

**THE CHALLENGES AND IMPLICATIONS OF
CORPORATE RE-BRANDING:
A CASE STUDY OF AMALGAMATED
BEVERAGE INDUSTRIES (ABI)**

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**Submitted in fulfilment of the academic requirements
for the degree of Doctor of Business Administration
(DBA)**

**at the University of KwaZulu-Natal (Westville
Campus)**

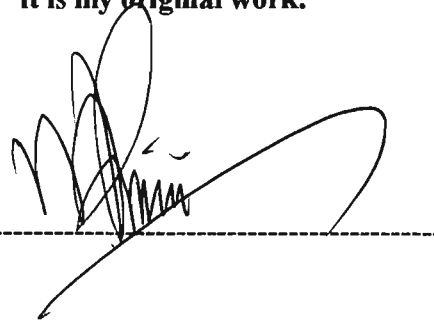
PROMOTER

Prof. Kasthuri Poovalingam

**DURBAN
November, 2006**

DECLARATION

As required by University regulations, I hereby state unambiguously that this work has not been presented at any other University or any other institution of higher learning other than the University of KwaZulu-Natal, (Westville Campus) and that unless specifically indicated to the contrary within the text it is my original work.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a dashed horizontal line.

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As the candidate's supervisor I hereby approve this thesis for submission

**Professor Kasthuri Poovalingam
November, 2006**

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Special thanks go to my dear wife, Professor Isabel Apawo Phiri, who has been an inspiration and encouragement to me, ever urging me to go back to school and pursue my studies towards an MBA and now this thesis for a doctoral degree. Sincere and loving thanks go to my children, Chisomo Kelvin Phiri, Kuleza Phiri, and Cynthia Phiri for giving me the space to work on this thesis.

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ABSTRACT

This thesis aims to address the issues of corporate re-branding in the context of marketing strategy and general strategic management. The research for the thesis was conducted in Pietermaritzburg and the surrounding areas where the Amalgamated Beverage Industries (ABI) depot distributes the Coca-Cola brands and other alternative beverages. ABI distributes non-alcoholic beverages that are produced under the trademark of Coca-Cola to the wholesalers and retailers in the Pietermaritzburg Central Business District (CBD) and the surrounding townships and settlements.

ABI embarked on a re-branding campaign that resulted in the redesigning of the company logo. From a strategic management point of view, new business strategies that are formulated aim at finding ways that will keep a company trading profitably for a long time. The re-branding process of ABI has resulted in a change of attitudes of both employees and management towards its customers.

The overall aim of the thesis was to investigate the impact of re-branding on the profitability of the company ABI. The results of the thesis reveal that other variables play a role in promoting the profitability of a company. The investigation, through a comprehensive field and secondary survey, used both qualitative and quantitative methods in its data collection.

Finally, the thesis has examined the implications of re-branding on the purchasing trends of ABI's customers after having been exposed to the new ABI image and new culture of conducting business. It has been established after analysing both the primary and secondary data that it is not demonstrably obvious that when a company re-brands its logo or image, that customers will purchase more products, hence increasing the financial value of the company. It is the final conclusion and recommendation of this thesis that before engaging in a costly re-branding exercise, senior management should conduct proper market research as to whether the exercise will add financial value to the company.

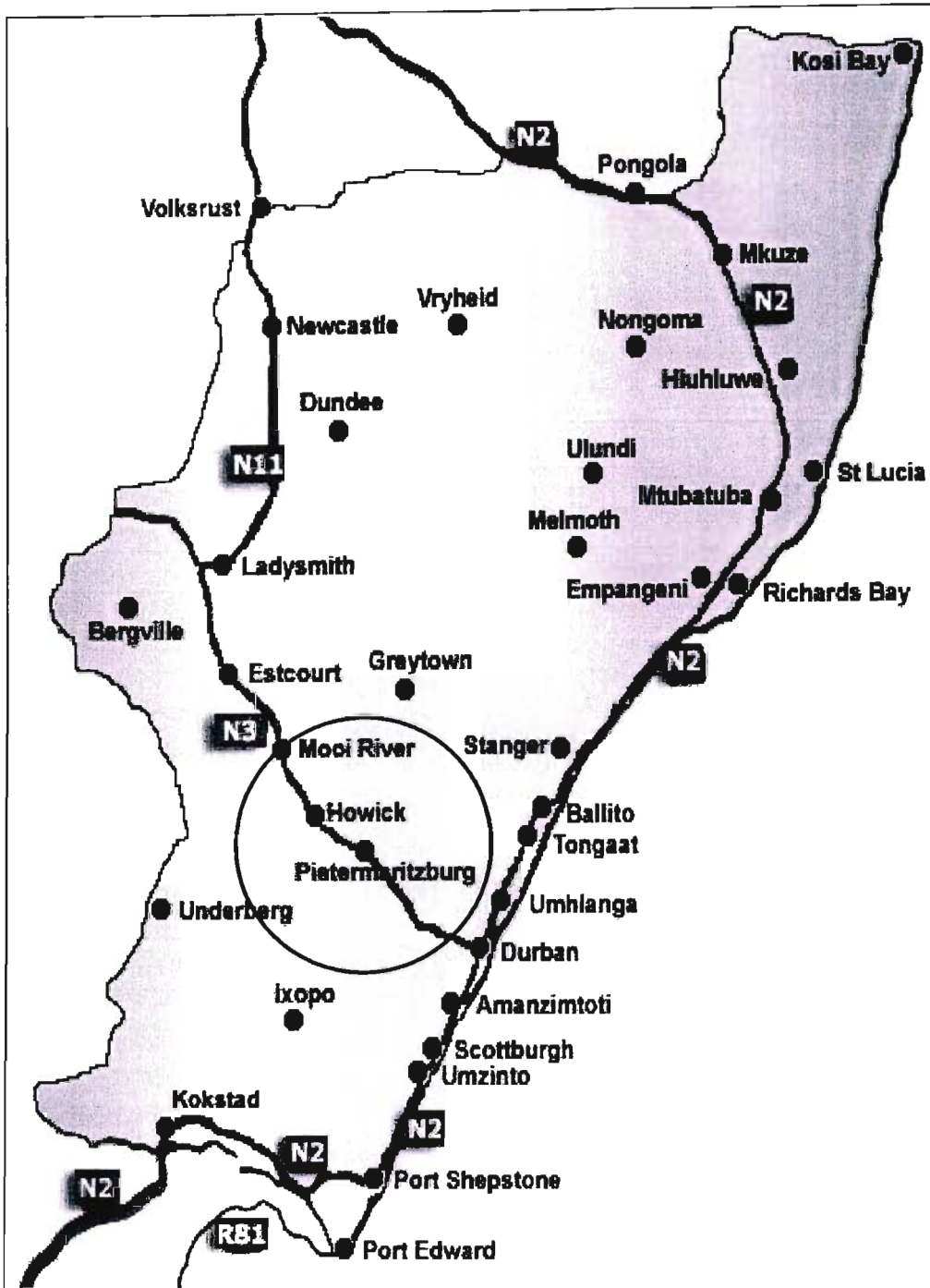
Key Terms: Re-branding; Innovation; Brand Repositioning; Brand Equity; Fitness Fit; Brand Value; Intangible Asset; Profit Maximisation, Strategy and Return on Investment.

GLOSSARY

ABI	Amalgamated Beverage Industries (Pty) Limited
AMA	American Marketing Association
Abs	Alternative Beverages
ANOVA	Analysis of Variance
BCG	Boston Consulting Group Matrix
CAP	Competency Acquisition Programme
CBD	Central Business District
CCSA	The Coca-Cola Company of South Africa
CCSEA	The Coca-Cola Company of Southern and Eastern Africa
CEC	Chief Executive Committee
CEO	Chief Executive Officer
CGF	Community Growth Fund
CRM	Customer Relationship Management
CSDs	Carbonated Soft Drinks
CSI	Corporate Social Investment
CSM	Customer Service Management
CSR	Customer Service Ratings
DTI	Department of Trade and Industry
EBITDA	Earnings Before Tax
EVA	Economic Value Added
FMCG	Fast Moving Consumer Goods
GA	Gap Analysis
GE	General Electric Portfolio Analysis
HIV	Human Immunodeficiency Virus
HR	Human Resource
HRM	Human Resource Management
HP	Hewlett-Packard
JSE	Johannesburg Stock Exchange
KING II	King II Code of Corporate Practices and Code of Conduct
LRS	Labour Research Service
LSE	London Stock Exchange
MD	Managing Director
NGO	Non Government Organisation

NPV	Net Present Value
OA	Operating Assets
PEST	Political, Ecological, Social, and Technological Analysis
PCC	Pietermaritzburg Chamber of Commerce
PIC	Product Innovation Chart
PSL	Premier Soccer League
QSR	Quick Service Restaurants
R&D	Research and Development
ROE	Return on Owner's Equity
ROI	Return on Investment
RRR	Required Rate of Return
SAB	South African Breweries
SMMEs	Small Medium Micro Enterprises
SPSS	Statistical Package for Social Sciences
SM	Strategic Management
SRI	Socially Responsible Investment
SWOT	Strengths, Weaknesses, Opportunity and Threats Analysis
TCS	Tailored Customer Service

MAP OF KWAZULU-NATAL¹



¹ KwaZulu Natal Province – Wikipedia, the free encyclopedia.
<http://en.wikipedia.org/wiki/KwaZulu-Natal> (Accessed 19 July 2004).

TABLE OF CONTENTS

Item	Page Number
DECLARATION	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
GLOSSARY	vi
MAP OF KWAZULU-NATAL	viii
TABLE OF CONTENTS	ix
LIST OF TABLES	xvii
LIST OF FIGURES	xx
LIST OF HISTOGRAMS	xxii
LIST OF LINE GRAPHS	xxiii
LIST OF PIE GRAPHS	xxiv
LIST OF BAR GRAPHS	xxv
DEFINITIONS OF ABI ACCOUNTING STATEMENTS	xxv

CHAPTER 1: INTRODUCTION AND OVERVIEW

1. 0 Introduction	1
1.1. The Challenges and Impact of Corporate Re-Branding	1
1.2. Envisaged Significance of the Research	3
1.3. Background to the Process of Re-branding	4
1.4. Motivation of the Study	5

1.5. Why ABI?	6
1.6. The Research Problem Statement	7
1.7. Research Objectives	9
1.8. The Main Research Question	10
1.9. Subsidiary Research Questions	10
1.10. Value of this Study	12
1.11. Key Research Argument	12
1.12. Research Procedures	13
1.13. Justification for the Research	13
1.14. Ethical Considerations	14
1.15. Limitations of the Scope	14
1.16. Structure of the Study	15
1.17. Conclusion	16

CHAPTER 2: STRETEGY FORMULATION

2.0 Introduction	17
2.1 ABI's Vision and Strategy	18
2.2. Branding of the Organisation	21
2.3. Concepts of Strategy and Decision-making	28
2.3.1. Strategic Management Theory	28
2.3.2. External Environment	29
2.3.3. The Nature of the Environment	29
2.4. Broad Analysis of the Environment	30
2.5. Industry-specific Analysis	32

2.6. ABI's Pricing Strategy	35
2.7. Internal Organisation Analysis	37
2.8. The Organisational Culture and Change	43
2.8.1. ABI is a subset of its Business Partners	43
2.8.2. ABI Business Operating in Silos	43
2.8.3. Sense of Disempowerment	43
2.8.4 No "Breeding Ground" for Talent	44
2.8.5 Organisation's Competitiveness	44
2.9. Strategic Management and Innovation	46
2.10. Strategic Management at Corporate Level	47
2.11. The Conventional Approach to Strategic Management	48
2.12. Strategic Management and the Business Environment	49
2.12.1. External Environment	49
2.12.2. Internal Environment	50
2.13. Strategic Intent	51
2.14. Formulation of Strategy	52
2.15. Amalgamated Beverage Industries (ABI) Organisational Structure	53
2.16. ABI's Corporate Governance	53
2.17. Corporate Strategy and ABI	54
2.18. Strategic Positioning	57
2.19. Strategic Positioning and Policy of ABI	59
2.20. Respect for the Stakeholders both Internal and External	59
2.21. Strategy Formulation	60
2.22. Strategy Implementation	60
2.23. Conclusion	61

CHAPTER 3: ABI BRAND POSITIONING AND MARKETING STRATEGIES

3.0 Introduction	63
3.1. The Image and Attributes of a Brand	63
3.2. Redesigning and Communicating the Brand	64
3.3. Brand Positioning	74
3.4. Target Market and Branding	76
3.5. ABI Brand Positioning and Value Chain	80
3.6. Brand Position in Relation to the Products and Organisation	83
3.7. Brand Equity and Brand Valuation	84
3.8. Shareholder Value and Brand Equity	91
3.9. Building a New Brand	96
3.10. Positioning of the New Brand in Relation to Innovation	96
3.11. Brand Focused Business Transformation	98
3.12. Credibility of the Brand	103
3.13. The Business Model and Brand Positioning	104
3.14. Definition of the Business Model	104
3.15. The ABI Business Model	106
3.16. Conclusion	108

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.0 Introduction	111
4.1. Research Design	111

4.2. Justification of Research Questions for the study	113
4.3. Research Methodology	115
4.4. Secondary Data	115
4.5. Sampling and Research Design	120
4.6. Designing the Sample Size	121
4.7. Ethical Decisions and Research Design	124
4.8. Data Collection by Observation Method	126
4.9. Data Collection Using Documentation Method	127
4.10. Data Collection Using Personal Interview Method	127
4.11. Use of Questionnaire in Data Collection	127
4.12. Research Setting and Administration of Questionnaires	128
4.13. Location of the Study	125
4.14. Reasons for the Use of the Selected Research Design	129
4.15. Data Collection, Analysis and Justification for the Descriptive and inferential Statistics	131
4.16. Permission to Conduct Research	133
4.17. Conclusion	133

CHAPTER 5: ABI CASE ANALYSIS BASED ON SEVEN YEAR FINANCIAL PERFORMANCE

5.0 Introduction	135
5.1. Determining the Value of the Company	135
5.2. ABI's History	135
5.3. Internal Analysis of ABI	137
5.3.1. Profile Overview and Operations	137

5.3.2. Market Positioning and Financial Sustainability	140
5.4. Corporate Governance Structure and Management Systems	143
5.5. ABI's Corporate Governance Structure	144
5.6. Accountability and Assurance	145
5.7. Risk Management	146
5.8. Involvement of Stakeholders in the Business	148
5.9. Social Responsibility	152
5.10. The Current Strategy of ABI	153
5.11. ABI's Financials	154
5.12. Present Value of Operating Free Cash Flow	162
5.13. Present Value of Dividends	173
5.14. Corporate Re-branding and Financial Performance	174
5.15. Conclusion	175

CHAPTER 6: EMPIRICAL RESULTS AND INTERPRETATION

6. 0 Introduction	177
6.1. Interpretation of Reliability Analysis	178
6.2. Respondent Demographic Profile	178
6.3. Inferential Statistics	233
6.3.1. Chi-square Independent Test	234
6.3.2. Interpretation of Table 6.52	242
6.3.3. Interpretation of Table 6.53	243
6.4. Correlations and Statistical Test	244
6.4. Interpretation of Correlations (Table 6.54)	244
6.5. Conclusion	247

CHAPTER 7: DISCUSSION OF EMPIRICAL RESULTS

7.0. Introduction	250
7.1. Gender of the Respondents and its role in the operation of the Business	251
7.2. The impact of Education on the Performance of the Business	250
7.3. Assistance from ABI to Improve Business Operations	252
7.4. Customer Service and its Impact on Purchases from ABI	253
7.5. Awareness of the New ABI Logo	253
7.6. Influence of the Meaning of Re-branding on the Purchases of Soft Drinks	254
7.7. Presentation of ABI staff with New ABI Logo on their Uniforms	255
7.8. Description of the Old and New ABI Logo	256
7.9. Financial Support Received from ABI by the Respondents	256
7.10. The influence of Direct Deliveries on the Performance of ABI	258
7.11. Conclusion	259

CHAPTER 8: CONCLUSIONS, LIMITATIONS AND DIRECTIONS OF THE RESEARCH

8.0. Introduction	261
8.1. Summary of the study	262
8.2. Managerial Implications and Recommendations	271
8.2.1. Implications for Policy and Practice in Relation to Branding and Brand Management	271
8.2.2. Implications for Private Sector Business Management and the Need for Change	272
8.2.3. Policy Formulation for Public Sector	273
8.2.4. Lessons learnt from Aggressive Management Decisions of ABI	273

8.3. Implications for theory and Contribution to Knowledge	275
8.4. Limitations of the Study	276
8.5. Recommendations	277
8.6. Direction for Future Research Options	279
8.7. Conclusion	280

BIBLIOGRAPHY

Part I: Consulted Works	281
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Part II: Internet Resources	290
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APPENDICES	292
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Part III:

Appendix A: Consent letter for Participation in workshops and meetings as per University Requirement

Appendix B: Questionnaire

Appendix C: Ethical Clearance Application Form

ABI 7 year financial statements for Analysis

Appendix D: Permission Letter to Conduct Research at ABI

LIST OF TABLES

Table 2.1. Figures and Performance of the Group	58
Table 6.1. Gender of the Respondent	178
Table 6.2. Respondent Age Group	179
Table 6.3. Gender of the Respondents (Cross-tabulation)	181
Table 6.4. Cross-tabulation Output between Gender and Marital Status of the Respondents	182
Table 6.5. Level of Education	183
Table 6.6. Cross-tabulation Output between Gender and Educational Levels of the Respondents	184
Table 6.7. Position in the Business	185
Table 6.8. Motivation to Start a Business	187
Table 6.9. Sources of Income for Start-up Capital for the Business	188
Table 6.10. Support from Government to Start Businesses	189
Table 6.11. Market Segmentation for the Business	191
Table 6.12. Lending Institutions that Supported the Business Enterprises with Loans	193
Table 6.13. Training Requirements before Starting a Business	194
Table 6.14. Organisations that Provided Training	196
Table 6.15. Delivery of Products by ABI to the Business Premises	198
Table 6.16. Purchases of ABI Products from Wholesalers	199
Table 6.17. Level of Customer Service from Truck Drivers and Assistants Likert Scale (1 – 10 poor - excellent)	200
Table 6.18. Level of Customer Service Received from ABI as a Company	202
Table 6.19. Impact of Customer Service by ABI on the Business Outlets	203

Table 6.20. Deliveries by ABI to the Business Outlets	205
Table 6.21. Credit Facility Arrangements with ABI	206
Table 6.22. Level of Awareness of Corporate Re-branding Process by ABI	207
Table 6.23. Respondents who have heard of Re-branding	209
Table 6.24. Source of Information about Re-branding	210
Table 6.25. Respondents who have Seen the New ABI Logo	211
Table 6.26. Place where ABI Logo was Identified or Seen	213
Table 6.27. Knowledge Concerning the difference between the Old and New ABI Logo	215
Table 6.28. Description of the New Logo	216
Table 6.29. Awareness of the Differences Between the Two Logos	217
Table 6.30. Meaning of Corporate Re-branding	218
Table 6.31. Awareness of the Difference between ABI and Coca-Cola	220
Table 6.32. Knowledge of the Appearance of the Logo of Coca-Cola	221
Table 6.33. Visits from ABI Sales Staff to the Outlet	222
Table 6.34. Product Knowledge Level of Sales Assistants	223
Table 6.35. Visible Identification of New ABI Logo on ABI Staff Uniforms when visiting Outlet	225
Table 6.36. Identification of ABI Vehicles using the New Logo	226
Table 6.37. Presentation of the New ABI Logo User Friendly	228
Table 6.38. Purchasing Influence of New ABI Logo upon Customers	225
Table 6.39. Increase of Purchases from ABI since Re-branding Process Began	231
Table 6.40. Rating of Customer Service of ABI Employees	232
Table 6.41. Lickert Scale Central Tendency Stats	233
Table 6.42. Level of Education and Position held in the Business Outlet	235

Table 6.43. Level of Education and Amount of Start-up Capital	235
Table 6.44. Level of Training and the Organisation that Granted the Training	236
Table 6.45. Delivery of stock by ABI Trucks and the Reason for Buying from Wholesalers	236
Table 6.46. Level of Customer Service from ABI Truck Drivers and Type of Purchased from ABI	237
Table 6.47. Availability of Credit Facility and Amount Borrowed	238
Table 6.48. Knowledge of Re-branding and having seen the New Logo used in the Re-branding Exercise	238
Table 6.49. Knowledge of the Old and New Logo of ABI and Description of the Logo	239
Table 6.50. Difference between ABI and Coca-Cola and Knowledge of the Appearance of Coca-Cola Logo	240
Table 6.51. Influence of New ABI Logo on the Purchases of ABI Products	240
Table 6.52. T - Test Gender	242
Table 6.53. ANOVA Results Age Group of Respondents	244
Table 6.54. Correlations	245

LIST OF FIGURES

Fig. 2.1. Porter's Five Forces Model	36
Fig. 2.2. Porter's (1985) Generic Strategies for Competitive Advantage	39
Fig. 2.3. Internal Communication Filtering Process	48
Fig. 3.1. ABI's Positioning Spectrum	64
Fig. 3.2. Ineffective Communication Leading to Ineffective Transmission of Strategic Plans to various Levels of the Business	66
Fig. 3.3. Core Concepts in the Branding Process	67
Fig. 3.4. Goals in Brand Revival	68
Fig. 3.5. Key Factors leading to the Need for Creating a New Brand Image	70
Fig. 3.6. The Old Company Logo of ABI	72
Fig. 3.7. The New Company Logo of ABI	73
Fig. 3.8. Positioning Spectrum of ABI Brand in Relation to its Partners	75
Fig. 3.9. Branding the Corporation	78
Fig. 3.10. Value Chain Analysis	80
Fig. 3.11. Porter's Value Chain	81
Fig. 3.12. New Products and Shareholder Value	94
Fig. 3.13. ABIs Future Vision and Business Operations	102
Fig. 3.14. ABIs Business Model as seen by the Researcher	106
Fig. 5.1. Map showing ABIs Operations	135
Fig. 5.2. Composition of the ABI Board	144
Fig. 5.3. ABIs Governance Structure	145

Fig. 5.4. Risk Analysis Model	147
Fig. 5.5. Impact of Positive Stakeholder Relationship	148
Fig. 5.6. ABI Stakeholder's Needs vs. What they Receive from the Company	150

LIST OF HISTOGRAMS

Histogram 5.1. Income Statements from Seven Year ABI Financial Ratios 1998-2004	154
Histogram 5.2.1. Balance Sheets from Seven Year ABI Financial Ratios 1998-2004	157
Histogram 5.2.2. Balance Sheets from Seven Year ABI Financial Ratios 1998-2004	158
Histogram 5.2.3. Balance Sheets from Seven Year ABI Financial Ratios 1998-2004	159
Histogram 5.3. Cash Flow Statements from Seven Year ABI Financial Ratios 1998-2004	160
Histogram 5.4. Cash value added Statements from Seven Year ABI Financial Ratios 1998-2004	162
Histogram 5.5. Ordinary Share Performance from Seven Year ABI Financial Ratios 1998-2004	164
Histogram 5.6. Profitability and Asset Management # 1 from Seven Year ABI Financial Ratios 1998-2004	166
Histogram 5.7. Profitability and Asset Management # 2 from Seven Year ABI Financial Ratios 1998-2004	167
Histogram 5.8. Profitability and Asset Management # 3 from Seven Year ABI Financial Ratios 1998-2004	168
Histogram 5.9. Solvency and Liquidity from Seven Year ABI Financial Ratios 1998-2004	169
Histogram 5.10. JSE Securities Exchange Performance from Seven Year ABI Financial Ratios 1998-2004	171

LIST OF LINE GRAPHS

Line Graph 5.1. Income Statements from Seven Year ABI Financial Ratios 1998-2004	155
Line Graph 5.2. Cash Flow Statements from Seven Year ABI Financial Ratios 1998-2004	161
Line Graph 5.3. Cash Value added to the Business from Seven Year ABI Financial Ratios 1998-2004	163
Line Graph 5.4. Ordinary Share Performance from Seven Year ABI Financial Ratios 1998-2004	165
Line Graph 5.5. Solvency and Liquidity from Seven Year ABI Financial Ratios 1998-2004	170

LIST OF PIE GRAPHS

Pie Graph 6.1. Gender of the Respondent	175
Pie Graph 6.2. Level of Education	183
Pie Graph 6.3. Respondent Education Level	184
Pie Graph 6.4. Sources of Income for Start-up Capital for the Business	188
Pie Graph 6.5. Support from Government to Start the Business	190
Pie Graph 6.6. Training Requirements before Starting a Business	195
Pie Graph 6.7. Delivery of Products by ABI to the Business Premises	198
Pie Graph 6.8. Purchases of ABI Products from Wholesalers	199
Pie Graph 6.9. Impact of ABI Customer Service on the Business Outlets	204
Pie Graph 6.10. Deliveries by ABI to the Business Outlets	205
Pie Graph 6.11. Credit Facility Arrangement with ABI	206
Pie Graph 6.12. Respondents who heard of Re-branding	209
Pie Graph 6.13. Respondents who have Seen the New ABI Logo	212
Pie Graph 6.14. Knowledge Concerning the Difference between the Old and New ABI Logo	215
Pie Graph 6.15. Awareness of the Differences Between the Two Logos	217
Pie Graph 6.16. Meaning of Corporate Re-branding	219
Pie Graph 6.17. Awareness of the Difference between ABI and Coca-Cola	220

LIST OF BAR GRAPHS

Bar Graph 6.1. Respondent Age Group	180
Bar Graph 6.2. Respondent Marital Status	181
Bar Graph 6.3. Position in the Business	185
Bar Graph 6.4. Motivation to start a Business	186
Bar Graph 6.5. Lending Institution that Supported the Business Outlets with Loans	193
Bar Graph 6.6. Organisations that Provided Training	196
Bar Graph 6.7. Level of Customer Service from ABI Truck Drivers and Assistants	201
Bar Graph 6.8. Level of Customer Service Received from ABI	202
Bar Graph 6.9. Level of Awareness of Corporate Re-branding Process by ABI	208
Bar Graph 6.10. Source of Information about Re-branding	211
Bar Graph 6.11. Place where ABI Logo was Identified or Seen	214
Bar Graph 6.12. Knowledge of the Appearance of the Logo of Coca-Cola	221
Bar Graph 6.13. Visits from ABI Sales Staff to the Outlet in the past Three Weeks	222
Bar Graph 6.14. Product Knowledge Level of Sales Assistants as Input to improve Respondents' Business	224
Bar Graph 6.15. Visible Identification of New ABI Logo on ABI Staff Uniforms when visiting Outlet	225
Bar Graph 6.16. Identification of ABI Vehicles using the New Logo	227
Bar Graph 6.17. Presentation of the New ABI Logo User Friendly	228
Bar Graph 6.18. Purchasing Influence of New ABI Logo upon Customers	230
Bar Graph 6.19. Rating of Customer Service of ABI Sales Employees	232

DEFINITIONS OF ABI ACCOUNTING STATEMENTS²

Financial terms

Net operating assets

This is the sum of property, plant and equipment, investment properties, deferred taxation asset, inventories, trade and other receivables and prepayments less interest free liabilities. A reconciliation of this figure is provided in the seven year review.

EBITDA

Earnings before interest, taxation, depreciation and amortisation.

Net interest cover

This is the ratio of trading profit and income from an associate to net finance income.

Financial gearing ratio

This represents the ratio of interest bearing debt, net cash and cash equivalents, to total shareholders' funds.

Headline earnings

This comprises the net profit after adjusting for profits and losses on items of a capital nature and amortisation of goodwill.

Trading margin (%)

This is calculated by expressing trading profit as a percentage of sales revenue.

Trading return (%)

This is calculated by expressing trading profit as a percentage of net operating assets.

Operating margin (%)

This is calculated by expressing operating profit as a percentage of sales revenue.

Operating return (%)

This is calculated by expressing operating profit as a percentage of net operating assets.

Return on equity

This is calculated by dividing headline earnings by ordinary shareholders' funds.

Total shareholders' compound annual rate of return

This is calculated by recognising the market price of an ABI share seven years ago as a cash outflow, recognising the annual per share dividend streams including share awards and closing share price at the end of the current year as inflows and determining the rate of return.

Dividend cover

This is calculated by dividing basic earnings per ordinary share by the interim dividend paid and final dividend declared.

Net asset turn

This is calculated by dividing sales revenue by net operating assets.

Effective tax rate (%)

This is calculated by dividing the taxation expense for the year by the profit on ordinary activities before taxation.

Cash operating margin (%)

This is calculated by expressing EBITDA as a percentage of sales revenue.

Cash operating return (%)

This is calculated by expressing the sum of EBITDA and cash dividends received from an associate as a percentage of net operating assets, adjusted for accumulated depreciation and impairment adjustments.

Cash realisation rate

This is the rate at which cash equivalent earnings are actually realised and is calculated by dividing basic cash flow earnings per ordinary share by cash equivalent earnings per ordinary share.

Free cash flow

Free cash flow is the net cash inflow from operating activities adjusted for net finance income, investment to maintain and upgrade operations and proceeds on disposal of assets.

Current ratio

Current assets divided by current liabilities.

Quick ratio

Current assets less inventories divided by current liabilities.

Inventories turnover period

Average inventories divided by the cost of sales for the year multiplied by the number of days per year.

Trade and other receivables collection period

Average trade and other receivables and prepayments divided by the sales revenue for the year multiplied by the number of days per year.

Current liabilities payment period

Average current liabilities divided by the cost of sales for the year multiplied by the number of days per year.

² ABI Annual Reports 2004, 33-34.

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CHAPTER 1

OVERVIEW OF THE STUDY

1.0 Introduction

The Development of effective strategy is essential for survival in today's business world. Organisations don't just happen to be successful – rather they develop and implement strategies that are designed to ensure their long – term success (Lewis, Goodman and Fandt 2003:5)

1.1. The Challenges and Impact of Corporate Re-Branding

This study examines the challenges and the impact of corporate re-branding in relation to profitability. A brand can create competitive advantage for the organisation if it is designed and implemented properly in the marketplace. Brand valuation and corporate re-branding are relatively new areas of study and involve looking at how the brand, image or symbol that represents the company may contribute to the profitability of the organisation.

Lomax, Mador, and Fitzhenry (2002:1), acknowledge the fact that:

While the literature recognises the importance of the brand, there is little written on how it is communicated and received, and how to manage the change of a brand name (Lomax, Madox and Fitzhenry. 2002:1).

Marketing scholars have written a lot on branding and product development but very little, if any, research has been conducted or published on the impact of corporate re-branding on the market and within the industry. The debate on

brand-equity and brand value to the company is relatively new; hence it will be argued in this study that there is a lack of clarity between marketing and financial managers on how much the brand name of a corporation contributes to the profitability of the organisation. Re-branding of an existing name/brand takes place with the intention of re-invigorating the appearance of the brand and creating an impact in the minds of its customers.

Craig and Douglas, in a study on branding have written:

A few of the companies studied had very simple brand structure based on the corporate name, for example, Shell, Philips, Nike, etc...these were business-to-business organisations with a heavy emphasis on corporate branding, or a relatively narrow and coherent product line...their prime objective was to establish a strong global identity for the brand rather than respond to local market conditions. In some instances, a corporate logo and visual identification (Apple and Nike) played a major role in identifying the brand and defining brand image worldwide (Craig and Douglas, 1999:4).

According to Craig and Douglas (1999), the image of the corporate brand is used as a vehicle for promoting the image of the corporation and the promotion of its products. As regards the value added to the corporation by the brand, it is not clear from recent debates of brand equity how much a company can gain as a result of re-branding.

Product-dominant branding is implemented when products are used in promoting the image of the company as well as corporate identification. Craig and Douglas (1999) argue that these were well-established traditional brand names known for their quality and reliability.

Craig and Douglas (1999) also state that some companies had hybrid-branding strategies which had a combination of corporate and product brands. Brand strategy can have an impact on a firm's financial performance. A "right" or "wrong" brand strategy can be identified, based on the results of a firms' business performance. If the strategy is "wrong," the results would have a negative impact on the sales or output volume of the firm in question. In the same manner, if the

strategy was “right,” the firm would show better financial results. In relation to corporate re-branding, it is important to understand the impact of the corporate brand on the performance of a firm. This forms the foundation of this study.

A brand loses its impact on the customers and stakeholders over a period of time and affects performance leading to financial loss. The management of the corporate organisation that is experiencing a decline in the sales of its products and services need to come up with ways that can bring change, and thereby revive the profitability of their organisations. Change can lead to redesigning or re-branding the symbol or image of the organisation by re-branding the logo that represents the organisation and its outputs. Firstly, the study will focus on the re-branding that has taken place in Amalgamated Beverage Industries Limited (ABI).

This study will look at several aspects of branding and brand positioning in relation to decision making by the directors of ABI and how the re-positioning of the company was carried out. The process of changing the appearance of a corporate brand or image is known as corporate re-branding. The key focus of this study is to investigate if the re-branding of the appearance of the corporate image, logo or symbol can have any positive financial implications for the organisation.

This process has its merits and demerits. Greyser, in Balmer (2002:4), identified the process of re-branding as “corporate level marketing.” The purpose of this study is to investigate if the re-branding process had any impact on the purchasing decisions among the retail outlets’ owners and assistants

1.2. Envisaged Significance of the Research

This study focuses on the concept of re-branding of a corporate organisation and what impact it has on the operations of the business both internally and externally.

Internally, the study looks at the corporate decisions made at the headquarters of the organisation and how they influence the re-branding of the organisation. The study also addresses the decisions made and why re-branding has to take place in the organisation. Specific attention has been given to the operation of the business as it relates to marketing, supply chain, logistics and other operations from the head office where strategic decisions are made as well as the regional manufacturing and distribution centres or plants, where the actual implementation of the strategic decisions are carried out by line-managers and staff alike.

1.3. Background to the Process of Re-branding

As indicated in the 2004 ABI's Annual Financial Report, since 2003, ABI has been going through a re-branding exercise "from business to brand." The company embarked on the process of creating the organisation's own brand instead of using the logo of Coca-Cola and being known and identified by the image of the Coca-Cola brand or trade mark. ABI is a non-alcoholic soft-drink beverage bottling company of South African Breweries (SABMiller). It focuses on producing soft-drinks under the Coca-Cola trademark and distributes them to its customers. SABMiller owns a 100% share-holding in ABI as from December 2004. According to Top Brand Survey (2005) the Coca-Cola brand is worth US\$67 billion dollars and is followed by Microsoft, and other top brands such as Toyota and Marlborough.

Cleland explains the importance of branding of the organisation in order to capture the market with an identifiable and tangible image by saying:

Branding is essential to ensure the successful uptake and penetration of existing and new compounds, and to maximise their potential and relevance beyond patent expiry. Increasing the success of these brands will increase the return on investment and also support additional investment in Rands, generating a reinforcing effect (Cleland, 2004:50).

