

Exploring Premium Beer brand consumption behaviour in South Africa

Stewart P. Kaupa
University of KwaZulu-Natal

Krishna K. Govender*
University of KwaZulu-Natal &
Regenesys Business School
krishnag@regenesys.co.za

Corresponding author*

Abstract

South African Breweries (SAB), the largest beer manufacturer in South Africa has been losing market share as a result of competition from international brands such as Heineken, Amstel, Windhoek and many more beer brands entering the local market. Against this background, the exploratory study on which this paper is written, explores premium brand consumption behavior, more specifically on the consumers' perception of the main attributes of premium beer brands and, the factors that attract consumers to specific beer brands. Data was gathered from a convenience sample of 300 beer consumers and analysed using Principal Component Analysis (PCA) was used to create consumer perception indices which were used to determine the main attributes of premium beer brands, the factors that attracted consumers to premium beer brands.

It was ascertained that attributes other than the alcohol content of the beer attract consumers to purchase and consume premium beer brands, namely, the crispiness and the superior quality of the beer. The life style of consumers also has a major bearing on beer brand choices. The following recommendations are drawn from the findings: every effort must be made in the whole value creation chain of the SAB to differentiate its activities from those of its competitors, as such differentiation becomes central to sustainable competitive advantage of the organisation.

Key words: Marketing Strategy, Product Positioning; Competitive Advantage, Branding, Premium Beer Market.



Source: <http://www.braaishop.com/wpcontent/uploads/2015/01/braaishop-home-brewingbeer-recipes-300x187.jpeg>

Introduction and Background

The beer sector in South Africa is highly competitive and contributes greatly to the social and economic development of the country (Department of Trade and Industry, 2011). Truen, Ramkolowan, Corrigan, and Matzopoulos (2011) assert that beer sales forms a large part of the South African liquor market which is the single most popular beverage among South African drinkers. The increased popularity of beer has led to South Africa being regarded as both a major beer consumer and manufacturer internationally, positioned 12th in 2008 for consumption, and 13th in the production ranks (Kirin Institute of Food and Lifestyle, 2010). A well-developed liquor industry with a heavy drinking culture, combined with a stable political and economic environment has seen the South African economy steadily grow and has made South Africa a hub for investment, attracting international companies in almost every sector of the economy, and in the process intensifying competition between local and international firms (Department of Trade and Industry, 2005). However, the globalization process has opened up markets which were once deemed impenetrable, and this has intensified competition amongst producers, and the beer market is no exception. Pearce and Robinson (2005) assert that in order for an organisation that is operating in such a highly competitive market, like the beer market, to be successful, marketing strategies need to be aligned to the overall business strategy to allow an organisation to gain a competitive edge.

Developments currently taking place in the beer market have resulted in aggressive competition leading to a renewed effort by marketing practitioners and academics to investigate and try to better understand how best to address the market demands of diverse consumers in a competitive way. Kotler and Keller (2011) maintain that this approach and growth have led to the emergence of several marketing strategies

for selling the products. Lamb et al. (2008) argue that to succeed in a modern aggressive economic environment, successful marketing programs require - now more than ever – a balance between creativity and knowledge, in designing a model that allows a firm to gain a sustainable competitive advantage. Hitt, Ireland, and Hoskisson (2003) assert that most of the marketing strategies that organisations are implementing in order to gain a competitive advantage mostly rely on economic factors, cost leadership, differentiation and technological advancement as main sources that can lead to an organisation's success in the market. Such an approach ignores socio-cognitive factors that accompany an organisation's success in the market.

Given this background, this paper reports on a study aimed to determine premium beer attributes which consumers consider to be important, and to investigate the factors which attract consumers to premium beer brands, so as to incorporate these findings into the marketing strategy and become more competitive.

Literature Review

Truen et al. (2011) and Clare et al., (2004) state that over half a million individuals are employed within the beer sector which is part of the liquor industry, with the majority being employed in the informal sector referred to as "shebeen or tavern sector." In the financial year of 2009/10, the total contribution of the retail and manufacturing sectors of the liquor industry to the economy was in the region of R93.2 billion or 3.9% of 2009 GDP (SABMiller, 2010). The total VAT and duty contributions from the liquor industry were estimated to be in the region of R19.3 billion in the 2009/10 financial year, which implies that 40% of the direct value added by the industry, accrues to the state (Truen et al., 2011). Although the SAB and the liquor industry in general is a major economic player, the question remains as to how the SAB retains its market share which

continues to decline under the threat of international breweries.

