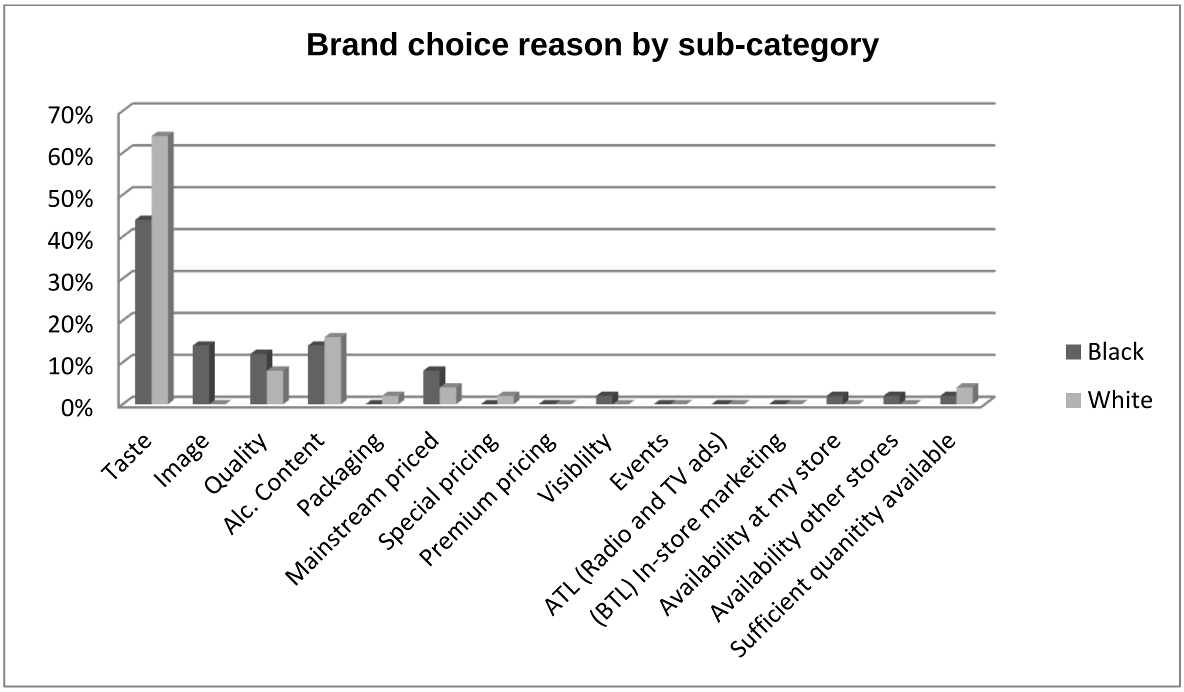


Fig 4.7 shows each sub-category of all the marketing mix elements that were tested in the study and the differences in reason chosen by the two groups.

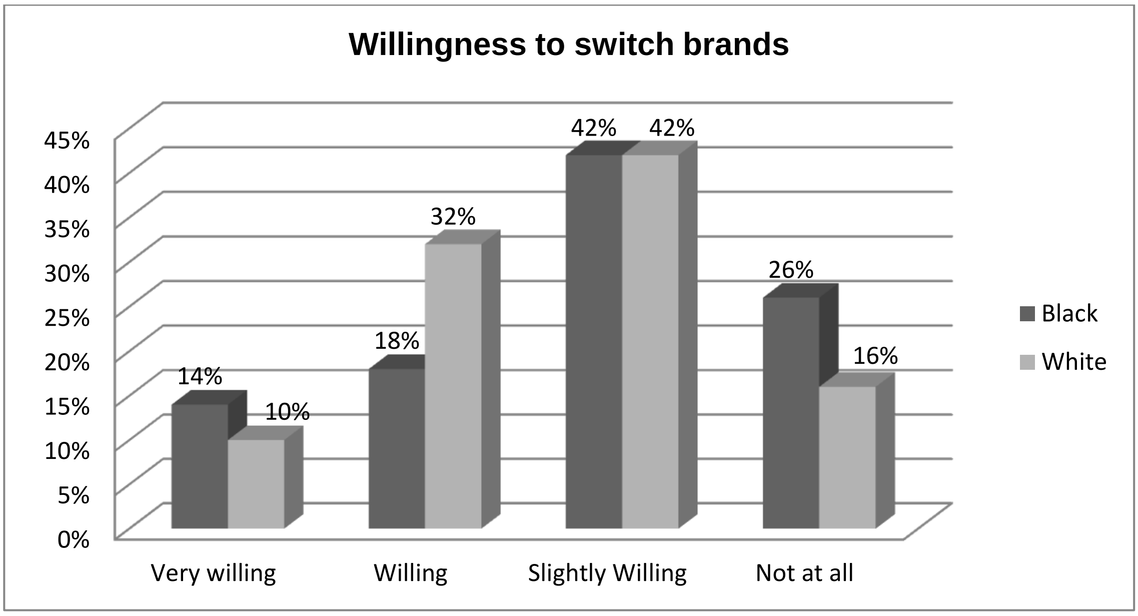
Figure 4.7 – Brand choice reason by sub-category



4.4.4 Brand loyalty

The graph below shows willingness of the two groups to change brands from their main or primary brand to a secondary brand or alternative brand.

Figure 4.8 Consumer willingness to switch brands



The brand loyalty data above reveals four categories of consumer willingness to switch from their main brand to an alternative or secondary brand. The categories range from “Not at all” which signifies total brand loyalty to “Very willing” which shows consumers with very little brand loyalty.

4.4.5 Consumer commitment level to each marketing mix element

Figures 4.9 – 4.12 show consumers’ reactions should they be placed in a situation involving choosing between alternatives to each of the marketing mix elements.