As an example, Cleland (2004) postulated on the need for the pharmaceutical

industry in America to revamp its operations as the business was becoming more competitive. The pharmaceutical companies at that particular time were facing significant challenges affecting their ability to maintain growth and sustain earnings levels. According to the findings of the research conducted by Cleland, “patents lapsed, the non-branded generic products were taking a good share of the market, as they were selling at about 60% to 70% cheaper than the branded products.” (Cleland, 2004:15).

1.4. Motivation of the Study

Strategic executive directors are challenged with the task of formulating new strategies that will assist in keeping the operations of the business at a profitable level over a sustained period of time (normally between five to ten-year cycles). This involves innovation to eradicate the problems of inertia, which leads to dissatisfaction and poor performance in an organisation.

Brands as outlined by De Chernatony and Dali’Olmo Riley (1998) as well as Hankinson and Cowking (1995) are part of the driving force that helps to keep the business alive and progressive. Much has been written on brands and branding. Not much has been written on re-branding of corporate organisations aside from a few articles on image innovation and name change on specific projects undertaken by companies that need to inject some fresh impact on the views and benefits of the products/services offered by the company.

This study has been developed on the premise put forward by Dowling that:

There is a widespread assumption among design consultants and CEOs that changing a company’s identity will automatically enhance the company’s image. This assumption causes concern as expressed by Wendy et al (2002), indicating that the change of a name or logo may have a revitalizing effect on the company, this will only translate into consumer perceptions where there has also been a concurrent shift in strategy and/or products and services (Dowling: 1995:1).

Dowling quoting Macrae points out that:

The test of a brand is not what it says, it's what it does: appropriate communication to all stakeholder groups is required. Re-branding is itself a message and it should be the outward manifestation of some real change (Dowling: 1995:1).

It is the intention of this study to look at one of the perceptions put across by brand managers and advertising agencies when discussing with the CEOs of corporate organisations, that once the re-branding has been done and a new image of the company has been designed and implemented, there is an improvement in financial performance of the business. This study will make conclusions based on the results of the survey, as to whether corporate re-branding contributes to profit maximisation. Based on the research findings, this study will also see if there are other variables that contribute to profits in the firm, apart from the strong brand image.

The present study focuses on the impact of the new brand on the stakeholders, both internally and externally. The sub-problems that arise from the re-branding exercise include the resistance by customers to accept the change in the appearance of the logo and the insistence of the company to be known as ABI while still distributing the Coca-Cola brands. The operations processes could be streamlined and improved to promote efficiency and improved customer service but the image of Coca-Cola still remains dominant. It has been observed that some customers have resisted the new image and logo of ABI and have continued to identify the bottling company of Coca-Cola as Coca-Cola and not ABI.

This study will help to contribute knowledge to the academic environment by highlighting how large corporate organisations can influence small-scale business enterprises in terms of brand identity and loyalty. The traders will test the commitment as to whether it is profit-driven or just brand name loyalty.

1.5. Why ABI?

- i. ABI is the largest soft-drink producer and distributor in Southern Africa.

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- ii. The company is one of the profitable corporate organisations in the non-alcoholic beverage industry and has diversified into other alternative beverages to further leverage its position in the marketplace.
 - iii. ABI has been involved in a re-branding exercise at corporate level that has been applied throughout the company – involving all stakeholders, customers and staff. ABI is relatively stable with considerable historic financial data available. They have their primary listing on the Johannesburg Securities Exchange (JSE) and secondary listings in London after the SABMiller buy-out.

1.6. The Research Problem Statement

Strategy, according to Thompson and Strickland and Gamble (2005), involves the future potential of an enterprise to remain in business and improve its performance. Corporate re-branding takes place on the basis of a calculated intent to develop new strategies in relation to the positioning of the brand which will assist the management team to operate the business at a profitable level. The problem statement of this study is as follows:

It is not known whether the corporate re-branding of ABI has contributed to the financial growth of the organisation through increased purchases from the retail outlets.

In addition to finding information regarding the above problem statement, the researcher will also investigate other variables in relation to re-branding and different aspects that influence the daily operations of the business as outlined in the following research sub problems, namely whether :-

- i. Corporate organisations face many challenges when formulating, implementing and evaluating the strategies of the organisation at all levels of business operations.

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- ii. Brand positioning and re-positioning can contribute to profit maximisation of the organisation through positive brand equity
 - iii. ABI's sales continued to grow in the period prior to and after the re-branding exercise.
 - iv. The gender of the owners/assistants of the retail outlets influenced the type of decisions made in relation to the purchase of soft drinks for the retail outlets.
 - v. The level of education of owners/assistants has an impact on the purchasing decision-making process of the retail outlet.
 - vi. Sources of funding and availability of credit facilities influence the retail outlets' decision on the quantity (number of cases) to buy from ABI.
 - vii. A good customer-service rating from ABI as a company demonstrates that the company can deliver on its promises, which encourages the retail outlets to increase their purchases.
 - viii. An awareness of the corporate re-branding process of ABI encourages the retail outlets' owners/assistants to consider purchasing a greater quantity of soft drinks from the company.
 - ix. The understanding of the meaning of re-branding by the owners/assistants helps them to evaluate the improvement of customer service from ABI to the retail outlets.
 - x. The ABI sales representatives' visits to the retail outlets helps to create the awareness of the new logo attached to the ABI products.
 - xi. The new logo of ABI, in its presentation and appeal, encourages the retail outlets to buy more from the company than they did before the re-branding exercise.
 - xii. ABI's financial support to the retail outlets encourages the outlets to increase their purchases of soft drinks
 - xiii. Direct deliveries and the performance of ABI influence purchase levels of retail outlets.

1.7. Research Objectives

The objectives of this study were to:

- i. determine what challenges corporate organisations face when formulating, implementing and evaluating the strategies of the organisation at all levels of business operations.
- ii. establish whether brand positioning and re-positioning can contribute to profit maximisation of the organisation through positive brand equity
- iii. assess if ABI's sales continued to grow in the period prior to and after the re-branding exercise.
- iv. determine whether the gender of the owners/assistants of the retail outlets influenced the type of decisions made in relation to the purchase of soft drinks for the retail outlets.
- v. investigate if the level of education of the retail outlets' owners/assistants has any impact on the purchasing decision-making process of the retail outlets.
- vi. investigate if sources of funding and availability of credit facilities influence the retail outlets' decision on the quantity (number of cases) to buy from ABI.
- vii. determine whether a good customer-service rating from ABI as a company demonstrates that the company can deliver on its promises, and encourages the retail outlets to increase their purchases.
- viii. determine whether an awareness of the corporate re-branding process of ABI encourages the retail outlets' owners/assistants to consider purchasing a greater quantity of soft drinks from the company.
- ix. assess whether the understanding of the meaning of re-branding by the owners/assistants helps them to evaluate the improvement of customer service from ABI to the retail outlets.

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- x. investigate if the ABI sales representatives' visits to the retail outlets have helped to create the awareness of the new logo attached to the ABI products.
 - xi. investigate whether the new logo of ABI, in its presentation and appeal, encourages the retail outlets to buy more from the company than they did before the re-branding exercise.
 - xii. investigate whether deliveries and the performance of ABI influence purchase levels of retail outlets.

1.8. The Main Research Question

As outlined in the problem statement and the objectives listed above, a need exists to investigate through a comprehensive survey, using both secondary and primary research tools, whether these statements may be proven. Being cognisant of the fact that until 2003, ABI was using a different logo for its image to the public and that it did not leverage itself as a brand that was well- positioned in the minds of its customers and other stakeholders. The company delivered on tangibles such as increase in sales and productivity but did not deliver on those intangibles such as building a business brand and creating a company brand image in the marketplace. This discussion then leads us to formulate the main research question which is as follows:-

Does corporate re-branding contribute to an increase in the financial profitability of the organisation?

1.9. Subsidiary research questions

It has generally been observed by the corporate world that re-branding of a corporate business is not an easy exercise as it demands clear and well thought out ideas which can lead to increased productivity and financial gain for the business shareholders. ABI has challenged itself to embark on a strategy, setting out a new

vision; mission and an operating plan for the company. In assessing the new strategy, the following subsidiary questions need to be posed:

- i. What challenges do corporate organisations face when carrying out the task of formulating, implementing and evaluating the strategies of the organisation at all levels of business operations?
- ii. Does brand positioning and re-positioning contribute to profit maximisation of the organisation through positive brand equity?
- iii. Did ABI's sales continue to grow in the period prior to and after the re-branding exercise?
- iv. Does the gender of the owners/assistants of the retail outlets influence the type of decisions made in relation to the purchase of soft drinks for the retail outlets?
- v. How does the level of education of owners/assistants impact on the purchasing decision-making process of the retail outlet?
- vi. How do the sources of funding and availability of credit facilities influence the retail outlets' decision on the quantity (number of cases) bought from ABI?
- vii. Does a good customer-service rating from ABI as a company demonstrate that the company can deliver on its promises and encourage the retail outlets to increase their purchases?
- viii. Does an awareness of the corporate re-branding process of ABI encourage the retail outlets' owners/assistants to consider purchasing a greater quantity of soft drinks from the company?
- ix. Does an understanding of the meaning of re-branding by the owners/assistants help them to evaluate the improvement of customer service from ABI to the retail outlets?
- x. Do the ABI sales representatives' visits to the retail outlets help to create the awareness of the new logo attached to the ABI products?

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- xi. Has the new logo of ABI, in its presentation and appeal, encouraged the retail outlets to buy more from the company than they did before the re-branding exercise?
 - xii. Do deliveries and the performance of ABI influence purchase levels of retail outlets?

1.10. Value of this Study

This study will present a holistic overview of ABI, looking at its performance from its published financials over a seven-year period and the present results of the research carried out in and around the Pietermaritzburg area. The study will highlight the strategic decision of its directors to re-brand the image of the company through changing the logo and approaches towards its operations. From this, the study will look at the impact of the corporate re-branding process on the profitability of the company. Kasper *et al* (1999) claim that , “The value of research is the key issue for management when it faces the question of whether or not to carry out research.”

This study will aim at providing information to assist management in developing strategies for the implementation of the re-branding of an organisation or corporate image with minimal cost implications. Eventually, management would find ways to promote the new image to create awareness of the new brand name and in turn ensure profitability as the culture of excellent customer service and efficiency in all departments of the firm work together to drive volumes.

1.11. Key Research Argument

The main aim of the research is to investigate if the buying pattern of the customers in the retail outlets serviced by ABI changed as they were exposed to the new logo, symbol or image of the company through corporate re-branding.

There are several factors that play a role in improving the performance of the company. The central theme or argument is to find out if the customers increased the number of cases they buy from ABI after being exposed to the new image and logo of the organisation which has taken place through the re-branding process.

1.12. Research Procedures

- The first step in the collection of data for this study was to conduct a library and internet search to collect information from the theory that exists in the related fields of study. This formed the basis for the theory and literature review of the study. Published writings on the selected subject in the field of strategic management and marketing were also used to explain the various terms related to the topic. Various books on strategy formulation, implementation and evaluation were consulted and referenced to ascertain how the ABI brand was formulated in relation to the existing theory. The theory was used to explain the paradigm in which the research was set, and how the issue at hand was connected to the literature available.
- The second step of the research focused on the primary data collection that used both qualitative and quantitative methods in data collection using the designed structured questionnaire. For the qualitative approach to the research, the researcher conducted 158 interviews in validation of the findings. All questionnaires were coded and represented specific areas of inquiry.

1.13. Justification for the Research

The research focused on analyzing the impact of re-branding Amalgamated Beverage Industries (ABI) in the marketplace. It is generally argued that a brand name existed before and was actually being used, but the directors and other interested parties of the

organisation felt the need to re-design the appearance of the logo of the organisation and produce a new image.

It is important to note that there is hardly any information on how organisations have been re-branded and why. In the academic field of marketing and strategic management very little information exists, if any, on re-branding. Information exists on branding but not re-branding of organisations. Hence the purpose of this study is to provide fresh information on aspects of re-branding and how it has been undertaken by one particular corporate business in South Africa and how it influences the establishment and operations of small scale and large scale enterprises alike

1.14. Ethical Considerations

This study has observed the academic research etiquette and all written conventions as outlined by Mouton (2001:238ff). This includes professional confidentiality where required, adhering to recognised methods for citing quotations, acknowledgement of resources, correct referencing. The interviewees were also accorded the right to privacy. All matters of confidentiality have been treated with the utmost care and adhered to by all parties concerned. This has been stated clearly in the questionnaire, used for the collection of field data. The highest standards of academic confidentiality have been adhered to and any information that could possibly jeopardise the operations of the company and the respondents' integrity has not been divulged.

1.15. Limitations of the scope

The study will focus on the changes that have taken place in the business since 2003 when the concept of re-branding was introduced. The study is based on the findings of the impact that this new brand image had on the retail outlets in the Pietermaritzburg and surrounding areas on the operations of the business. The

delimitation of the research was both financial and time constraints; hence the research was not conducted at all ABI plants in South Africa.

1.16. Structure of the Study

This study is divided into 7 Chapters which are as follows:-

- This chapter has provided the background to and the motivation for the research, as well as a brief discussion on the methodology and the value of the study. It has outlined the research problems, research questions, research design, limitations, research ethics, and the significance of the study.
- Chapter 2 outlines the concepts of strategy formulation in relation to re-branding. The chapter will show how strategy is formulated, implemented and evaluated in an organisation.
- Chapter 3 provides an assessment of how branding is positioned in the operations of a company. The concepts of brand positioning have been explained and analysed in relation to how they have been applied at ABI. This information is important as it places ABI in the correct context of how re-branding takes place and how it affects the positioning of the products or services produced by a company.
- Chapter 4 presents the research methodology used in the collection of both qualitative and quantitative data. The meanings of the terms used in research such as research sampling, data collection, and data analysis and data presentation will be defined and explained in the context of this study. The methods used for the collection of data will also be outlined.
- Chapter 5 presents a financial history of ABI over a 7-year period. The explanation of the differences between the old and new logo of ABI has been given. The Chapter will also outline the reasons for the re-branding

and how the new image is applied in the company in relation to its operations.

- Chapter 6 presents the empirical findings of the study and provides interpretations in relation to the research questions. The results are presented in two formats: Firstly, descriptive statistics utilising frequency tables, cumulative frequency, and graphical presentation of the results. Bar graphs and pie charts are also presented. Secondly, the Chapter will present the results of the research using inferential statistics which include tables showing t-test results and interpretations. T-test results using Analysis of Variance (ANOVA) will also be presented. The correlation of results will be computed in order to give further interpretations and understandings of the findings of this study.
- Chapter 7 presents the discussion of the results, its implications as well as the conclusions, limitations and the recommendations. This chapter will also demonstrate the role of other variables in their contribution to the financial growth of the organisation.

1.17. Conclusion

Having outlined the framework of the study, the next chapter presents the basis for understanding the reasons for the re-branding of a company's image and how management formulates and implements decisions to undertake such an exercise.

CHAPTER 2

STRATEGY FORMULATION

2.0. Introduction

Strategy at corporate level is about survival. It is about making important investment decisions such as disposing of some businesses which do not add value to the entire group. This Chapter has sought to show that corporate re-branding involves strategic decision-making at the highest level in the management chain and passing on those decisions to the lower management levels and functional structures for implementation. Every business unit that does not perform is critically assessed at the corporate level to see if there is a way to make that business more attractive or competitive. Thompson and Strickland (1998) argue that the organisation needs to evaluate itself using simple questions of performance. If there is no economic value added (EVA) to the business by the core operations, then hard decisions must be made and tough measures taken in order to sustain the business. Drastic decisions will sometimes need to be made such as acquiring new businesses or merging with other strong businesses.

Brealey, Myers and Allen (2006), explain that many businesses are organised as corporations and when the operations grow, their shares are issued on the stock market to raise additional capital. Corporations are known as public companies, and as such, are continuously looking for ways to improve their market performance. As a corporation, ABI is continuously looking for ways to improve its performance in the market in order to maximise its asset value. The re-branding process is one of the exercises that can be used to improve the position of a company in the market place and increase its return on investment for the shareholder. It is important to understand that the concept and practice of re-

branding emanates from branding. It is important to state that a brand name is developed first and after some years of operations, the name or logo impact begins to fade and this is the stage when re-branding takes place. This chapter and chapter 3 will discuss the theoretical framework of this thesis. The thesis is based on the premises that strategic management is central in the decision making process which affects the whole process of re-branding the image of the organisation. Brand equity and reposition of the brand discussed in chapter 3 explains further the importance of a strong and well established brand in relation to reposition strategies to create value for an organisation.

2.1 . ABI's Vision and Strategy

The performance of any company, in relation to its outputs, has a bearing on the policies being formulated by management including its executive directors. The vision and mission of a company help to shape its strategies and add value to the organisation. ABI's vision states that "ABI's is to be a vibrant organisation where everyone believes that good enough is never good enough, where we challenge ourselves to reach further knowing that together we achieve more" (ABI Corporate Sustainability Report, 2004:1).

According to Thompson and Strickland:

The managerial task of implementing and executing the chosen strategy entails assessing what it will take to make the strategy work and to reach the targeted performance on schedule – the managerial skill here is being good at figuring out what must be done to put the strategy in place, execute it proficiently, and produce good results (Thompson and Strickland, 2005:15).

The executive directors of a corporate organisation or company play a major role in formulating strategy and giving direction to the entire organisation. The line managers are therefore challenged to find ways to implement such strategy.

The output of labour capital similarly plays a major role in deciding the future and existence of an organisation. Strategy is about managing an organisation and its workers so that it can stay in business. It is about survival. Existing companies want to stay in business over a longer period and to achieve this; it calls for creativity and innovation on the part of its directors. Management must implement strategies to produce goods differently at a lower cost or more efficiently in order to maximise profit margins.

Large corporations have been involved in innovative activities through re-engineering the production of goods which are more valuable and appealing to customers at a lower price. Hamel, in Hitt, *et al* (2005) explain that,

Conventional wisdom says businesses need to get back to the basics. Conventional wisdom says businesses must cut costs. But the winners are the innovators who boldly to improve the daily functioning of the business (Hitt, et al, 2005:3).

An improvement in business must be backed by the availability of information. Some information comes from research conducted on competitors; their new discoveries, challenges, new approaches to doing business and even plans in their Research and Development (R&D) department where new ideas or innovations are developed. In modern businesses, information technology has helped advance strategy in information gathering on the operations of competitors to enable planners to come up with new ideas that assist in propelling the productivity and performance of a company to higher levels. This calls for the development and/or improvement of the information intelligence system of a company.

As Mamdouh Farid, says:

Competitor Intelligence should also be important if the market is very competitive or if it is hard to establish a pattern of competitors' initiatives, choices, or responses. A growing number of large American firms now have formal units that focus on competitor intelligence...Known intelligence needs are premises that underlie strategic planning and strategic decisions (Mamdou, 1990:127).

With regard to innovation or change within a large corporation, it requires clear understanding of the organisation's vision, mission and objectives to formulate informed strategies that can lead to decisions that can take the firm into the future. Corporate re-branding requires an intensive collection of data on both the internal environment and the external environment of a firm. Information gathered reflecting the vision, mission and objectives of the organisation will assist senior management to ascertain whether there is a need to reformulate or redesign the image of a company. The new image will need to address the findings of the research team, which include marketing specialists and other strategists in the business. The new image, as argued in this study, will need to increase the performance of the organisation to the point of maximising its profit margin. Such strategies should aim at making a firm more competitive within the market place.

Porter's study (1995) in market driving forces and the competitive edge show what drives industry. Different companies focus on different forces leading to their becoming competitive in the market place. Some firms aim at combating the competition through pricing. In this case they reduce prices in order to enter the market and once captured, they decide either to increase prices or keep them as they were. Other companies can decide to keep production costs low in order to maintain their market share. What is done by strategists will portray the image of the company in the long run. As time passes, some strategies begin to lose their impact on the market and one of the decisions that can be made by senior executives is to change the outlook of the company in terms of its image. This process will require innovation to decide whether to design a completely new outlook or keep some concepts of the old image with such changes that still communicate a new brand to customers and stakeholders alike.

Depending on the information gathered, the decision could be taken to apply a total overhaul of the brand image or logo and put into motion a process of communicating the new ideas and identity to the market place. Several factors

such as economic considerations on the costs of formulating and designing such a new image will have to be taken into consideration. A process of redesigning the logo can be put into motion and different specialists in the operations of the business can be called upon to give their input in the process in order to generate profits.

In keeping with the change taking place at ABI, and under the guidance of its directors, the company crafted new strategies and developed a new logo to give the company a new image that would propel the company into even greater financial success. This study is justified by the desire and extent to which the researcher wants to bring in the concepts of strategic management at different levels of the company and how it influences policy and corporate decision-making. The data collection methodology given in the previous chapter sought to show the approach used to analyse the impact of changes of the company towards its customers both internally and externally. This Chapter will look at concepts of strategic management and corporate strategy and how they influence decision-making that has a direct bearing on the future of an organisation.

2.2. Branding of the Organisation

To successfully position an organisation's brand above that of its competition in the market place, a firm must develop a brand proposition through a concerted marketing and advertising campaign that provides an attractive, unique and relevant message to current and potential customers. In addition, Bloise (2002) suggests that this message must be realised and consistently repeated by the senior executives, staff, research and development (R&D) teams, marketing staff, and other strategic partners. This study examines different approaches used by ABI in the designing and crafting of strategies that would help portray the new image of the company to shareholders, customers and other stakeholders. It was therefore important for the firm, when formulating its plans for this new image, to ensure that the new brand would be attractive, unique and relevant when used to convey advertising and marketing messages.

With time, customers will be in a position to distinguish a particular brand name, symbol or logo from other similar products. It is important to establish that there is a difference between a product and a brand. Kotler states that, “a product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a need or a want” (Kotler, in Keller, 2003:4). For the purpose of this study, it is important to understand the difference between a brand and a product. It is argued by scholars that a product can be a form of a brand.

Levitt (2003) argues that:

The new competition is not between what companies are producing in their factories but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and other things that people value (Levitt in Keller, 2003:4).

This study has been designed around the understanding that a company does not only sell products which are tangible or intangible but portrays other supporting attributes which ensures its competitiveness. The questionnaire for the study has been developed to look at all the above-mentioned attributes that make a product and ensure its place as a leading product in the marketplace. ABI produces Carbonated Soft Drinks (CSDs) and other non-alcoholic beverages, but is also involved in the delivery of service towards its customers. The image of ABI as a brand, symbol or business will depend on how all the attributes measure up as expressed by Keller (2003), Kotler (1995) and Levitt (2003) in developing a strong and well-positioned brand.

The research questions have looked at all areas that are involved in making a business a success and thus develop and portray a powerful and successful brand in the marketplace. Questions such as, what are the sources of funds for re-branding? What type of service is offered by the company to the retail outlets in relation to the positioning of the brand? What kinds of products are produced by ABI? And the strategies used in distribution of products to the retail outlets?

Under the banner of ABI, the performance of the company in relation to the responses given to such questions will assist in determining the position of the brand in the marketplace. The process of re-branding, therefore, will look at how the new image can continue to generate interest in the minds of its customers so that more products will be purchased from the company and thereby maximise its profits.

The title of this study relates the business to the performance of the brand, which means that the business already existed in terms of selling well-positioned brands such as Coca-Cola to the market, but that the name of the manufacturing and distributing company of the brand was not well-known in the marketplace. The decision of the ABI Directors was to make the brand name of the company known to their customers and other stakeholders. This involved an entire marketing strategy to pull all areas of the company together and create a clear understanding of the brand towards its customers. This strategy is echoed by Murphy:

Creating a successful brand entails blending all these various elements together in a unique way – the product or service has to be of high quality and appropriate to consumer needs, the brand name must be appealing and in tune with the consumer's perceptions of the product, the packaging, promotion, pricing and all other elements must similarly meet the tests of appropriateness, appeal, and differentiation (Murphy, in Keller, 2003:7).

This applies to the process of re-branding too. Once the original concept of the brand or identification symbol of a company has been established, the process of re-branding will involve the redesigning of the company logo and company values in order to take the company into the future successfully. To achieve this effectively, the process will need taking all the variables that have been outlined by Murphy into account. For ABI, it has high-quality products which meet consumer needs, packaging and promotion materials which are appealing, and pricing which is competitive.

The customers should be in a position when they see a brand, to identify the supplier of the product, check the delivery levels and quality of customer service

when the staff from ABI visits the business outlets portraying the new image through re-branding on the logo of their company uniforms and delivery vehicles. If a company wants to go through the process of re-branding, it can be argued that it must be able to know the position of the current brand logo or symbol or name among its customers. As the retail outlets get familiarised with the new image, the mention of the name of the firm must indicate some form of identification in terms of delivery of quality products and reliable excellent customer service. All these attributes of the firm will be discussed in the findings of the research in chapter 6 in order to find the basis for growth and the role of re-branding of the firm in relation to other variables that can contribute to profit maximisation of the firm. This is the basis for the main research question of this study.

Corporate brand concepts have an impact on the way customers perceive the organisation. As Keller states:

As with individual brands, a corporate or company brand may evoke performance or imagery attribute or benefit associations as well as judgment and feeling associations. Thus, a corporate brand may evoke a strong association with consumers to a product attribute, type of user, usage situation or overall judgment (e.g. Sony with “quality”) (Keller, 2003:544 - 545).

In the case of ABI, its products (e.g., Coca-Cola), are linked to an attribute of quality. It is generally known that ABI produces Coke. As a result, the company became known as Coca-Cola and not ABI. The challenge for ABI’s Directors was to develop a strategy to re-brand the image of the entire organisation whereby its new appearance and logo improved its values and competencies. The perception reflected by ABI customers was that the company manufactures quality products, as will be established later in this study, but they were not fully aware of what ABI was in relation to the Coca-Cola Company. The general perception among the customers was that, the products were manufactured by Coca-Cola Company and distributed by Coca-Cola Company and not ABI. Although the customers were used to dealing with ABI, they preferred to call the company Coca-Cola. This is due to the strength of the Coke brand, which has continued to grow and gain more and more ground.

2.3.2. External Environment

To analyse the external environment properly, the following steps need to be taken:

- i. Determine the nature of the environment.
- ii. Make a broad analysis.
- iii. Formulate an industry-specific analysis.

2.3.3. The Nature of the Environment

It is important to understand the nature of the environment in which a particular business operates in order to determine the appropriate level of change that has to take place. Change can take many forms. It can be a simple and slow change or an unpredictable or predictable change. The impact this can have on an industry or organisation can also be varied. Industrial and environmental scanning is crucial as it underpins the requirements for the required changes to take place. Re-branding of an organisation is a typical example of change that involves image innovation and positioning to achieve certain measurable results.

The Senior Managers, especially the Executive Directors, have to understand the environment in which their organisation does business in order to come up with practical guidelines and strategies that produce results. The decisions thus formulated and used for change in the organisation can have a direct impact on the results of the organisation which eventually influence the position of the shareholders in terms of the financial return on their investment.

2.4. Broad Analysis of the environment

The broad analysis system of Pearce and Robinson (2003) is the most comprehensive tool to scan the macro-environment for changes that affect a firm's value or value drivers. This system involves evaluating and analysing the political, ecological, social, and technological (PEST) indicators.

Pearce and Robinson (2003) describe PEST analysis as:

- Political factors that include government regulations and legal issues (including environmental) and define both formal and informal rules under which the firm operates. Any change in government legislation that governs the retailing and manufacturing industry of non-alcoholic beverages can have impact on the decisions made by investors in the business.
- Economic factors show the effect of the pricing of commodities, which in turn affects the purchasing power of potential customers when prices of commodities increase as they have less disposable income. Other examples include: economic growth, exchange rates, interest rates, inflation rates, and capital availability for the firm to operate effectively.
- Social factors include the demographic and cultural aspects of the external macro-environment. In manufacturing firms, these factors primarily affect production issues, e.g. population growth rate and demographics, literacy rates, health, and standard of living.
- Technological factors can reduce production costs, lower barriers to entry into the industry, drive demand, and alter managerial decisions.

Once a PEST analysis has been conducted, an opportunity/threat analyses (OT – part of the acronym SWOT; strengths, weaknesses, opportunity and threats) needs

to be undertaken to determine available opportunities that can be exploited or threats that need to be neutralised (Pearce and Robinson, 2003). A SWOT analysis can help to provide information that can help to understand and match the firm's resources and capabilities with the competitive environment in which the firm operates. The external environmental analysis can help to give information on the availability of new opportunities for profit and growth. According to Fleisher and Bensoussan (2003), a SWOT analysis was presented using a matrix which gives an understanding of how a competitive strategy can be developed to assist in formulating decisions for change. In the case of ABI, the strategies formulated (as outlined in Chapter 4 of this study), outlined the way operations were to be conducted in order to improve performances. One of the marketing strategies formulated by the ABI executive looked at how market execution can be achieved in order to open new business opportunities in the outlets found in the emerging market. The emerging market comprises outlets in the less developed markets of the townships throughout the areas where ABI conducts its business.

The concept of the emerging market execution of new business meant identifying new outlets and encouraging the sales and marketing team to visit these outlets to encourage them to buy ABI products distributed directly from the plant by the ABI distribution fleets. This meant increasing the number of cases bought by the new outlets in the emerging market and improving the volume thereby increasing the sales figures in monetary terms. The positive results and growth recorded in the 2003/2004 *Annual Financial Report* show the emerging marketing strategy as a new drive in increasing sales.

One of the strategies used by ABI is to increase volume through the identification of areas where key Carbonated Soft Drinks (CSDs) are sold. According to the outline of strategies in the 2004 *Annual Financial Report*, the strategic focus to promote sales volume was to "Grow Volume of CSDs and selected new products categories." The CSDs form the core business of ABI, comprising as it does of the key Coca-Cola brands. These include Cola flavours such as: Coca-Cola

classic, Coca-Cola Lite, Tab, Coca-Cola Lemon Lite, Vanilla Coke and the other Coca-Cola brands.

Coca-Cola branded flavours makes up 95% of volume sales. The remaining 5% is made up of beverages such as Milo, Bibo, Water categories, Sports and Energy drinks. These are called Alternative Beverages (ABs). ABI engages in marketing campaigns to promote the volume growth of ABs and in turn increase sales and improve the profit margins of the company.

2.5. Industry-specific Analysis

The position of a firm in the industry matrix can determine the long-term profitability potential of a firm. A company with a sustainable competitive advantage can generate excellent performance. This is done by understanding who their competitors are, what constitute their market share, and finally, understanding the products they sell. In the case of ABI (as will be shown in Chapter 4), it has very few competitors in terms of key products. The agreement entered into between Coca-Cola and the bottling companies ensures that no other franchised bottling company will conduct business in the other bottler's business territory. When other bottling companies conduct business in another territory, CCSEA² will intervene and ask the bottling competitor to refrain from doing "cross border" trade. This protocol ensures security of the market environment. The industry is regulated by the laws of the country in relation to the rules that govern and protect the production and distribution of safe risk-free products for the South African market.

The industry analysis in this case shows that there is relatively little competition and the potential for growth is enormous. This scenario creates an excellent entry-point for other bottlers to put similar products on the market shelves for sale. In the market of CSDs and other related products in Durban and Pietermaritzburg for

² CCSEA: the Coca-Cola Company of Southern and Eastern Africa which supplies all concentrates for the production of Coca-Cola flavoured soft drinks (minerals) to the bottling companies.

example, the market entry of “B” Brands³ was deemed favourable to compete with Coca-Cola brands on the basis of price and sentimentality. Due to the past history of South Africa the market is diverse and segmented according to racial classification and income levels. In Pietermaritzburg, most of the customers in the Northdale and Raisethorpe areas, which comprise of highly concentrated Asian communities, developed a negative attitude towards the Coca-Cola Brands of the carbonated soft-drinks and started buying the Alternative “B” Brands which were cheaper from the outlets in the area. The September 11, 2001 destruction of the World Trade Centre in New York, and the American Government’s strong stand against certain Muslim countries led to the shunning of the Coca-Cola Brands by these communities. As a result, the Asian community felt that the American multinational corporations displayed tactics that aimed at destroying the Arab world both politically and within its business operations. The occupation of Iraq by American forces intensified the feelings of resentment towards Coca-Cola, in that it considered them to be American branded products.

A strategy was adopted by the ABI head office in conjunction with the Coca-Cola marketing team to embark on increasing sales volume and regain the market share in the residential areas of the Asian community in Pietermaritzburg. This was done by introducing a two-tier selling strategy. This strategy aimed at combating and cutting down the growth of “B” Brands in the market. The process involved investigating and listing all outlets in the area which sold “B” Brands and entice them to buy Coca-Cola flavours at a reduced price and re-sell them just above the selling price of the “B” Branded products produced by Crerars, a competitor of Coca-Cola in the area.

Secondly, an analysis was conducted of the entire industry using Porter’s (1979 and 1985) “five forces model” in order to determine the competitive environment. This model helped in the study to understand the attractiveness of a given industry and to determine how the industry positions itself in relation to the driving forces,

³ “B” brands: these brands that are an imitation of the trademark brands of Coca-Cola and are distributed as Cola or other names. They compete with Coca-Cola brands at a minimal scale in selected areas.

namely barriers to entry, supplier's power, buyer's power, substitute availability and competitive rivalry. Fleisher and Bensoussan (2002), Pearce and Robinson (2003) and Hitt *et al* (2003), outline in detail these five forces.

Fleisher and Bensoussan (2002) argue that Porter's model should be viewed in the context of the overall life cycle of the industry and product. These life cycles can broadly be categorised as start-up, growth, maturity, or decline phases. This aids the analyst to understand the behaviour of the product in terms of growth and future potential and make informed decisions on whether to invest in a particular industry. In a highly competitive market economy, the manufacturers or distributors of commodities in the Fast Moving Consumer Goods market (FMCG) are challenged to understand what market forces impact on a particular organisation and its overall performance.

In the case of ABI, which manufactures the number one international brand, Coca-Cola, it still has to remain conscious of its position in the market place. It needs to look at the entry barriers that exist and how they affect the dynamics of the market. To set up such an operation and its distribution costs, it is important to understand the capital requirements. Additionally, it is important to know if there are real threats of other entrants to the market. Finally, monopoly can play a certain role in relation to output and performance. The firm that has a form of monopoly could reach a point of inertia and saturation leading to complacency.

As substitute products are discovered, the firm can begin to experience competition. In the case of ABI, Crerars in Pietermaritzburg produces a "B" brand to the Coca-Cola brands and competes with the established beverage giant on pricing and positioning. As described above, in the wake of certain sentiments expressed by the Muslim community in Durban, Pietermaritzburg and other parts of the world, there has been a deliberate shunning of American top branded products. The Price war was felt by ABI Pietermaritzburg to such an extent that it was forced to introduce a pricing strategy to combat the growth of the new "B" Brands.