SAB has a total brewing capacity of 3.1 billion liters of beer products per annum, which products are regarded as local or imported brands either owned by SABMiller or manufactured under license (SABMiller, 2010). Until 2007, the SAB had a contractual agreement with Heineken to produce and market the Amstel brand. When this contractual agreement was still in place, the SAB had an approximate market share of around 95% - 98%, with the Amstel brand accounting for around 8%-9% of this market share (Mail and Guardian, 2007). However, when Heineken cancelled the contractual agreement with the SAB in 2007, it (Heineken) had not yet established a brewery in South Africa, and as such, it had to service the local market through imports from its parent plant in Holland (Reuters, 2010). Truen et al. (2011) state that in 2010, three years after the

cancellation of the contractual agreement between Heineken and SAB, Heineken joined forces with Diageo and invested R3.5 billion in a new brewery in South Africa, an investment in which Heineken has a 75% stake and Diageo the remaining 25% (Shelves, 2010). The 450 million litre production capacity brewery manufactures Windhoek, Heineken, Amstel and other Ready-To-Drink (RTD) products for the South African market. The aggressive marketing strategies employed by Brandhouse have seen the market share of the SAB declining from between 95% - 98% to just above 85% in a period of three years from 2007 to 2010 (Reuters, 2010). The DTI (2011), estimates that the SAB controls just over 85% of the beer market share; Brandhouse about 13% and the 2% is held by small independent breweries. Table 1 presents market share by value, of some of the prominent beer brands in the beer market, as well as the manufacturers of these brands.

Table 1: South African Beer Market Share

Brand owner	Brand	Overall	Premium
SAB	Castle Lite	5% -7%	30%-32%
Heineken (Brandhouse)	Heineken	2%-4%	13%-15%
SAB	Peroni	3%-5%	9%-13%
Namibian Breweries (Brandhouse)	Windhoek	2%-4%	14%-16%
Heineken (Brandhouse)	Amstel	5%- 7%	30%-32%
SAB	Carling Black Label	34%-36%	Lager
SAB	Castle Lager	15%-17%	Lager
SAB	Hansa Pilsner	23%-25%	Lager

Source: Adapted from: Department of Trade and Industry (2003: 19)

Given the dominance of the premium beer market by Brandhouse and its

aggressiveness in increasing market penetration, coupled with the development

of a brewery in South Africa and its aggressive marketing strategies to push its brands into the market predominantly occupied by the SAB, it is evident that Brandhouse will intensify its distribution strategies taking an even greater share of the premium beer market of SAB. This is echoed and affirmed by the SAB's acknowledgement that Brandhouse joint venture is ever growing and reaching a wider range of customers, in both formal and informal beer markets (Bleby, 2010).

The brewery industry in South Africa enjoyed enormous growth and prosperity prior to 1994, dominating the local beer market with about 98% of the market share, and the SAB's market position as the only provider remained practically uncontested until 1994 which marked the end of apartheid and South Africa's incorporation into the international economy (DTI, 2009). Recent developments in the brewing industry taking place globally coupled with the termination of the agreement between Heineken and SAB has threatened the market dominance of the SAB more so in the premium beer sector where SAB has become a market follower of Brandhouse and continues to lose market share. The separation of Heineken from the SAB meant a business partner has turned into a competitor, necessitating the SAB to revisit its entire business strategy and identify new ways of combating and containing market competition (Bleby, 2010).

With the new aggressive competition, the SAB faced a challenge of coming up with creative marketing strategies that can counter attack the invasion of the international brands that are continuously threatening its market share. Designing a competitive marketing strategy and a model that will give South African premium beer brands an edge over international brands and occupy a competitive position in the South African beer market has become a major challenge for marketing managers.

The marketing and distribution process of beer in South Africa is categorized into two types of customers, namely mainstream-comprising of lagers such as Castle Lager, Black Label, Hansa Pilsner and other beer brands and premium beer brands comprising Castle Lite, Heineken, Windhoek, Peroni, Amstel and others, with premium beer brands commanding a premium price of between 10% to 12% premium compared to the main stream beer brands, (SABMiller, 2009). With this kind of a market scenario and characteristics, the premium beer brands market is much more profitable than the lager beers market and is more attractive for producers and this has resulted in aggressive competition for market share. In the premium beer brands market, the main beer producer and distributor in South Africa, the SAB, further differentiates and categorizes the premium beer brands into local and international premium beer brands with the international premium beer brands commanding a higher premium price than the local premium beer brands.