Figure 4.9 Importance of "Product" element

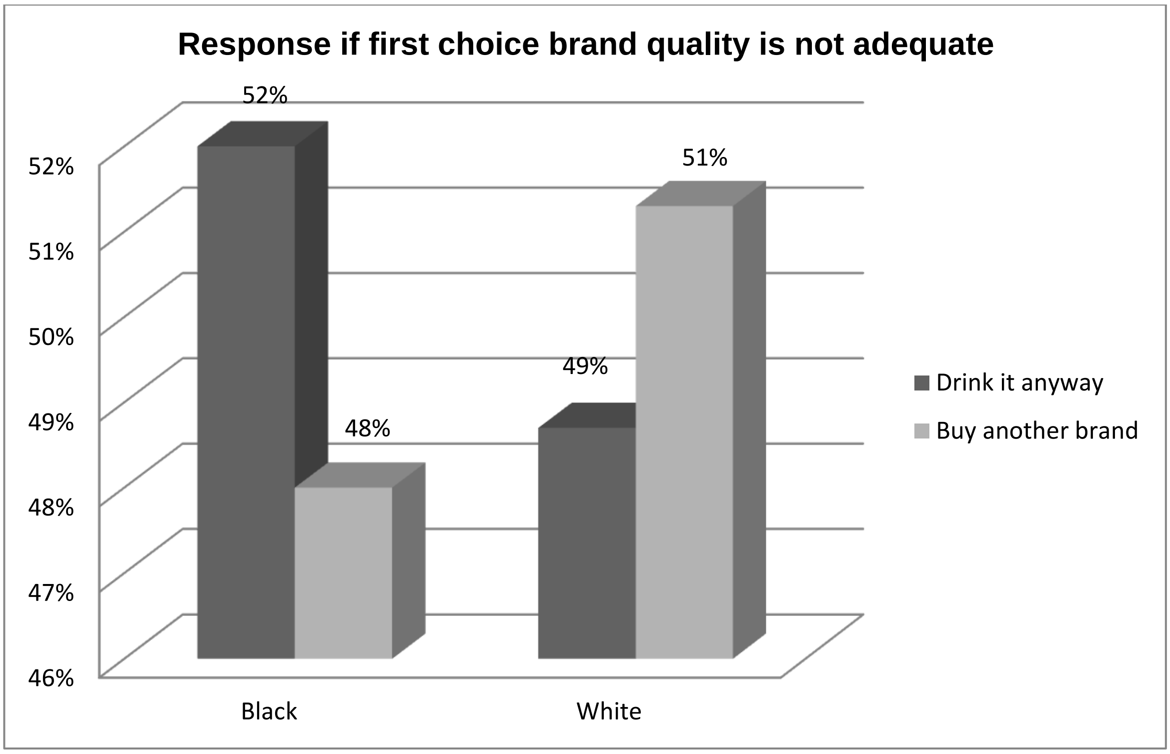
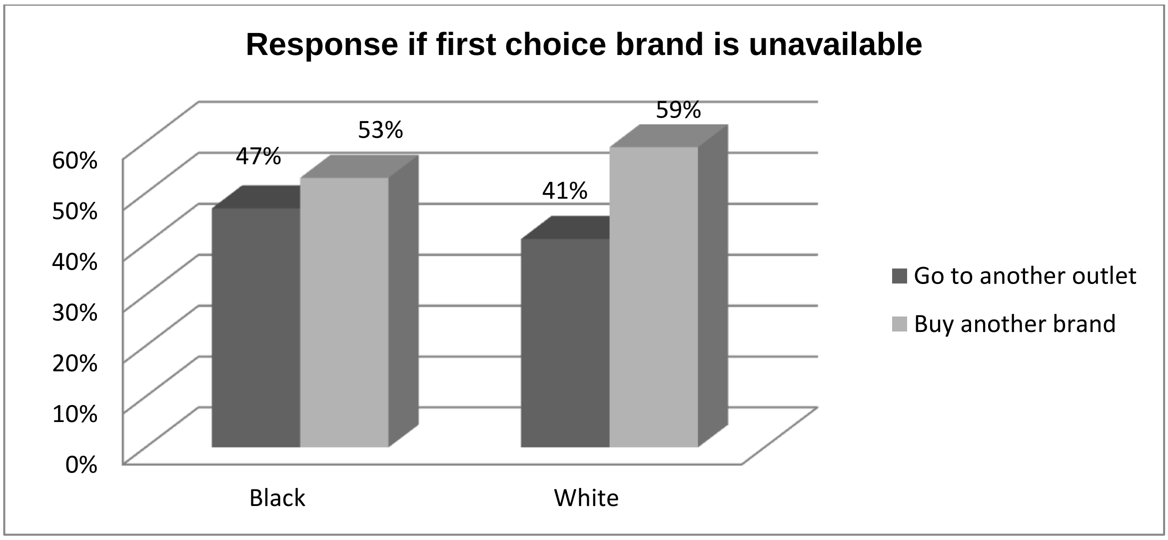


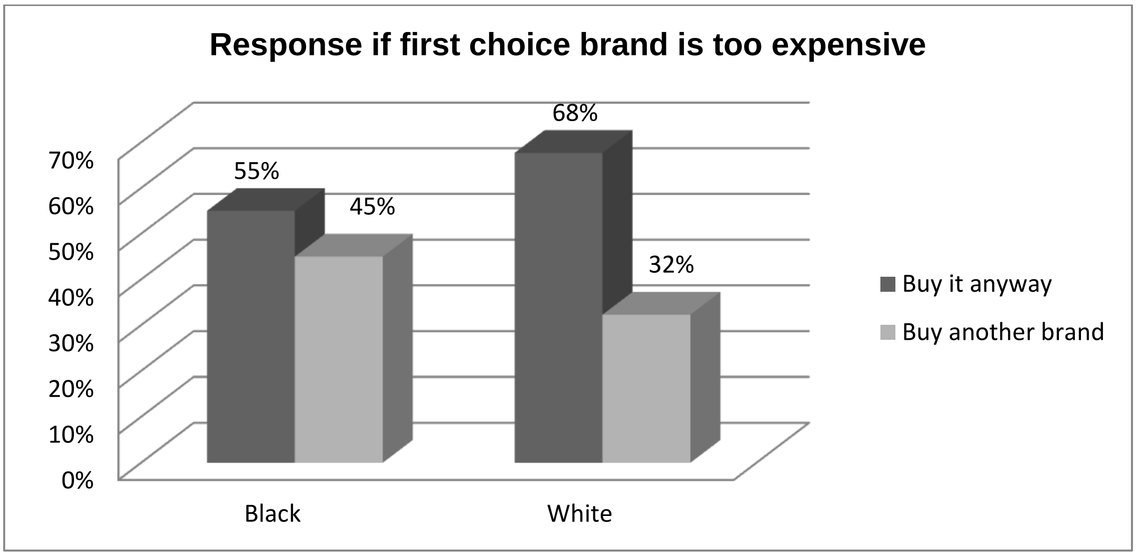
Figure 4.9 shows what the consumer reaction would be if the quality of their main brand was not adequate where adequate refers to the taste or coldness not being as per the usual consumption condition that the consumer is used to.