2.6. ABI's Pricing Strategy

The pricing strategy adopted by ABI Pietermaritzburg in 2004 was to select certain two-litre packs of Coca-Cola brands and price them slightly lower than the normal shelf price. The "B" brands still maintained their prices and were indeed lower than the reduced Coca-Cola brands. As the consumers became aware of the quality difference of the two types of products on the market, the Coca-Cola flavours, despite being sold at a price slightly lower than the normal price but slightly higher than the "B" Brands, still sold more volumes than the "B" Brands.

This marketing strategy looked at possible entry barriers of the business, rivalry determinants, and issues of new entrants to the business, suppliers of alternative products, buyers potential and determinates of substitution threats. This required an understanding in the environment where ABI conducts its business and finds ways and to improve the operations of the business in order to promote sustainability and growth.

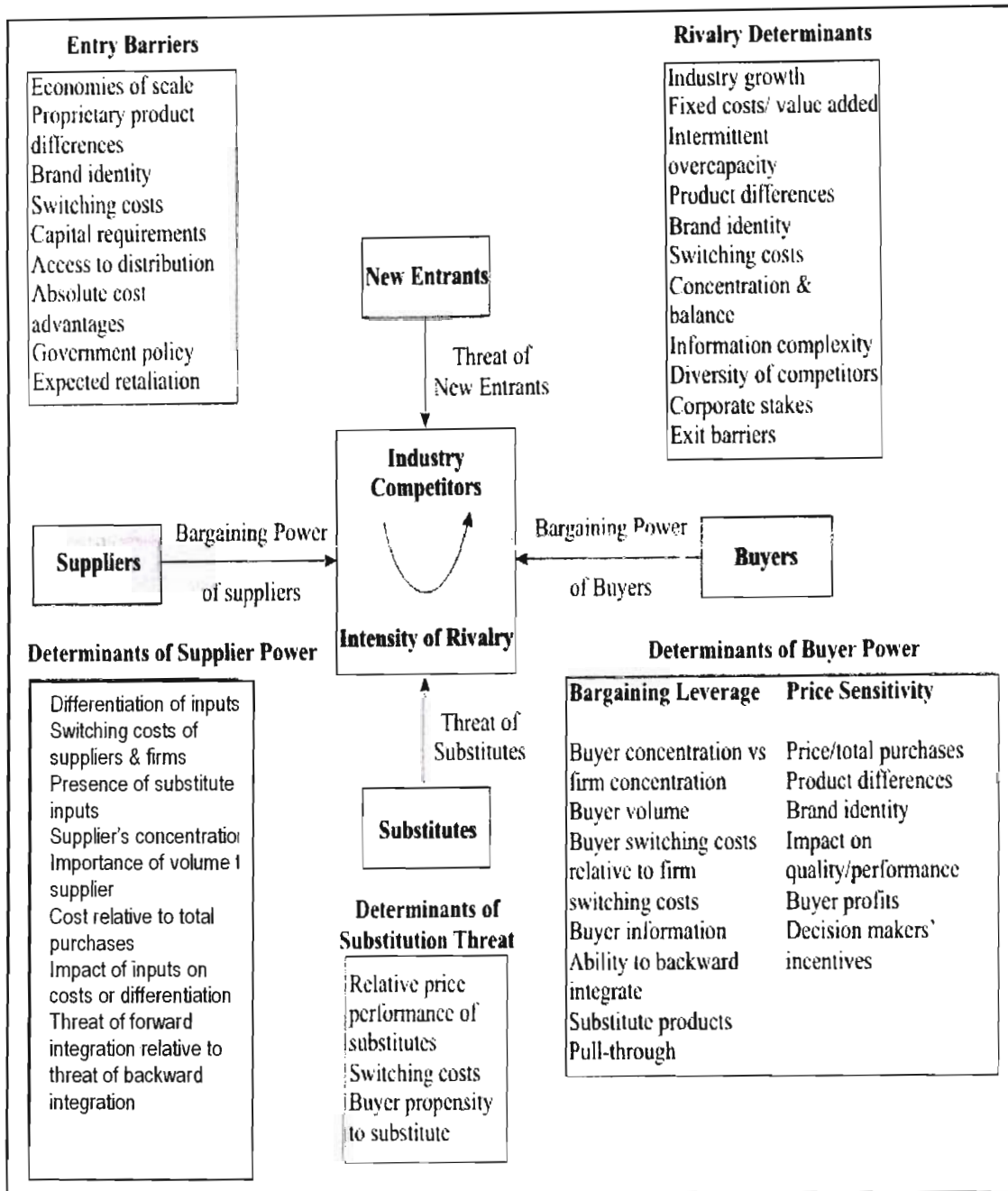


Fig. 2.1. Porter's Five Forces Model [Modified from Porter (1985)].

Formulated strategies must look at all factors that can influence the business operations of a company. Fig. 2.1 above shows all the relevant areas as outlined by Porter on how industry forces influence company decisions and performance. Each of the listed factors in the figure has either a positive or negative effect on

involves the study of the firm's resources. These include tangible assets such as financial and physical resources, intangible assets including patents, research and development, reputation, intellectual capital and organisational capabilities. Chapter 5 shows the summary of sales performance of ABI for a period of seven years and analyses the company's strengths in prudent financial decision-making and distribution of returns to the shareholders. The 100% buy-out of ABI shares by SABMiller shows the confidence the majority shareholder has in the performance of the company as a whole. The correct use of both tangible and intangible assets to grow the value of ABI has resulted in the growth of the business in the country.

Pearce and Robinson (2003) explain that the appropriateness of a firm's "grand" or business strategy needs to be determined. This strategy does not contain any value drivers. Instead, the strategy deals with how the company exploits and extracts leverage from the key value drivers in the industry structure and from its intangible assets. Frykman and Tolleryd (2003) contend that a chosen strategy can both increase and decrease the importance of a certain value driver. In the case of ABI, the key value drivers such as the excellent distribution network to its customers and improved levels of customer service combine with a wide range of high quality products to ensure continued growth of the bottling company.

Generally, there are three generic types of competitive strategies that a firm can pursue (Porter, 1985). These are called generic strategies because they are not dependent on the firm or the industry.

The generic strategies include:

- i. Low-cost producer.
- ii. Differentiation.
- iii. Focus (a combination of i and ii).

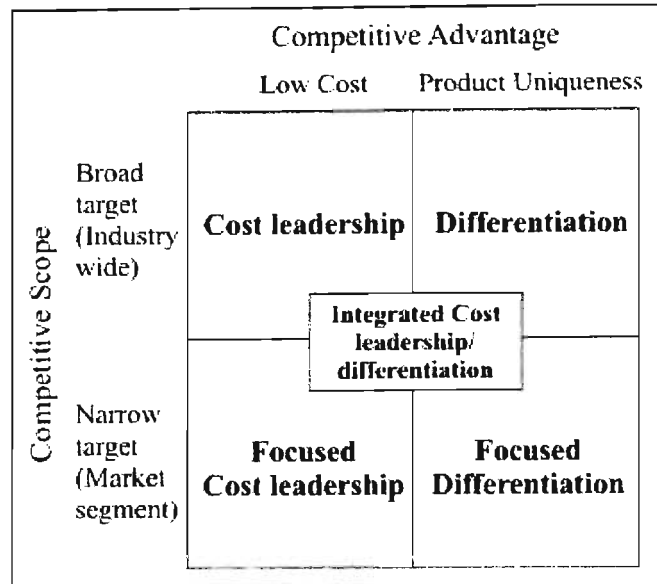


Fig. 2.2. Porter's (1985) Generic Strategies for Competitive Advantage [Source: Porter (1985)].

All shareholders or potential investors analyse the performance of a company and look at the quality and depth of management to determine the value of the company or its share value. It can be argued that ABI's results reflected in its published Annual Financial Reports reveal decisions made by earlier management on the future of the firm. Future market performance will reflect decisions made by present management. This will show whether the strategic decisions being made are solid and based on the correct premises of continued growth. Peters and Waterman (1982) identify eight characteristics for successful business management. These are: -

- i. Intimate knowledge of the needs of the customer and exceptional attention to these needs such that customer needs are at the forefront of a company's activities.

-
- ii. Exceptional attention to the creative potential of individual employees, where entrepreneurship is encouraged, autonomy decentralised and innovation rewarded.
 - iii. Corporate values which typically include product quality, low-cost production and innovation are well articulated and understood.
 - iv. The company adheres to its core competencies.
 - v. Administration is lean, the organisation structure is simple and lines of responsibility are clear.
 - vi. Employees are made to feel an essential part of the success of the company.
 - vii. The decision-making process is action-orientated. This entails that decisions made must result in measurable outcomes such as growth in volume sales and an increase in the Return on Investment for the shareholders.
 - viii. Decisive central direction and maximum individual autonomy reinforce each other.

When these characteristics are used in analysing the potential of a company, it is possible to arrive at specific decisions that hold potential for growth, good and solid management traits and intentions to sustain business and remain competitive in the market.

According to Peters and Waterman (1982), the common warning signals that reveal that a management is in distress include the following: -

-
- i. Regularly recruiting external executives;
 - ii. Higher compensation for the Chief Executive Officer (CEO) compared to the rest of the company's executives;
 - iii. A board of directors with a limited number of non-executive directors;
 - iv. Low allocation of funds for research and development;
 - v. Poor social responsibility and environmental commitment.

Based on information analysed in chapter 5 of this thesis, ABI's financial reports indicate a prudent management style resulting into positive sales figures. Chapter 5 presents more aspects that reveal the successes scored by the strategic thinking of senior management of ABI that has developed over the years. The financial results also presented in chapter 5 show positive growth of the company over the years. Chapter 6 will provide details on specific variables that help to contribute towards the growth of the business as the research results on re-branding of ABI are analysed.

Unless one understands what happens in strategic management, it is not possible to understand the reasoning behind the success of a large corporation. Thompson and Strickland (1998) ask some searching questions on strategy formulation and application at the corporate level.

These include:

- i. How attractive is the group of businesses the company is in?
- ii. Assuming the company sticks with its present line-up of businesses, how good is its performance outlook in the years ahead?

In answering such questions, Thompson and Strickland go on to say:

If any answers to the questions are not satisfactory; the issue is, (a) should the company disinvest itself of low – performing or unattractive businesses, (b) what actions should the company take to strengthen the growth and profit potential of the businesses it intends to remain in and (c) should the company move into additional businesses to boost its long – term performance prospects? (Thompson and Strickland 1998:245).

In analysing the corporate strategy of any given group of companies, answers to these questions reveal valuable insights into a company's past direction and performance. A company must have a road map in order to get to its destination. Strategies must therefore be formulated in line with the group's intention. Gary Hammel (1993) and other strategists argue that there is need for well thought out and planned outcomes. The intentions must be clear and actions must be taken in line with the formulated strategies to achieve the desired goals. ABI senior management at the head office of the company engaged them in crucial strategic thinking process and came up with new strategies that included the need to re-brand the organisation.

The generic strategies outlined by Porter (1985) concentrate on differentiation, focus and low-cost, and are aimed at encouraging the organisation to come up with well-crafted strategies to achieve a sustainable growth rate by the entire organisation. Growth comes from achieving targets and in most cases financials are set at acceptably achievable targets.

How can attractiveness be measured? This can be done by looking at the overall performance of that particular group of companies. Some financial analysis can be done to measure growth in terms of return on investments. Growth margins can be expressed in the form of a gross profit margin percentage, or net asset turnover in percentages. These financials can show the profitability and performance of the organisation. To achieve this, an analysis will need to be done on the financial statements of the company for the past ten years. It is important to come up with

strategies that develop the group performance to acceptable levels and make the company more attractive and competitive.

The following represents a summary of the position of ABI before the re-branding exercise:

2.8. The Organisational Culture and Change

2.8.1 ABI is a Subset of its Business Partners

As observed by the researcher, it was discovered that: -

- There is a visual manifestation of Coca-Cola in the marketplace and at all ABI plants.
- A behavioural hybrid of Coca-Cola and SABMiller revealing a culture of dominance and power.

2.8.2 ABI Business Operating in Silos

- Head Office/Plants, Inter-departmental, attitudinal (Old/New).
- Allegiances to individuals, departments, Coke/SABMiller – not ABI.

2.8.3 Sense of Disempowerment

- Two Masters – cannot control own destiny.
- Interim “command and control” approach.
- Increased systemisation – lack of involvement, empowerment.
- Performance focus – no time to celebrate success.

2.8.4 No “Breeding Ground” for Talent

- No critical mass for development consideration.
- No support system for new recruits

2.8.5 Organisation’s Competitiveness

For investors to show interest in investing in a business enterprise, Wheelen and Hunger (2001) state that an organisation must rate high in competitiveness and attractiveness in order to make it profitable. To achieve higher levels of recognition and potential, organisations need strong management teams and commitment from a motivated staff. The present and future markets must be strong and well defined in order to be targets for growth. The values and mission as well as objectives of such corporations must be well crafted and developed for all staff at different levels to understand and adhere to.

Corporate organisations formulate their strategies with the intention of promoting growth in the organisation. When these strategies are demonstrated, the senior management, (in most cases the Chief Executive Officers (CEO) of the organisation) delineates what the vision of the organisation should be and what can be done in order for the business to continue operating and achieve its goal of maximising profits. In corporate finance, the main function of managers is to increase the wealth of its shareholders. If the Net Present Value (NPV) of the business is good, it reveals that the management team are achieving their goals. The financial performance results are used as a yardstick for measuring the success of a corporation or company. Hence Thompson and Strickland argue that:

Both good financial performance and good strategic performance calls for management to set financial objectives and strategic objectives. Financial objectives signal commitment to such outcomes as earnings growth, an acceptable return on investment (Economic Value Added – EVA), dividend growth, stock price appreciation (or market value added – MVA), good cash flow, and creditworthiness (Thompson and Strickland, 1998:7).

All these indicators are used to make informed analysis of the financial performance of the organisation. As shown in chapter 5 of this thesis, steady financial growth of ABI has been observed over a period of seven years represented in graphs or histograms. It can be argued that any formulated strategy then should be interrogated to see whether it is proactive or adaptive. Managers must be in a position to apply a competent strategy for the growth of an organisation. If shareholder equity value is good it can be used to make decisions to invest in the company. Conversely, those that have shares in the company can consider selling off their shares if they feel that the financial future of the company is in question.

While going through the process of re-branding, SABMiller as its majority shareholder offered to buy-out all the minority shareholders in ABI. SABMiller had 73% shares in ABI. By December 14, 2004, it is reported that SABMiller acquired a 100% shareholding in ABI giving a total control on the operations of the company.

The motivating factor for SABMiller's decision to acquire the remainder of ABI shares was the performance of ABI over the ten year period since 1994, in that it had made profits and almost doubled its return on investment for its shareholders. The innovation that has taken place through the re-branding process has paid back in dividends to the shareholders have seen it befitting to acquire a 100% ownership of the company so that it does not share any profits with minority shareholders.

ABI, as a corporate company aims at formulating and implementing strategies that help to manage the business efficiently so as to achieve high levels of productivity and growth. Strategic management, as a school of thought and specialised area of management has been used in corporate business to assist managers to arrive at ideas and plans that assist the organisation to efficiently achieve the desired results.

It is important to realise that strategic planning is a process and requires time. Strategic planning requires a great deal of managerial time, energy, and commitment. To justify the associated costs, strategic planning must produce tangible benefits. Research suggests that the benefits of strategic planning are economic and behavioural. As stated in Chapter 1, the purpose of this study is to find out if changing the image of the company in relation to its logo and some operational strategies can contribute to the profitability of that organisation. In the discussion that follows, ABI financial statements will be examined before and after the change to its image in terms of re-branding. The figures will show whether a relationship exists between the performance of the company and its new image. It will be argued that the new brand-image obtained through the re-branding process has brought new vigour and performance to the organisation's business operations especially with reference to its outlook towards customers and finding ways to improve its profit margins.

To achieve this, it is argued that there is a need for researchers in business management to find out what other variables exist within an organisation that drive productivity and how new strategies enhance it. In order to formulate new strategies that work, including the exercise of re-branding of an organisation's image, commitment and time is demanded from its managers. Information has to be gathered which is in line with the business plan of the company. All ideas on re-branding have to be in line with the plans of the various departments of the organisation including, marketing, finance, purchasing, and even the human resource management (HRM) team. All efforts must aim at finding ways which will assist in the driving of the organisation into the future. Later in this Chapter, the steps of strategic planning which include strategic analysis, strategy formulation, strategy implementation and strategic control will be discussed.

2.9. Strategic Management and Innovation

Strategic Management (SM) is a concept that is grounded in the formulation, implementation and control of competitive moves made by managers in both large

and small organisations. This helps in establishing and maintaining a competitive position that is sustainable in relation to its operating environment. Strategy is about visioning. When senior managers formulate strategy, they think of future markets and the survival of the organisation.

Interrelated managerial tasks of strategic management such as strategic intent, external environmental analysis, internal analysis; organisational positioning, business strategy, implementation and control are used to understand what happens in organisations when new strategies are formulated for growth and future survival of the company. (Thompson and Strickland, 1996:3).

2.10. Strategic Management at Corporate level

At the corporate level, the Chief Executive Officer (CEO) formulates the overall business strategy of an organisation. ABI has a strong executive management team at its headquarters where the CEO is in charge of the overall business. At the business level, line manager's help in analyzing the strategies. Implementation is done by both line managers and supervisors. Managers at the top (CEO) or corporate level are responsible for the formulation of corporate strategies.

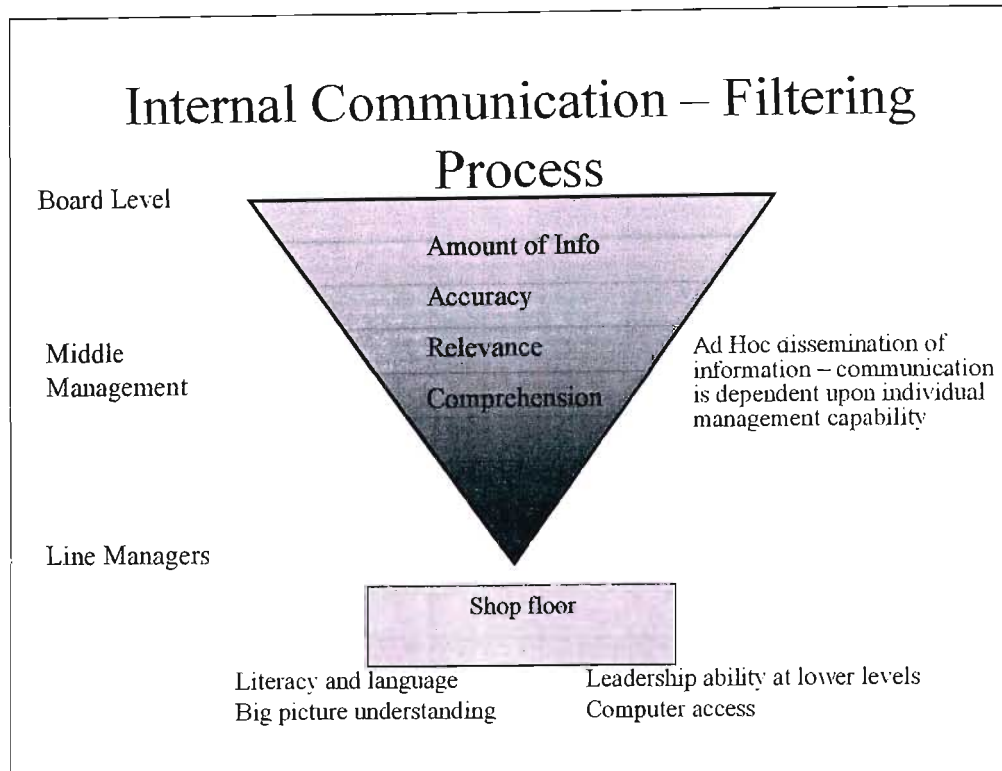


Fig.2.3. Internal Communication Filtering Process [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

2.11. The Conventional Approach to Strategic Management

According to Stacey (1992, 1996), the conventional approach to strategic management has been clearly documented. The approach of Stacey is that of a traditional and a rational approach to the subject. The conventional approach to the subject has resulted in many managers not being able to apply the radical, but successful approach to the subject. It is important to understand how external environmental forces dominate the strategy formulation. Strategic actions should possess a linear relationship with strategic intent. Implementation comes about through the bureaucratic system. As strategy is applied, it leads to development, which is seen in the environmental forces as a series of logical and step-by-step processes towards growth. When growth is registered in monetary terms by a company, and the attitude of employees change, a new approach needs to be used

to maximise productivity. A company should thus encourage employees to perform better and build the company, as the overall profitability of the company would lead to job security.

It is important to notice that the organisation is structured from top to bottom and that management levels are optimised for effective operation within the company. According to Thompson and Strickland (1996), to understand strategic management at corporate level it is important to know what strategy is all about. The strategic management process has remained essentially unchanged, i.e., internal environment, strategic intent, strategy formulation, implementation and control.

2.12. Strategic Management and the Business Environment

2.12.1. External Environment

Changes that take place in the external environment have influenced the development of conventional strategic management. Nakamura (1997:4) argues that, "since its birth, strategic management has been referred to as the discipline of corporate innovation to cope with the discontinuous and/or turbulent corporate environment." It is possible that the level of the turbulence will differ according to circumstances. The external environment seems to demonstrate a state of extremes and some degree of instability and volatility. This leads to unpredictability of the environment and can therefore make it difficult for decisions to be made with a forecast approach, as the future appears uncertain. Any changes that can be made to the product or brand could lead to remarkable results, but if not timed properly could result in a tedious spiral of decisions, which have no bearing on the profitability of the firm. Strategy at corporate level has to carefully evaluate these factors to ensure better planning and visioning.

Organisations have had to respond to changes rapidly in order to keep pace with the changes and developments in the external environment. Strategists at the corporate level have been faced with the dilemma of formulating strategy that will last. Porter (1985) has highlighted that there are some scholars who do not believe in the practicality of strategy formulation as change takes place so rapidly that strategy cannot simply catch up. Strategic management acclaimed authors feels that despite the views of some scholars in management, there is need to formulate a clear strategy and implement it. Thompson (1996) argues that Strategic management can only be effective when resources match stakeholder needs and expectations and change to maintain fit in a turbulent operating environment.

2.12.2. Internal Environment

The conventional approach to formulation and implementation of business strategy is the need to achieve internal consistency of the organisation. When strategy is formulated, there is need to understand at corporate level that the senior executive of the organisation, (mostly the CEOs), formulate the strategy of the organisation and pass it down to junior managers for implementation. In any organisation, that process is normally done at corporate headquarters and then passed on to the companies/business units for implementation.

Conger (1998:85) argues that, “today businesses are populated by baby boomers and their generation X offspring, who show little tolerance for unquestioned authority.” (Conger 1998:85). In this case, it is necessary for managers at the corporate level to be more flexible and tolerant in the way they apply strategy. This affects the way managers organise and plan activities in an organisation and the way people are managed. The internal values need revisiting and mechanisms need to be developed which allow the flow of ideas and plans to be properly communicated to workers.

Porter (1985), in his well known value chain idea, continues to say that although conventional strategy applied in most organisations represents a rigid and functional-driven framework, it is, in most cases inappropriate, given the nature of today's external environment. Flexibility is necessary to apply strategy in an environment which has traits of chaos and turbulence. The CEO of an organisation has to be flexible in the formulation of strategy by consulting junior staff on matters of operation. When however it comes to crafting strategy for the way forward, the CEO needs to be rigid and needs to clarify to his/her managers that they need to provide results which will enable the organisation to remain in business after five or more years. It is important for managers to know how to manage both internal and external stakeholders in order to succeed.

2.13. Strategic Intent

The organisation should possess an intention and plan of what it intends to eventually become. The strategic position has to be clear and as a company, ABI has set up its structures to service a varied client base. The research carried out externally for this study will look at how the customers feel about the behaviour of ABI employees when they come to retail outlets as representatives of the brand. Attention will be given to the levels of productivity among staff as revealed in sales figures presented in Chapter 5 of this study. An assessment will be made to ascertain the impact of re-branding and how it adds value to the organisation. The organisational effectiveness is analysed externally from the issues and comments being raised by the customers. An organisation needs to understand the requirements of its customers.

Hamel and Prahalad (1989:64) describe strategic intent as an all-encompassing obsession of an organisation to establish a future-directed desired leadership position. The corporate office provides the required leadership while the business units find ways to apply the outlined strategies of the organisation. The argument

shows that managers need to know the vision, mission and objectives of the organisation so as to lead and guide the workforce properly.

Vision is a broad guideline for the positioning of the organisation, while goals and objectives represent the shorter term, which describe the operational views of the organisation. Vision must be realistic, comprehensive and unique and must match the intended goals to be achieved. Most companies have to develop a mission statement on customer-care to assist consumers in the retail outlets. This must be in line with the mission statement of the organisation, and assist the development of future markets and add value to the corporation. The CEO of the organisation at corporate level needs to craft strategies which will differentiate the organisation in its mission and market potential. The CEO needs to know how the strategy is going to be implemented. The vision of the organisation must therefore be futuristic.

Due to diversity in both the internal and external environment, it can be difficult for the CEO to come up with a single mission for the entire corporation. Strategy, at corporate level, should be applied in situations which are fast changing to enable the organisation to be in line with the developments taking place both externally and internally.

2.14. Formulation of Strategy

In the situation where a turbulent and very complex external environment exists, dynamic organisations demand excellent management approaches to address issues as they arise. Different authors in strategy have queried the validity of formal and well-structured strategy. This calls for well thought-out ideas in formulating group strategies. In corporate re-branding, there is a need to have a clear understanding of the reason for change and how it should be implemented.

2.15. Amalgamated Beverage Industries (ABI) Organisational Structure

According to figures released in its 2004 *Annual Financial Report*, ABI is one of South Africa's major beverage bottling and distribution companies. The company employed 25,700 people as of 2002. It has an annual net profit of R3,366 million. The company is listed on London Stock Exchange and holds four banking licences (three local and one international). The company is headed by a Chief Executive Officer (CEO), who is assisted by a team of directors representing the different segments of the business.

The company has the following operations:

- Manufacturing.
- Supply Chain and Distribution.
- Human Resources Department.
- Sales Department

2.16. ABI's Corporate Governance

ABI is a wholly owned bottling company of SABMiller that has an extensive group corporate accountability framework with associated reporting requirements. ABI produces annual reports on its community, economic, employee, environmental, government and trade relations to SABMiller's corporate accountability and risk assurance committee, which is chaired by a SABMiller non-executive director. It is the aim of both ABI and SABMiller to maintain a balance between the challenges of successful entrepreneurship while remaining accountable to the stakeholders in the efficient management of its business resources.

The ABI board comprises thirteen directors with five non-executive directors, two of whom are independent as defined in the JSE Securities Exchange South Africa Listings Requirements in terms of the King II Code of Corporate Practices and Code of Conduct, (otherwise referred to as, King II).

It is important for a large corporation or company to be accountable to its stakeholders. According to the *2004 Annual Financial Report*, ABI was listed on the JSE stock market with a share price of R73.00. The company has since been delisted from the JSE. ABI has adopted a new governance strategy, which allows for accountability, transparency, social responsibility, discipline, risk management and independence. In social responsibility, ABI, in conjunction with Coca-Cola spends a substantial sum of money on social responsibility activities such as the sponsorship of music promotions and Premier Soccer League (PSL) soccer tournaments etc.

2.17. Corporate Strategy and ABI

There are two main aspects to consider when formulating corporate strategy. These are:

- Entering a new Business and/or
- Managing a portfolio of businesses.

At corporate level, the group develops and expands due to takeovers and mergers. Thompson and Strickland (1996:192), state that, “the acquisition (take-overs and mergers) of an existing business is the most popular form of diversification.” Other authors such as Richard Lynch (1997:559) and van de Viet (1997) also argue that such mergers have met with little or no success. Porter (1987:46) says that one or more of the three essential tests for successful diversification; namely, attractiveness test, the cost-of-entry test and the better-off test could not be done.

The above tests can help check the stability of the future of an organisation. As the environment continues to be turbulent and unstable, companies are moving towards the idea of having good relationships with other companies other than through the acquisition approach. Those companies which did merge have continued their operations as a corporation and have contributed to the creation of wealth for the shareholders.

In the case of ABI, the company has a strong business background dating back to 1931 when the Cape of Good Hope Bank was established. The Directors have developed new strategies to improve on their existing business. To achieve this, the group entered into mergers with other companies, buyouts and other take-over ventures. The aim was to provide a solid base to expand operations and maximise profit margins through forming joint operations. The modern approach is to have a strategic alliance, which leads to joint ventures, franchising, joint research and improvement of existing operations, supplier agreements and consortiums.

From observations made by the researcher while analysing the company strategic management documents, it was noticed that ABI follows a low-risk strategy based on the concept that a low-cost producer will ultimately prevail. This helps to put the group in a good position to participate in the consolidation of the industry. The restructuring that took place in 2001 after the buy-out of Sun Crush (Pty) Ltd put the group in a prime position as a focused, integrated and unitary organisation. ABI is also competitive with its peer companies on the basis of cost, volume and distribution to achieve further consolidation of financial services. It aims at promoting public trust as a cornerstone in conducting its business.

Diversification in ABI has resulted in the development of new businesses, the introduction of new products and operational processes. Change in certain companies brought the challenge of diversified portfolios. Existing, and newly acquired business units have to be analysed using a SWOT analysis. This has been done effectively by using the Boston Consulting Group (BCG) matrix and General Electric (GE) portfolio analysis, tools of great importance in

understanding the potential of each business unit and the corporation at large. These are helpful in giving an indication of the future positioning of an organisation. The intended strategy of the corporation can thereby determine the future of such an organisation.

It is imperative that the strategist also look at the future of the organisation by understanding its past history. A ratio analysis in most cases helps to understand the performance of a particular organisation and reveal whether the strategy formulated will assist to turn the company from a “dog to a cash cow” for example. The CEO is faced with the immense challenge of ensuring the survival of the organisation. If the CEO fails to “plan” and formulate workable strategies, s/he plans to fail. The strategies put in place by ABI have improved the value of the business as a whole and maintained its position as the number one company in the soft drink bottling industry in South Africa.

Gould and Campbell (1987) identify three strategic styles by which strategic planning is considered to be the most appropriate endeavour even when the environmental conditions seem to be changing fast. They focus on the core competencies of the organisation and find ways to increase the Internal Rate of Return and Return on Investment (ROI). At the corporate level, the CEO and other senior executives formulate the strategy with an understanding that whatever they plan must have a bearing on the future of the entire organisation.

Different models can be applied to formulate strategy in a corporate organisation but the main point is that the formulated strategy must take into account the environmental conditions at any given time. In times when conditions are difficult, during the apartheid regime in South Africa, companies developed strategies that were internalised in their approach and built strong management team with an authoritarian leadership style, which clamped down on any opposition.

The CEO must develop strategies which help the organisation gain a position of competitive advantage. Porter (1985) describes generic strategies of low cost and differentiation, focus and added value to the chain. By applying some of these ideas the CEO can develop strategies for the corporation that will respond or react to a turbulent business environment. The CEO must then come up with strategies that will make the organisation competitive and become a market leader.

2.18. Strategic Positioning

According to Bowman, Managing Director of ABI in the ABI 2004 *Annual Financial Report*, the group structure has been set up to optimally service its varied clients. The size of the merged group allows specialisation, while enabling it to offer a full range of banking services to its corporate, commercial and retail clients. In 2001, the group merged with other bottling institutions such as the Sun Crush (Pty) Ltd in Pietermaritzburg to form a strong bottling company in KwaZulu-Natal. The company invested in the improvement of technology required in the bottling industry to cater for the market and maximise its shareholders equity.

ABI also entered alliances with The Coca-Cola Company of Southern and Eastern Africa (CCSEA) to offer a unique product to the market. This strategy was utilised to distribute a total beverage solution to the market, leading to both companies reaching their market position.

As a result, ABI gained the following from its strategic moves:

- It became the largest bottling company in South Africa.
- It has some of the best possible operations system, which has resulted in ABI becoming the most efficient company with a distribution network that covers a wide area in Gauteng and KwaZulu-Natal.

- It has an improved distribution network capacity.

ABI focuses on minimising risk and meeting the demand of carbonated soft drinks in the country, aiming at providing a low risk growth opportunity and stimulated growth by focusing on markets through increasing sales volume in physical cases and hectolitres. The challenge since 2003 and beyond has been the successful implementation of the corporate re-branding strategy and improvements in the company's image. The results will be analysed later in the study when a review will be made of the financial performance of the company during the past seven years. The strategy of the company is to be a market leader in all of its product categories within the bottling business. The group promotes teamwork, trust and integrity in its operations. Companies that have implemented good strategies have the potential to see growth in the turnover and net profit. ABI figures below show how growth was taking place in the financials of 2004. Detailed financial analysis has been done in chapter 5 of this thesis.

Total Revenue for 2004	12.2 billion up by 50%
Net Profit for 2004	984 million up by 10.5%
Core Earnings per share	1330million up 45 %
Headline earnings	1 022million Up – 9 %
Dividends per share	515million (412 cents US) per share

Table 2.1. Figures and Performance of the Group [Source: ABI Annual Report, (2004)]

Generally, the figures in Table 2.2 reveal that ABIs performance was on the upswing. The details of the performance will be given in Chapter 5 of this study, as a comprehensive analysis of the financial performance of a company over a seven year period. The total revenue for 2004 in comparison to 2003 was up by 50% showing good results in terms of net sales which were up by 10.5%.

2.19. Strategic Positioning and Policy of ABI

The group believes in great teamwork that requires a shared vision and passion. At its core are committed individuals who offer encouragement and support to the vision of the company. But effective teamwork also requires leaders who put the group's interests before their own. The programmes outlined and carried out by ABI required a strong team that was committed to the values and ethics of the company. There was a need to achieve good working relationships especially where members perceived that their jobs were threatened by the implementation of new strategies.

2.20. Respect for Stakeholders both Internal and External

To be truly successful, the group also believed there was a need to respect the dignity of one another. It was important to acknowledge the differences that existed between those other companies which merged with ABI but continued to practice acts of simple human kindness. The idea was to develop strategies that would promote an environment where people co-exist and work together despite their differences.

The strategy formulated by Senior Executives of organisations must adapt to the changes taking place in the daily operations of an organisation. It is imperative therefore that the CEO be aware of the events taking place around him/her. The CEO must have an idea of what is happening in the company and visualise different issues and their possible outcomes. The CEO must be a good planner and be able to lead in the formulation and application of strategy in an organisation. S/he must know how and when to take advantage of the changes in the environment and be able to produce solutions even in times of great uncertainty.

2.21. Strategy Formulation

In an environment which is uncertain, it is not easy to come up with strategies that lead to positive results. The CEO still is responsible for the formulation of strategy at corporate level which is then passed on down to the staff by business unit directors and then through to line managers.