Clare, Ramatapa and Currin (2004) describe the South African beer categorization of main stream and premium beer brands as being strongly dependent on consumer perception, thus marketing strategies, from advertising, sales promotion through to pricing and packaging, play a very important role in determining the beer categories as perceived by consumers. The differentiation of premium beer brands and mainstream brands is mostly based on how consumers perceive these beer brands in terms of price differences and marketing strategies.

In light of the brief literature reviewed, this research on which this paper is written, was conducted to determine consumers' perceptions of the main attributes of premium beer brands and factors which attracted them to specific beer brands.

Methodology

This study was conducted in the KwaZulu-Natal province (South Africa), covering the Durban CBD and both rural and urban areas in Pietermaritzburg. The Durban CBD was selected on the basis of it being the biggest city in the province with a diverse population, and furthermore, according to the Pietermaritzburg Chamber of Commerce reports (2012), Durban has the highest beer consuming population in the province of KwaZulu-Natal. Pietermaritzburg which is the administrative capital of KwaZulu-Natal, is home to about 700 000 people (Stats SA, 2012), with a diverse drinking population and this provided a conducive environment for the study as the perceptions of different consumers could be obtained.

Prior to development of the questionnaire that was used to collect data for the study, a pilot study was conducted among 50 purposively selected participants in the Pietermaritzburg, and so address the recommendations of Cooper and Schindler (2001), namely, that the purpose of a pilot study is to refine the questionnaire and ensure that respondents will have little problems in answering the questions. During the pilot study a questionnaire containing open-ended questions on the most preferred premium beer brands and the life style of consumers, was personally administered to a convenience of 50 beer consumers. The analysis carried out on the data that was collected through the pilot study revealed six factors namely, brand reputation, influence of other consumers, consumers' social self-concept, the personality of consumers, brand reputation, and public image of consumers as factors that make up the lifestyles of premium beer consumers. The aforementioned factors were included in the final questionnaire. The questionnaire comprised five (5) point Likert-type scale questions, where 1= strongly agree, 2= Agree, 3= Neutral, 4=Disagree, 5= Strongly disagree.

A convenient sample of 300 beer drinkers, comprising equal numbers from each city was selected. Only those consumers who were above the age of 20, and have been drinking premium beer for at least five years and have tasted all the five premium beer brands listed in the study were allowed to participate in this study.

The data was analyzed using the Statistical Package for Social Sciences (SPSS) to perform Principal Component Analysis (PCA) on the data to show the complex relationships between the beer brands and the criteria used by consumers in making their purchase decisions. Perceptions of consumers were used because consumers' preference of beer brands is based on their perceptions (Blythe, 2006). PCA was then used to extract factors scored to construct the premium beer brand index.

Findings

Characteristics of the Research Sample

The data relating to gender, age, employment status, income levels, and the frequency of consumption of premium beer by consumers was analysed as reflected in Table 1. It is evident that there was a split of 195/105 between the male and female respondents, which indicates good representation from both gender groups in South Africa, and thus generated a more representative sample, since the South African gender demographic profile is 1.02 male/female (Stats, 2010).

By ensuring an equitable representation of all race groups once again confirmed that the effects of culture on the choices and preferences of premium beer brands were considered in this study. In keeping with the alcohol consumption laws of South Africa which limits alcohol consumption to 18 years of age, no person under the age of 18 participated in this study, and again the study only considered those consumers

who have been actively drinking for at least a period of five years.

Table 1: Demographics of the Respondents

	Count	Percentage
Gender	300	100
Male	195	65
Female	105	35
Race	300	100
Black	192	64
White	64	21.3
Indian	31	10.3
Coloured	13	4.3
Other races	0	0
Age	300	100
20 – 25	270	90
26-30	16	5.3
31 -35	10	3.3
36 - 40	4	1.3
Employment	300	100
Employed	135	45
unemployed	165	55

Table 2 presents the income levels of consumers, their preferred place for consuming beer, and frequency of consumption of beer.

Table 2: Income Levels and Beer Consumption Frequency

Income Level	Count	Percentage
R1. 00 – R50 000	205	68.3
R50 001 – R100 00	31	10.3
R100 001 – R150 000	44	14.7
R150 001 – R200 000	17	5.7
R200 001 – and above	3	1
Beer Consumption Venue	300	100
Pub	86	28.7
Parties	181	60.3
Home	33	11
Beer Consumption Frequency	300	100
Everyday	15	5
Once/twice a week	51	17
Occasionally	234	78

Attributes of Premium Beer Brands

Consumers were asked to indicate the attributes that they considered as being important when choosing a particular premium beer brand, and indices or latent factors were developed from the responses using rotated principal components as latent factors. The percentage of total variation in the original questionnaire items accounted for by each index or latent factor was also computed. These percentages provided a clear picture of how much of the original information was retained after aggregating the questionnaire items into indices. The questionnaire items were assessed for reliability using the Cronbach's Alpha coefficient (Bryman and Bell, 2011).