Figure 4.10 Importance of "Place element



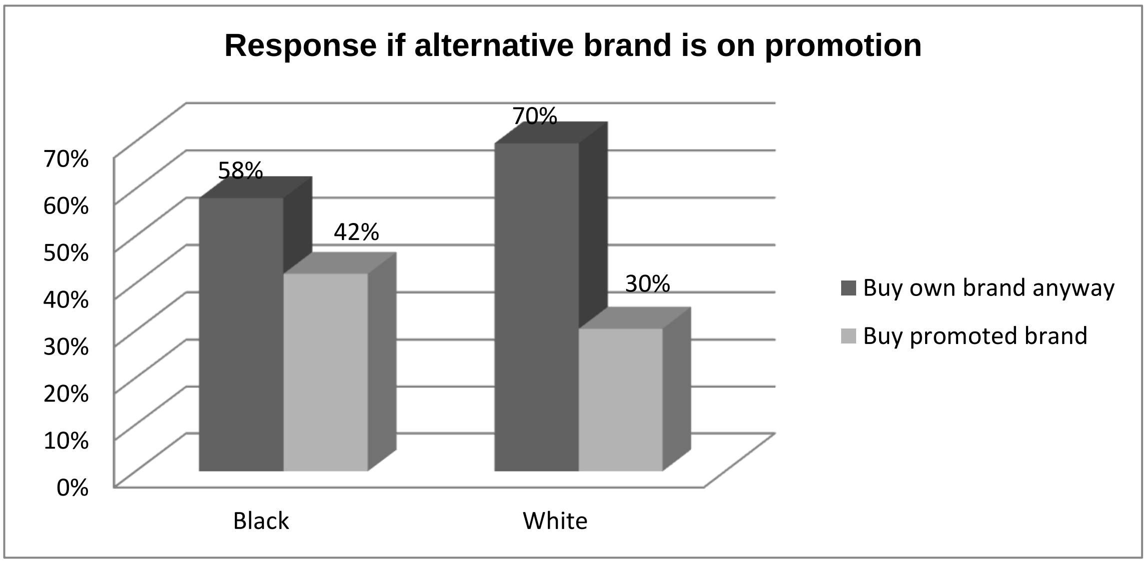
Consumers' reactions to their main brand not being available are highlighted in Fig. 4.10. The graph shows the percentage of consumers that would go to another outlet to find their brand of choice versus those that would drink another brand instead.

Figure 4.11 Importance of "Price" element



Price sensitivity is highlighted above as the data shows the reactions of the different consumers to the price of their main brand being too high.

Figure 4.12 Importance of "Promotion" element

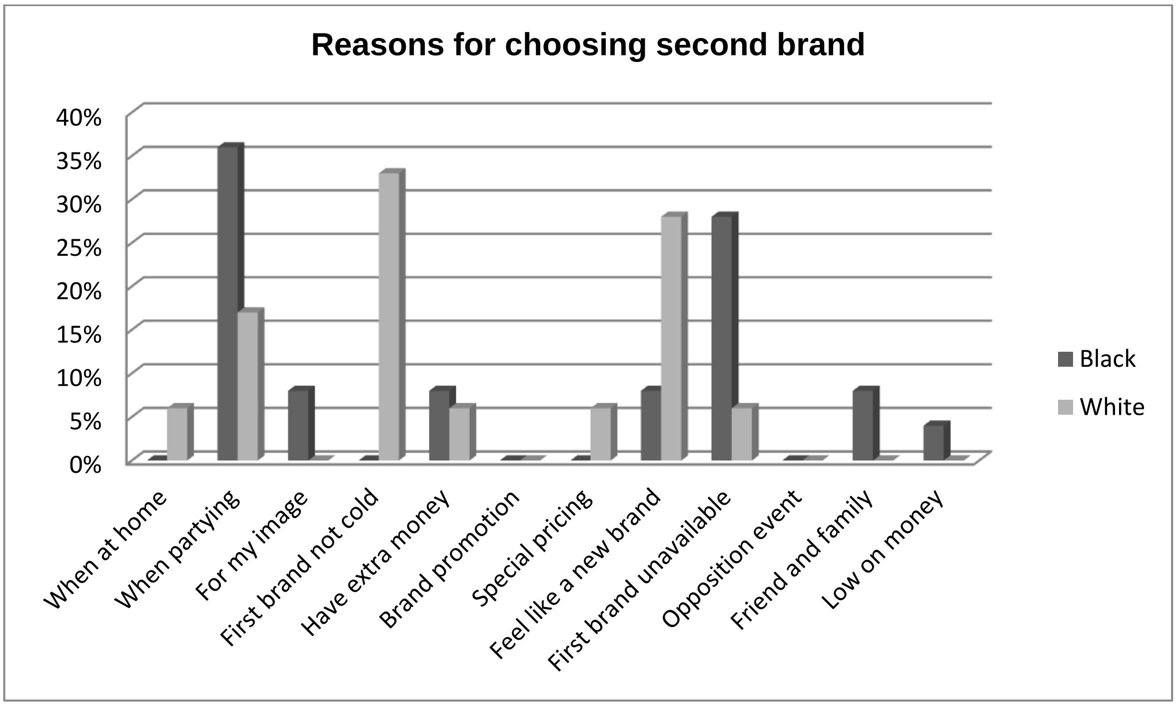


The effectiveness and impact of the fourth “P” of the marketing mix which is the promotion element is tested in the data above. The data shows consumer reactions to alternative brands should they be on promotion or be promoted. This tests the brand loyalty of consumers.

4.4.6 Reasons for secondary brand choice

Figure 4.13 shows the main factors that drive consumers to choose an alternative brand to their main brand.