2.22. Strategy Implementation

According to Thompson and Strickland (1998:271), “the implementation of a strategy, either at corporate level involves the traditional tasks of organisation-building, budget allocation, developing strategy-supportive systems, which include administration, and information systems, shaping the culture of the organisation and instituting performance related rewards.” Peters and Waterman (1984:4) argue that, “...the crucial problems in strategy were most often those of execution and continuous adaptation: getting it done...” The implementation of such strategy tends to be the problem, rather than its formulation.

All decisions that dealt with customer service were passed on from senior executives to the line managers and supervisors who in turn pass it through to the workers on the floor. The functional level of strategy can determine whether strategy works or not. For the sake of this study, it is vital to understand that the decision to change the appearance of ABI was made by the executive directors of the company with the intention of creating a brand by which ABI could be identified in the marketplace. Once these decisions were made, it was the duty of the line managers to implement the re-branding process throughout all departments of the company. Visual presentation of the new brand image was placed at all entrances of the company depots on machinery and fleet vehicles involved in the distribution of its products.

In practice, the CEO formulates the strategy and depends on line managers in each business unit for its implementation. Logically, the CEO must involve staff at all levels of the organisation. By selling the strategy plan hierarchically to the internal markets first, and then to the line managers and the staff, the leadership approach might have to change in order to follow the decentralised and participative methods adopted in the different units.

These activities must be carefully planned in order to fit in with the goals of the group. Interaction must be encouraged between the management and workers so that the aims or objectives of the new strategies are followed through. At this stage, the CEO can interact with the workers to gain their confidence and hear their views concerning the changes taking place in the organisation. Management should try to look at the external environment again and see how conducive it is in promoting the implementation of the new strategy. The company must also ascertain and address the needs of its customers.

The literature discussed in this chapter has helped to understand how strategies are formulated and implemented in an organisation and what role managers play in decision making which can lead to re-branding of a brand in the quest for excellence in the performance of that brand name in the marketplace. A full literature survey has not been done on all sub-problems of this study as they form the basis for further investigation through primary research of which the results will be fully discussed in chapter 6 and 7 of this thesis.

2.23. Conclusion

Strategy fit should be the guiding criteria when companies plan to change the way of operating their business. Re-branding of the company image will need to take into consideration whether the new image will fit in with the aspirations of the company. All formulated strategy must fit the operations and intended outcomes of that strategy in relation to the broader vision of the organisation. The

corporation must grow after the merger or acquisition. Strategy should result in dynamic change that focuses on the future of the organisation. The CEO must be pro-active. Any formulated strategy must help to improve the Return on Equity and Operating Assets (OA). The value of the shares of the shareholders must also be improved as shown in the performance analysis of ABI.

The following Chapter will discuss brand positioning and marketing strategies. It will also show how detailed information about branding influences the process of design and presentation of a new brand to the marketplace.

CHAPTER 3

ABI BRAND POSITIONING AND MARKETING STRATEGIES

3. 0. Introduction

Brands are corporate assets that add value to the bottom line. A solid brand strategy can build shareholder value and attract top talent to a business, but because there is no standard model for calculating brand value, it's hard to know just what a brand is worth (Caudron, Value of Brands 2001:1).

The performance of brands on the market can be susceptible to various forces both internal and external. In such circumstances, companies need to develop plans that lead to a planned and proactive system that can be used to maintain brand position through management. It is not obvious that such plans or efforts inevitably lead to success in implementing the position of a particular brand. As outlined in Chapter 2, strategies formulated, implemented and evaluated according to company specifications might not necessarily bring the required financial results.

3.1. The Image and Attributes of a Brand

It is in such circumstances that marketing executives must find ways of improving the image and attributes of the brand that lead to its successful repositioning in the marketplace. Those brands that need injection of new life and appeal for sustainability and growth will require an analysis of the operations of the company.

3.2. Redesigning and Communicating the Brand

The brand has a core message which it intends to communicate to the public. It encompasses the central theme of the operations and activities of the company, as well as communicating its products and services.

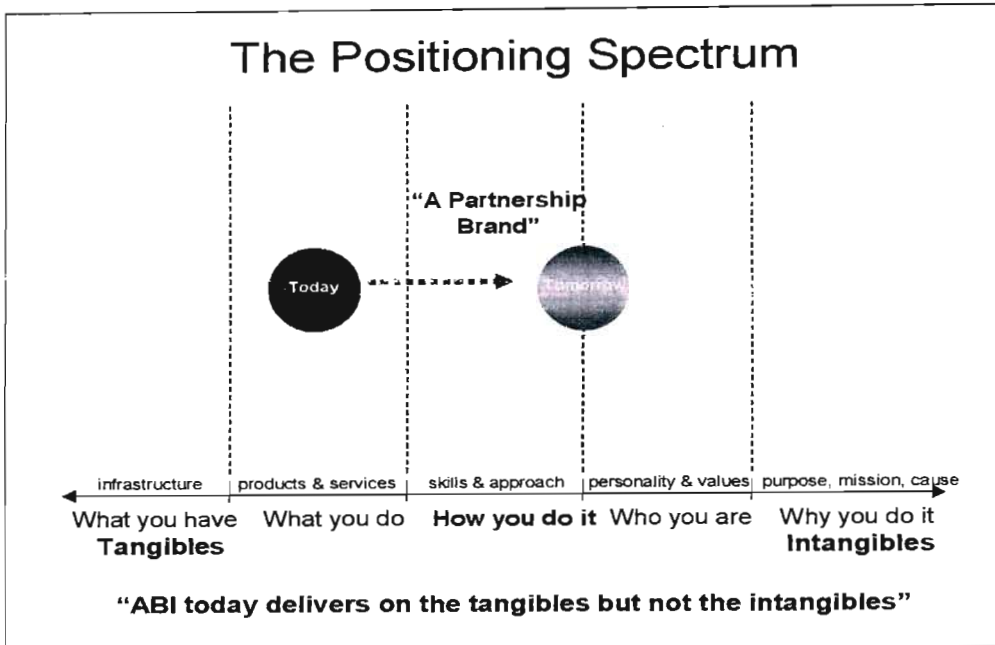


Fig. 3.1. ABIs Positioning Spectrum Source: [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

As outlined in Fig. 3.1, the brand becomes the core in crafting strategies that directs input into the designing of the new logo or image of the company. If it aims to achieve success, it is vital for the firm to know its message, contents and goals. Strategies must focus on what the company does, how the particular thing is done and what is said in the community. What is said contains the message from the company that is targeted at both internal and external stakeholders. The message could include visual and creative messages.

The activities focus on what is done by the firm; the goals and strategies being applied to achieve the customer needs and grow the business of the firm. Goals

are set to increase sales volume, reduce costs, and improve on share performance for the shareholders and other stakeholders such as the government of the country through taxation. How it is done lays the foundation for excellence in performance from members of staff. This involves change in the attitudes and behaviours within the community.

For the company to achieve the required innovation, it has to follow the three basic approaches, namely: (i) what we say, (ii) what we do (iii) how we do it. It also requires a change in perception in how the company views the customer and how it can best formulate policies that improve its performance. When these questions are successfully answered, as outlined further in this Chapter, the responses assist the company to develop the best possible strategy formulation. The formulation and implementation of the strategy for growth has been outlined in Chapter 2 of this study. The attitudes of both management and staff towards each another and its customer base also need to change. The vibrancy of the new image and logo should contribute towards building a vision that will look at all these things anew and achieve the goals of the brand promise that aims at “Reaching further together.”⁴

When the brand is well positioned in the minds of both the internal and external stakeholders, it will begin to create value for the firm. Brand equity and brand valuation intends to create an area of study that can inform the marketing and finance managers about the impact of the brand in adding value to a firm. Brand loyalty can contribute to the increase in sales volume and thereby increased revenue for the company. The brand contributes to a healthy turnover on the basis of its prominence.

Fragmentation and disharmony lead to poor productivity. The operations of ABI before re-branding exercise were operating in silos. Fig. 3.2 shows that lack of knowledge in the organisation on certain aspects of the operations of the company

⁴ The slogan for the new ABI logo: “All staff, including directors are committed to the new motto to reach further together as a team.” This aimed at removing any barriers that existed between staff and management.

can adversely affect the productivity of the company as employees engage in jobs for which they are not fully skilled.

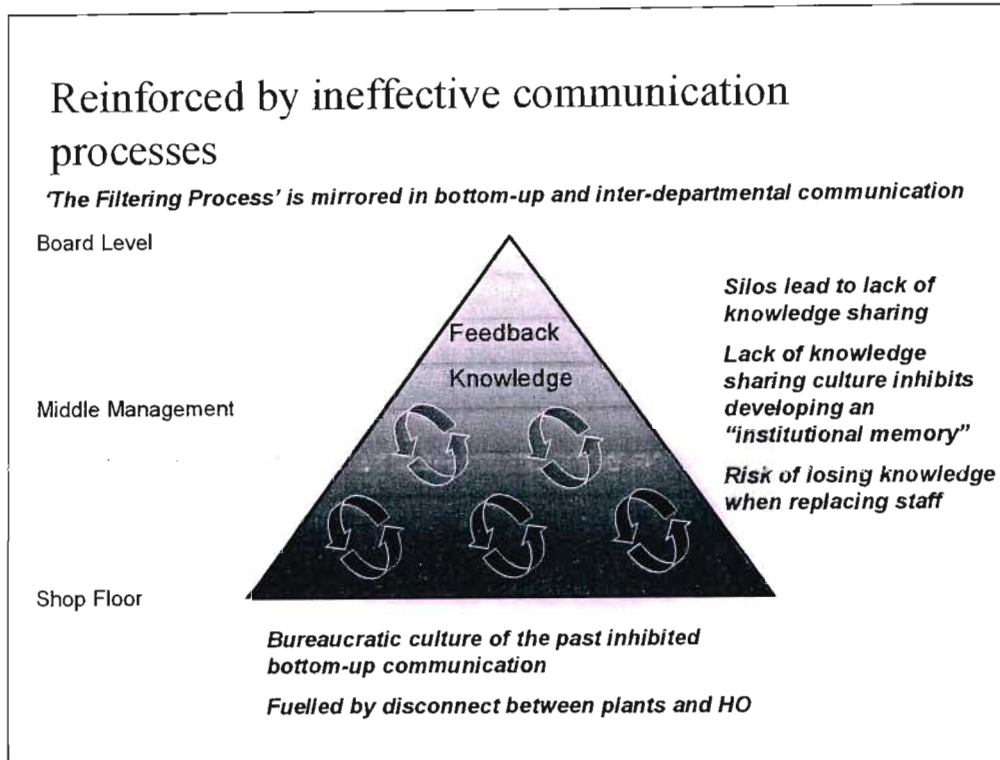


Fig. 3.2. Ineffective Communication Leading to Ineffective Transmission of Strategic Plans to various Levels of the Business [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

This hampers the development of the institutional memory of the company. In the event of staff leaving the organisation, a “brain drain” occurs, as specialised skills are lost. All levels of operation within the company suffer through poor communication and an overly bureaucratic approach to managing people. ABI operates in business units which are scattered throughout the country (to be outlined in Chapter 5). The distance covered in reaching these depots and production plants are vast but when the spirit of togetherness permeates throughout the structures of the organisation, the company can record good results.

In the process of re-branding the corporate brand and logo, there were several managerial decisions that needed to be taken by management to inject new vision, mission and objectives into the organisation. The Value chain concept outlined later in this chapter, as presented by Michael Porter (1995), indicate that the resources and technology required by the company to succeed requires a buy-in approach from all stakeholders alike. The employees of ABI are all together involved in the creation of value. To launch the vision and re-branding of the company the directors were given the task of visiting all ABI depots and manufacturing plants to communicate the need for re-branding and how it would affect the core business.

Fig 3.3 shows that the brand is central to the activities of the company in relation to its operations. The goods and services provided by the firm are also identified by the brand name or symbol of the company.



Fig. 3.3. Core Concepts in the Branding Process [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

The brand name, presented in various ways including visual and creative, will communicate messages about the products and services that the company provides to the community. This will involve developing goals and strategies that push the company into retraining its staff in delivering quality customer service and care. For ABI, it meant becoming more approachable and less arrogant towards its customers. Corporate re-branding requires a change of mind and perception in the way things are done so as to increase profitability for the firm.

Keller (1999) in the California Management Review indicates that companies become involved in strategies which influence the thinking of managers and determine the way forward (as shown in Fig. 3.3). When inertia is experienced, and customer support retracts, there is a need to come up with new ideas and ways of handling customer complaints and meeting their needs. Management has to make a deliberate effort to address felt issues and develop a culture of excellence in customer service.

The first step in the repositioning of a brand is to regain previously loyal customers. These are customers who once identified with the product, service or image but with time have withdrawn their loyalty.



Fig.3.4. Goals in Brand Revival [Source: California Management Review, (1999)]

These customers begin to look at competitors or substitutes to the branded items. When the re-branding process is incorporated, customers will check the benefits and attributes that are attached to their “traditional” products or service. Management must then take a deliberate decision to spend money in advertising

expectations. As will be shown in the financials of the company for the seven-year period 1998 to 2004 (in Chapter 5 of this study), ABI continued to produce good financial results but did not manage to be identified as a brand. As a business, ABI performed exceptionally well, but did not capture the market as a brand. Bowman (2003) at the launch of the re-branding process indicated that the new brand had to be more appealing and friendly to the customers and depict the vision of pulling the company together further.

As shown in figure 3.7, the new logo was designed using cursive lower-case lettering and not bold upper case lettering as before. The upper-case design was deemed bold and imposing. The appearance of the bold and imposing green and red colours of the old logo led to aggressive attitudes being displayed by the company in the way it treated its customers. There was need to reposition the company as a user-friendly company that was willing to meet the needs of its customers by going “the extra mile.” The Customer Service Rating (CSR) was to improve through the introduction of a planned Customer Service Management (CSM) programme. These were monitored on a continuous basis by using the services of an independent survey and rating company. The CSM results were released per plant and become an integral part of performance measurement.

Fig.3.6 shows the old ABI logo. This was designed in straight lines with a strong red presence within it. The red symbolised the presence of the Coca cola brand in the image that ABI wanted to communicate to its customers. The green represented the 5% of ABI’s non-carbonated soft drinks business. Red covers almost 95% of the logo. It is dominant, standing as straightjacket soldiers. This also symbolises a rigid, position of the company. It portrayed a position that was inflexible. This could have affected the business in terms of its non-flexible approach in granting credit facilities for companies that wanted to buy on credit from ABI.

Due to cash flow problems, some customers in 2002 applied for credit facilities but the company refused. There was a risk factor that came with this equation.

Most companies operate on gearing, which means that goods can be bought on credit and paid for within 14 to 28 days. With a good credit management approach, goods can be safeguarded.



Fig. 3.6. The Old Company Logo of ABI [Source: ABI company logo manual, (1998)].

The employees of ABI were also treated with an attitude that was not accommodating. A culture of tolerance, hard work and commitment to uphold the values of the company needed to be cultivated in the business. The new logo presented below was introduced to answer the concerns of the company.



Fig. 3.7. The New Company Logo of ABI [Source: New ABI logo manual, (2004)].

ABI's new logo as shown in Fig. 3.7 was generated after taking into consideration several of the company's operations. By using cursive lower-case letters it was specifically designed to be user friendly and softer in appeal in the minds of its customers. The cursive letters were more appealing and dynamic. The aim was to create lasting relationships with its customers and among its employees to reach "further together." The concept of "essence fit" created partners and a relentless approach to business, awareness and staying connected in order to create a large family of committed workers who felt that, "good enough is never good enough" (ABI, brand Matrix manual, 2004).

3.3. Brand positioning

Kotler, as quoted in Keller (2003) defines brand positioning as that “act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s minds.” The term “positioning” gives an impression that the company is seeking to place the position of the brand in the proper location in the minds of its customers.

This definition is clarified by Ries and Trout in Kotler, when they state:

Positioning starts with a product. A piece of merchandise, a service, a company, an institution, or even a person... But positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect (Kotler, in Keller 2000:298).

There are several brand names being communicated by different companies to its customer-base and it is the duty of a particular company to find ways of advertising or communicating the brand name to customers in such a way that it finds its rightful place in their minds. This develops brand loyalty and commitment in such a way that if it were a product, the customer would be in a position to go into a store or wherever the service or product is sold or provided and locate the product without any difficulties.

The brand positioning process requires that the company must be conversant with the vision, mission and values that guide the operations. The company has to develop clear strategies that will guide the future direction and investment of the firm. These strategies, once formulated, will be passed on to the teams for implementation. Re-branding strategies are part and parcel of the management change strategy for growth in the company. The products and services of the company are related to the image that the company has in the marketplace. Even though ABI delivers quality products to the market, there was a need to create a strong brand, which could be identified by all stakeholders as a brand on its own.

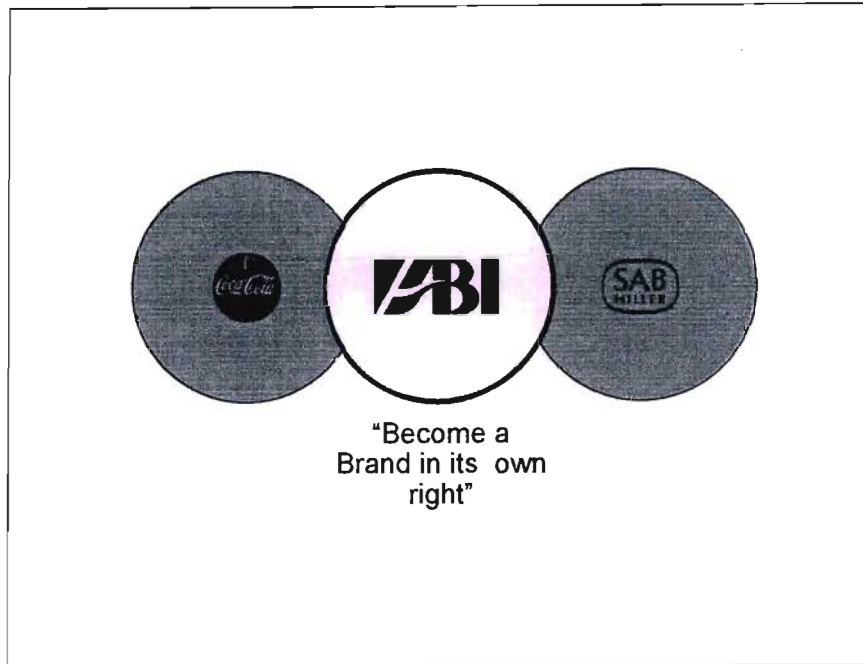


Fig. 3.8. Positioning Spectrum of the ABI Brand in Relation to its Partners [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

According to Fig. 3.8 above, to position the brand, the idea starts with what is available in terms of infrastructure (buildings, production and business units). These are tangibles that can be seen and touched and are deployed in the operations of the business. The infrastructure contributes to the production of products and services. These operations require skills and methodologies in order to maximise production. The company identifies itself in terms of what it does and what it stands for in terms of values. The re-branding process takes all these issues into consideration to create a position of leverage and competitiveness. Intangibles lead to reasons why the company does certain things. The brand is one of the intangible assets of the company. It will be shown later in this Chapter how an intangible asset can add value to a company.

The purpose and mission of the company is defined and used to create synergy. This is the task of creating an identity. The premise shows that the company had intangibles and used them for production but because it operated in isolation or

under the umbrella of another big brand, it never connected fully with its customers. Operating the Coca-Cola brand and trademark made it even more complicated for ABI to create its own identity in business circles. The findings of the research in chapter 6 have shown how customers perceived ABI in the light of the Coca-Cola brand. The re-branding process aimed at moving the brand from what it was to something new, communicating a friendlier appeal and vision for growth into the future. This is summed up in the theme, “Reaching further together.” ABI aims to move into the future as the leading bottling company in Southern Africa.

Positioning of a brand will ensure that the customer is in a position to identify a particular product or service in a much quicker way than that of its competitors. Advertising tends to be aggressive and wages war in the minds of the customers of brands from competing companies. When the brand is well positioned it assists the firm to develop marketing strategies that help in promoting the particular product or company. The benefits of the product advertised or company that offers the product (as outlined in Chapter 2 on the relationship between branding and product development) will assist the executive directors in developing strategies that determine the appeal of the brand in the minds of the customers leading to higher profitability through increased volume in sales.

3.4. Target Market and Branding

Keller defines a market as the “set of all actual and potential buyers who have sufficient interest in, income for, and access to a product.” In other words, a market consists of all “consumers with sufficient motivation, ability, and opportunity to buy a product” (Keller, 2003: 120). Potential buyers have some influence on the decisions made by companies on the type of products or service they provide. Buying patterns and desires determine the innovation that takes place in the development of products to meet the needs of that market. ABI has a specific target market which the company aims to capture and maintain. It is a specific market of outlets distributed throughout a district or region which buys

Carbonated Soft Drinks (CSD) from the company and resells it to their consumers. The other target market is that of wholesalers, who buy commodities from ABI. Due to the relationship that exists between ABI and the Coca-Cola Company of South Africa (CCSA), ABI distributes bottled soft drinks and uses CCSA concentrates.

CCSA makes its money through loyalties in terms of volumes or hectolitres distributed and sold by ABI. This justifies the process of re-branding the image of ABI business, from when it was simply known as a bottling company and distributor, to where ABI is known as a brand in its own right. As a brand, ABI has aimed at developing strategies which will communicate its image to the customers in terms of the quality of service, and quality of products delivered and the potential of the branded company to grow and improve its value for the shareholders.

In Chapter 5 of this study it has been shown that ABI, because of its potential, is now wholly owned by South African Breweries (SABMiller), based in London. The buy-out resulted because of ABI positive performance as indicated in the published seven-year financial results. The performance shows a perceived change of attitude among staff at the bottling plants and depots. ABI continued to show growth over the seven-year period analysed in chapter 5 for the purpose of this study. There are several reasons given for the sustained growth of the company. As ABI continues to grow, it has now embarked on a drive to create a strong non-alcoholic beverage bottling division of SABMiller Limited.

As ABI continues to meet the needs of its customers, in terms of delivery times, customer care and service and market execution in the less privileged markets through the “emerging market” campaign, its volumes continue to increase and profit margins improve. This has resulted in the company improving its attractiveness as it grows its value through stringent management policies. The identified target market assists to improve the performance of the company as its needs are being met.

The firm has a goal to be achieved. In 2003, ABI reached a position of understanding that the company was delivering on its tangibles by supplying the number one brand to the market as a business, but was still not well established among its stakeholders as a brand in and of itself. To be a vibrant organisation, ABI was challenged to deliver on its promises as a reputable company as outlined by its brand positioning.

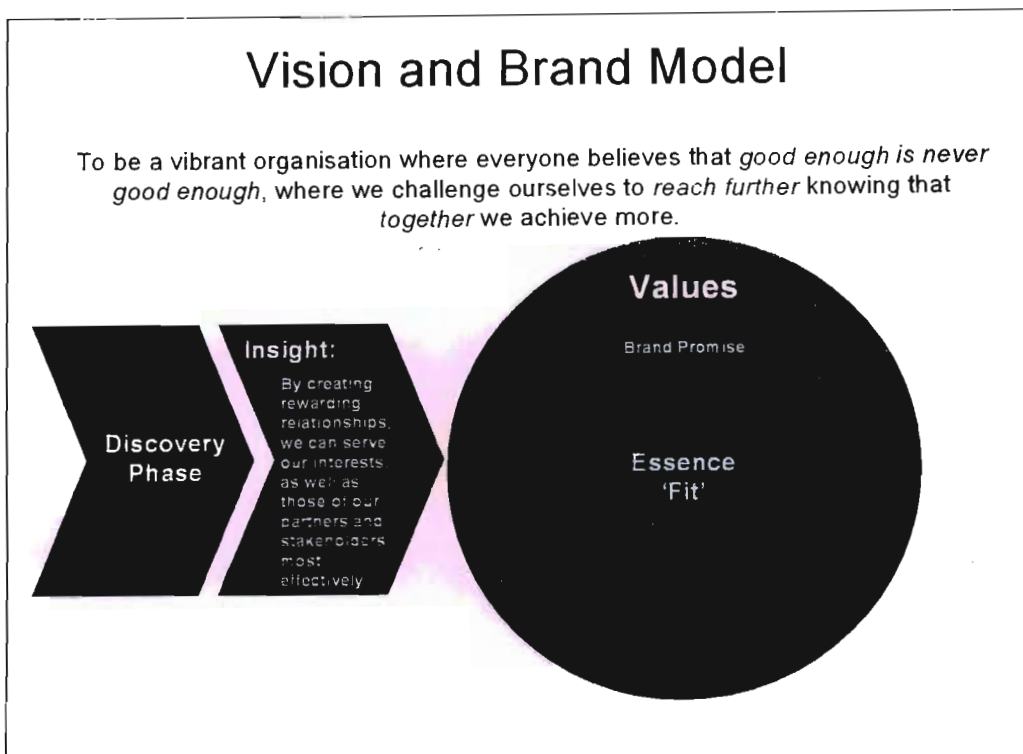


Fig. 3.9. Branding the Corporation [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

According to Fig. 3.9 above, the first stage in delineating the vision of a company in relation to its new brand is the discovery phase where all variables of a company's performance are analysed. The ABI Board realised that it had to operate on the premise of creating rewarding relationships that would serve the interests of the company as well as those of its partners and stakeholders effectively, leading to the success of the overall organisation. The desire of ABI was to develop a team of partners who would be in sympathy with the activities of

the company and be well connected as they carried out their duties. All role players needed to be aware of the vision of the company in relation to growth and the need for profitability in the company. All its role players needed to be relentless in their approach to work. Once all the core themes of the re-branding model had been utilised, the result would be addition of value to the organisation which would thereby lead to essence fit and the achievement of a brand promise which was, “unlocking potential together, reaching further together.” All team players in the development and redesigning of the new logo and implementers of the new brand name developed the vision and brand model, which would enable the creation of the vision and brand.

Despite the fact that firms report excellent sales performance, open competition is observed between two or more organisations that produce similar products or operate in a similar industry. Mottram as quoted in Brands (1998) states that the key challenge for companies at the end of the twentieth century will be to realise the potential of their corporate brands. In today’s markets, companies increasingly compete on the basis of intangible factors and the reputation of the corporation itself is often the most valuable and least understood commodity. The created brands must add value to the organisation and assist in the improvement of the financial performance of the firm. This is the focus of this study, namely: to investigate if re-branding of a company image or logo or brand name can add financial value to a company. In other words, if the image and presentation of a company image is changed, will its profitability improve?

3.5. ABI brand Positioning and Value Chain

The main aim of a company, as outlined earlier in this study is profit maximisation. Each and every activity that a firm engages in must aim at adding monetary value. The two Figures below (3.10 and 3.11) show how different functions of the chain can contribute to the profitability of a company.

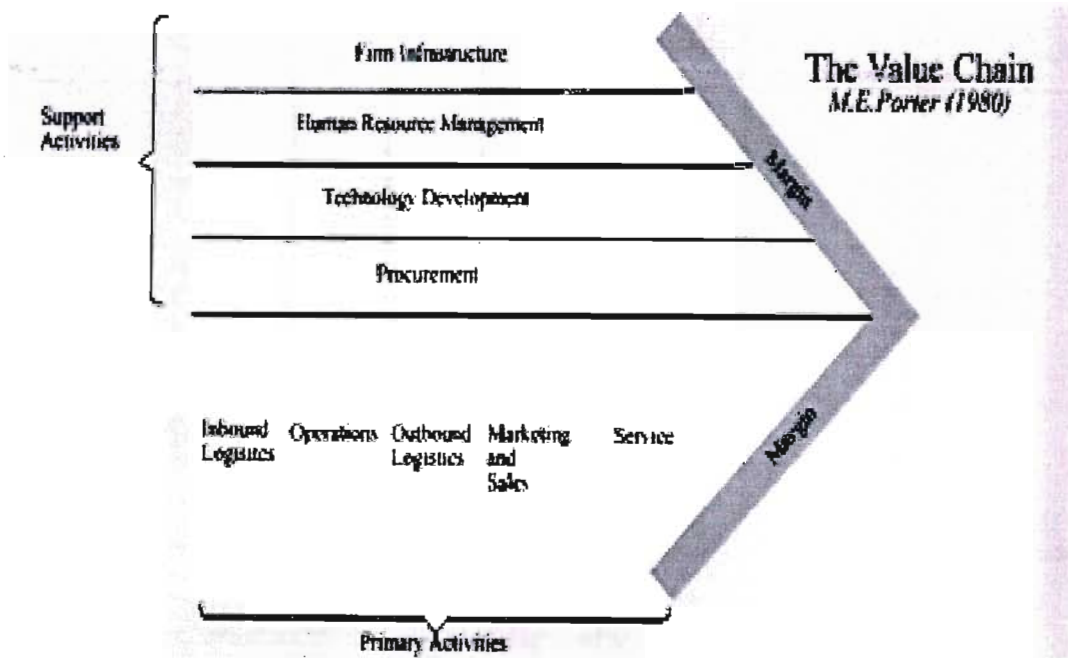


Fig. 3.10. Value Chain Analysis

[Source: http://www.marketingteacher.com/Lessons/lesson_value_chain.htm (Access Date: October 9, 2005)].

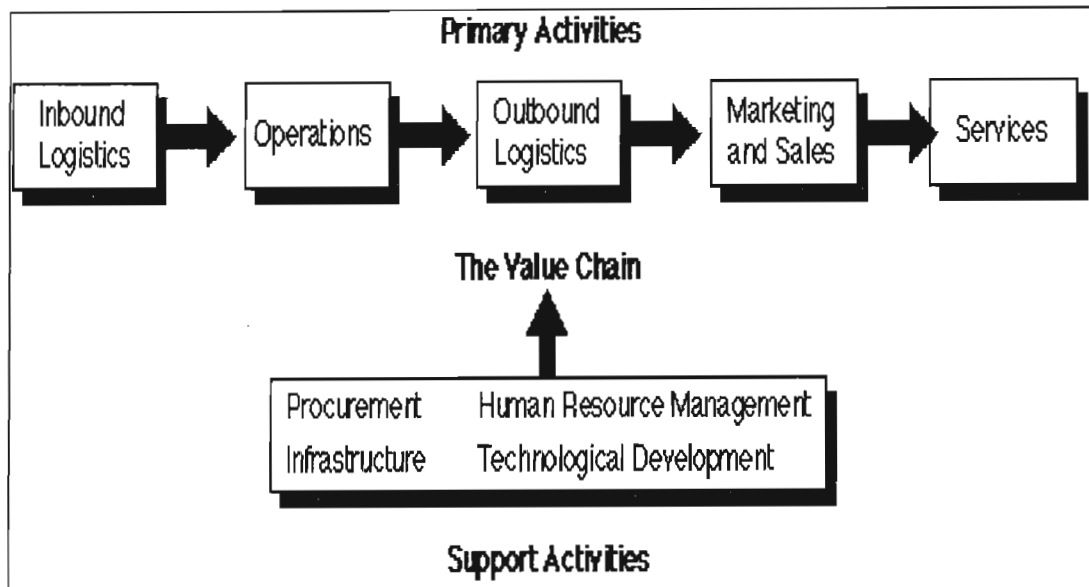


Fig. 3.11. Porter's Value Chain

[Source: Source: <http://www.ifm.eng.cam.ac.uk/dstools/paradigm/valuch.html> (Access Date: October 9, 2005)].

Porter's Value Chain (1985) as depicted in Fig. 3.10 and Fig 3.11 above help to understand what takes place in the boardrooms of corporate organisations as they make plans or craft new strategies. In the case of ABI, the inbound logistics include the sourcing of concentrates and other required raw materials for the production of consumer beverages. The inputs include, empty crates, bottles, cleaning detergents/chemicals and a well-coordinated software system which monitors and follows the movement of commodities from the suppliers to the production plant. All these inputs are required for production to take place. At the operations stage, the firm looks at production levels in terms of demand from customers and finds ways to meet that demand. At the operations stage, transformation takes place of raw materials into finished goods. The goods produced require immediate delivery to the firm's warehouses where requests are received as per sales history and requirements. Some degree of forecasting takes place at this stage as planners and production managers together seek to meet required production levels.

Porter's (1985) Value Chain has been developed as a tool to assist strategists and marketing managers identify new ways to create increased value for a firm. The firm is involved in activities that are geared at designing, producing, delivering its products. Customer service is vital for the firm to increase its output. The customers' needs must be met as the products are delivered and displayed in retail and wholesale outlets. The companies that survive the challenges are those that realise the importance of producing quality products for the marketplace. These products will be identified with the brand name or the image of the company. If the symbol or logo of the company portrays quality service and customer satisfaction, it is likely to draw more customers and thereby contribute substantially to the financial profitability of the firm.

The concept of re-branding of an organisation's logo or image inevitably brings an element of change. This takes place when a company realises that it is going through a period of inertia. Innovation can inject new life into the organisation if all parties involved contribute towards programmes that bring success. In the case of ABI, changing the appearance of the logo injected new commitment and drive for the company to improve in several areas of its operations. Sales, distribution, marketing and merchandising principles improved markedly, as an increased awareness of the new ABI brand was felt amongst its customers. The findings in Chapter 6 will explain further the issues of the business operation of ABI, and how respondents reacted to the new brand image.

The marketing and sales stage communicates information to the buying department on the levels required for production, and how sales levels are to be achieved. In terms of ABI and CCSA, an agreement was entered into on advertising and marketing strategies. This agreement entails that CCSA designs and produces all the advertising materials used in marketing of the products and ABI does the execution in the outlets. All promotions are planned and coordinated by CCSA who contract advertising agencies to put together a complete package of advertising materials required for any given campaign.

Brand equity requires an understanding of the inputs that are associated with the creation of a strong and promising brand. In re-branding, the new appearance of the brand requires a certain degree of well thought out aesthetics.

Keller (2003) lists six criteria which are used in designing a new brand and which can lead to brand equity:

- i. Memorability;
- ii. Meaningfulness;
- iii. Likeability;
- iv. Transferability;
- v. Adaptability;
- vi. Protectability.

The created brand has to compete in the marketplace with other existing brands. In the case of a re-branded image, the new appearance still has to find its place. As indicated earlier in my discussion of positioning, the ultimate goal is to create a brand that will gain its rightful place in the minds of prospective customers. When the new brand is created, the firm will need to build that brand. The position of the new brand in comparison to its competitors, will determine whether the brand achieves its goals or not.

This debate suits marketing managers who have very little or no inclination to understand brands from a financial point of view. As a result, Keller's understanding and interpretation of brand equity is disputed by Middleton and Dalla Costa:

Brand equity is a phrase of great interest and current to the modern marketing community, but it is also often used imprecisely. Many regard equity as a synonym for image, value, character, or precisely – another metaphor for the perception, substance and worth of brands. In fact, equity in the context of brands is essentially a financial concept. It is the bottom line – the specific dollar worth of a product or service, beyond its physical and delivery costs, that is realised because of the impact of its branding (Middleton and Dalla Costa, in Haigh, 1999:24).