Component matrix analysis was carried out in order to establish the attributes that consumers considered to be outstanding in each of the five premium beer brands under study. The results (table 3) show that for the Castle Lite brand, two latent factors were needed for information retention of 59.2% (32.3%+26.9%). The first index or latent factor which accounted for 32.3% of the total variation had a greater bearing on the crispiness (coefficient = 0.818), and taste (coefficient = 0.673) of the beer. The other attributes were fairly represented, with the alcohol content contributing the least towards the attribute of this latent factor (coefficient = 0.303). This was interpreted to mean that as far as the Castle Lite brand is concerned, the most important attributes are its crispiness and taste, with the other attributes having lesser importance in describing the character of the beer as defined by its attributes.

With respect to the Heineken brand, the component matrix analysis results show that two latent factors were needed for information retention of 53.5% (33% + 20.5%). The first index or latent factor which accounts for 33% of the total variation had more bearing on the crispiness (coefficient = 0.677) and the taste (coefficient = 0.649)

of the beer. The other attributes were fairly represented, with the alcohol content contribution the least towards this latent factor (coefficient = 0.416). This was interpreted to mean that as far as the Heineken brand is concerned, the most important attributes in describing the beer are its crispiness and taste.

With regard to the Peroni brand, two latent factors were needed to have information retention of 56.8% (36%+20.8%). The first index or latent factor which accounted for 36% of the total variation had a greater bearing on the crispiness (coefficient = 0.759) and the taste (coefficient = 0.734) of the beer. The other attributes were fairly represented, with calorie content having the least contribution towards this latent factor (coefficient=0.280). This was interpreted to mean that as far as the Peroni brand is concerned, the most important attributes in describing the beer were its crispiness and taste with the other attributes contributing less to the character of the beer.

With regard to the Windhoek brand, two latent factors were needed to have information retention of 57.8% (33.5%+24.3%). The first index or latent factor which accounted for 33% of the total variation had a greater bearing on the crispiness (coefficient = 0.766) and the taste (coefficient = 0.667) of the beer. The other attributes were fairly represented with the calorie content contributing the least towards this latent factor (coefficient=0.403). This could be interpreted to mean that as far as the Windhoek brand is concerned, the most important attributes in describing the beer are its crispiness and taste with the other attributes contributing less to the character of the beer.

The Amstel brand required two latent factors to have information retention of 53.9% (31.7%+22.2%). The first index or latent factor which accounted for 31.7% of the total variation had more bearing on the crispiness (coefficient = 0.704) and taste

(coefficient = 0.685) of the beer. The other attributes were fairly represented with the alcohol content contributing the least towards this latent factor (coefficient = 0.381). This was interpreted to mean that as far as Amstel is concerned, the most important attributes in describing the beer are its crispiness and taste with the other attributes contributing less to the character of the beer as measured by attributes.

When considering factor one of the five premium beer brands under study, it was evident that as far as beer attributes are concerned the same order of importance was maintained, that is, crispiness and taste, were the most important attributes in describing the character of a beer. It is important to point out that factor one was a

weighted average of the five attributes with higher weights going to those attributes that were most important in describing the overall attributes of a beer. The second latent factors (factor 2's) across all beer brands had a mixture of positive and negative coefficients on the attributes. This meant that the second factors were contrasts of the attributes whereas those with negative coefficients contrast with those with positive coefficients. For the Castle Lite brand, factor 2 contrasts flavour and calories on the one side, against alcohol content, taste and crispiness. Table 3 presents the component matrix of the five premium beer brands indicating the most important attributes that consumers consider when choosing a particular premium beer brand.