Figure 4.13 Reasons choosing a second brand

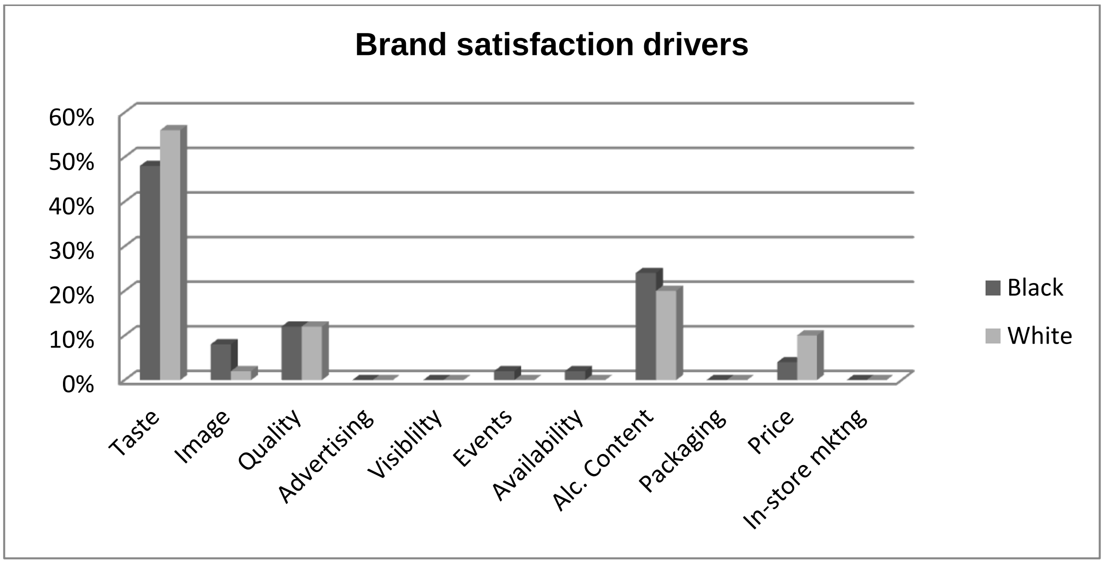


Part of the study included the sample choosing the elements that would most influence them to choose a second brand so that the researcher could understand the reasons why disloyal consumers choose secondary brands. The results are highlighted above and the choices for the two groups are very different to each other.

4.4.7 Brand satisfaction factors

Figure 4.14 shows the main factors that provide satisfaction for consumers in their own brand.

Figure 4.14 Brand satisfaction drivers



Understanding the marketing mix elements that satisfy a brand's target market is of importance to marketers who could use these insights to retain their consumers or appeal to new consumers. This understanding can be gained from the graph above as it shows all the marketing mix sub-categories so that the reason for brand satisfaction are highlighted and better understood.

4.4.8 Conclusion of Research Question 2

Data collected and presented in this chapter provide a good indication about which marketing mix elements are important to each of the groups. The results also show what the impact of the specific marketing mix elements are when the target consumers make various brand decisions and how these elements influence brand choice.

4.5 Summary of the results

This chapter has presented the data that has been collected through the study that relates to the reasons why the sample consumers make various brand choices. This data show the similarities and differences between the two groups being studied and assists in gaining a better understanding of which elements of the marketing mix most appeal to consumers and influence them to make certain brand choices.

5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter provides an explanation of the results provided in Chapter 4. Findings related to the demographics will first be discussed followed by an analysis and presentation of results related to Research Question 1. Results and learnings related to Research Question 2 are then explained followed by a conclusion of all the results found herein.

5.2 Demographic profile of respondents

The various demographic elements such as age, gender and ethnicity were pre-determined with a specific number of respondents required for the study. Since the study involved analysing brand choice behaviour between two consumer segments, an exact and equal number of respondents from both consumer groups were necessary in order to identify differences or similarities.

All consumers who completed the questionnaire were between the ages of 18 - 35 years old as this was one of the qualifying criteria. The results therefore reveal 50 black and 50 white male beer drinkers between 18 - 35 years old as respondents. A further question testing income was made available but not considered or evaluated as it does not impact the study.

There were no variances or deviations from expected demographic results as the respondents that participated were exactly as required and planned.
One of the observations from the surveyors though was that it was very easy to find beer drinkers from both ethnic groups in the targeted age group, indicating that beer drinking amongst these two groups is a popular practice.

5.3 Discussion pertaining to Research Question 1

The results pertaining to Research Question 1 show the marketing mix elements and their importance to both black and white consumers when choosing beer brands. These results were obtained from Question 9 which tested each marketing mix element's components as found in (Perreault and McCarthy 2005) and highlighted in Table 4 of the literature review.

The analysis found that both black and white consumers utilise all the same components of the marketing mix to choose their brands and they all form part of these consumers' consideration set of factors when considering beer brands.

5.3.1 Place element:

The availability scoring is what determines the importance of the "Place" element. Black respondents scored this element a 6.8 compared to 7.5 from the white respondents. This score shows that both groups rate this element as important and rate it quite high. This is a similarity between the two groups.

The implication of this high score is that an unavailable brand due to an out of stock or weak numeric distribution reasons could be seriously disadvantaged because of the high level of importance placed on this element.

Bonghee et al. (2005) state that consumers will be more satisfied if their brand is available in a greater number of stores and in the right quantities as this reduces their travel time looking for the product as well as their shopping time. The author also states this reduction in shopping and travel time creates more perceived value for the brand in the mind of the consumer due to a reduction in sacrifices to be made which leads to higher consumer satisfaction, a higher level of perceived quality and brand loyalty which will lead to higher brand equity.

5.3.2 Price element

Two factors related to price were tested, namely premium pricing and discount pricing due to the South African beer market being predominantly a mainstream and premium beer market. There are no established low priced malted beer brands.

Black consumers scored the premium product pricing component at 5.9 versus the white consumers who scored it at 5.8. This highlights that the appeal of premium products to both groups is at almost an exact level. An important learning from this data however is that while this element is important for both groups, it is at an average level of importance.

Price discounting on the other hand is also scored fairly closely by the two groups with black consumers scoring it at 7.4 versus 7.2 for whites. In addition to both groups having viewed price discounting on the same level of importance, they both view it as more important than a premium product. This indicates that while both pricing models can be used to appeal to consumers, the discounted pricing is more effective for increased volume and brand switching but can damage brand equity as per Blattberg and Neslin (1990) who have stated that price discounts are likely to damage brand equity and have a negative influence on consumers' perceptions of the discounted brand. The main reason is that discounted products have an image of containing lower product quality.

5.3.3 Product element

The findings on the importance of the product element relate to the score of the various components such as taste, quality, pack size, alcohol content and brand image.

Product taste and quality was seen as a very important choice factor amongst both groups who scored both attributes fairly high and very closely together. Black consumers scored taste and quality as 7.2 and 7.6 respectively while white consumers scored these two attributes at 7.4 and 7.4 respectively.

Alcohol content was also seen as very important for both groups with black consumers scoring it 7.5 and white consumers at 6.9. The pack size was viewed in the same light by both groups again which was that it is fairly important with a rating of 6.3 for blacks and 6.0 for whites.

The interesting finding is that while all the other attributes of the product elements are rated very closely by both groups in terms of their importance in playing a part in brand choice, brand image was found to be of high importance for black consumers with a score of 6.8 while it only scored 4.7 with the white consumers. This shows black consumers place a higher value on premium brands. This provides an opportunity for marketers to target the black segment with more premium products as they are more profitable. The implication is that brand managers need to move a lot of their spending from building brand image with white consumers to that of black consumers or alternatively they should focus more on premium and super premium products amongst black consumers.

In summary, all aspects of the product are viewed as very important, however the brand image is the only one where there is a difference in appeal from between the black and white consumers.

5.3.4 Promotion element

Promotional effectiveness and impact was measured by using 5 categories, namely events; competitions and promotions; above the line advertising, in store merchandising and influence of family and friends.