A company can be identified by its products or company name which develop into its brand name and as a result become synonymous with the type of products/services it delivers. All the attributes of a product or service are tied up in the image of the company. If the products/service performs well in the market, the bottom line is likely to improve. The argument put across by Middleton and Dalla Costa makes sense, especially in understanding modern accounting procedures and value of a company's equity. It will be further argued in this study that the impact of a brand should also have intangible financial value. This will follow the understanding of the power of a brand name in the market in relation to its financial performance.

Brand equity is not just about those attributes outlined by Keller (2003), such as a brand's meaningfulness to the customer or to the market, memorability, likeability, transferability, adaptability and protectability. The brand name must also have financial meaning and value to the company. Middleton and Dalla Costa continue to strengthen their position by stating that, "... the impact of branding – is at the core of brand valuation. Reliable brand valuations depend upon understanding and predicting the relationship between two distinct elements of brand equity. These elements can be described as: the marketing measures (the impact of branding) and the financial measures (the physical and delivery costs)." (Middleton and Dalla Costa, in Haigh, 1999:24)

As the brand creates an impact, it establishes itself in the marketplace through marketing activities such as promotion or positioning in relation to price, place or the actual product or service. The quality of a product—which is essential—and its availability equally combine to create the satisfaction that customers require. Marketing activities lead to an increase in sales figures, which can be attributed to several factors including positioning and product loyalty by customers. The financial measures consider the costs involved in the distribution of the products and all other product-related costs.

The brand equity debate among marketing managers and directors of business houses goes on in trying to reach compromise in relation to the management understanding of the impact and results of adding value by the brand name to the firm. The marketing aspect has its role and it will be argued in this study that both approaches to understanding the impact of the brand are important in any marketing strategy.

Haigh argues in favour of both, when he states:

It should be possible to spend marketing budgets more efficiently and grow healthier brands in the process. It should be possible to identify which consumer groups to target, which markets to enter or withdraw from, how far brands can be extended and what the optimal marketing mix should be (Haigh, 1999:24).

This aspect is important as it supports the ideas of Keller (2003) in explaining the importance of the marketing aspects of a brand. There is room for market execution to take place in order to improve the sales of a particular brand. Physical presentation of the product, presence of information about the product in the market place through market execution, including posters, displays, banners and brochures, can be used to explain the merits and demerits of the product/service. This increases sales volume, leading to higher sales figures, and thereby profits, if the margins are well managed and discounts or promotion discounts given are within acceptable budgets.

Haigh presents more information in relation to the financial aspect of the brand when he writes:

In crude financial terms it should be possible to spend less yet still add corporate value. Which explains why, in these times of marketing accountability, financial analysts, brand consultants and market researchers are looking for the answer to the "brand equity" conundrum? The optimists and pragmatists argue that the answer is there to be found in the data, if only we can use enough intelligence and computer processing power. The pessimists and theorists argue that there is no discernible pattern in the data (Haigh, 1999: 24).

The return on the value of the brand should be measurable. It can be intangible but must be measurable in terms of the value it brings to the firm in monetary terms. This can be achieved only if the marketing and the financial managers agree on how they can add value to the firm through the brand. The symbol, logo or name of the company must have an impact on the performance of the firm. Valuation of the firm must include the value of the brand. Marketing managers can add financial value to the firm through the control of their advertising and marketing budgets. If advertising costs are kept to a minimum, profits will increase, leading to acceptable net balances in the financials. The value of the Coca-Cola brand is estimated in the market at US\$67 billion. The impact of that brand on ABI is huge and the relationship between ABI and Coca-Cola is crucial to the survival of ABI unless ABI develops alternative beverages that can have a similar impact on the market as that of the Coca-Cola brands.

There are several other variables that have to be looked at in measuring brand equity. A single measure is insufficient to build an argument on the addition of value to a firm. When company financial statements are prepared there is a need for the accountants to capitalise all acquired goodwill and intangible assets of the firm. Haigh (2000) argues that directors are in favour of increased disclosure of brand values. On brand valuation methodology, Haigh maintains that:

There are various means of conducting a brand valuation including cost-based valuations, market-based valuations, and royalty relief valuations. The most commonly used method however is the economic use method. The economic use methods consider the economic value of a brand to the current owner in its current use. Just as analysts value shares by placing a value on sustainable cash-flows from the business, the "economic use" brand valuation process is essentially cash – flow valuation (Haigh, 2000:28).

Following the above methodology, Haigh (2000), holds that the cash-flow valuation method of the brand must take into consideration the financial data derived from market-related brand forecasts. This looks at the numbers presented by the earnings of the branded business earnings. The value added to the firm by the brand has to be considered too. Using the discount rate, the Brand Beta analysis will look at the risk factors. When all the above factors are taken into

consideration when making the calculation, the brand value can be presented in the statements.

The economic value of the brand gives a better illustration of what the firm has in terms of intangible assets. This takes into account the value the brand brings in relation to the return on investment. The brand represents the image of the company and its products and services. Customers develop a liking for the brand or the name of the company. Some frequent airline customers can prefer to use a particular airline on the basis that they are familiar with the name of the airline or the logo that represents that particular airline. As popularity for the airline grows due to its accident free track record and cost value of its tickets, the passenger capacity transported by the airline increases and grows, leading to increased revenue. The brand adds value to the firm in that customers' perception of the logo, symbol or image influences the number of tickets sold. In some cases, it is not because the attributes of a brand encourages passengers to buy tickets to fly on an airline, but other benefits such as excellent customer service, reliability and dependability.

The re-branding of the image of the company logo is done with a view to reinvigorate the image of a company and increase the value of the firm in terms of its sales revenue. The Marketing department has the challenge as indicated in building brand equity to leverage the brand using several other marketing related tactics. Apart from the image-change due to the re-branding process, the culture, attitudes of staff and the presentation of products/service ought to improve in order to add value to the bottom line of the firm. This research project looked at several other variables such as the level of customer service and distribution potential of the company in relation to its brand.

3.8. Shareholder Value and Brand Equity

Doyle, as quoted in *Brand Management*, contends that:

Brands add value by differentiating the firm's product and providing consumer with confidence in the rational or emotional benefits it offers⁴...Marketers need a more sophisticated understanding of when brand-building investments make sense. The basic rule is that brand investments pay off when they generate returns that exceed the company's cost of capital...The most important drivers of cash flow are whether the brand can accelerate growth or enhance prices. If brands cannot produce these effects, management is better off focussing away from brands to other sources of value creation (Doyle, 2001:20-21).

Marketers have a very simplistic approach to marketing and always portray the issues as if the only aspect of the brand that needs emphasising is the way a brand can be marketed and thereby increase volume sales in the organisation. Indeed, the brand adds value in the way it develops and sustains confidence in the minds of the customers as they purchase the product and/or service. All the attributes of the product are determined and the customer weighs the benefits and decides to buy the product or use the service. The name of a car rental company can have an image due to customer service and the appearance of the vehicles hired out. If the service is good and the presentation of the vehicles is of high quality, the customer is likely to make a repeat order for the service and recommend others, thus increasing the demand for their service and the revenue of the firm at a competitive price. This serves to differentiate a firm from its competitors.

Both marketing and branding are used in the formulation of strategies for a company. It has been indicated in Chapter 2 that the CEO who passes it on to the board and line management who determine how this strategy can be implemented.

⁴ See also, Aaker, D. A and Joachimsthaler, E. (2000) *Brand Leadership*, New York: Free Press; Pringle, H and Gordon, W. (2000) *Brand Manners*, Chichester: John Wiley.

In developing brand equity, brand names are crucial in the whole process of marketing an image or a product. Keller explains the importance of a brand name by stating:

The brand name is a fundamentally important choice because it often captures the central theme or key association of a product in a very compact and economical fashion. Brand names can be an extremely effective shorthand means of communication. Whereas the time it takes consumers to comprehend marketing communications can range from a half a minute (for an advertisement) to potentially hours (for a sales call), the brand name can be noticed and its meaning registered or activated in memory within just a few seconds. Because the brand name becomes so closely tied to the product in the minds of consumers, however, it is also the most difficult brand element for marketers to subsequently change. Consequently, brand names are often systematically researched before being chosen (Keller, 2003:182).

As the new product concept develops, the brand name has to be designed carefully to capture the interests of its customers. The brand name creates an indelible association between the new product and the customer. The brand name, as indicated by Keller, must clearly communicate the image and benefits the product creates or provides to the customer. The brand name must be noticed and should convey the meaning of the product or service within a short period of time. In the process of re-branding, it is not the easiest thing to successfully change the name or appearance of a brand.

Established brands can assist in adding value to a company. A typical example of the impact of a brand name is illustrated by Cauldron when she says:

Two cars roll off the assembly line at the same European factory. The cars have identical features, and they are built on the same chassis. The only difference between the two is their names. One is called the Geo Prism, the other the Toyota Corolla. Despite their overwhelming similarities, the Toyota sells for more than the Geo, and Corolla sales are double Prism sales. Why? Because European consumers have come to trust the Toyota brand and they are willing to pay a premium for it (Cauldron, 2000).

Though intangible, the name, Toyota Corolla contributed to a better selling value for the car than Geo Prism. The revenue collected from sales of the car was measurably higher compared to that of the Geo Prism. People were able to

identify the Toyota Corolla symbol and related it to quality and several other benefits that came with the car. The brand name in this case assisted in contributing value to the company through the revenue collected on the sale of the vehicle. As stated, the European consumers have come to trust the brand even though the two vehicles are identical in looks but customers think “Toyota Corolla” rather than “Geo Prism”.

Seddon, head of brand valuation and measurement at Future Brand, as quoted in Cudon (2000), argues that there is a growing recognition that brands are assets of a company, and when properly invested they can add value to the bottom line. Unfortunately, the potential of brands has been widely underleveraged.

In terms of trademarks, brands are used to develop the logo of the company. The first step is to identify the needs of the customers, then develop an idea of a product which will be in line with the developed charter for new products, then find ways to develop systems or production machinery which can be used to manufacture the particular product. The name of the product will be its new form of identification which eventually becomes a brand name. The brand then intensifies its position in the marketplace as customers and distributors begin to identify with the new product. When the new product intensifies its position and customers become aware of its potential for growth, sales increase and the “bottom” line of the firm improves. This is what is valued in terms of the equity of a brand. A firm’s main aim or strategy is to add value to the firm by the market leverage of its brand.

The financial performance of a firm is a good indicator of the way a brand is performing in the marketplace. If the name of the corporate organisation is strong enough, it will add confidence in the equation for the customers who will buy more of the product produced by the firm, thus increasing the shareholder’s equity.

In addition, when mergers take place, the value of a firm needs to be considered in relation to its brand name. It is the duty of marketers to continue putting across a message to its customers that will continue to grow the business through its already established and profitable brand name. In South Africa, companies such as Sanlam, Southern Life and Old Mutual have established themselves as strong brands in the insurance industry. For such companies, any take-over bid, whether hostile or not, will have to pay for the value of the brand name according to the market value at the given purchase time.

The designing of new products is a process which needs innovative thinking and focus. The needs of customers must be taken into consideration as the designing of new products is being done. Then production must take place to have goods to be delivered according to the demand. Figure 3.12 below follow shows the process which can be used in the new product innovation and development process. Re-branded products still need good market research to see whether the new image will generate the required sales.

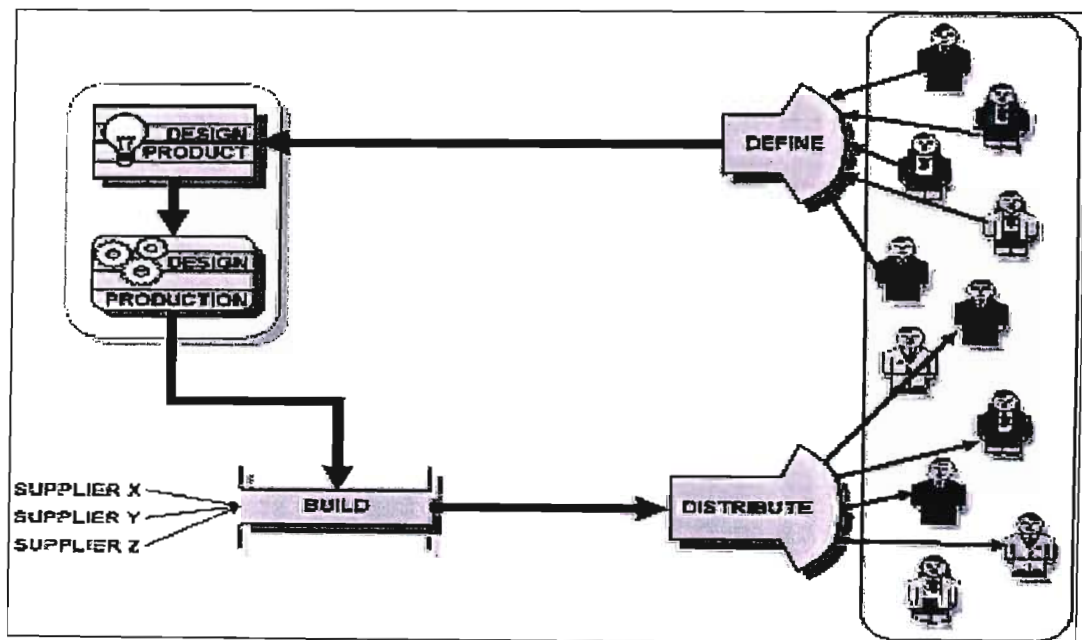


Fig. 3.12. New Products and Shareholder Value

[Source:

http://www.pdinstitute.com/shareholder_value/shareholder_value.html

(Access Date: October 9, 2005)].

The first step is to define and identify the needs of the customer. New products are then designed and production systems developed through reengineering. The new product is built and then distributed to the customer. The immediate value to the customer is that they are able to have their needs met through the production of the new product. There are various logistical issues that influence the production systems of a firm. Management, through planning, controlling, executing and leading are entrusted with the responsibility of making decisions that assist in moving the firm forward by reducing costs and maximising profits.

Both the internal and external customers of the firm must like the brand developed through the introduction of a new product. The members of staff must feel proud to wear the badge on their shirts with a new logo of the brand image. ABI staff through re-branding had to wear new uniforms in the field with the new logo emblazoned on their shirts. In the following Chapter, an analysis is given of the impact of the new image and staff representation of the firm in the marketplace.

ABI has grown into one of the leading firms in the soft drinks bottling industry and has built a strong brand presence in the industry giving it an impressive impact in the way it leverages itself within the market in comparison to its competitors. Investing in the brand's future is a wise decision by the shareholders as it has potential for growth. It can be argued that the process of re-branding a corporate organisation has potential to woo investors into buying shares in a firm as they see growth in the margins on an annual basis.

ABI deliberately made its name short, thereby assisting in ease of recall, ease in spelling and familiarity to its members of staff. ABI's new logo is distinctive and unusual in that it is the shorter version of Amalgamated Beverage Industries (abi) all in lower case for simplicity and ease of use, and an aid towards familiarity. As argued by the ABI Managing Director (MD), the new logo intended to be friendlier, easier to use and unique.

3.9. Building a New Brand

Building a new brand requires various techniques. The decisions made by the MD or the CEO should be passed on to a firm's business units for implementation. As outlined in Chapter 2 of this study, strategy was formulated by the Executive Directors but line managers in their units at the functional level were given the responsibility for its implementation. Once decisions had been made on the appearance of the brand or logo, the marketing department, together with the strategy team took the decisions further by appointing an advertising firm which design the new logo or image and aligned it with the vision, mission and objectives of the organisation. For ABI, the slogan or catch phrase, "reaching further together" formed the basis of the new image. It was emphasised that the new appearance of the logo was meant to capture both the internal and external stakeholders. The motivation levels of the employees were to be increased by the concept of ignition or igniting a flame. To bring new life and vigour to the operation and the way issues were handled in the company would mean a change in image and the outlook towards work in general. It was argued that if all stakeholders involved in the business were to pull together, better results would be recorded. The level of approach to customer service was to change and the modus operandi of operations in the business was to be redesigned.

3.10. Positioning of the New Brand in Relation to Innovation

To position a brand, the brand committee must carefully establish its attributes. The brand committee can comprise of people drawn from different departments of the organisation. Once this committee establishes its position, it defines those goals that need to be achieved by the new brand. Several intensive sessions are held between the selected brand committee and the Chief Executive Officer (CEO). The committee can draw contributions from the senior marketing executives on the way the new logo or brand should look. The design team can then transform the logo to suit the new desired image.

Once the new image has been determined, it is the task of the marketing department to communicate the attributes of the new brand to the customer and other stakeholders. In terms of a new product, a Product Innovation Chart (PIC) is drawn up to guide the implementation of the new brand in the marketplace. A product development team is selected to monitor and make decisions on the introduction of the new brand to the market. The responsibilities of making the new brand/product succeed will depend on the decisions made by the team. The product development committee will select a leader who will oversee the implementation of developing and launching of the new product. According to Crawford (2005), representatives from different departments will be called upon to participate in the new product launching committee. This committee can consist of sponsors, strategists and planners who each can make a contribution out of their experience and years of service in the industry.

Crawford explains the concept of the team and involvement of the members of the team in innovation, in that there is need for:

A clear understanding by everyone involved as to what the team is for, its mission, and its strategy is critical. New Products originated only in marketing, key product attributes were determined before R&D began, and a marketing manager ran each project...Also critical is "buy-in" on the part of everyone on the team-this is sometimes called taking ownership in the project. With ownership comes enthusiasm, commitment, energy and pride (Crawford, 2003:310-311).

It is important when making important management decisions to consult other team members. Crafting new images, brands or products of an organisation involves management decision made at the highest level and requires participation of all team members. It is necessary, therefore, for everyone involved in the team to understand the mission of the team. The strategic framework used for decision-making must be clearly identified and written out for all to understand. The key attribute of the new product or brand must be taken into consideration when creating a new brand. Re-branding follows the same line of thought in that the marketing and sales team must also possess a clear idea of the image they want to present to both the internal and external stakeholders. All participants in the re-

branding process must have a “buy-in” on the design, style and presentation of the new logo. The “buy-in” creates a sense of belonging and produces commitment from the members of staff and the customers.

Once the re-branding has taken place, the company has the duty to pass the information about the new appearance to the members of staff within the organisation. This happens through meetings and presentations by senior executives. The management organises people from different operational levels of the company to meetings where the re-branding process is explained and how the implementation is going to take place. The market place is so competitive that a new image or product must be communicated and passed on to its consumers in order to avoid the product reaching its peak without clear marketing plans which lead to growth and sustainability. In the case of ABI, the executive directors were involved in the decision making process where it was agreed that the company required its own distinct image as ABI.

3.11. Brand Focused Business Transformation

Brand positioning and redesigning takes place in organisations for various reasons. Curran Financial Services, an Australian firm with less than US\$10 billion in assets, went through redesigning its image and business in order to reinvigorate its performance. According to the Case Study in Current Financial Services in Brand-Focused Business Transformation, the company had to take strategic business decisions to reinvigorate its existing favourable brand position in the market. The company had to create brand equity based on the perception of value and customer advocacy. This was done to create a business model that would provide customers with a product choice across multiple financial products. The decision meant repositioning the brand by looking at what could make the products more competitive in the marketplace.

It is important to note that even firms that possess well-positioned and strong brands risk losing their business if they do not think of ways that can assist in bringing a fresh impetus into their business. The research results in Chapter 6 will look at the performance of the brand in relation to financial performance. It has been stated in the study question that, “Does corporate re-branding increase contribute to company profitability?”. As described in Chapter 5 of this study, ABI's financial results over a seven year period indicate that the company continued to record financial success before and after the re-branding process.

Firms can decide to change the brand name or improve the image of the company through changing the appearance of the brand through re-branding to create sustainability and maintain the performance of a strong brand. Through the re-branding process, it is possible for the company to create a sense of renewed interest in the business or the products supplied by the company. In the case of ABI, it was not simply for the increase of profits that the process of re-branding took place. As has been explained in this Chapter, ABI spent money to engage advertisers and the marketing department to come up with a new design for the company and find ways it could promote the new image and brand positioning in the marketplace. The directors of the company felt that the perception of ABI, both internally and externally, among employees and customers alike, was negative, and put the company in an unfair trading position despite manufacturing and distributing an international brand. ABI wanted to have its own brand identity, which would become well positioned in the minds of its customers and had an influence in the way the company conducted its business.

ABI was determined to leverage its brand and create a strong position in the marketplace as a leading manufacturer of non-alcoholic beverages in Southern Africa. This required a comprehensive approach from all concerned in the planning and implementation of business plans to develop the business. This involved company strategists (Directors), the human resources department, finance, technologists and brand designing and positioning specialists. Strategists

were involved in making a Gap Analysis (GA) for the company to find areas which required new inputs so as to promote operations.

The Human Resources Management (HRM) staff analysed the impact the re-branding process would have on the employees in the different depots of the company. Arrogant disregard on the part of ABI towards its customers was perceived to be the order of the day in some of the business units' depots. If the customer was not interested in buying from ABI, they could buy from other suppliers. This however was not an option, as ABI had the monopoly in the marketplace. In the process of re-branding, some members of staff lost their jobs as they lacked skills to continue in their jobs with the new approach. Some members of staff had to go through re-training in order to equip them with skills to do their job in the new environment.

The finance department had to supply information on historical performance and find ways to raise money to meet the re-branding budget. Change is expensive and for a corporate organisation such as ABI, it meant overhauling the operations and the image of the company. New posters, billboards, stickers, work clothing; letterheads and logos in the firm's premises had to be changed. Finance managers had to provide guidance on the expenditure in relation to the process of re-branding.

ABI produced a guiding document delineating stationery specifications to be used in all of its plants. All field staff had to be given new uniforms with the new logo. The front offices at the plant had to be redecorated to reflect the new image of ABI. The livery of the trucks and field vehicles had to be re-coached using the new logo and symbol. Technology was used to provide support in the delivery of the required propositions in the process of changing the appearance of the new image.

The brand positioning team had to look at the way value would be achieved through the redesigning and proposition of the new image in the marketplace. It

had to come up with a team strategy to communicate the new brand to both the internal and external stakeholders. The advertising firm should then carry out a review to find out the impact of the new logo or model in relation to the performance of the business.

The whole process required a clear time-frame and agenda for implementation. For ABI, the process began in 2003 and has continued to the present time. The implementation of the new image required a specific analysis of its customer-base in relation to the opportunities that existed, but had not fully been executed and activated. The design of the brand had to take into consideration the perceptions of the customer and come up with ways that would help consolidate the image and new methods of doing business. The Research and Development (R&D) department had to come up with ways of implementing these new strategies. New programmes aimed at improving customer service such as Customer Relationship Management (CRM) had to be devised and applied in order to meet the needs of neglected customers. In addition, the finance department had to come up with initiatives that would stimulate interest in implementing the new image and ignite the challenge contained within the new image and logo.

Once all plans have been implemented, a firm can then begin to experience a major turn-around in the perceptions, attitudes and method of conducting business in the South African environment. It is important to identify the complexity of the processes of corporate re-branding, in that firstly, it is expensive and secondly, it takes time to implement. In ABI, it was the overhauling of a culture of conducting business that existed in the company over many years where management were seen to be authoritarian and staff perceived themselves as “Cash Cows” waiting to be milked for revenue without due appreciation. In this case, it can be argued that the process or strategy to re-brand the image of the company was a high-risk venture. Brand equity assists in getting the process started and implemented. The media plays a role but much has to be done at grassroots level, in the workplace and in the community where the retail and wholesale outlets are based. This

justifies the reason for conducting the research for primary data in the developed and emerging markets in and around Pietermaritzburg.

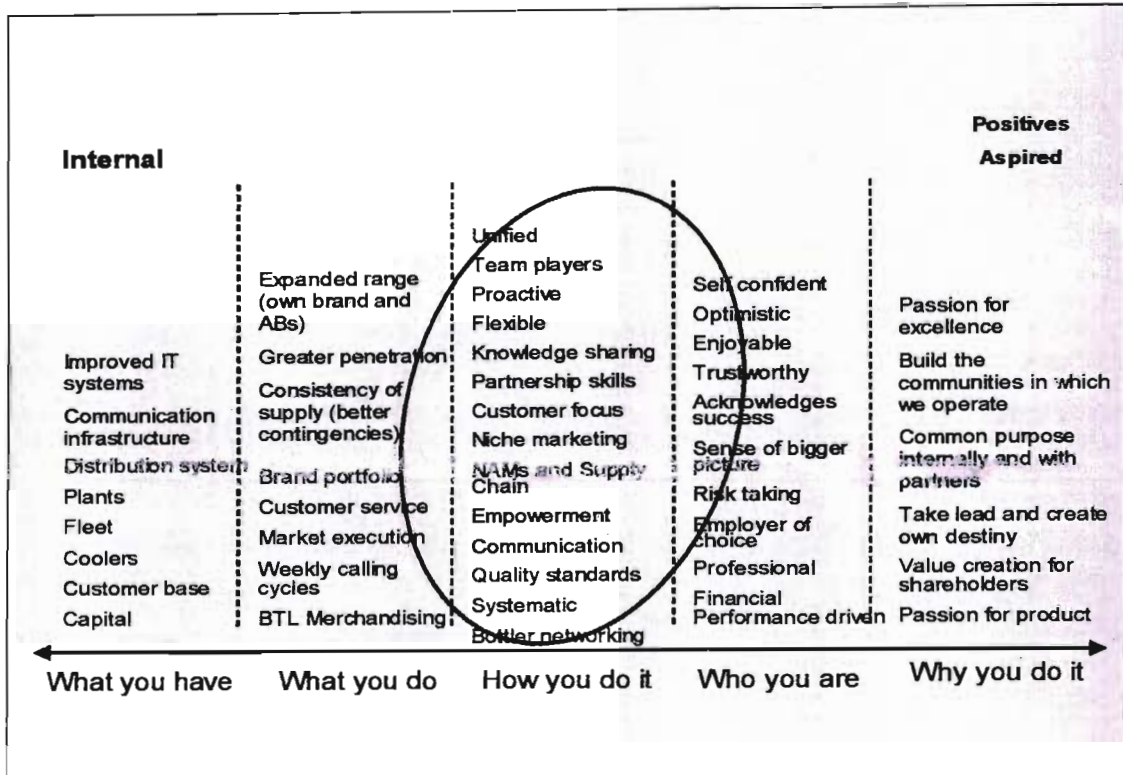


Fig. 3.13. ABIs Future Vision and Business Operations [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

As outlined in Fig. 3.13 above, innovation should lead to practical changes in the way things are done in a company and the development of plans which assist in product manufacture that meets with the needs of its customers. Certain aspects of the business need to be considered, including an analysis of internal factors. The improvement of technology contributes to the advancement of the company through better communication. The resources used in the operations of the company can assist in distribution, plant management, fleet management, placement of refrigerators in retail outlets, increasing the customer base and capital growth. These are resources that are, in most cases, present. The company, in this way, develops ways to expand its business. ABI has introduced its own

brands and alternative beverages (Abs) in the marketplace. Through its sales team in all of its bottling plants, the company has increased its customer base through market penetration, consistency of supply, customer service, market execution, and weekly call cycles by sales representatives and merchandising staff.

ABI has devised systems that have promoted teamwork, flexibility, shared partnerships, customer focus, developing niche markets, customer focus and empowerment through communication and team building. The aim of the company at each stage was to promote excellence. This approach, as argued by the ABI Managing Director, would not be possible if there was no self-confidence. The staff at ABI needed to be passionate about service excellence that in turn would build the community and have a common purpose both internally and externally. The result of all these coordinated efforts had a direct influence in the way the company performed. ABI must add value to the shareholder's investment and passion for its products by customers and consumers alike.

3.12. Credibility of the Brand

The credibility of the brand depends on the merits and demerits that the products or services offered by a company have within the marketplace. In some companies, the chief brand managers organise and lead people to one place where it can be managed. Coca-Cola brand maintains a high respect as a trademark among its customers because of the way it has been presented.

Throughout the years, Coca-Cola has established itself as a number one international brand. The perception that the customers have of the brand has been associated with the quality of its presentation, taste and appeal to quench the thirst. The impact of the trademark can be measurable. The same applies to the nametag or identity of the organisation. The brand design committee has to retain the core members to monitor the progress of the new product or services, thus making decisions on volume of sales and expected budgets for sales.

3.13. The Business Model and Brand positioning

The debate within current literature and business practice indicates that there are various ways in which business models are defined. Traditionally, a business model is used to describe the external organisation in relation to commercial transactions between organisations. This involves the exchange of information between organisations, goods, services, money, contracts, and knowledge. The firm uses business models to apply the exchange of information between organisations. Hawkins (2001) explains that the business model has become a means of structuring various revenue costs and revenue streams so that the business becomes viable, usually, but not necessarily, in the sense of being able to sustain itself on the basis of the income it generates. Company policy in the country of residence becomes an important factor when developing strategic decisions. Capital cost, legal requirements, rewards and risk shape the entry strategies of corporate organisations. The ABI directors are the ones who decided to launch the new image of the company. It is therefore the duty of the directors to apply the principles of a business model to execute their duties in leading the organisation. The managers are mandated to see to it that the implementation of the re-branding process is carried out.

3.14. Definition of the Business Model

According to Weill and Vitale (2001), a business model can be defined as the description of the roles and relationships that exist between a firm's consumers and suppliers. Timmer (1998) stresses the architectural and technology elements of the business model. He argues that a business model is the architectural blue print of the product or service. The information in the model gives guidelines on how the business was going to perform.

It can be argued that an understanding of how a business model works can assist with the activities of the businesses operations. Customers, suppliers and

consumers alike must be considered when business decisions are being formulated and implemented. It is vital for a company to know how the goods or services will be distributed for sale to the customer. ABI approaches the business aspect effectively but has not delivered on the importance of its customer base and how they purchase its products. The decision taken must be in line with the formulated strategy to promote a new image and have an own-brand recognised by all.

Zimmerman (2001) suggests that there are a few common elements that exist in the definition of a business model. The model must have the company mission to give an overall vision, strategic objectives and value proposition. The management must keep making decisions that generate revenue. Once the directors have made such decisions, the company must aim at increasing its value. To achieve this, the company must make the necessary resources available. Once implemented, the business model must lead to profits. This is echoed by Mahadevan (2000) who emphasises value creation, revenue and logistics in the application of the business model in the operations of a company. Decisions to re-brand the image of the firm must take into consideration that a new image must revitalise the performance of the company which in turn leads to an increase in overall revenue. It is not always obvious that a new company image will lead to profitability. It has to be investigated through market research to ascertain if re-branding can result in profit maximisation.

In the case of ABI, rethinking of its operations must be done to promote and establish the correct avenue that can add value to the company. This involves organisation design. Faber (2003) describes organisation design as a value network that is needed to realise a particular service offering. A value network consists of actors possessing certain resources and capabilities, which interact and together perform value activities, thereby creating value for customers. ABI has a well-developed network that can produce value for the company if each member participates in portraying a united front in implementing the core values developed around the new image created through the re-branding process. It can therefore be argued that the business model can only be as effective as that of its

participants. The desire and the drive of each individual participant to portray the new image or logo will determine the success or failure of the company.

3.15. The ABI Business Model

The business model for ABI is a simple one where the objective is to achieve higher productivity and other goals set by the management and the Coca-Cola Company. The major criterion used in the model is to increase volume sales of the CSDs and grow the business by presence in the retail and wholesale outlets. The strategy is to grow the business by improving market penetration both in the developed and emerging markets in South Africa. ABI gives prominence to every brand and package size of soft drinks sold in the market and develops marketing plans which aim at communicating the benefits of the products and the experiential factors of consuming the products

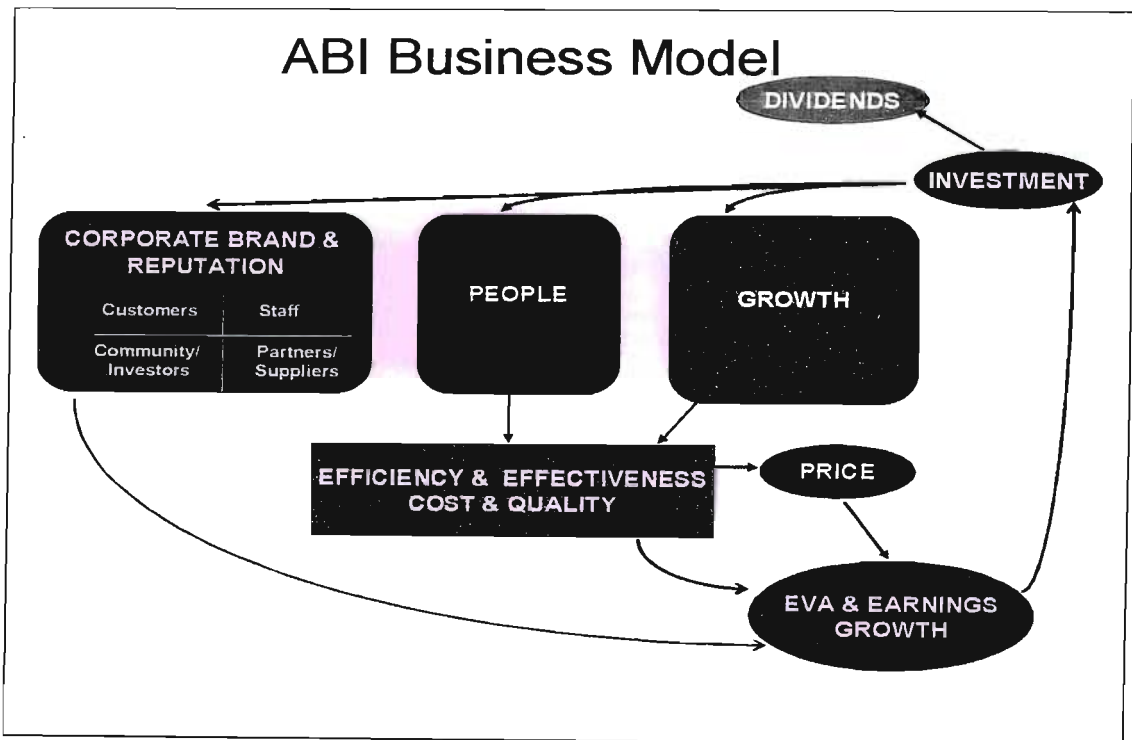


Fig. 3.14. ABIs Business Model as seen by the Researcher [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

The model presented in Fig. 3.14 above shows how business is conducted in ABI. Firstly, the investment by the owners of the company yields dividends. The Directors have the mandate to create wealth for the shareholders. Some of the return on investment (ROI) is ploughed back into the business to determine growth both in rand terms and hectolitres. By so-doing, the company develops its people through various staff development programmes. ABI Staff improve their skills through in-house training schemes, resulting in greater efficiency and effectiveness, cost and quality control. If the price is good and customer service is up to the required standard and manageable, demand of the company's goods increases.