Table 3: Component Matrix for Beer Attributes

Component Matrix for Beer Attributes										
Attribute	Castle Lite		Heineken		Peroni		Windhoek		Amstel	
	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2
-Alcohol Content	0.303	-0.672	0.416	0.751	0.506	-0.555	0.405	-0.663	0.381	0.740
-Taste	0.673	-0.329	0.649	-0.035	0.734	0.053	0.667	-0.344	0.685	0.246
-Crispiness	0.818	-0.120	0.677	0.273	0.759	-0.222	0.766	-0.059	0.704	0.052
Flavour	0.536	0.535	0.563	-0.493	0.591	0.340	0.564	0.521	0.529	-0.572
-Calories	0.339	0.695	0.527	-0.374	0.280	0.749	0.403	0.618	0.444	-0.415
Variance Explained	32.3%	26.9%	33.0%	20.5%	36.0%	20.8%	33.5%	24.3%	31.7%	22.2%
	Total = 59.2%		Total = 53.5%		Total = 56.8%		Total = 57.8%		Total = 53.9%	
Reliability: Cronbach Alpha	0.408		0.480		0.534		0.483		0.449	

Relationship among the Attributes of Premium Beer Brands

Different factors constructed from the product attributes of premium beer brands were correlated for each of the premium beer brands under study. Each factor was used to assess similarities between the

premium beer brands by way of computing Pearson's correlations for all possible pairs of beer brands.

The Pearson's correlation coefficients presented in table 4 show that there was a significant positive relationship between the Heineken brand and the Castle Lite brand ($r = 0.192$, $p < 0.01$), as far as factor 1 (taste and crispiness) was concerned, and there

was also a significant positive relationship between the Peroni brand, the Castle Lite brand and the Heineken brand. However the Pearson's coefficient results also

showed that there is a negative but not significant relationship between the Peroni brand and the Castle Lite brand ($r = -0.065$).

Table 4: Correlational Analysis of the Attributes of Premium Beer Brands

Beer	Pearson Correlation	Castle Lite	Heineken	Peron	Windhoek
Heineken	Factor 1	0.192**			
	Factor 2	-0.060			
Peron	Factor 1	0.162**	0.220**		
	Factor 2	-0.065	-0.114*		
Windhoek	Factor 1	0.012	0.160**	0.361**	
	Factor 2	-0.061	-0.179**	0.223**	
Amstel	Factor 1	0.112	0.3296**	0.201**	0.299**
	Factor 2	0.051	0.274**	-0.260**	-0.307**

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

The results in table 4 show that the Peroni brand and the Windhoek brand have the highest similarity (or correlation) with regard to factor 1 (taste and crispness attributes), as shown by the Pearson's coefficient correlation ($r = 0.361$, $p < 0.1$). It is also evident that the Windhoek brand and the Castle Lite brand have the lowest and non-significant correlation ($r = 0.012$) as far as taste and crispness are concerned ($r = 0.012$). This means that the two premium beers have the least similarity score.

Figure 1 presents hierarchical linkages of the five beer brands as far as the similarity scores (correlations) between the five premium beer brands based on the taste and crispness attributes of the beers. The dendrogram shows which brands are closest together or most similar in their factor one attribute scores. Figure 1 was produced using the nearest neighbour hierarchical clustering method with correlations between the brands as a measure of similarity.

Figure 1: Nearest Neighbour Hierarchical Tree or Dendrogram for beer brands follows:

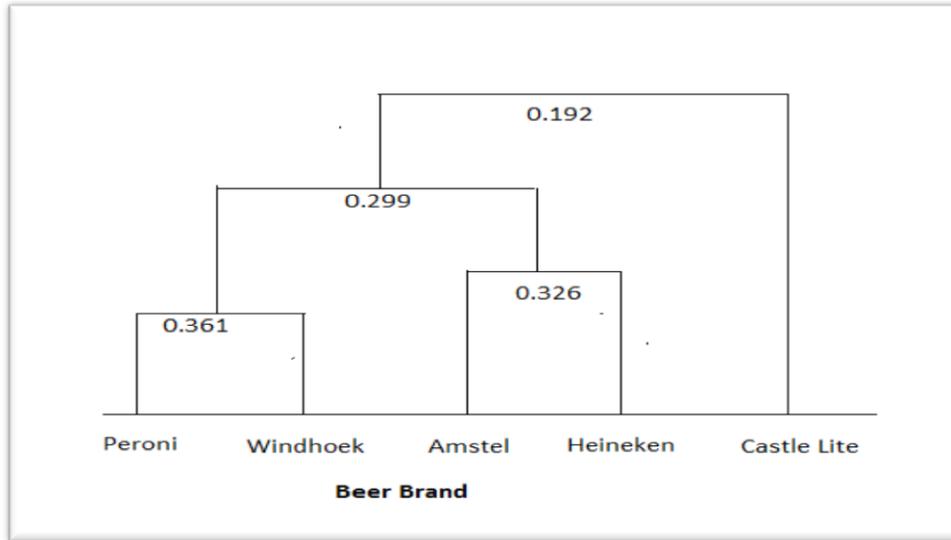


Figure 1: Nearest Neighbour Hierarchical Tree or Dendrogram for beer brands

Figure 1 shows that the Castle Lite brand is most distant from the other brands or the lowest correlated brand to the other brands. This points to the fact that it is the most unique brand compared to the other brands when classified using the attributes of taste and crispiness. The Castle Lite brand is the only home brand (originates from South Africa-SAB) of the five premium beer brands, although the Peroni brand also falls under the brand portfolio of SAB, its origins are in Italy. The other three premium beer brands are foreign brands produced and marketed under Brandhouse banner.

Factors that Attract Consumers to Specific Premium Beer Brands

Given that the beer market is one of the most fiercely contested markets since it offers consumers a wide range of brands to consumers, one of the objectives of this study was to establish the main factors that attract consumers to premium beer brands. Indices or latent factors were developed using Principal Component Analysis to represent the main factors that consumers use, other than the beer attributes, in choosing premium beer brands. Computation of the percentages of the total variation in the original questionnaire items, accounted for by each index or latent factor,

was carried out and this indicated how much of the original information was retained after aggregating the questionnaire items into indices. Cronbach's Alpha statistics were used to assess the reliability of the questionnaire items that were used to assess the factors that attract consumers to premium beer brands.

The results presented in table 5 show that, for the Castle Lite brand one latent factor was needed to have information retention of 41.6 percent. Castle Lite brand consumers are determined to establish a long term relationship with this brand, based on the fact that these consumers find the market price of the Castle Lite brand (0.578) to be a true reflection of the value that they get from the beer and the brand displays superior qualities (0.774), compared to other premium beer brands. The good taste of the Castle Lite brand (0.746) and its clean and crispness (0.818) were identified by consumers as being more appealing, to establish loyalty with this brand.

For the Heineken brand, two latent factors were needed to have information retention of 50.9 percent (38.3% +12.6%). The first latent factor which accounted for 38.3 percent of the total variation indicates that brand loyal consumers of the Heineken

brand are more attuned to this brand because the brand is worth the money they spend on it. Consumers find the Heineken brand to be a superior brand with good taste, compared to other beer brands in its category, as the beer portrays a clean and crisp taste.

The principal component analysis results show that one latent factor was needed to have information retention of 40.7 percent for the Peroni brand. The most outstanding factors attracting consumers to Peroni were identified to be good taste (0.786), the

superior quality of the brand (0.766), the after taste (0.627), and the higher alcohol content (0.551). This shows that due to the outstanding attributes of this brand, consumers are brand loyal and are determined to maintain a long term relationship with this brand.

Table 5 presents the component matrix of the factors that attract consumers to premium beer brands indicating the level of importance that consumers attach to each factor.

Table 5: Component Matrix of Factors Attracting Consumers to Premium Beer Brands

Factor	Component Matrix						
	Castle Lite	Heineken		Peron	Windhoek		Amstel
	Factor 1	Factor 1	Factor 2	Factor 1	Factor 1	Factor 2	Factor 1
Brand message	0.440	0.385	0.764	0.404	0.454	0.596	0.559
Relationship	0.731	0.676	0.359	0.661	0.648	0.361	0.749
Price worthiness	0.578	0.508	0.009	0.420	0.368	0.551	0.564
Superior quality	0.774	0.791	-0.074	0.766	0.735	-0.033	0.797
Better taste	0.746	0.756	0.005	0.786	0.718	-0.201	0.735
Crisp taste	0.818	0.741	-0.219	0.758	0.742	-0.201	0.790
Higher alcohol content	0.371	0.495	-0.407	0.551	0.498	-0.374	0.479
After taste	0.551	0.453	-0.271	0.627	0.596	-0.341	0.594
Variance Explained	41.6%	38.3%	12.6%	40.7%	37.2%	14.1%	44.7%
Reliability: Cronbach Alpha	0.775	0.746		0.780	0.744		0.814

For the Windhoek brand, the principal component analysis results show that two latent factors were needed in order to have information retention of 51.3 percent, factor one accounted for 37.2 percent and factor two accounted for 14.1 percent. The first index or latent factor which accounted for 37.2 percent of the total variation showed that consumers of the Windhoek beer brand are more likely to establish a long term relationship with this brand and this was indicated by a factor loading of 0.648. These consumers value and appreciate the superior quality of Windhoek beer which was evident by a coefficient of 0.735. Factor 1 for this beer has high loadings on “better

taste” with a coefficient of 0.718 and clean and crisp, with a coefficient of 0.742.