Both groups scored events as being averagely important or impactful on their brand choice with scores under 5 along with competitions and promotion where black consumers scored it at 5.3 versus white consumers who scored it as 4.2.

In store merchandising also received an average score of 4.8 from the black segment and a 4.5 score from the white segment, revealing that is not very important, but does form part of their consideration set of marketing mix components when choosing brands.

Above the line advertising also brought up an interesting finding in that it appeals to black consumers at an average level of 5.2 but on a very low level of 3.6 for white consumers. This links in with the brand image rating of 6.8 for black consumers and 4.7 for white consumers, indicating that there is a higher level of preference for above the line advertising among black consumers which can be linked to their desire for image orientated brands due to above the line being the primary medium to build premium brands.

The final "Promotion" element that impacts brand choice is the influence of friends and family. Black consumers rated it at 6.7 whereas white consumers rated it at 7.1. This highlights that the influence of family and friends and their opinions matter to the target consumers as this was rated at a fairly high level. This provides an opportunity for marketers to drive bulk sales to the final consumers such as case sales so that these brands are more exposed to family and friends of both these consumer groups. This is very impactful in utilizing the word-of-mouth method of advertising.

5.3.5 Conclusion pertaining to Research Question 1

The graph shows that the actual marketing mix choice drivers for consumer goods in the global marketplace as indicated in Table 4 (Perreault and

McCarthy 2005) of the literature review are also the same reasons and drivers of brand choice for beer in the South African market. It has been confirmed that all the components of the 4 marketing mix elements that are relevant to consumer goods have also been selected as important to both black and white consumers when choosing beer brands.

Availability, price discounts, taste, alcohol content, price discount, quality (coldness) and influence of family and friends were viewed as the most important elements to both groups of consumers when choosing brands. However there were two major differences identified between the two groups which are that black consumers were image orientated and utilised above the line advertising as a consideration much more than their white counterparts when choosing their beer brands.

Now that we have understood, identified and confirmed that all the marketing mix elements and their components that influence brand choice of consumer goods are equally impactful in beer brand choice, the study goes one step further in order to understand which of these elements are the most important brand choice drivers between the 2 groups. This will be analysed and discussed in research question 2.

5.4 Discussion pertaining to Research Question 2

Research Question 2 produced various graphs and sets of data in order to analyse different aspects of brand choice. The key purpose of this section is to identify which of the marketing mix elements most influence consumers' choices of beer between the black and white consumer segments. All the data related to the various aspects of the marketing mix brand choice drivers will be investigated in the sub-sections that follow.

5.4.1 Behavioural - Frequency of consumption

Frequency of consumption indicates the number of times the sample consumes beer in a month. The two most important categories that reflect high usage are the “regular” and “often” categories. The results reveal that 40% of black consumers drink beer at least 1- 3 times per week compared to 36% of white consumers. There are also 24% of black consumers that drink beer at least 3 times per week compared to 22% of white consumers. A total of the two categories show that 64% of black and 58% of white consumers drink beer at least once a week.

The consumption patterns of the 2 groups is similar, however this analysis will have to be analysed in conjunction with the “purchase outlet type” in order to establish whether there might be opportunities for marketers when we establish if there are differences or similarities between the outlets that these two groups purchase beer from.

5.4.2 Behavioural - Purchase outlet type:

Figure 4.4 illustrates the types of outlets that the two segments purchase beer from. A significant finding is that 61% of white consumers buy beer from bottle stores compared to only 44% of black consumers. The other 56% of outlets frequented by black consumers are “on premise” consumption outlets, meaning that these consumers buy their beer and consume it at these outlets. They include taverns, nightclubs, bars and restaurants. White consumers on the other hand purchase only 39% of their beer from “on premise” consumption outlets and only 2% of them buy beer from taverns compared to 28% of the black segment.

This is important for marketers to understand as it is the key touch point with consumers and this information provides valuable details on where the target consumers should be targeted with marketing programmes.

The assumptions made from these results are that black consumers enjoy going out to parties, nightclubs and drinking out. White consumers on the other hand buy beer to consume at home or at recreational activities such as picnics, braais and sports functions. The white consumer does however also frequent “on premise” consumption outlets such as bars, restaurants and nightclubs but at a lower level than black consumers.

5.4.3 Conclusion of consumption occasions and purchase outlet type

Since 64% of black consumers buy beer more than 1 time a week and 56% of this group purchase and drink beer at “on premise” consumption outlets, there is an opportunity to target and market to these consumers at these outlets with other marketing mix elements. In contrast to the black segment, 58% of white consumers drink beer at least once a week but 61% of them purchase their beer from bottle stores, indicating that this segment consumes their beer at home or with friends and family. This would provide an opportunity for marketers to target them in store and through media such as television. Below the line advertising would be a very effective medium for the white consumer and would be create the benefit of utilising a target marketing approach.

5.4.4 Reasons for main brand choice

The most important results that were required from this study was to understand which element of the marketing mix most influences beer brand choice. Figure 4.6 of the study shows that the “Product” element has the biggest impact on consumer brand choice for both the black and white consumer segments and that 84% of black consumers and 90% of white consumers chose this option as influencing their brand decision. This is common to both sample groups indicating a similarity amongst the groups.

The study results further allowed for a second level analysis in order to identify which sub categories or components of each of the marketing mix elements had the biggest impact on brand choice. Figure 4.7 shows that "taste" was the main brand choice reason selected by both groups with 44% of black and 64% of white consumers selecting this reason. Image (14%), quality (12%) and alcohol content (14%) were the other reasons chosen by black consumers while quality (8%) and alcohol content (16%) were selected amongst the white consumers.

These results confirm and strengthen the results achieved in the first research question, which also highlighted that most elements were given similar ratings by both groups but that the actual product and its quality, alcohol content and taste was the main reason for brand choice between the two groups with image being a big factor for black consumers but not for white consumers.

5.4.5 Brand loyalty

The questionnaire contained a question relating to the consumers' willingness to change brands and the respondents had to choose an option from a Likert Scale with 4 options. The results show that the loyalty level patterns are similar for both consumer groups with 42% of both groups slightly willing to switch brands while 32% of black and 42% of white consumers respectively are either willing or very willing to switch brands. 26% of black consumers are brand loyal and will not switch brands while only 16% of white consumers are brand loyal.

The finding is that 74% of black consumers and 84% of white consumers are open to switching brands. This poses a huge opportunity for the smaller beer companies who are trying to enter the market while it poses a threat for the larger dominant companies who are trying to protect their market share and avoid their consumers from switching brands.