The ABI management has taken decisions to create a strong brand reputation in the marketplace. This has taken the company through an integrated effort to improve customer service, staff relations and attitude, thereby growing the value of the shareholding for investors and engaging in partnerships with some distributors and wholesalers. In the retail and wholesale outlets, this has meant improving service delivery and market execution through presence and displays. The model has been designed to show a graphical representation of how the business operates in the company. Once the price is good, sales volumes will increase leading to an improvement in Economic Value Added (EVA) and earnings growth.

Taking all the activities and planning into consideration that go into the re-branding process, the challenge for ABI's new image is to establish its fit in the wider picture of partnerships and operations within the bottling industry. ABI has established itself as a company that delivers quality products but is not well positioned as a brand on its own. It is vital that ABI finds its position as a brand and not just as a business. ABI has to have well-defined methods of executing excellence to fit the operations of its business in the broader context. To establish brand fitness and fit, the company has to develop partnerships with other stakeholders and business allies that can enable the company to fit better in the

business arena. This is not an easy task, but with good channels of communication and determination, the company can achieve its goal of finding its place and fit in the business environment. This in turn creates synergy in the company for growth and sustainability.

3.16. Conclusion

In conclusion, it can be argued that this Chapter has explained what happens in the formulation and designing of a brand to create awareness of a new image and a brand's positioning in the marketplace. It has been expressed that the whole process of re-branding starts from strategy as outlined in Chapter 2. The aim of business strategists is to create a new awareness of a brand and an identity for the firm that will be competitive and prominent in the minds of its customers and other stakeholders. The idea to create brand equity involves teamwork. Brand equity, though a new concept in marketing and branding, assists in understanding the branding process, as well as re-branding that takes place later, all of which aim at adding value to the firm and thereby improve its asset value. It has further been argued that both marketing and financial managers need to have an idea of what the brand is worth and build on its strength to increase sales volume through brand loyalty and customer service. All departments in an organisation need to be involved in the process of identifying opportunities for re-branding and the actual designing of the new image and implementation. Different departments of the company participate in the process of passing on the information about the new image to its customers.

In the case of ABI, it is important to understand the perception that customers, employees, and business partners such as the Coca-Cola Company and SABMiller have about ABI. In the process of fulfilling the need to create its own identity, ABI management wanted to make it clear that they were interested in growing the business through critical partnerships, thereby creating their own identity and not simply to be known as a "child" of Coca-Cola. The brands sold in the marketplace are dominated by Coca-Cola brands but ABI wanted to identify itself as a unique

relationship that existed between the two companies involved in the bottling and distribution of the world's leading soft-drink brand.

The research methodology then clarified exactly what was done to collect data and the reasons for following the particular method or combination of approaches. Both descriptive and causal design approach was used for this study. The study's aim was to investigate if the re-branding of the organisation and the change in buying pattern or behaviour of the retail outlets contributed to the profit maximisation of the organisation.

The critical questions listed below will be used in the construction of a study questionnaire. The questionnaire will also have other expanded questions which are aiming at finding more information from the respondents through questions that will be asked in different formats but giving similar responses though using different terms or statements. Finally, the questions were important to the study in order to get responses that would assist in formulating answers to the main study question as set in chapter 1 of this thesis stated as follows:

Does corporate re-branding contribute to the increase in the financial profitability of the organisation?

The research design will aim to answer the above study main question and the critical study questions listed below in order get answers to the study main questions, subsidiary questions and the study objectives.

1. Does the gender of the owners/assistants of the retail outlets influence the type of decisions made in relation to the purchase of soft drinks for the retail outlets?
2. How does the level of education of owners/assistants impact on the purchasing decision-making process for the retail outlet?

-
3. How do the sources of funding and availability of credit facilities influence the retail outlets' decision on the quantity (number of cases) bought from ABI?
 4. Does a good rating of customer service from ABI as a company demonstrates that the company can deliver on its promises and encourage the retail outlets to increase their purchases?
 5. Does an awareness of the corporate re-branding process of ABI encourage the retail outlets' owners/assistants to consider purchasing a greater quantity of soft drinks from the company?
 6. Does an understanding of the meaning of re-branding by the owners/assistants help them to evaluate the improvement of customer service from ABI to the retail outlets?
 7. Does the ABI sales representatives' visits to the retail outlets help to create the awareness of the new logo attached to the ABI products?
 8. Has the new logo of ABI, in its presentation and appeal, encouraged the retail outlets to buy more from the company than they did before the re-branding exercise?
 9. Does the offer of support to retail outlets from ABI encourage the owners/assistants to increase their purchases?
 10. Do deliveries and Performance of ABI influence purchase level of retail outlets?

4.2. Justification of Research Questions for the study

The questions for the study were divided into four different categories as determined by the research main problem statement, subsidiary study questions and the given objectives. These have been listed in chapter 1 of this thesis and form the basis for the formulation of the research data collection tool. The four categories are listed as follows:-

-
- The first set of questions cover the demographic aspects of the research. These questions were devised in order to gather the data about age, gender and education level. This set will include questions which will discuss the gender, age, level of education, marital status as an option and the respondents' residential address. This information will help to collect data which will help the researcher to understand the respondents' demographic factors and why they behave in a certain way as they operate their businesses.
 - The second set of questions was related to the business operations of the respondents; how they started their business, the sources of capital and amount of money invested in the retail or wholesale business. This set of questions will help to shed light on the amount of money invested in the business and what challenges the entrepreneurs experience as they conduct their businesses. It can be argued that the sources of capital and availability of capital for investment in products for sale can have an influence in the quality and intensity of the business the retail outlets owners can have as they operate their enterprises.
 - The third set of questions was on the funding sources of the respondents businesses. Such funding details assisted in understanding how Small/Medium Micro Enterprises (SMMEs) sourced their business capital needs. This is important in the study as it will help to clarify issues of funding in the businesses in terms of loans and other forms of gearing to improve in the purchases of stock for the business operations. It is argued that if the business outlets had more funding from banks and other institutions, they would be in a position to purchase more cases of soft drinks from ABI. This information will be used to find out if the availability of funding to improve the business would have a stronger positive influence in the growth of the business or the appearance and introduction of a new brand name.
 - The fourth set of questions was central to the findings of the study in relation to the main research question. They were aimed at establishing the

level of customer service received by the outlets from ABI; knowledge of the re-branding process carried out by ABI; the amount of goods purchased by the retail outlet from ABI, and the influence that re-branding and the new image had on the amount of purchases made from ABI. These questions also established if the respondents knew anything about the appearance of both the old and the new ABI logos. As ABI distributes Coca-Cola products, questions were further devised to establish if the respondents were in a position to explain the difference between the appearance of the ABI logo and Coca-Cola logo or brand. It was also vital to establish the relationship between Coca-Cola and ABI.

4.3. Research Methodology

The suitability of a method depended on the type of data required by the researcher to analyse the subject being researched. For the purpose of this study, the researcher combined several methods in gathering data. Life skills such as reading, listening, watching, questioning, summarizing, writing, reflecting and presentation have also been used effectively to gather information for this study.

It is important to note that it is not easy to state whether this is the best methodology for conducting this research. Abnor and Bjerck make this plain when they state their methodological reservations:

You can never empirically or logically determine the best approach. This can only be done reflectively by considering a situation to be studied and your own opinion of life. This also means that even if you believe that one approach is more interesting or rewarding than another, we as authors of this book do not want to rank one approach above another. In fact, we cannot on any general ground. The only thing we can do is to try to make explicit the special characteristics on which the various approaches are based (Arbnor and Bjerck 1997:5).

There are indeed many approaches in terms of research methodology. It is important to make a decision and settle on a method or combination of methods

that will produce the best results for the study. The determining factor is ultimately the kind of knowledge to be produced by the research.

In relation to this study, it is important to realise that data was collected using observation by the researcher at the firm and administering of questionnaires in the field in retail outlets which formed the sample for the study. The research was conducted using interviews in 200 retail outlets of which 158 questionnaires were completed. Interviews were conducted using a structured approach and all relevant information was written down as the discussion with the interviewee progressed. Data collection was also gathered from the company archives, as well as a variety of libraries visited by the researcher, both nationally and internationally. In this regard, in April 2005, the researcher visited the University of Yale, Graduate School of Business, United States of America and spent time in the library conducting intensive reading on the subject.

The qualitative data assisted in understanding non-number related statements by answering the how, who, why, when and where questions. In the qualitative research, information was gathered to enable the researcher to answer the broader-based questions posed in the study. Punch (1998:4) outlines the difference between the two types of research, in that:

Quantitative research is empirical research where data are in the form of numbers. Qualitative research is empirical research where the data are not in the form of numbers.

Cooper and Schindler explain that:

Quality is the essential character or nature of something: quantity is the amount. Quality is the what; quantity, the how much. Quantitative refers to the meaning, the definition or analogy or model or metaphor characterising something, while quantitative assumes the meaning and refers to the meaning of it (Cooper and Schindler 2003:152).

In this study, the researcher applied secondary research to collect the required data from the company on the financial performance over the selected period. Financial statements were used to analyse the annual performance of the company before and after the re-branding exercise.

In the fieldwork, an extensive survey was carried out, covering the representative sample area. Primary data was collected in the Pietermaritzburg central business district and the surrounding towns of Howick, Richmond, Camperdown, Raisethorpe/Northdale, Greytown, and Imbali Township.

In describing such survey research, Hutton has stated that:

The method of collecting information by asking a set of pre-formulated questions in a predetermined sequence in a structured questionnaire to a sample of individuals drawn so as to be representative of a defined population (Hutton 1990:8).

Rosier, adds that:

Most surveys are based on samples of a specified target population – the group of persons in whom interest is expressed. The researcher often wishes to generalize the results obtained from the samples to the population from which samples were drawn (Rosier 1988:107).

The research was developed after analysing the population and drawing a representative sample in order to analyse the subject. The questionnaire was therefore designed for a specific purpose. The survey approach was used to collect both qualitative and quantitative data for the research. In the questionnaire there were separate questions that aimed at collecting qualitative and quantitative data. Extra care had to be taken to ensure that the questionnaire would not be limiting.

The research design incorporated elements of both descriptive and causal research techniques that are cross-sectional in nature, set at April 1, 2005. The findings from the research were complimented by summaries of financial reports discussed

in Chapter 5 of this study. A comparative case study technique by Saunders *et al* 2003; Ghauri and Gronhaug, 2002, was used in order to compare research findings to that which would be expected according to the theory and the findings from the financials. The research was divided into two phases:

- i. A detailed and critical literature review of secondary data has been undertaken on strategic issues relevant to the study. The study has used both qualitative and quantitative research methods in creating adequate foundations for a fundamental analysis of ABI carried out in Chapter 5 and 6.
- ii. Secondary data in the form of financial statements have been used as a source of information used in the analysis of the financial performance of the company. The published annual financial reports from 1998 to 2004 were used for the financial performance analysis. Primary information was gathered using a structured questionnaire to gather information from respondents.

The Primary information or data was collected by the use of structured questionnaires to conduct interviews in the retail and wholesale outlets which purchase and sell ABI manufactured products.

The quantitative data was analysed in terms of:

Relationships between variables as presented in the outputs from the statistical analysis of the findings of the study questionnaire.

- i. Analysis of the presented summarised data from the financial reports of ABI from 1998 to 2004.

4.4. Secondary Data

According to Cooper and Schindler, secondary sources of data are defined as:

Interpretations of primary data, Encyclopaedias, textbooks, handbooks, magazines and newspaper articles and most newscasts are considered secondary sources of data. Indeed, nearly all reference materials fall into this category. Internally, sales analysis summaries and investor annual reports would be examples of secondary sources as they are compiled from a variety of primary sources (Cooper and Schindler 2003:282).

In this survey, secondary data was collected using the exploratory method of data gathering. In this approach, the researcher spent time in the archives of ABI gather information on the history of the company and the relationship between ABI and the Coca-Cola Company of South Africa (CCSA). This information was used in chapter 5 to discuss the financial performance of the company over a seven-year period.

Internal sources were used to collect data by consulting the management quarterly review reports, annual financial reports, marketing reports, human resource and management operations reports. Additionally, the researcher spent time at ABI offices in Pietermaritzburg. ABIs Annual Financial Reports for the seven-year period under review were requested from Head Office and were sent by courier service.

Externally, the approach was to use structured questionnaires for conducting interviews at the retail outlets, which had business dealings with ABI. These were business houses that buy products from ABI and have seen the re-branding process unfold over the past four years. The data collected using the financial statements and other documents were used to show the trend in the performance of the company on an annual basis. The information was used in the interpretation of events. The findings were used to analyse the relationship between sales and performance and the re-branding of the company and assess any extant correlation.

4.5. Sampling and Research Design

According to Cooper and Schindler (2003: 179) sampling is described as a process of selecting some elements in a population, and using them to draw conclusions about the entire population. A population element is the subject upon which the measurement is to be taken. It is the unit of study. A population is the total collection of elements about which inferences are to be made.

Whilst the sample frame was derived from the direct delivery list of ABI, for the purpose of this study, the required data was collected using an unrestricted approach towards data collection. It is nevertheless important to understand other methods used in the identification of a research sample. Random sampling can be used in the collection of data in cases where a sample is easily worked out using statistical methods. According to the Texas Auditor's Office Methodology Manual, random sampling is described as:

The use of a sample to estimate the parameters of a population to measure and control sampling risk. It is also known as statistical or probability sampling. Random sampling is the preferred technique. Since every member of the population is equally likely to be in the sample, random sampling makes it easier to achieve external validity. That is, the units sampled are more likely to represent the entire population. Note that most of the statistical rules about sampling presume the use of random sampling (Methodology manual, 1997:5).

Random sampling method is used when a researcher wants to select a sample from a homogeneous population so that each item in that population has an equal opportunity of being included. In this study, the researcher had a specific sample from retail outlets on the ABI direct deliveries database in a selected geographical area. Once the population was identified, a random sampling approach was used to give an equal chance for every person or outlet represented in the population (N), represented by the sample (n) to be visited and interviewed. A representative sample was designed for this study by following the stages illustrated in Cooper and Schindler (2003:183). The probability sampling technique was used for this study. This as Cooper and Schindler (2003) indicate, allows for estimates of

precision. The sample framework is carefully selected and each sample has a chance of being included in the survey or study. The approach for this study was a controlled procedure of which each element was given a nonzero chance of inclusion.

The questions contained in the questionnaire aimed at collecting the required information in relation to the study objectives. The questions were both open-ended and closed-ended. The open-ended questions increased the possibility of collecting more information from the responses, while the closed-ended questions limited the scope of the responses and helped in the collection of quantitative data in relation to the main study question.

4.6. Designing the Sample Size

A random sample (n) in this case was used to determine a representative sample of the population (N). Secondary data was collected mostly from books and journals on different issues related to commercial subjects and company financial statements.

This approach was helpful in getting background information on the subject and thereby laying a foundation for the information to follow. In this study, the following was applied:-

Population (N) = 500

Sample (n) 200

Questionnaires completed: 158

Reliability Test: 70.56%

The format used was as follows:-

- i. Study Population: Population 1250 retail outlets were identified to be on direct delivery route cards of sales representatives in the research field who buy from ABI
- ii. 500 out of 1250 retail outlets buy not less than 35 cases of soft drinks per week from ABI
- iii. The 500 becomes the new population
- iv. Choosing 40% of 500 at random, gives a representative sample of 200
- v. Unstratified random sample: 40% of 500=200 respondents
- vi. Of the 200 questionnaires sent out, 158 responded which stands for 0.7056 Alpha Cronbach reliability result (70.56% reliability)

It is important to note that generalisation in terms of interpretation of results can only be done to the other 300 retail outlets represented in the 500 sample.

As outlined by Jankowicz (2005), probability sampling was used for this study in that sample members were chosen in advance of the data gathering and these were chosen at random to giving each population member an equal chance of being selected and that would give a most likely representation of the population views. Unstratified random sampling was used for the study using a specific population.

The sample size shown above was representative of the retail outlets in the demarcated area and category. The justification for this sample size is that it is representative of all active retail outlets in the area who buy their soft drinks directly from ABI. These outlets are on route cards of the sales representatives and have a stable dealing with ABI and both parties need to develop a solid working relationship to promote the sales of soft drinks in the area and to meet the customer needs. The views of the owners of the retail outlets about ABI can have an influence in the level and type of business carried out between ABI and its customers.

It can be argued further here that the attitude of the retail outlets owners can have a way of influencing the performance of ABI in the market place. If the retail outlets owners do not like ABI, the number of cases purchased would be affected. Due to good customer service given by ABI employees who visit the outlets to collect orders, could also have an influence in the financial performance of the company.

Based on the research design above, the researcher followed a survey method in the collection of data. The questionnaires were completed in front of the interviewee. This approach involved talking to retail outlets owners, supervisors, managers and sales assistants face to face using a structured questionnaire to get responses in relation to the re-branding and changes in buying style or pattern of soft drinks from ABI.

Cooper and Schindler (2003) argue that a representative sample would demonstrate the following:

- i. Lower Cost;
- ii. Greater accuracy;
- iii. Greater speed of data collection;
- iv. Availability of population elements.

In any survey, the researcher intends to establish, confirm or refute certain claims. A representative sample of 200 outlets was selected randomly. The researcher visited each of the 200 outlets in the selected areas over a period of 4 months. Only 158 of the 200 respondents visited were willing to be interviewed. In this case any of the 200-targeted samples had equal chance to be interviewed and included in the survey. The non-probability random sampling approach was used to increase the chance of including as many respondents as possible on a wider area that were to be representative of the population. Statistics show that probability is essentially the practice of chance, as a dice is used to show

possibility or likelihood for a certain number to be drawn as it is tossed. It has four sides and each side of the dice has an equal chance to land on a number when thrown.

Cooper and Schindler explain probability further, when they state that:

The members of a sample are selected on a probability basis or by another means. Probability Sampling is arbitrary (non-random) and subjective. Each member does not have a non zero chance of being included. Allowing interviewers to choose a sample element "at random" (meaning "as they wish" or "wherever they find them") is not random sampling...if each sample element is drawn individually from the population at large, it is unrestricted sample. Restricted sampling covers all other forms of sampling (Cooper and Schindler, 2003:183-184).

The survey and selection of the sample was conducted in an unrestricted manner. Random sampling approach was used and the interviewer went out and found the interviewees in the selected area of Pietermaritzburg and its environs. The population or number of business outlets in the selected area was deemed a relevant population in relation to the type of business they conducted and that they were customers of ABI. Specific boundaries for data collection were set. A decision was made that a sample of 200 would return a representative survey.

The area map where the research took place shows the sample frame that is in line with the spread of the population being studied. It was also felt that the sample was sufficiently large to engender a high confidence level in the resultant interpretation of results. Finally, a good sample of relevant sub-groups was achieved in the selection of elements in the sample, thereby ensuring a result that was representative of the economic demographics of the sampled area.

4.7. Ethical Decisions and Research Design

Mouton (2001) uses the analogy of the blueprints of a house to represent the research design, while the actual house itself represents the research methodology.

The research design in this case provides direction for the researcher to obtain or achieve the end result. The research questions give the initial point of departure in the study. The research design gives the road map of the entire research. The literature used in the study gives guidance on the approach taken to collect relevant information close to the study topic. Methodology gives an understanding of how the research is to be done and how the data is to be collected from the sample.

The participants volunteered to answer the questions and where they were unsure they were allowed to decline any questions that they considered might infringe upon their rights to privacy. The introduction to the questionnaire clearly reveals the name and details of the researcher and those respondents who were unsure were allowed to telephone the researcher.

This study agrees with Rubin and Rubin that:

Avoiding deception, asking permission to record what they say, being willing to turn off the tape recorder, and being honest about the intended use of research are all part of your responsibility to your participants, along with ensuring that they come to no emotional, physical, professional, or financial harm because they agreed to speak with you (Rubin and Rubin, 2005:59).

The study participants were business people operating their own businesses or working for large chain store operations. Those operating their own businesses were not worried about issues of confidentiality, as they were sole proprietors. Those working for large corporations such as the Pick n Pay Supermarket chain store were very cautious, as they were worried about the security of their jobs, if they breached any confidentiality issues within the company.

Ethical considerations were important and participants in the study were protected in every sense. It is important to note that any violation could lead to the possibility of legal action. The information given by the participants was deemed confidential, and no information was used without their full consent. The terms of the questionnaire made it clear that the confidentiality of all respondents would be maintained.

The results of the research are intended to improve the decision-making process of management teams in the implementation of change with a view to promoting efficiency and profitability, the information provided will be held in strict confidence. No monetary benefits will accrue to the researcher from this project.

To ensure that a strict code of ethics was maintained, the respondents were informed of all legal, ethical and privacy issues in relation to the gathered information. The participants were adequately informed about the technicalities of the confidentiality clause and assured that all information would be treated with the strictest confidence. Additionally, the questionnaire clearly indicated that the resultant information would only be used for the purpose of the doctoral study alone. Hack underscores this thought when he states:

It is worth standing back for a moment and considering what effect your actions might have on others as a result can be quite damaging to yourself. While the researcher feels excitement at finding key facts and pride in producing a full report, the readers of that report might be shocked at just how much intimate detail is included. Even if the information is all publicly available, many people do not realise how much can be found. There is a difference between it being available in some obscure locations where it might be hoped that few people would trouble to look, and seeing it written out in a single, comprehensive report which is readily available at a moment's notice (Hack 1997:37).

Such data collected has to be placed in its context so that it can be utilised for the intended purposes.

4.8. Data Collection by Observation Method

Another important approach in data collection is that of observation. In this approach, the researcher based his findings on experience gained during the twelve-month period he was employed by the company as a Channel Manager.

4.9. Data Collection using Documentation Method

Another important aspect of data collection is the analysis of the collected information. It is essential that all data reports and documents are thoroughly read and the required information sifted out. Documents concerning the re-branding process at ABI were collected by the researcher and carefully read so as to thoroughly understand what triggered the initial process, and how it unfolded. Those involved in the drafting and designing of the documents were not approached directly, but can be traced through the presentations or documentary evidence and information distributed by the company delineating the re-branding process.

4.10. Data Collection using the Personal Interview Method

Most of the data collected for this study was through personal interviews. This was the tool selected as a communication method by the researcher in the collection of information. This process involved the interviewer meeting the interviewees face-to-face. This is a two-way process. The interviewer introduces the subject and the interviewee responds to the questions or statements put to him/her. This is used in the survey type of investigation. This survey was aimed at investigating whether there was any relationship between the company's investment in re-branding and the company's profit margins.

4.11. Use of Questionnaire in Data Collection

The questions were aimed at gathering descriptive information by using both qualitative and quantitative analysis of the findings from the field research and observations. The research method was designed to gather quantitative information through the use of structured questions with intended probabilities of outcomes. The research was conducted among the retail outlets that distribute and sell non-alcoholic beverages supplied by Amalgamated Beverage Industries

(ABI). A representative sample was selected randomly in Pietermaritzburg and surrounding areas. This was done through sampling techniques. The outlets visited by the researcher were classified as follows:

- Supermarkets;
- Convenience Stores and Suppettes;
- Petrol Garage Quick Stores;
- Wholesalers;
- Restaurants and Fast Food Take-a-ways; and
- Tuck shops.

These outlets were randomly selected in the given research area to provide different views with respect to the corporate re-branding and marketing of ABI.

4.12. Research Setting and Administration of Questionnaires

The outlets were accordingly classified in order to gain a more representative response from the community and for ease of management of the collected data. The main issue investigated was an assessment of the impact that the corporate re-branding of ABI had on its financial performance, and what benefits were obtained by the retailers throughout the exercise.

Apart from the change in the image of ABI through the redesign and introduction of a new logo, the investigation found there were other variables present which played a role in the maximisation of profit for the company. The interviewees were asked questions from the designed questionnaire in an interview format using open-ended questions. Notes and completed questionnaires were later analysed using Statistical Package for Social Sciences (SPSS) to identify key issues that were deemed important in relation to the business practices and

transactions that took place between ABI and the retail outlet. All question papers were coded and each question was given a code number which helped to identify the variables when capturing into the data base. Several outputs were generated and later used for analysis and interpretation of the data.

4.13. Location of the Study

The Capital City of KwaZulu-Natal, Pietermaritzburg, and its immediate environs, was the location of this study. It has a population of 1.2 million. ABI has 1250 direct retail outlets representing customers in the Pietermaritzburg CBD and surrounding retail outlet areas which sell ABI products directly to the public. The business statistics for this city according to the Pietermaritzburg Chamber of Commerce (PCC) showed a steady growth of business potential especially since the confirmation of the city as the capital of KwaZulu-Natal Province, and the related upswing in business confidence, with the opening of new business in the CBD and the newly-completed Midlands Mall shopping complex situated close to the N3 freeway linking Johannesburg to the north and Durban, on the east coast.

The research was built on observations that were made during the researcher's visit at ABI. This was when the company was changing its corporate image which resulted in major changes, including staff retrenchments and the re-vamping of its operations. Several of its operations were streamlined in order to improve performance and profitability. This included the closure of the distribution department, and its outsourcing to independent contractors who haul the beverages to the customers at a fee per crate and make their profits through maximised turn-a-round times.

4.14. Reasons for the Use of the Selected Research Design

In this study, a combination of research methods was used to collect data. As described above, the primary method involved the use of interviews, guided by a

structured questionnaire. The researcher visited 200 retail outlets randomly and managed to get responses from 158 respondents from the selected sample potential interviewees. Two variables: corporate re-branding and profitability of the company due to a new image created through innovation of the brand name of the company has been core to the study.

According to Bowman (2004), there was need for the company to pull together as a team in a soccer field. This called for commitment and change in the way the company carried out its business. Customer service was ranked first on the priority list for the company as it moved forward. A new programme based on Tailored Customer Service (TCS) was launched to all members of staff from the nineteen plants and depots of ABI. The new vision was to make sure that those in sales and related jobs should aim at satisfying the customer's needs at all costs. The research looked at various areas of the company's business to analyse the structures of operations and reporting procedures as it deals with its customers.

Primary data was collected on aspects of quality, delivery sequence and availability of products from retail outlets that purchase from ABI. The secondary data source comprised of the internal database, which involved the analysis of figures presented during the financial year-ends before and after the re-branding process. The internal operations of a particular plant were analysed as to the supply chain process from inputs, processes and outputs. Documents from the strategic planning and economic development of the company provided an additional data source.

It was not only re-branding that took place to produce change leading to favourable financial results of the company. There were other forces that caused the pull and push effect in the dynamics of the operations of the business that led to the financial results recorded in the financial statements for the period between

1998 and 2004. Through the data collected, assessment was made as to whether other business functions such as deliveries and customer service contributed to the overall profitability of the business. The core functions of ABI, which included distribution and fleet management, have also been drawn into the discussion in Chapter 6 of this study to provide clarity in understanding the operations of the business.

Both management and operations staff needed to understand the importance of the new image and its implications in the business. One outstanding issue was to deliver excellent customer service, which leads from the new image and outlook of the business by customers. ABI's new vision, values and promises formed the core of information used by all staff at every level of operation to deliver the best, and the company's mission to "reach further together" as it moves into the future. Staff, at every level of the business was involved in the re-branding process, including Senior Account Managers, Account Managers, Sales Reps and Merchandisers, thereby ensuring the implementation of the new brand at each operational level.

4.15. Data Collection, Analysis and Justification for the Use of Descriptive and Inferential Statistics

It is vital to mention here that data for this study was collected by using observation, conducting face to face interviews and reading of secondary materials from the company archives. The main problem encountered in the field was the high cost of travel to different outlets in and around Pietermaritzburg. The other problem was that some of the respondents were not willing to answer any questions despite the assurance of anonymity and confidentiality. The researcher tried to assure the respondents that the information gathered was purely for academic purposes and by doing so some of them agreed to be interviewed. Some of the respondents wanted to know if there was any money payment for giving the

information through an interview. The researcher made it clear that the information was not for any financial gain but for academic purpose.

The data collected, after analysis, there needed to be checked for reliability and validity. In that way it helps to remove possible error or judgement or even conclusions. The formulation of the research topic helped to develop research questions which are contained in the questionnaire (see appendix 2). The use of t-tests, ANOVA, and Cronbach's reliability test helped to measure the level of correlation between two scores obtained from the outputs. Nunnally (1978) suggests a minimum of .7 as recommended for acceptability. According to Stangor (1998), the validity helps to understand whether what was supposed to be measured has indeed been measured. In this study, the responses obtained show that the data collected helped to answer the research questions stipulated in the questionnaire. For this study, the reliability result was .7056 (70.56%) which is above average. This means under the same conditions, the results are likely to be consistent or the same on the same subject.

According to Pallant (2005), descriptive statistics are used to describe the variables and to address specific research questions...to obtain categorical statistics for categorical variables you should use frequencies. For continuous variables (e.g. age) it is easier to use Descriptive, which will provide summary statistics such as mean, median, standard deviation. The presentation of the data using Histograms, pie charts, t-tests etc helped to understand the meaning of the information gathered through the survey. The level of significance helped to interpret the information in relation to meaning.

In this study, data was analysed by using both descriptive and inferential statistics which helped to present the findings and make meaningful interpretation. Once this was done, the researcher used the findings to present conclusions and recommendations of the study in line with the main study question. ANOVA, t-tests, and Chi-square tests were used in this study to test the levels of significance to come up with solid conclusions from the gathered and analysed data.

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- A descriptive statistical method was used for the analysis of the data. This included the use of tables, pie and bar Graphs, frequencies, to summarise the collected data. Inferential statistics, which included sample t-tests, Analysis of Variance (ANOVA), correlations, and reliability tests, were also used to give further analysis and meaning to the collected data.
 - P values and t-test results were also used on key questions to show the relationship between re-branding and profit maximisation of the company due to re-branding.
 - Cross tabulations were used to give further meaning to selected responses in the collected data.
 - Various other graphs and tables were used to illustrate the findings and make sense of the collected data. The details of the findings and the presentations follow in Chapter 6 of this study.

4.16. Permission to Conduct the Research

At the initial stage, the researcher approached management of ABI to ask for permission to conduct the research in the retail outlets where the company had business dealings. In all the outlets, ABI sales representatives called to collect orders, merchandise the products and trained the assistants and owners of the outlets how to display their merchandise and maintain the correct stock levels in relation to sales. Permission was granted in writing from the Regional Human Resources Manager. Pietermaritzburg and the surrounding area is in this area.

4.16. Conclusion

This Chapter has discussed the methodology used for the study, and how data was collected from the field. A clearly defined research methodology was designed

and implemented to ensure the success of this research. The data assisted in making interpretations on the topic. The formulated research questions formed the basis for the information gathered from the research field. The following Chapter will discuss some of the background information on the company being studied. This information will be used to understand the performance of the company and how it relates to the concept of re-branding and brand equity.

CHAPTER 5

ABI CASE ANALYSIS BASED ON A SEVEN-YEAR FINANCIAL PERFORMANCE ANALYSIS

5.0 Introduction

This Chapter comprises an analysis of Amalgamated Beverage Industries (ABI) in the light of the dynamics of the industry in which it operates. The analysis focuses on the firm's current strategy and financial position, which are the two fundamental areas that influence performance.

5.1. Determining the Value of the Company

To carry out this analysis, and highlight information that is partly historical as well as performance related, this Chapter will review various inputs which contribute to the determination of the value of the company and how ABI relates to its shareholders and other non-financial stakeholders.

The equity value of the company has helped to determine its value in the market place and influence the investment decisions of its shareholders. Financial information has been presented using tables, graphs and histograms from the seven year summary of financial statements of the company.

5.2. ABI's History

Based on the information found in ABI's 2001 *Annual Financial Report*, ABI's roots date back to 1938, when Coca-Cola (Pty) Limited entered the South African

market for the first time. Bottling facilities were then located at Benoni Mineral Water Works. ABI (Pty) Limited was formed in 1976 after an agreement signed between the Coca-Cola Company, Export Corporation, The South African Breweries (SAB) Limited and Cadbury Schweppes (South Africa) Limited. Mr F. J. Meyer was the first Chairperson of the Board, while Mr H. A. Reid was the first Managing Director. In 1987, ABI became a public company following an innovative joint venture initiative between South African Breweries and The Coca-Cola Company where 11 million shares were sold to ABI employees and other small customers at a price of R1.00 per share.

The financial report indicates that, "...ABI acquired the franchise business and assets of the Coca-Cola Company franchisee, Sun Crush (Pty) Limited, with territories contiguous with those of ABI." (ABI, Financial Report, 2001). As stated by Simms in the 2001 Financial Report, ABI has a strong position in the South African Coca-Cola franchised soft drink market.

The 2001 ABI financial report also stated that:

ABI is a South African Company, with a South African culture and staffed by South Africans of diverse ethnic origins." It is a company that has created employment and wealth for many over the years. It is a company of the 21st century. It is a company which has made a success of bottling, marketing, selling and distributing a range of the most famous carbonated soft drinks available in South Africa and the world; indeed products which will still be in existence in the decades to come (ABI *Annual Financial Report*, 2001: 5).

These statements have been revisited since December 2004 when ABI became fully owned by SABMiller. Prior to December, 2004, SAB owned 74% of the share capital, with employees and other investors owning 26%. The current Managing Director of ABI reports to the Director of SABMiller. The concept of the company is truly South African in relation to the culture of the company and its employees. Even though passionate about the localisation of its operations, the ABI management will be guided by the goals set by the owners of the company

who have their headquarters in the United Kingdom. ABI is no longer listed on the Johannesburg Stock Exchange but on the London Stock Exchange through SABMiller.

5.3. Internal Analysis of ABI

5.3.1. Profile Overview and Operations

Information found in the ABI, 2004 *Annual Financial Report* reveals that ABI employs over 3500 employees and is the leading soft drink manufacturer in the SABMiller group of companies. It is also one of the largest producers and marketers of the Coca-Cola Company brands in the Southern African Region. The report indicates that ABI's core skills lie in manufacturing, trade marketing, sales and distribution of the world's leading soft drink brand. The brands manufactured and marketed by ABI include carbonated soft drinks, bottled water, sports and energy drinks, fruit juices and iced tea.

ABI's 2004 *Annual Financial Report*, (2004:4) also indicates that:

Over the past 25 years, ABI has consistently delivered good returns to its shareholders, with solid compounded growth in headline earnings, dividends and net equity.

Further information on the performance of ABI in terms of its financial results over a seven year period will be analysed in this Chapter to show the consistent growth trend that has been recorded. Sustainability of the company in relation to its growth potential is important in understanding the value of the company and what it delivers to its shareholders.