Consumers of the Amstel brand value the superior quality that this brand portrays and this was indicated by the coefficient of 0.797. These consumers also appreciate the crisp taste (0.790) and the good taste of the beer (0.735).

Factors Attracting Consumers to Premium Beer Brands

Factor analysis was performed on the factors that attract consumers to premium

beer brands in order to establish the main factors that draw consumers to premium beers. Table 6 presents the factor correlation depicting the similarities of the premium beer brands based on the factors that attract consumers to premium beers. The correlations show that the Windhoek premium beer brand is very close to the Peroni premium beer brand with a correlation coefficient of 0.30. Both the Windhoek and Peroni brands attract consumers mainly because of their crisp taste as indicated by the factor loading of

0.742 for Windhoek, and 0.758 for Peroni (Table 5). These two brands are very similar in terms of their superior quality, good taste and the after taste. When considering the main factors that attract consumers to premium beer brands such as the quality of the beer, taste, crispiness, and price, the Windhoek and Peroni brands were collectively closely related to the Heineken brand. Table 5.6 presents the correlations of the different factors that attract consumers to premium beer brands.

Table 6: Factors Attracting Consumers to Premium Beer Brands

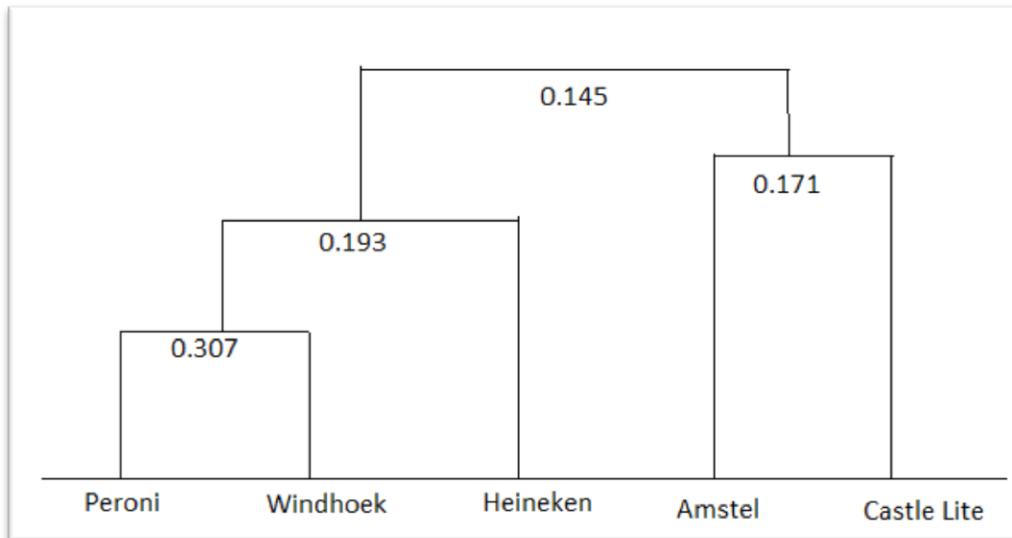
Beer	Pearson Correlation	Castle Lite	Heineken	Peron	Windhoek
Heineken	Factor 1	0.124*			
	Factor 2				
Peron	Factor 1	0.145*	0.151**		
	Factor 2				
Windhoek	Factor 1	0.041	0.193**	0.307**	
	Factor 2		0.283**		
Amstel	Factor 1	0.171**	0.098	0.034	0.124*
	Factor 2				

* . Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

Figure 2 presents a dendrogram depicting the similarities of the five premium beer brands based on the factors that attract consumers to these brands. The similarity measures (correlations) are used to obtain spatial representations by the use of a dendrogram or tree representations with clustering procedures. It is also evident from Figure 2 that the Peroni and Windhoek brands are the closest beer brands, with a correlation of 0.307. The Peroni and Windhoek brands attract consumers

because they are both superior quality beer brands, with a crisp taste. The Heineken brand is closer to Peroni, and the Windhoek brand, at 0.193. Consumers cited superior quality, and crisp taste as being worth the money they pay for this beer brand. The Amstel and the Castle Lite brands are weakly related at a considerably low effect size ($r = 0.171$). Consumers only indicated a similarity of these two brands in terms of the quality of the beer, and taste.