5.4.6 Consumer commitment level to each marketing mix element

Figures 4.9 – 4.12 tested the respondents' commitment to their brands should any of the marketing mix drivers of brand choice be unavailable.

Figure 4.9 shows that 52% of black consumers will still drink their brand even if it was not adequate in quality while 49% of white consumers will do the same. The results from both consumer groups are very close and show that they will act in the same manner.

Figure 4.10 tests the two group's responses should their brand not be available. 47% of black and 41% of white consumers state that they will rather go to another outlet than drink another brand. While the brand loyalty figures from the previous question show lower brand loyalty levels, there could be various reasons as to why those results do not correlate with the results for this question such as the distance to the next outlet or the urgency of the purchase.

Figure 4.11 is an indicator of how price sensitive the sample consumers are. 55% of black and 68% of white consumers are price insensitive and would buy their brand even if it was more expensive. This is useful information for marketers as they are able to understand that there is a huge scope for more premium products as long as the brand quality, positioning and image is adequate.

Figure 4.12 shows that white consumers are much less likely to be swayed by promotional activities with only 30% of them stating that they will buy a brand on promotion versus 42% of the black consumers. The implication is that in store promotions might not be the most viable option for marketing to white or black consumers compared to merchandising and events. The evidence is suggesting that these consumers are not too influenced by free give aways as they are the more affluent and higher LSM consumers. Both these segments find the product intrinsics and extrinsics more appealing than the promotional activities linked to the brand and they are willing to pay for it

5.4.7 Reasons for second brand choice

Data analysed in Figure 14.3 shows that the main reason for 38% of black consumers purchasing an alternative brand is due to them being out partying while 28% of this group will choose a second brand when their first brand is out of stock or unavailable. The white consumer on the other hand has two completely different reasons for choosing an alternative brand. He chooses an alternative brand when his first brand is not cold enough (33%) and when he feels like trying new brand (28%).

The assumption based on findings from this analysis and previous sections is that black consumers are choosing more premium brands when they are out partying due to the image factor as they want to be seen consuming expensive, international and premium products. The white consumer however does not drink out as often as the black consumer and is also less image orientated, therefore this consumer looks more for the quality of the product in terms of its coldness and taste. This has also been highlighted in previous sections.

5.4.8 Brand satisfaction drivers

A further question from the questionnaire tested the brand satisfaction elements to deduce whether there is a correlation between brand satisfaction and brand choice elements. Figure 4.14 confirms this correlation since the main reasons for brand satisfaction were taste (48%), alcohol content (24%) and product quality (12%) for black consumers and taste (56%), alcohol content (20%) and product quality (12%) for the white consumers. These results show that once again the "Product" elements were the main reason for brand satisfaction and are important for brand choice for both groups. It has also strengthened the finding that black consumers are more image orientated and the image of the brand is an important brand choice determinant, especially when these consumers go out partying.

5.5 Conclusion

The analysis of Chapter 5 has revealed various useful pieces of information relating to the consumer segments being studied. The first finding was that the exact marketing mix elements and their components that are used to choose consumer goods internationally are applicable to black and white beer drinkers in South Africa when making their brand choice decisions. Hence the first research question that analysed whether or not the marketing mix elements of consumer goods are applicable to beer brand choices can be confirmed and accepted.

It has also been discovered that the two segments being studied are very similar when it comes to the importance and influence of the marketing mix elements on their brand choices, however there are a some differences which are the key for marketers and brand managers to understand and for them to be aware of in order to gain an advantage when marketing to these two groups. Hence the second research question that tested the differences between black and white consumers when making brand choices can be confirmed as having many similarities with a few differences and can therefore be partially accepted.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter provides the conclusions on the findings of the study as well as suggestions or recommendations for marketers of beer brands. It will also highlight some areas for future studies.

6.2 Conclusions of the study

There are various conclusions that are related to the study. They are presented in the rest of this chapter.

6.2.1 The study has determined that all of the marketing mix elements and their components that influence brand choice decisions for consumer goods are also applicable to and influence beer brand choice.

6.2.2 The study has also found that there are various elements of the marketing mix that are common to both consumer segments but there are some elements that are different to the groups. While all marketing mix elements impact brand choice, they have different levels of importance and influence on both groups.

6.2.3 The “Product” element is the most important brand choice driver for both black and white consumers. The components of the product that appeal most to these consumers are the taste, quality, alcohol content and the coldness of the product. These have to be adequate. It was found that the pack size was not important to both consumer segments. The product element was selected by 90% of white consumers and 84% of black consumers as the main reason for brand choice. A total of 52% of black consumers and 49% of white consumers have stated that they will rather drink another brand if the quality of their brand is inadequate in terms of coldness or taste.

6.2.4 Image is seen to be a very important factor for black consumers but not for white consumers. This trend is also highlighted in the literature as the black diamonds are known to be very brand and image orientated and seek premium products in order to show their success. This attribute and behaviour of the black consumer provides an opportunity to develop premium brands through events and activations focussed at "on premise" consumption outlets.

6.2.5 Pricing also plays a significant role in brand decisions for both groups. It is important to note however that both groups have rated price discounts as well as premium pricing as a factors that influence brand choice. Price discounts have been rated as more important than premium pricing though. The conclusion drawn here is that price matters in certain situations for both groups while not in other situations.

Black consumers want to pay a higher price or a premium when they go out as they have been found to be very image orientated but they seem to be more price sensitive than their white counterparts when they purchase at bottle stores for home consumption. Then results show that 55% of black and 68% of white consumers state that they will still buy their brand if another brand was priced cheaper, revealing once again the value placed on product attributes.

6.2.6 Analysis of the "Place" element highlights that it is very important for brand choice as it was given a 6.8 rating by black consumers and a 7.5 rating by white consumers when questioned whether having their brand available at more stores and in the right quantities was an important factor when they chose their brands. A total of 41% of black consumers and 47% of white consumers have even stated that they will visit another store to get their brand should it not be available in the outlet that they frequent.

6.2.7 Promotions were found to be important for both groups but at a very low rating and score. Above the line advertising was rated at 5.2 by black consumers and only at 3.6 by white consumers when questioned about its impact on influencing their brand choice. Only 30% of white consumers and 42% of black consumers state that they are influenced by promotional activities.

6.2.8 One of the most useful findings of the study is that 61% of white consumers buy their beer from bottle stores and consume it at home while only 44% of black consumers of black consumers make their purchases at bottle stores. The other 56% of black consumers purchase and consume their beer at restaurants, bars or taverns. This provides a great opportunity for marketers to engage these consumers at these outlets as they are where the black consumer demands more premium and image focussed brands.