ABI as a group, operates mainly in the upper and central regions of South Africa.⁵ Its operations extend from Richards Bay in, Durban, and Pietermaritzburg in KwaZulu-Natal, through to parts of the Free State, Gauteng and the North West Province of South Africa. ABI also has operations in the Comores and Mayote Islands. (*Annual Financial Report, 2004:5*) The region covered by ABI's operations is strategic in that the company has a well developed infrastructure of roads and depot networks. Through a coordinated distribution network, goods are transported from the key manufacturing plants in Durban (KwaZulu-Natal) and Benrose, Midrand and Pretoria manufacturing plants, to distribution depots where they are stored, ready for delivery to third party-wholesalers and retail outlets. Through these outlets the products are sold to the general consumer.

ABI operates a supply chain system, utilising the J. P Edwards software program which monitors the supply of raw materials and movements of manufactured goods from the manufacturing plants to the distribution depots. The "Push and Pull" system is used to check on stock levels and monitor the movement of stock after production from the manufacturing plants to the distribution and sales depots.

⁵ ABI is one of the leading distributors of Coca-Cola brands of beverages in South Africa. The CCSA has given the manufacturing and distribution franchise to other companies which operate in Western and Eastern Cape, Limpopo and Mpumalanga Provinces of the country.

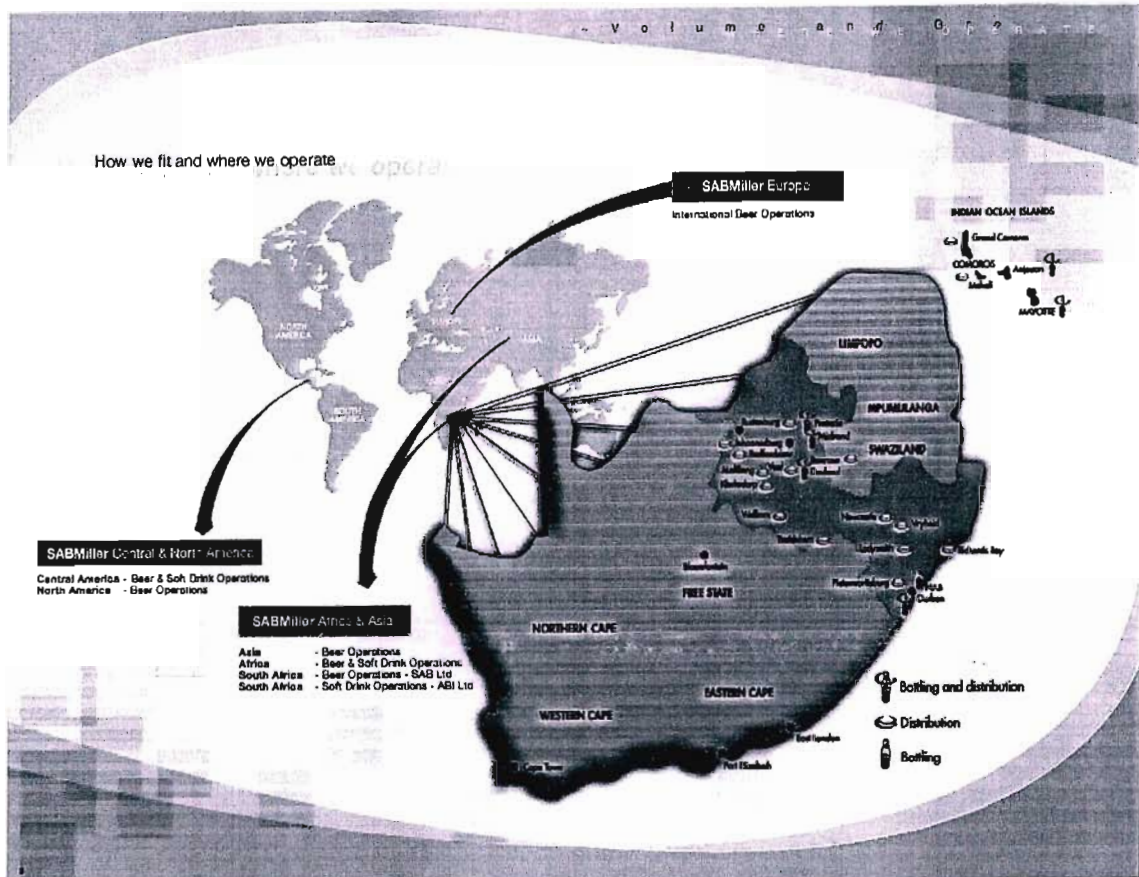


Fig. 5.1. Map showing ABIs Operations [Source: <http://www.abi.ac.za>
Date Accessed October 17, 2005].

Once the customer has placed an order, it is monitored through the system from the time of order until it is loaded on to the distribution truck and finally delivered to the customer. With respect to direct purchases from ABI where sales representatives collect orders from the retail outlets, the wholesalers use a stock inventory system. In this case, sales determine the demand of goods, using forecasting methods, and thereby order stock from the manufacturing plants. The demand and supply effect comes into the equation to detect stock levels and production requirements.

The carbonated soft drinks business is affected by factors such as weather and the supply of raw materials. The business monitors weather patterns for production purposes and stock holding capacity. When the weather is hot, understandably, the

demand for carbonated soft drinks soars. The opposite takes place when the weather is cool. Determining stock levels can be difficult during times when the weather patterns become unstable and unpredictable. When stock levels become depleted at the outlets, the demand on the distribution plant increases, a quick response is required to meet the customer's needs. In such cases, the company can receive poor customer service ratings when the supply does not match the demand.

Customers are not interested in the reasons behind the non-availability of stocks; instead they require the delivery of their orders. Sometimes company resources become stretched beyond optimum levels. This is important to mention as it will be discussed later in Chapter 6 with relation to the findings on customer care ratings and distribution. Where ABI operates its business, the production plants have been reduced to a total of four. The introduction of improved technology has helped to meet the production requirements but there have been cases when demand outstrips supply, when production capacity is insufficient, or raw materials are not immediately available.

5.3.2. Market Positioning and Financial Sustainability

According to the Annual Financial Reports of 2001, 2002 and 2003, ABI has positioned itself as a major player in the manufacturing and distribution of carbonated soft drinks in the Southern African Region. Its performance has been positive. This was echoed by the Managing Director in the 2004 Annual Financial Report, when he reported that growth, "...has largely been driven by strong sales performance, resulting in sales volumes increasing by 7.5% from 12.1 million hectolitres (hls)⁶ to 13.0 million (including the Comores and Mayote islands)." (*Annual Financial Report*, 2004:13)

Several important factors play a role in increasing volume of sales in a large corporation such as ABI.

⁶ One hectolitre equals 100 litres.

These include:

- i. Distribution levels and efficiency;
- ii. The level of customer service;
- iii. Frequency of visits by sales representatives;
- iv. The awareness of the brand name of ABI

Bowman, in the 2004 Annual Financial Report (2004:13) states:

Good growth has been achieved across all of our geographic regional sales territories and this can be attributed to the following factors; sustained consumer confidence and increase in disposable income, favourable weather over the summer period, improved focus on servicing more customers directly, brand packaging and promotional innovations and activities.

ABI has positioned itself well as a strong contender in the marketing and distribution of non-alcoholic beverage drinks in the South African market. The marketing strategy to increase and grow volume of Carbonated Soft Drinks (CSDs) and selected new product categories has been one of the key drivers of excellence in performance. According to the Annual Financial Reports (2002, 2003, and 2004), the CSDs category includes the following brands:

Coca-Cola	Coca-Cola Light
Vanilla Coke	Sprite
Fanta	Lemon Twist
TAB	Sprite Zero
Sparletta Brands	Stoney Ginger Beer; and Schweppes

The reports indicate that the Carbonated Soft Drinks (CSDs) make up 95% of the sales volume of the business while the Alternative Beverages (ABs) makes up the remaining 5% of the business volume. The Abs distributed by ABI consist of the following:

Appletiser	Grapetiser
Powerade	Minute Maid
Play	Bibo
Valpré	Bon Aqua
Nestea	Milo

Strong brand and pack innovations have resulted in capturing market share and growth in sales. In an attempt to increase the market share and sales volumes, new market territories or outlets have been opened with ABI targeting new business in the previously disadvantaged townships through the Emerging Market Drive.

ABI serves both the emerging and developing markets by means of the following channels:

Quick service restaurants	Liquor stores
Local recreation	Wholesalers
Restaurants, pubs and hospitality	Petroleum food marts
Super mass merchants	Taverns and Shebeens
National recreational outlets	Education/tuck shops in schools

In Pietermaritzburg, new outlets have been opened in Imbali, Sobantu and Edendale townships, increasing sales in the emerging market category and consequently increasing the CSDs volume in hectolitres.

The Annual Financial Reports also reveal that the plants in given districts are responsible for actual market execution which include promotions using teams of merchandisers, outsourced from merchandising firms who carry out the placing and mounting of displays in the outlets. ABIs advertising campaigns are executed according to the theme and particular goals of a given promotion. ABI operates on

marketing themes and projects designed and planned by the Coca-Cola Company of Southern and Eastern Africa (CCSEA) which has its headquarters in Johannesburg. The Coca-Cola Company has a marketing team with marketing managers placed in different regions. In order to drive volume, marketing promotions for new packs and brands are planned by the marketing team of Coca-Cola in conjunction with the marketing services managers of ABI. These themes are normally planned around pack size. To increase sales in particular market groups, music promotions such as the “Coca-Cola Pop Stars” TV Reality Show have been particularly successful. ABI's management and operational efforts are dedicated to optimising the use of its resources for the benefit of local and foreign stakeholders.

5.4. Corporate Governance Structure and Management Systems

ABI is still managed through corporate governance despite the buyout by SABMiller. There has been a major shift in the balance of power of management and resultant new approaches to decision making. This has meant ABI delisting from the Johannesburg Stock Exchange (JSE) and listing through SABMiller on the London Stock Exchange (LSE). The change of management has affected the culture of the organisation and its approach towards conducting business. SABMiller, which holds 100% shareholding in the company, has developed its own management style and regulation of various issues which include environmental, social and the economic affairs of the country in which the business operates. Influence is now exerted from the majority shareholder in conjunction with the CCSEA as a business partner. Furthermore, the relationship between Coca-Cola and the bottling company is one that has demanded the cultivation of a good and tolerant atmosphere.

The corporate governance policy of ABI as found in the *2004 Annual Financial Report*, indicates that the company operates in a transparent manner and discloses information on performance and profitability to all stakeholders. The publication and distribution of the *Annual Financial Report* is a major tool in promoting such

transparency. This is produced and circulated to all stakeholders throughout the country and to its partners abroad.

5.5. ABI's Corporate Governance Structure

It is vital in this study to state that SABMiller had its own accountability and reporting requirements. The structure and requirements of accountability and the level of disclosure of information to the public and stakeholders has yet to be divulged by SABMiller. According to information found in the Annual Financial Reports for the seven year period under review, ABI has maintained an “open door” policy of presenting the Report to its stakeholders. Accountability towards stakeholders is directly proportional to the increase in confidence levels that customers have in the corporate industry.

According to the 2004 Annual Financial Report, the ABI Board comprises thirteen directors, of which the majority (62%) are executive, 23.8% are non-executive and 15.38% are independent.

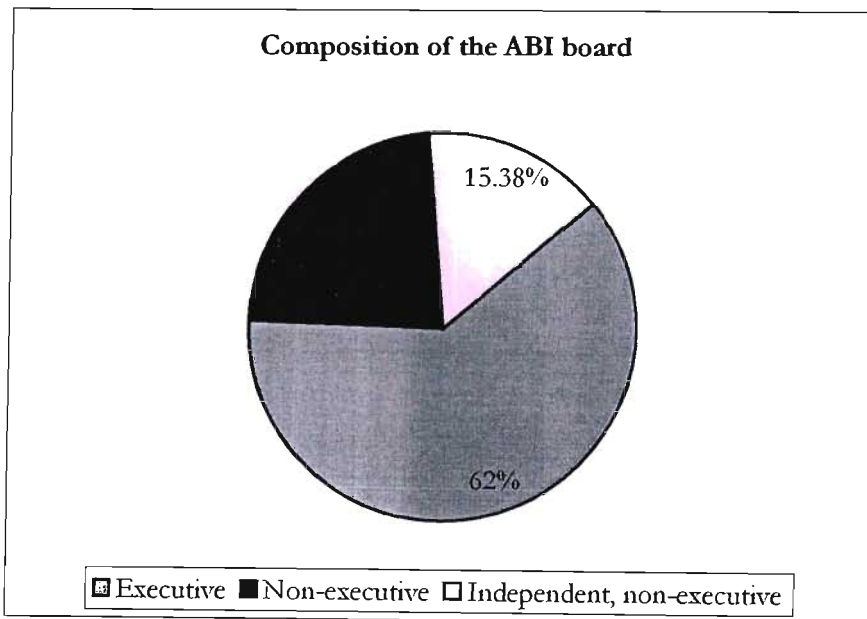


Fig. 5.2. Composition of the ABI Board [Source: *ABI Strategic Report*, (2004)].

The system of operations for ABI shows that the Chief Executive Committee (CEC) consists of all executive directors. The other directors assist the board in discharging its duties on corporate accountability. The CEC provides leadership to the company, and as such develops the stakeholders' confidence and helps reduce the risk factor ratio. The activities of the company are monitored through various tools which give an indication of the level of business performance. As a result, those employees who show high levels of commitment and record good results in sales and customer care are rewarded by ABI.

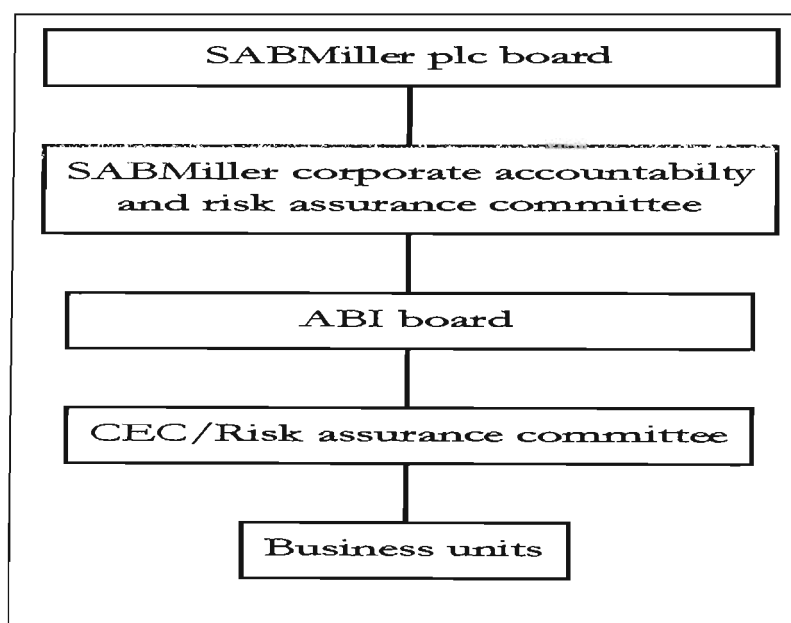


Fig. 5.3. ABIs Governance Structure [Source: *ABI Corporate Sustainability Report*, (2004)].

5.6. Accountability and Assurance

The South African government require high quality standards in all manufacturing operations. ABI has developed a system whereby independent assessors gauge the industry by looking at levels of cleanliness; distribution levels; internal Audits etc.

According to information gathered from the Annual Financial Reports of 1989, 2001, 2003 and 2004, the following are contracted to conduct regular surveys on different aspects of the business:

The Labour Research Service (LRS) on behalf of Unity Incorporation conducted a Corporate Social Investment (CSI) audit during November 2003. This audit recommended that ABI be retained in the Community Growth Fund (CGF) Investment Universe of Shares with an 'A' ranking;

ABI qualified for the JSE Socially Responsible Investment (SRI) Index during March 2004. This is an exceptional achievement, as only 51 of the 160 listed companies invited to qualify have made the grade;

The SABMiller corporate accountability and risk assurance committee has continued to evaluate, revise and improve the SABMiller accountability framework. This takes into account the internal and external relevance of the group's guiding principles, key issues of concern, performance indicators, targets and industry benchmarks. In addition, the committee has performed annual reviews of its business units. To date, no negative issues relating to ABI have been noted.

5.7. Risk Management

All corporate organisations have to take steps in order to minimise risk. The level of risk can have an effect on both internal and external stakeholders. It is the duty of senior executive directors to appoint a specific committee with the responsibility of minimising risk in the company. It is vital for the company to understand the level of risk and find ways to manage it in order to encourage sustainable growth. Risk measurement can also assist in measuring the level of investment, as the firm can only be prepared to take a certain amount of risk as investment in new projects takes place.

All firms possess stakeholders who hold a degree of interest in the operations of the business. It is important to develop positive partnerships with such stakeholders. As indicated in Fig. 5.5 above, ABI has to develop a network of partners, who through the introduction of greater transparency, understanding and a defined set of common objectives can be leveraged more effectively. For this to be achieved there is need for the company to promote a holistic approach in the way business transactions are conducted. ABI has to be more transparent and ascribe to a defined set of common objectives which when implemented promote growth in the company. Teamwork and strong partnerships should contribute to the success and strength of the company.

The government collects company taxation from ABI and has an interest to see that the company operates within the acceptable limits and standards as per the act that regulates such businesses in the country. Other stakeholders, such as the employees, are interested in protecting their jobs and earning a salary or wage in exchange for their labour. The other major stakeholder is the ABI customers. Customers are important as they indicate which products are in high demand and therefore contribute to the growth of the company. Revenue for the company comes from customers and it is vital that the firm listens to what the customer is saying. In Chapter 6 of this study, the views of the customer have been polled and analysed in order to determine the impact of the re-branding process on the general productivity of the company.

What ABI stakeholders want versus what they get	
<i>Current</i>	<i>Desired</i>
Employee	
CCSEA	
SABMiller	

Fig. 5.6. ABIs Stakeholder’s Needs v. What they receive from the Company [Source: ABI Re-branding Launch PowerPoint Presentation (2003)]

As indicated in Fig. 5.6 there is a mismatch between what ABI stakeholders want and they really get. Employees before the re-branding process worked for a stable and secure company that brought the world’s most famous brand to the market. It gave them a sense of peace and security as they attended to their work and participated in the manufacturing and distribution of the number one international brand. This however was not good enough. Studies show that workers desire to work for a successful and unified company that offers preferred career path opportunities. Such employees would like to be associated with a people-oriented organisation that thrives on change.

The Coca-Cola Company of Southern and Eastern Africa (CCSEA) felt that before the re-branding they were associated with a professional company that successfully took their brand to the market. After the re-branding, they wanted to

be in a partnership with ABI that was built on trust, common understanding and goals—pro-actively and passionately seeking to grow the market. Market growth would be determined by the new approach to doing business as indicated by the respondents in Chapter 6 of this study. The research done for this study has listed findings which require a change of attitude among the employees as they deliver the goods to the business outlets.

SABMiller has a solid investment in ABI which is expected to meet the shareholder's expectations. After the re-branding process, ABI has continued to record excellent sales figures as shown in the financial analysis of the company in Chapter 5 of this study. It is indeed a welcome and positive performance of the company which has resulted in good returns on SABMiller's investment. As indicated earlier in this study, companies or investors go into business to make profits from their operations. Following re-branding, it was hoped that ABI would continue to become a growing source of financial value and soft drink expertise that can be leveraged worldwide. Coca-Cola and its famous brands is a world class leader in sales and asset book value throughout the world.

According to the 2004 Annual Financial Report, the operations of ABI before the re-branding process offered a blue chip share investment that added long term stability to the share portfolio. The re-branding process intended to create a dynamic company that instils confidence in its stability to deliver solid returns on investment while negotiating potential for step-change growth. The financial institutions were happy with the return on investment. Customers were supplied with products from a distributor of the world's most popular brand. After re-branding, the management of ABI set out to create partnerships that sought to develop the businesses of the retailer. From a community point of view, ABI is known as the producer of high quality products, and a provider of jobs and good investment. After re-branding, ABI wanted to create a transparent organisation that set the standard for ethical business practice and social contribution in South Africa. Other variables, such as levels of customer service provided by ABI were

also evaluated, thereby assisting management in making decisions which help ABI meet the needs of its customers.

The shareholders form another broad base of ABI's stakeholders. Shareholders invest money in the company and need a return on their investment. The operations showed positive growth, as will be shown in the discussion below on the financial performance graphs of ABI. The decisions taken on investment had to be sanctioned by the majority shareholders in the company. ABI uses surveys, detailed reviews of government policies and other economic indicators to understand the economic conditions prevalent in the country in relation to investment decisions. These assist ABI in making policy decisions.

5.9. Social Responsibility

According to the 2003 Annual Financial Report, the company believes that, "...ABI's deep local roots bring the company closer to the people. These insights inspire ABI to develop superior solutions" (ABI Annual Financial Report, 2003:1). Being a South African company, ABI has developed its business in South Africa among South Africa's diverse peoples. The company has come to understand the values and norms of the people where it conducts its business. Through CCSEA, ABI has touched the lives of many people through its aggressive community programmes. The company has contributed to HIV/AIDS initiatives and sponsorship of community-based sports programmes.

ABI supports national sports events such as the Duzi River Canoe Race and the Comrades Marathon. ABI also sponsors education projects in selected parts of the country. As a manufacturing based firm, ABI spends money to help improve the environment. All these projects are done through the corporate social responsibility budget approved by the board. ABI has contributed to job creation, through the operations of specific projects focused on previously marginalised people.

5.10. The Current Strategy of ABI

- i. To grow the volume of Carbonated Soft Drinks (CSD) and selected new products through operational execution of the brand and pack innovations;
- ii. To improve customer service through market execution;
- iii. To optimise value and employee productivity through performance and capacity competencies.
- iv. To improve financial efficiency and effectiveness through information technology and procurement;
- v. To improve company reputation through quality service, safety, health and environment.

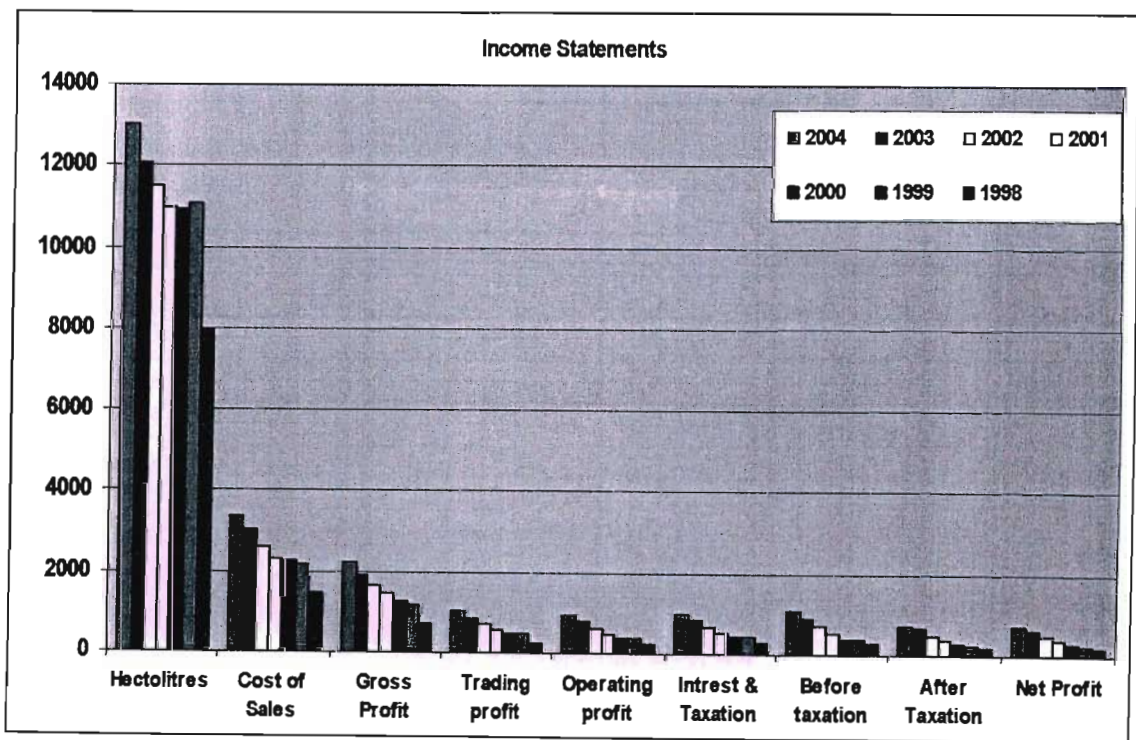
Additionally, the company strives to enhance its position as the leading producer of CSDs and Alternative Beverages through:

- i. Development and training of its human resources.
- ii. Introduction and implementation of the most advanced technology.
- iii. Optimal growth in the rate of return in investments.
- iv. Utilisation of ABI's sophisticated marketing network.
- v. Improved distribution network and meeting the customers needs.

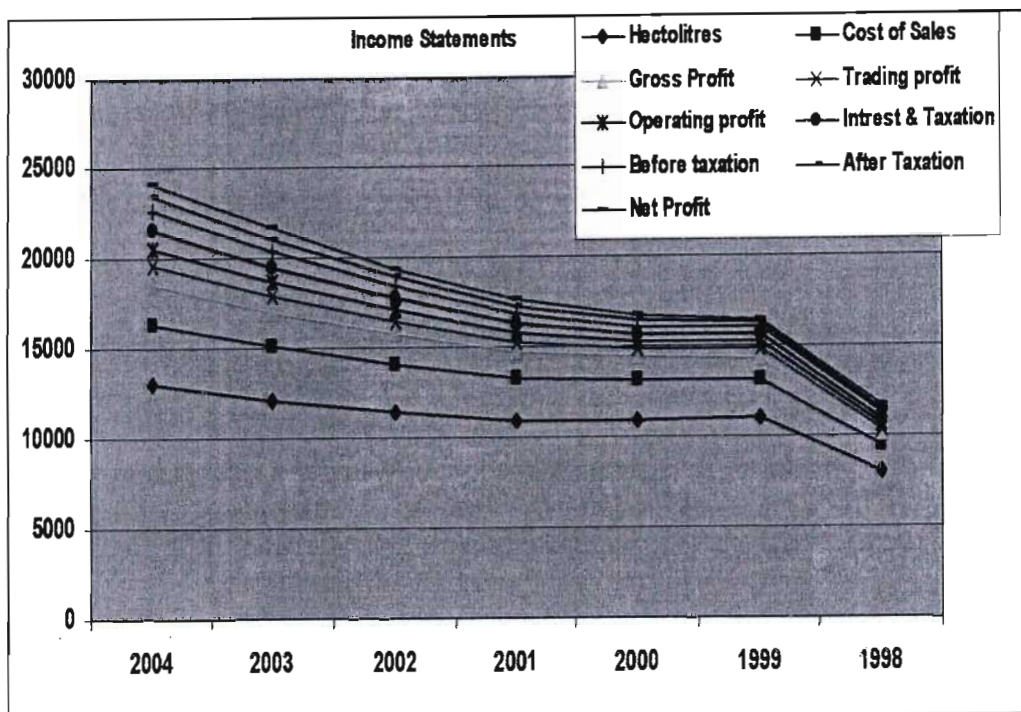
5.11. ABI's Financials

Financial ratios are used to determine and evaluate a company's performance. The analyst wants to know a company's performance in relation to its peers, both past and present. A comparative analysis can be utilised in analysing the ratios. A standardised system of analysis was developed by McGregor BFA (2005), and can be used for all companies listed on the JSE (ABSA, 2005b).

For the soft drinks industry, the standardised financial accounts for the company were utilised and presented in both bar and line graphs. These financial ratios are used and can be implemented in understanding the bar and line graphs. The graphs presented below show different financial information on the performance of ABI over a period of seven years from 1998 to 2004 as in appendix D. The focus on the interpretation of the graphs is to look at the trends before and after the re-branding process, which began in 2003.



Histogram 5.1. Income Statements from Seven-Year ABI Financial Ratios 1998-2004. [Source: All Histograms and line tables used to analyse the financial statements above were created by the researcher].



Line Graph 5.1. Income Statements from Seven Year ABI Financial Ratios 1998-2004.

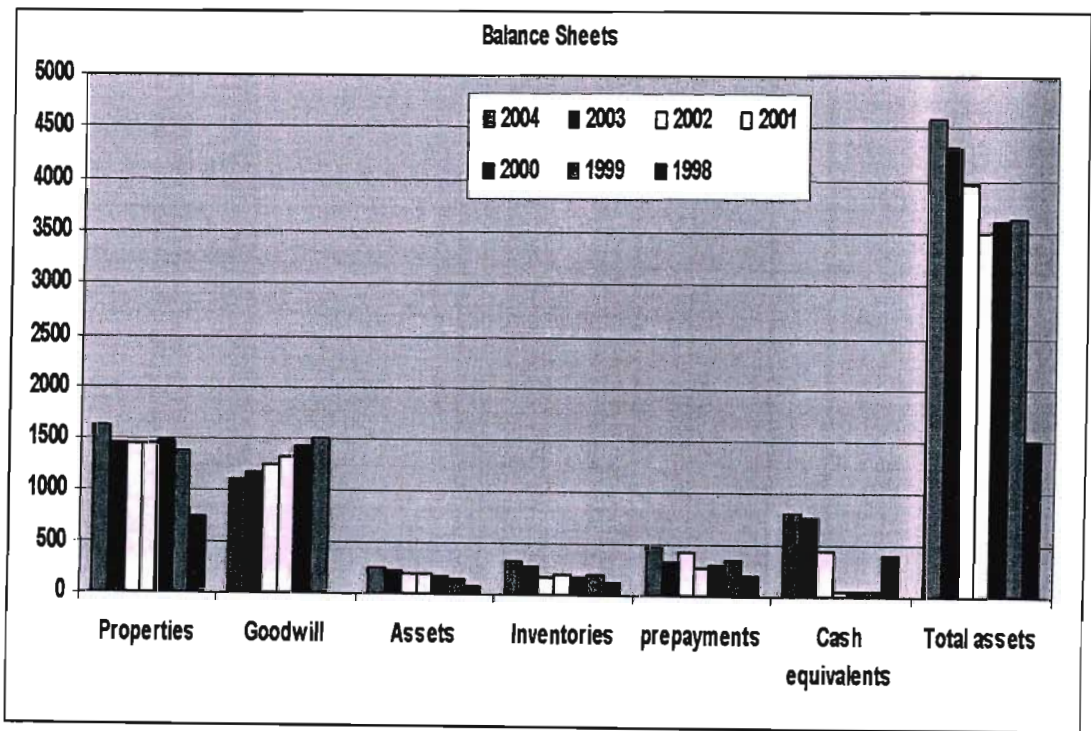
According to Mackay, the ABI chairperson, in the 2004 Annual Financial Report (2004: 11):

ABI has again produced exceptional results. In a year of greater rand strength, relative economic stability and improvements in consumer disposable income, it is worth highlighting some key areas of productive performance.

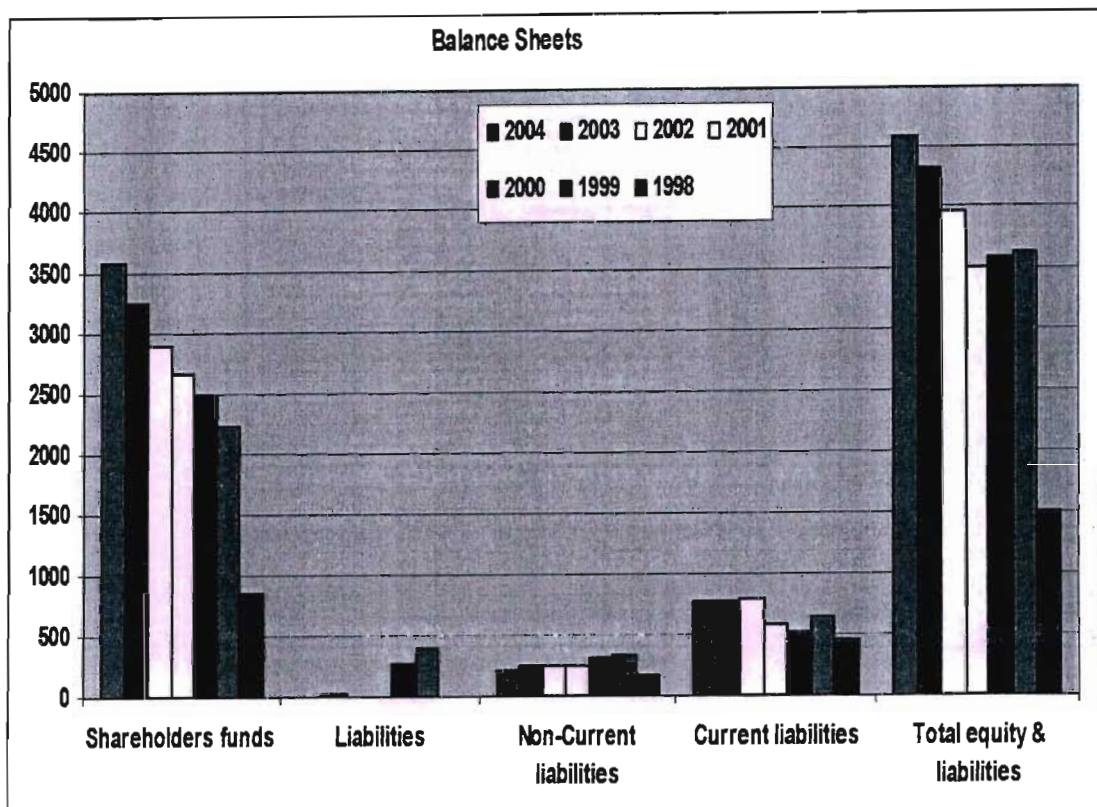
During the 2004/2005 financial year, Tito Mboweni, Governor of the South African Reserve Bank announced cuts in the interest rates for borrowings from the Commercial Banks. With a reduction in interest rates, the consumers had more disposable income that could be spent on luxury items and entertainment, which of course includes soft drinks. The increase in the growth of sales in various channels of the business indicates the trend of economic activities. The Quick Service Restaurants (QSR), On Premises Consumption Channels, Supermarkets,

2004. This is a positive indication that the performance of the carbonated soft drinks business depends on volumes sold; hence all advertising campaigns are centred on driving sales.

It is important to note that ABI has to make huge sales in order to show a reasonable growth in net profits. This simply means that operational costs are high in a business of this nature. This is important as it can guide the expectations of the shareholders, in that they should not simply look at sales in terms of volume without also looking at the cost of sales and other expenses before calculating the money expected from the business as their return on dividends. With the takeover by SABMiller, the 100% ownership will certainly influence and even dictate management decisions. The appointment of senior management and line managers in the business units is monitored and supervised by the shareholder. As a result, appointments of management after 2004 are no longer the sole decision of the ABI board and Managing Director (MD).



Histogram 5.2.1. Balance Sheets from Seven Year ABI Financial Ratios from 1998-2004.