Figure 2: Beer Similarities



Discussion and Conclusions

It was ascertained that for all the five premium brands, the most outstanding beer attributes are taste, crispness and flavour, as consumers find these attributes more appealing than the alcohol content. The alcohol content and the volume of the beer play a less significant role in consumers' choice of premium beer. It also became evident that there are mainly three premium beer attributes that consumers consider as being important, namely, crispiness, good taste and flavour of the beer. The same order of importance was maintained through all the five beer brands studied namely, Castle Lite, Heineken, Peroni, Windhoek, and Amstel. Therefore, the findings demonstrate that consumers are not attracted to a particular premium beer brand because of its beer content only. As a result, it can be concluded that there are attributes other than the alcohol content of the beer that attracts consumers to premium beer brands. Marketing initiatives and strategies aimed at premium beer consumers should take the aforementioned findings into consideration when attempting to position their brands. Louw and Venter (2007) describe product differentiation as a marketing strategy that businesses use to

distinguish a product from similar offerings in the market. For markets that are characterized by commoditization, product differentiation may provide a source of competitive advantage; however these results show that there is little that differentiates the premium beer brands, hence SAB can look at the differentiated marketing strategies that can give it an edge over competitors. The findings support the conceptual model which indicates that a sustainable competitive advantage can be attained by designing and implementing unique marketing strategies that incorporate aggressive distribution network and brand awareness campaign.

It also became apparent that consumers are attracted to premium beer brands by the crispiness of the beer, the superior quality of the beer, the taste of the beer and, the market price of the premium beer brand. The premium beer market is a highly competitive market and for a brand to stand out in the crowd there is need for a good understanding of both the consumers and the way the market is structured. These results have demonstrated that for SAB to gain a competitive advantage in the premium beer market sector, there is a

need to clearly design marketing strategies and tactics that will clearly differentiate its premium beer brands on important factors that attract consumers such as price, beer quality, crispiness and taste. The aforementioned finding is supported by Ehlers and Lazenby (2012) who argue that building a sustainable competitive advantage revolves around differentiating an organisation from competition along attributes that are important and add value to consumers.

The results also showed that there are similarities among the factors that attract consumers to all five premium beer brands. Belch and Belch (2011) assert that for brands that are closely related in their main attributes creative marketing position and communication can still separate them and earn a competitive advantage. Hanna and Woziniak (2001) assert that as marketers come to understand the behavior of consumers they are better able to predict how consumers will react to different environmental and information clues and can thus design and fine-tune their approaches and tactics accordingly. Hawkins and Mothersbaugh (2013) argue that, in today's extremely competitive markets, a good understanding of buyer behavior and what attracts consumers to particular brands helps marketers in designing marketing strategies and tactics that allow them to create a positive and lasting relationship with consumers and achieve a competitive advantage. Cant and van Heerden (2012) add that where positioning strategies of brand benefits with consumer needs and with the benefits that consumers derive from consuming the product are emphasized, this creates a favourable brand image in the mind of consumers.

Limitations of the Study and Future Research

Given the time and budget constraints, and even though the five premium beer brands

around which this study was developed were carefully selected after a pilot study, it became evident that the number of brands chosen was limited, since five premium beer brands represent a very small sample of the beer brand population currently competing in the South African market. Future studies should include lager beer brands as well, since these brands also compete for the same market share as premium beer brands

Although this study provided a new perspective on competitive marketing strategies in the premium beer brands sector, it is not exhaustive, and also presents opportunities for further research in this industry in a number of ways. For example, it would be of great value to assess the degree to which the findings of this study correlate with those of similar studies in other alcoholic beverages such as wine, lager beers, and spirits. It can only be assumed that other alcoholic brands might use a different set of factors and influences when developing a competitive advantage base. For example, it is expected that factors and influences such as brand attributes that lead to customer satisfaction, elements of the distribution network and the life-style of consumers would feature more prominently in all alcoholic brands when it comes to designing marketing strategies that would give an organisation a competitive advantage. Another possible area of research would be to undertake a comparative study between the marketing strategies of other alcoholic beverages such as spirits, brandy and whiskies. It would be interesting to compare and contrast the sources of competitive advantages and the marketing strategies that are used for such brands.

The South African Breweries is still expanding its business operations further into African countries and beyond with its beer brands, hence a further possibility is that the present study can be replicated in an international context in order to assess the sources of competitive advantage and

marketing strategies that can be implemented in different countries.

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