6.2.9 Another common finding amongst both groups is that their loyalty levels are very low. While 84% of white consumers are willing to switch brands, 74% of their black counterparts were willing to do the same. This provides an opportunity for new entrants in the beer market but poses a threat to the existing dominant players.

6.2.10 The frequency occasion per consumer group was found to be encouraging as 64% of black respondents and 58% of white respondents consumed beer on more than 1 occasion per week with 24% and 22% of black and white respondents respectively consuming beer on more than 3 occasions per week. This provides a greater opportunity for marketers to target these consumers because there should be a higher rate of purchasing occasions if the consumption occasions are high, creating more opportunities to engage these consumers at the point of purchase.

6.3 Recommendations

Based on the findings from the study, the following recommendations are proposed to marketers of beer products.

6.3.1 Based on findings from the study, the product needs to be the centre of all marketing plans and strategies when targeting the two consumer segments. Product consistency is an important attribute for both consumer segments, hence beer companies should ensure that there are no variations in the taste and alcohol content of their successful and growing brands. Consistency of taste and alcohol content should also be emphasised in all brand communications and advertising and should be the brand's unique selling proposition. There should not be any adjustments made to current strong and established beer brands with regards to alcohol content and taste, however beer marketers should develop variants of the brand should they really find the need to experiment with.

6.3.2 Product quality in terms of the coldness of the beer was also seen as a very influential factor of brand choice. The recommendation is to ensure that the product is always available cold to these consumers at the outlets that they frequent. This should be done by ensuring that there are sufficient fridges to hold adequate amounts of stock to ensure that there is always cold beer available. The coldness consistency of the product should form part of the communication strategy of the brand. Castle Lite is one such brand that followed this approach and achieved 28% growth in 2011 and is now the fastest growing beer in Africa. This brand's strategy was to ensure that outlets have specially made “Extra Cold” fridges in all outlets targeted with this its unique selling proposition which is actually the extra cold characteristic.

6.3.3 Since brand image is very important to the black consumer while price discounts also influence their brand choice, they need to be targeted with different priced brands at different outlets. The recommendation is that these consumers should be targeted with a combination of mainstream and premium brands at both the “off premise” outlets like the bottle stores and at the “on premise” outlets like the taverns, bars, nightclubs and restaurants. The premium brand needs to be the focus brand at the premium “on premise” consumption venues as this is where the black consumers go to party and portray a certain image of themselves that is aligned to the consumption of premium brands.

The black consumer wants to be seen drinking premium brands in these outlets and they are therefore the outlets that beer brand marketers should target for brand events, activations and promotions in order to induce trial of their brands and to market them as well. The themes and events have to be of a premium nature with the décor and other elements reflecting the finer things in life. Yoo (2000) states that the price of products are important extrinsic cues of product quality and when the perceived quality of a product is increased, then the higher price is favourable for creating brand equity.

6.3.4 White consumers are not image orientated and purchase the majority of their beer from “off premise” outlets such as bottle stores. The recommendation is for them to be targeted at these bottle stores with point of sale merchandising material and product displays since this group has rated above the line advertising like television and radio adverts as not being a big influencer of their brand choice. Beer tastings to convert and recruit new consumers should be conducted at bottle stores along with in store promotions and competitions. The emphasis for these in-store and below the marketing campaigns should be on the product quality and taste as these are the key attributes for this consumer type.

6.3.5 Since the analysis has revealed that both black and white consumers are influenced by price discounts and the pack size does not make a huge difference to their purchase decision, there is a good opportunity to target these consumers with bulk packs, e.g. a 500ml bottle compared to the standard 330ml bottle or a value pack of 12 beers in a pack versus the standard 6. This strategy will not only benefit from increasing the consumption rate, but will also give the brand a chance to be sampled by friends and family of the consumer while being able to offer the consumers a price discount. Incremental sales will more than compensate for the price discount.

6.3.6 Both consumer groups have expressed interest in premium products. Beer companies with premium brands should target both these groups with their premium brands and those that do not, should include it in their portfolio. The benefit is the higher profit margins to be achieved from premium brands. The type of outlets targeted for premium brands should be premium in nature and limited to premium nightclubs, bars and restaurants as the association with the upper class venues will help with the brand's equity as Chattopadhyay, Shivani and Krishnan (2010) have suggested that distributing a brand through outlets with a good image signals that the brand is also of good quality, resulting in improved brand image and increased brand equity. These are also the main venues where the bulk of premium products are demanded by both consumer groups.

6.3.7 Availability is a very important brand choice factor. The study has revealed that consumers rate the availability of their brands in various outlets and geographical locations as very important. The recommendation is that brand marketers of mass market brands need to have their brands available at all possible outlets while niche market or marketers with a differentiation strategy need to have the brand available at outlets that are aligned to their brand's plan and image.

By beer companies having their brands available in the right outlets and in the right quantities, they would stand a very good chance of enhancing their brand equity while gaining an opportunity to have their brand tasted should an opposition brand be out of stock. It will also avoid brand switching from to other brands due to an out of stock situation. If a product is available in a greater number of stores and is intensely distributed, it will reduce search and travel time for the product which will then lead to increased value being created for the consumer which improves brand equity and sales (Chattopadhyay, Shivani and Krishnan 2010).

6.3.8 Since loyalty levels are low amongst both groups, an effective strategy would be to get opposition brand consumers to trial a company's product as the willingness to switch brands was quite high amongst both groups. Tastings, in-store promotions and promotional pricing would be impactful for inducing trial. An active recruitment drive should also form a part of the strategy with brand ambassadors inviting recruited consumers to parties reflecting the aspirational lifestyle sought by these consumers. Once recruited, the focus of the company should be to retain these consumers by continuously ensuring that the attributes sought are provided to these consumers.

6.3.9 Since both groups have rated above the line advertising low in terms of their impact on their brand choice, advertising and marketing of brands of both groups should be maintained through above the line mediums but at a lower level and customised to appeal to the two consumer groups individually. Yoo (2000) states that advertising increases the awareness of a brand and creates stronger brand associations which will improve brand equity. Hauser and Wernerfeldt (1990) also suggests that repetitive advertising will increase the probability that consumers will include the brand in their consideration set which will then make their brand choice decision easier and this could lead to higher sales of the product.

This implies that while both groups have rated advertising impact at a lower level, it is a key element of the marketing mix. The recommendation is therefore for brand managers to have separate advertising appeals for the two consumer groups through different media channels and time slots, depending on when the target group is exposed to the medium of choice. More of the advertising spending should go into below the line marketing, more specifically, it should be spent on in-store or point of sale marketing as this is more cost effective and allows for more customisation of the marketing appeals to the specific type of consumers.

6.4 Suggestions for further research

6.4.1 There is an opportunity to understand the appeal of certain brand names in the beer industry and understand whether local beers have a different appeal to international beers. There is also an opportunity to research whether mainstream brands are just as attractive as premium brands if the quality is the same since the “Product” element has been revealed as the most important marketing mix element for both the white and black consumer groups.

6.4.2 The study has not clarified or specified which segment of the respondents that consume frequently are actually purchasing from the bottle stores compared to “on premise” consumption outlets. A deeper understanding of this buying pattern would assist in understanding where to target the high volume purchasing consumers.

6.4.3 There is an opportunity to identify the specific days of the week that the consumer groups purchase and consume their beer so that marketers can shift a lot of their marketing spending to focus on those specific days with regards to events, promotions and other promotional activities, hence reducing advertising costs and preventing unnecessary spending. In addition to understanding the days of purchase, there is an opportunity to understand whether there is a difference between the purchase and consumption days for the “off consumption” outlets.

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APPENDIX A

Letter to Respondent

Dear Respondent

I am currently completing my MBA at the Wits Business School (University of the Witwatersrand). My research topic seeks to find the differences in brand choice criteria between black and white consumers. I would appreciate it if you would take 15-20 minutes of your time to complete a questionnaire for me so that I may receive the insights that I need for completion of my thesis.

The questionnaire will be based on your general purchase and consumption habits and behaviours and is quite straight forward. Confidentiality will be observed throughout the process and the information for this study will only be used for academic purposes.

Your assistance is highly appreciated.

Yours sincerely

Rohan Sukuram

071 679 1072

APPENDIX B

ACTUAL RESEARCH INSTRUMENT

Name:		
Tel. no.:		
E-Mail:		

A. QUALIFYING QUESTIONS

(Please place an "X" in correct box)

Qualifying question 1: Are you between 18-35 years old? **Yes** ☐ **No** ☐

Qualifying question 2: Do you drink beer? **Yes** ☐ **No** ☐

B. DEMOGRAPHICS

(Please place an "X" in correct box)

(i) Gender **Male** ☐ **Female** ☐

(ii) Ethnicity **White** ☐ **Indian** ☐

Black ☐ **Coloured** ☐

(iii) Average monthly income

<R6k	R2k - R6k	R6k - R10k	>R10k

C. CONSUMER BEHAVIOUR:

1) I drink beer because: (please choose and rank the top 2 choices)

☐ It is a reward ☐ It is cheaper than spirits

☐ To relax ☐ I depend on it

☐ To quench my thirst ☐ To socialise

☐ Taste ☐ Of the occasion

2) I drink beer: (Please choose one option)

☐ Seldomly (1-3 times per month) ☐ Regularly (1-3 times per week)

☐ Occassionally (1-3 times in 2 weeks) ☐ Often (> 3 times per week)

3) I drink my regular beer: (Please select a percentage between 1-100)

☐ % of the time or ☐ I don't have a regular beer

4) I choose my regular brand because of the following reasons:
(Select and rank the top 3 choices only where 1 is the most important)

☐ Taste ☐ Alcohol content

☐ Image/Reputation ☐ Packaging design

☐ Quality (Always cold) ☐ Price (combo)

☐ Price (mainstream) ☐ Price (high)

☐ Above the line advertising ☐ In store marketing/merchandising

☐ Visible at point of sale ☐ TV/Radio Adverts

☐ Brand events ☐ Sufficient quantities available

☐ Always available at my regular store ☐ Always available at most other stores

5) I am satisfied with my current brand

☐ Yes ☐ No

6) What leads to your satisfaction or dissatisfaction of your brand
(Select and rank the top 3 choices only where 1 is the most important)

☐ Taste ☐ Alcohol content

☐ Image/Reputation ☐ Packaging design

☐ Quality (Always cold) ☐ Price (combo)

☐ Price (mainstream) ☐ Price (high)

☐ Above the line advertising ☐ In store marketing/merchandising

☐ Visible at point of sale ☐ TV/Radio Adverts

- [ ] Brand events
- [ ] Sufficient quantities available
- [ ] Always available at my regular store
- [ ] Always available at most other stores

7) I drink only my regular / favourite brand

- [ ] Yes
- [ ] No

8) If you answered NO to question 7, then why do you choose your second brand
(Select and rank the top 3 choices only where 1 is the most important)

- [ ] When I am at home
- [ ] I feel like trying something different
- [ ] When I go out partying
- [ ] My first choice brand is out of stock
- [ ] For my image
- [ ] I am at an opposition brand event
- [ ] When my first brand is not cold
- [ ] When I am with my friends and family
- [ ] I have extra money to spend
- [ ] I am running low on money to spend
- [ ] There is a promotion on this brand with prizes or a competition
- [ ] There is a special on pricing/discounts on other brands

9) Please rate the importance of each of the following to your beer choice (1-10)
(Please rate all)

- [ ] The availability of the product
- [ ] Price discount on the product
- [ ] Event at the outlet
- [ ] In-store merchandising/point of sale material
- [ ] Brand image
- [ ] My family and friends drink the brand
- [ ] Taste
- [ ] Quality - The product is always cold
- [ ] Getting a premium product
- [ ] The alcohol content of the brand (Intrinsics)
- [ ] Competitions and promotions on the product
- [ ] The package (can versus bottle, 340ml versus 750 ml)
- [ ] TV, Radio and other Above the Line communications

10) I buy my beer from the following outlets
(Please split the your purchases between the different outlets to equal 100%)

- [ ] Bottle Store
- [ ] Bar/Restaurant
- [ ] Tavern/Shebeen
- [ ] Nightclub

11) I consume my beer in the following places
(Please split the your consumptions between the different places to equal 100%)

- [ ] Home
- [ ] Nightclub
- [ ] Tavern/Shebeen
- [ ] With Friends/Family
- [ ] Bar/Restaurant

12) How willing are you to switch brands?
(Choose one option only)

- [ ] Very Willing
- [ ] Very slightly
- [ ] Somewhat willing
- [ ] None at all

13) If your brand of beer is not available in store, how often would you
(Split 100% between the 2 options)

- [ ] Go to another outlet to find it
- [ ] Buy another brand

14) If the quality of your beer is not adequate (cold), how often would you
(Split 100% between the 2 options)

- [ ] Drink it anyway
- [ ] Buy another brand

15) If the price of your beer is too high, how often would you
(Split 100% between the 2 options)

- [ ] Buy it anyway
- [ ] Buy another brand

16) If another brand is on promotion, how often would you
(Split 100% between the 2 options)

- [ ] Buy your brand anyway
- [ ] Buy the brand being promoted