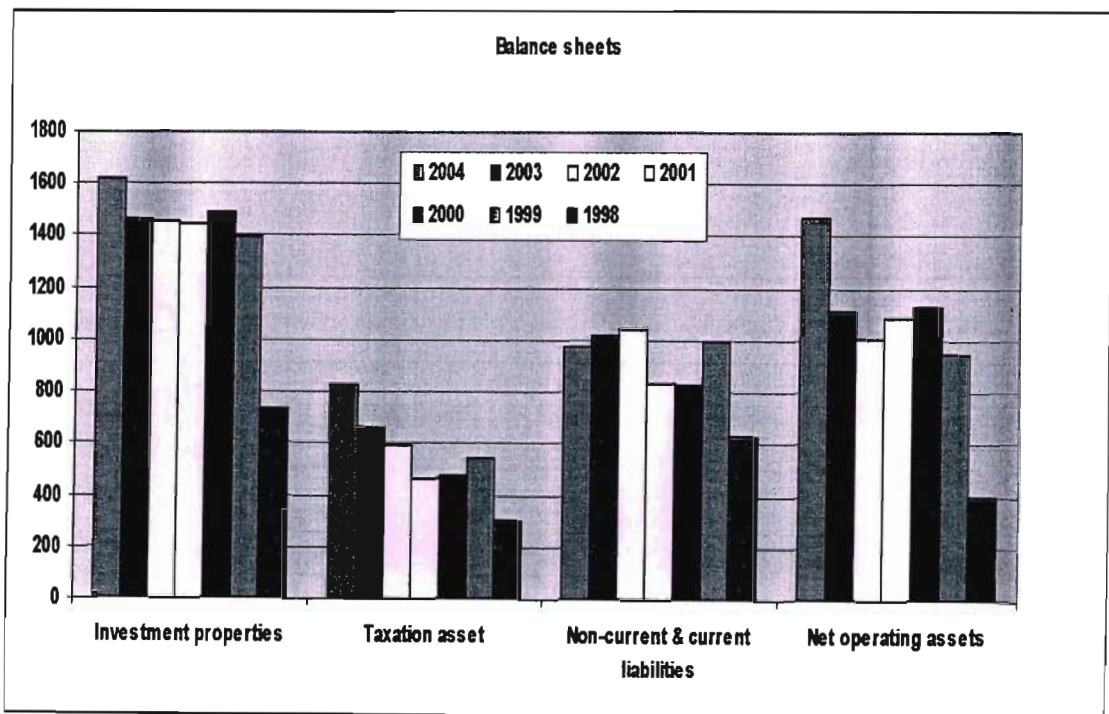


Histogram 5.2.2. Balance Sheets from Seven-Year ABI Financial Ratios 1998-2004.

Histogram 5.2.1 and 5.2.2 show a positive trend in shareholders' funds due to excellent management decision-making. In 1998, the ordinary shareholders funds were R864, 000 and in 2004, the funds rose to R3.5million. The shareholder funds increased steadily, revealing that ABI was a good investment. The risk factor comes into the equation in that ABI managed to realise investor confidence and thus more people invested in the company or the same people increased their investment in the company by ploughing back their declared returns. Properties remained flat with a slight growth in 2004. Asset value was low, using less money to purchase assets, thus controlling expenses.

The shareholder funds showed an increase in performance, giving good value for the invested capital. This explains why the investment from shareholders

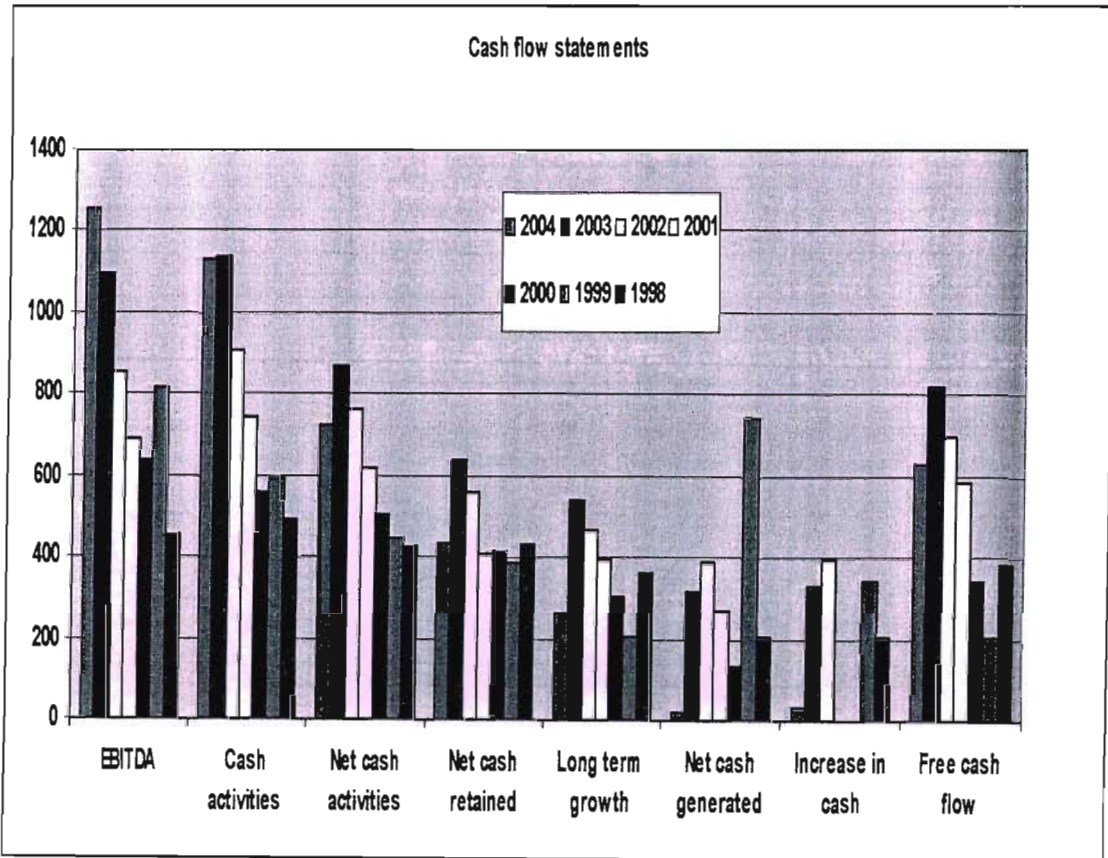
increased. There was an indication of potential for shares in ABI to continue to show growth in value. ABI consistently showed that it was a solid investment choice. The long term liabilities book remained down, which meant less money owed and the company controlled and managed the books well to reduce costs due to less money being paid out as interest on liabilities. In 1999, total liabilities amounted to R406million but were substantially reduced to R6 million in 2004. Prepayments were also well controlled and between 2002 and 2004 remained flat. ABI needs raw materials for its production and some suppliers were paid in advance to make sure there was constant supply. This included sugar suppliers and concentrates from the Coca-Cola Company of South Africa. The non-current liabilities remained flat between 2001 and 2004. This shows that the company had constant obligations that led to the figure remaining constant. This could be suppliers of concentrates and sugar from the sugar companies.



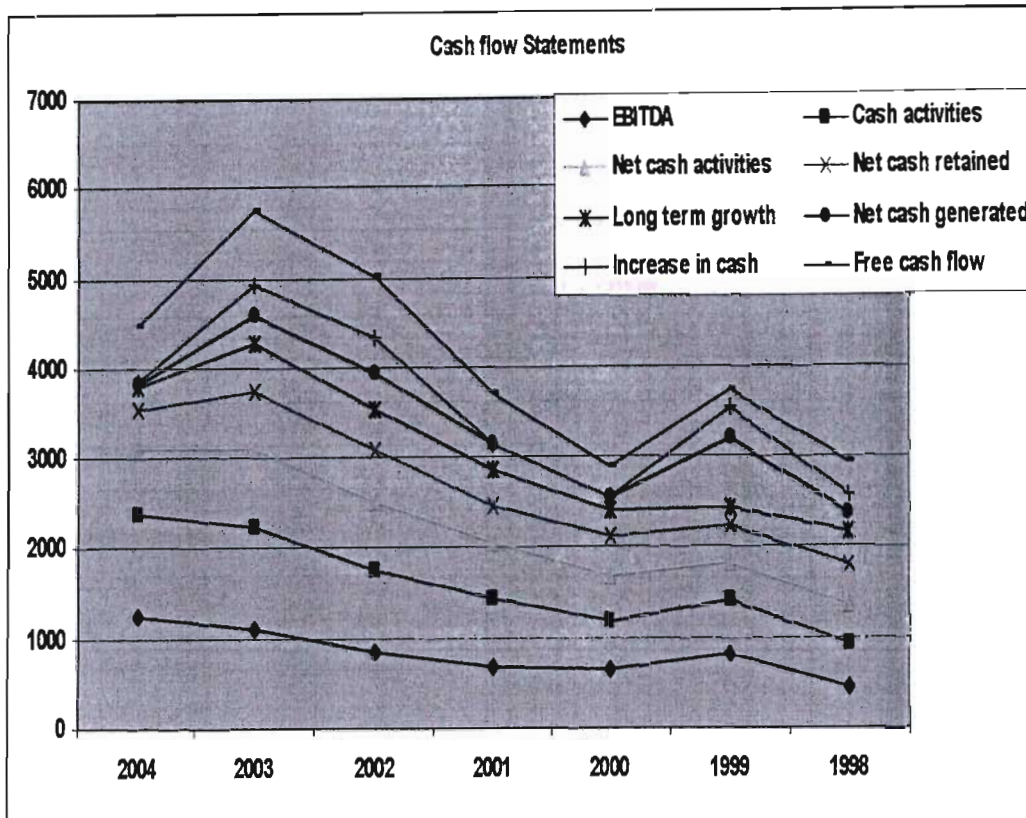
Histogram 5.2.3. Balance Sheets from Seven Year ABI Financial Ratios 1998-2004.

The areas to note in this Histogram 5.2.3 are the net operating assets, where a massive increase in 2004 is indicated. The sales volume correlates with the operating assets. To increase volumes meant improving and increasing production

capacity. Investment in assets that are production related such as machinery is unavoidable. With demand increasing, the investment in production also increases. The cost of raw materials increased to cover for the sales anticipated or made.



Histogram 5.3. Cash flow Statements from Seven Year ABI Financial Ratios 1998-2004.

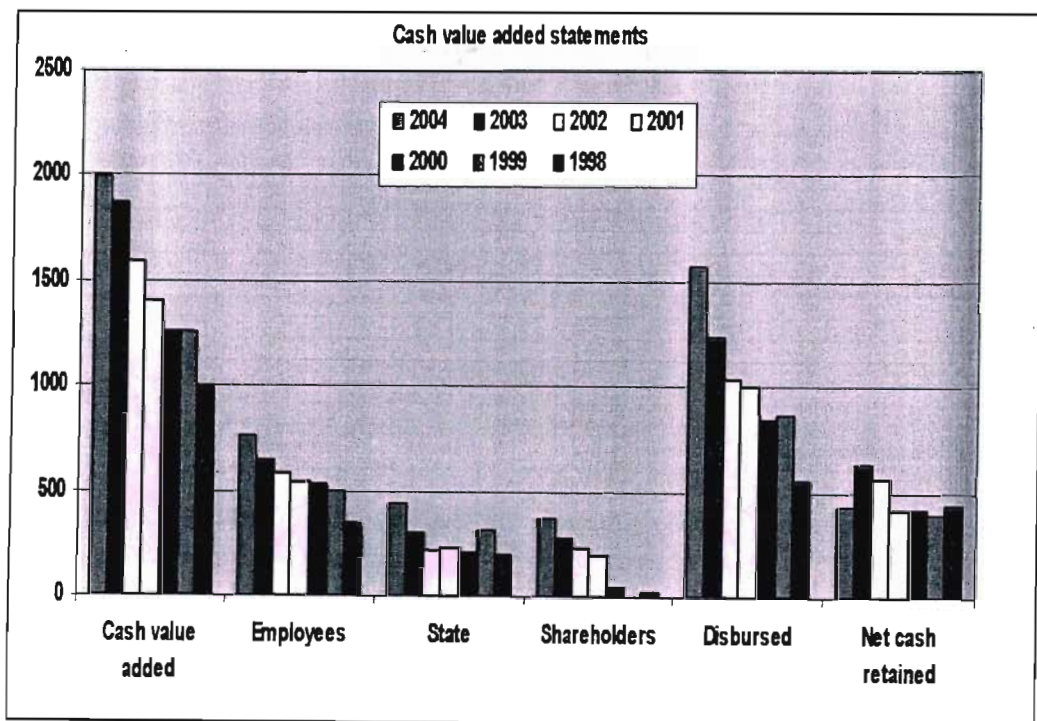


Line Graph 5.2. Cash flow Statements from Seven Year ABI Financial Ratios 1998-2004.

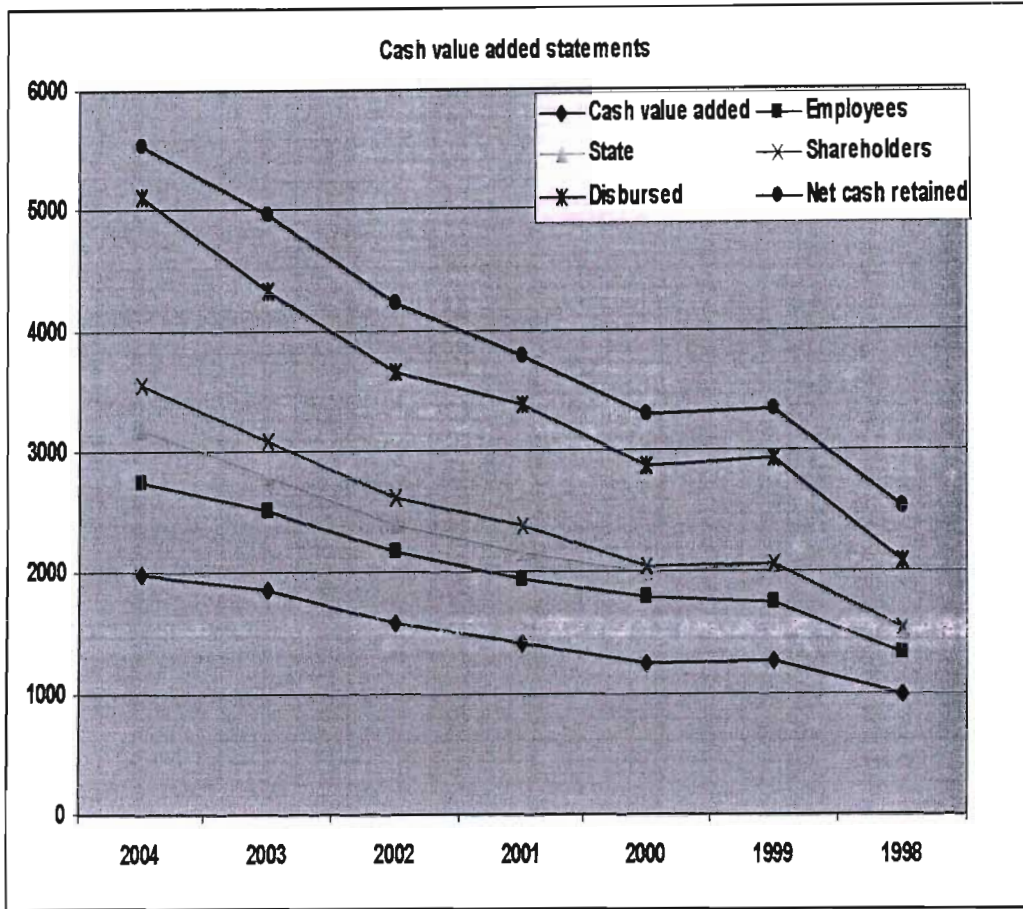
The management of cash is not an easy task, but necessary in the business. The two graphs (Histogram 5.3 and Line Graph 5.2) show considerably high activities. In 2004, the earnings before tax (EBITDA) were high (R1.2 billion) while in 1998 it was R453, 000. Prudent cash management to safeguard assets is needed in any large corporation of this nature. 2003 was a reasonably active year, with all variables showing a higher trend. This is the year when the re-branding process started. Expenses could have been high due to the payout of retrenchment packages that the company embarked on in order to cut down on its human resources budget. In the long run, it would pay these back as seen already in 2004. Net cash activities and net cash generated were also good in 2003. In 2003 and 2004, cash activities were flat and almost equal. These were good years in terms of generating income.

5.12. Present Value of Operating Free Cash Flow

It is vital to understand that the present value of operating free cash flow is similar to the dividend discount model. Free cash flows are projected to be available to the company's debt holders and all stockholders, and are discounted using the firm's weighted average cost of capital. Consequently, the derived value is that of the firm and not just its equity. In this case the graphs show a positive value of ABI in relation to its operations. Generally, it can be argued that there is a positive trend in growth recorded by ABI both before and after launching the re-branding process.

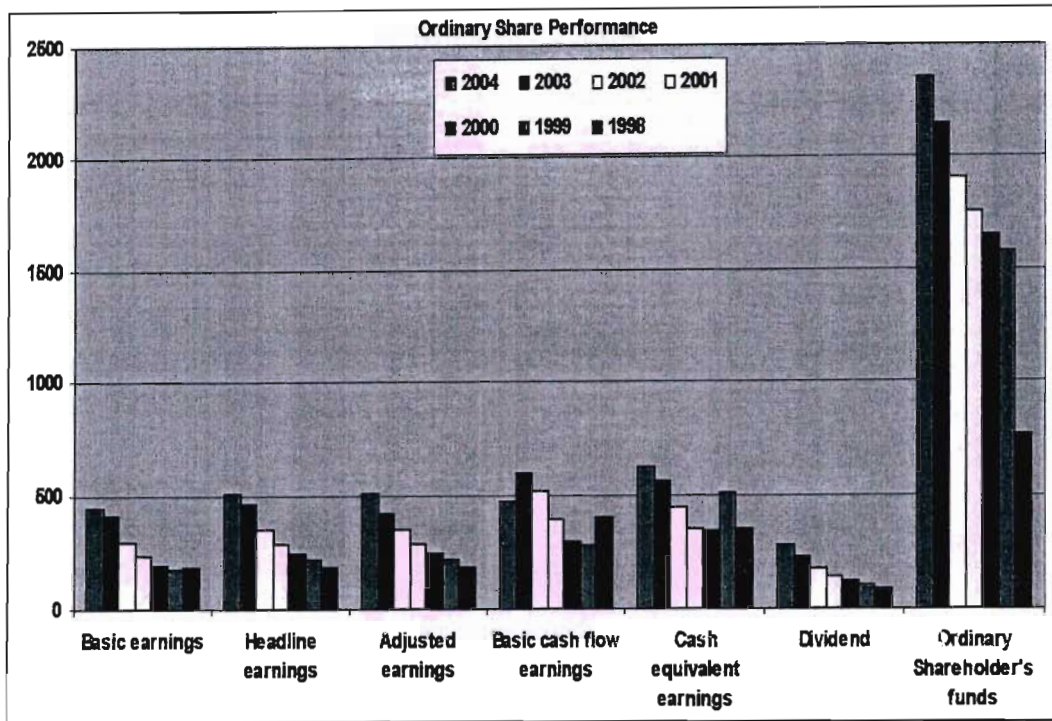


Histogram 5.4. Cash value added Statements from Seven Year ABI Financial Ratios 1998-2004.



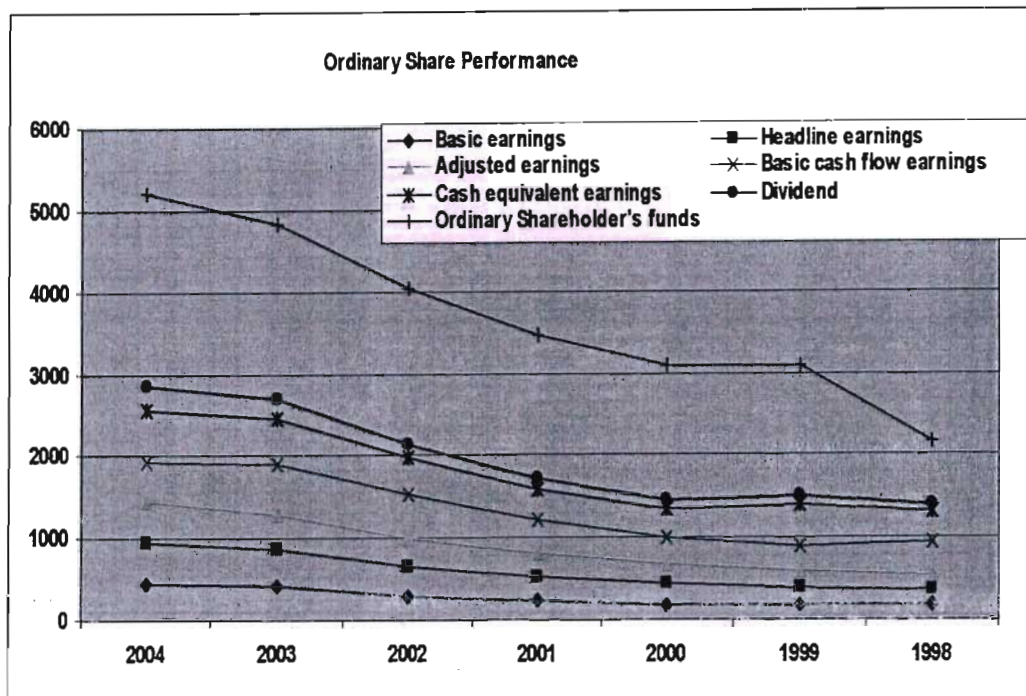
Line Graph 5.3. Cash Value added to the Business from Seven Years ABI Financial Ratios 1998-2004.

Histogram 5.4 and Line Graph 5.3 reveal an increase in cash added to the business through the years 1998-2004. In 1998, R989, 000 was added to the business while in 2004, R1.9 million was added to the cash value. This means employees earned more, the state received better taxation, shareholders received more from their investments, and more cash was disbursed. The trend is that of a well-managed company.



Histogram 5.5. Ordinary Share Performance from Seven Year ABI Financial Ratios 1998-2004.

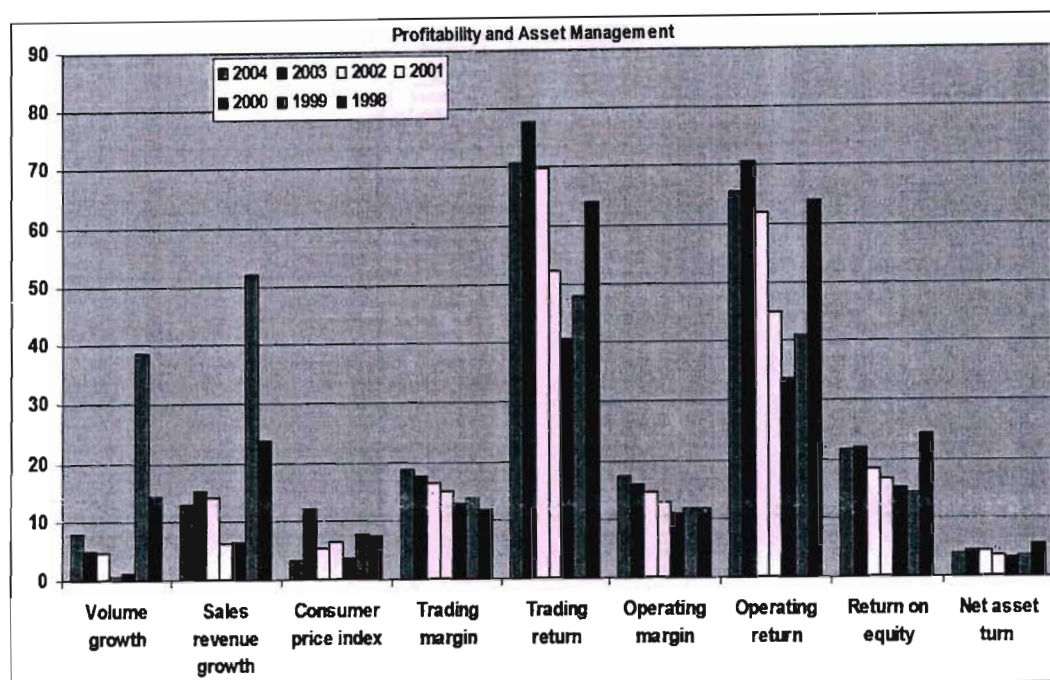
For shareholders, the trend in Histogram 5.5 and Line Graph 5.4 is an encouraging one. Dividends show a steady growth annually for the stated period. These were R91.00 in 1998 and rose to R280.00 in 2004, a compound increase of 17.3% over the seven years. Ordinary shareholders' funds increased from R763, 000 to R2.35 million between 1998 and 2004. Through the seven years from 1998 to 2004, there was steady growth recorded in the dividends for the shareholders. Ordinary shareholders funds also showed a positive growth. This meant that more people or companies showed their trust and confidence in ABI, by investing more money in the company.



Line Graph 5.4. Ordinary Share Performance from Seven Year ABI Financial Ratios 1998-2004.

The adjusted earnings for the period also grew each year. The headline earnings also showed an upward trend in growth. The analysis concurs with statements made by the ABI board chairperson that the company's excellent results was an indication of good team effort in operations. As indicated in the other graphs above, the results are an indication of the sales volume growth experienced from integrated operations.

Most of the sales volume (95%) came from the Coca-Cola brands and mostly from the 1.25 litre pack of the Carbonated Soft Drink.



Histogram 5.6. Profitability and Asset Management # 1 from Seven Year ABI Financial Ratios 1998-2004.

Operating profitability ratios in finance indicate two facets of profitability:

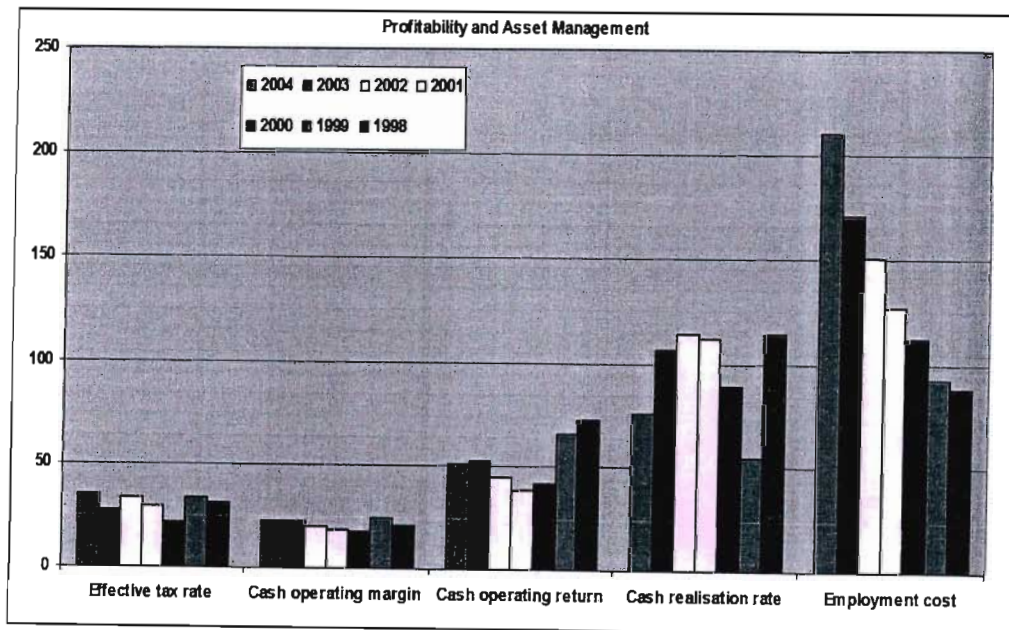
- i. the rate of profit on sales and
- ii. the percentage return on capital employed.

For (i), the operating profit margin over time is a prime indicator of the business risk in the industry that manufactures and distributes soft drinks. The return on owner's equity (ROE) is the most important ratio to the common shareholder because it indicates the rate of return that management has earned on the capital provided by the owner after accounting for payments to all other capital suppliers (Reilly and Brown, 2003).

Total asset turnover indicates the effectiveness of a firm in the use of its total asset base. The asset base of a company must be utilised to generate certain amounts of revenue. Internal liquidity (solvency) ratios indicate the ability of a firm to meet future short-term financial obligations. This depends on how long it takes to turn the assets into cash and be in a position to pay back the creditors. Debtors in turn must be reasonable to assist the firm get back its revenue and use the cash to meet its obligations.

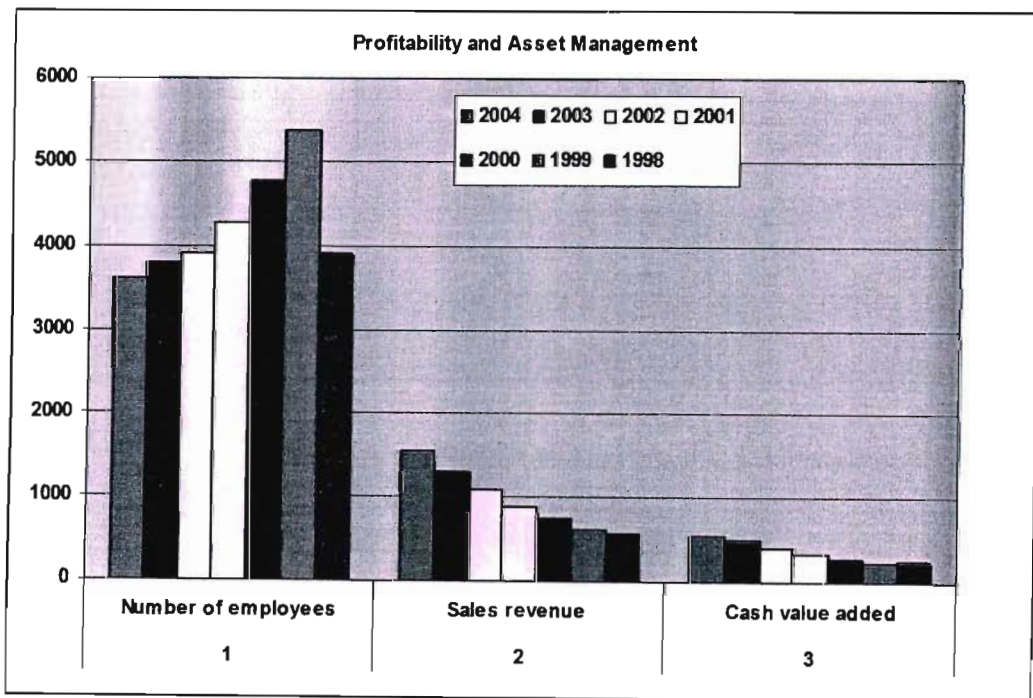
Histogram 5.6 shows that the variables of Profitability and Asset Management volume increased steadily. In 1998 it was 14.3%. It rose to 38.7% in 1999 and then dropped to -1.3% in 2000. The 1998 figure was from a low base and then increased annually from 2001 to 2004. In 2004 it was 7.8% which translates to 13 million hectolitres, an almost 50% increase between 1998 and 2004. The sales revenue also expressed matching performance in relation to sales volume. The return on equity was also good taking into consideration shareholders' funds.

The shareholders' return on investment continued to show positive gains which meant that ABI represents a good investment for its shareholders.



Histogram 5.7. Profitability and Asset Management # 2 from Seven Year ABI Financial Ratios 1998-2004.

Histogram 5.7 shows that the tax rate remained constant, between 3.0 and 5.5%. This also shows good government policy on company taxation making it more conducive for business. Cash operating margins remained constant between 18% and 23%. This is a percentage of operating profit and is an indication of good sales revenue. The percentage between 18% and 22% is good for this industry. For ABI to make this margin, it has to constantly control its expenses. Employment cost increased over the seven years and in 2004 it was the highest at R210, 000 per employee. Salaries and other labour costs, such as medical and pension schemes are some of the major expenses of the company. In 1998, the employee cost on average was R88.000. The volumes were low when compared to 2004 outputs in volume sales.

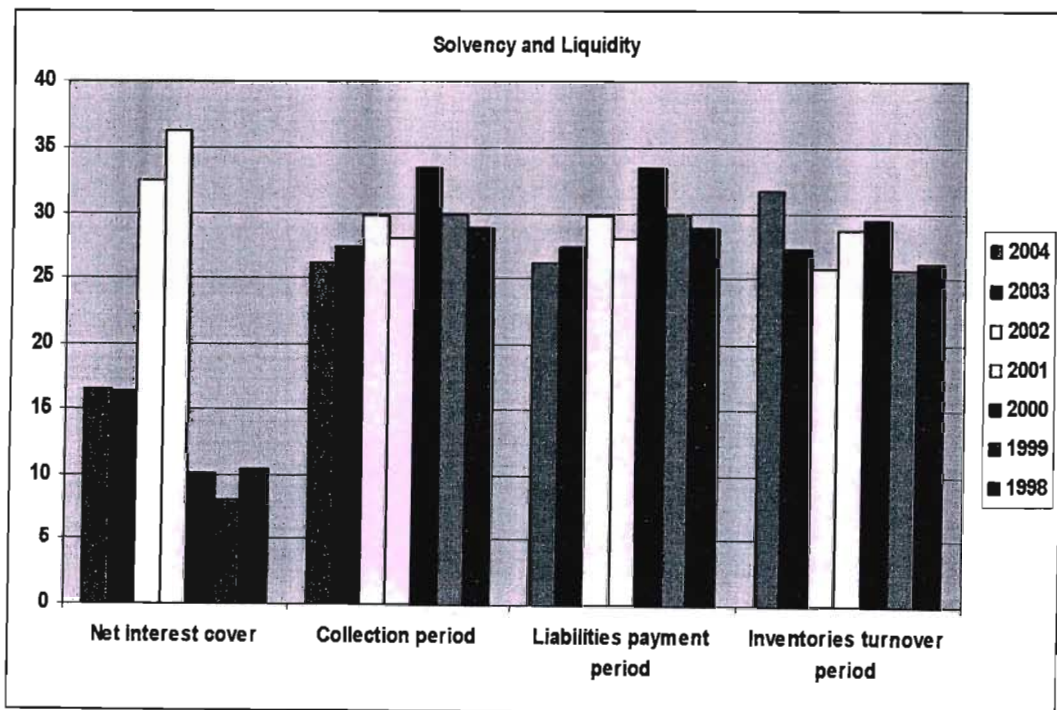


Histogram 5.8. Profitability and Asset Management # 3 from Seven Year ABI Financial Ratios 1998-2004.

According to Histogram 5.8 it shows that in 1998, operating at a low base, ABI had 3,904 employees, while in 2004; the number of employees was 3,597, a reduction of 307 employees. The company went through a restructuring process, with retrenchments of certain employees who were either near retirement age or

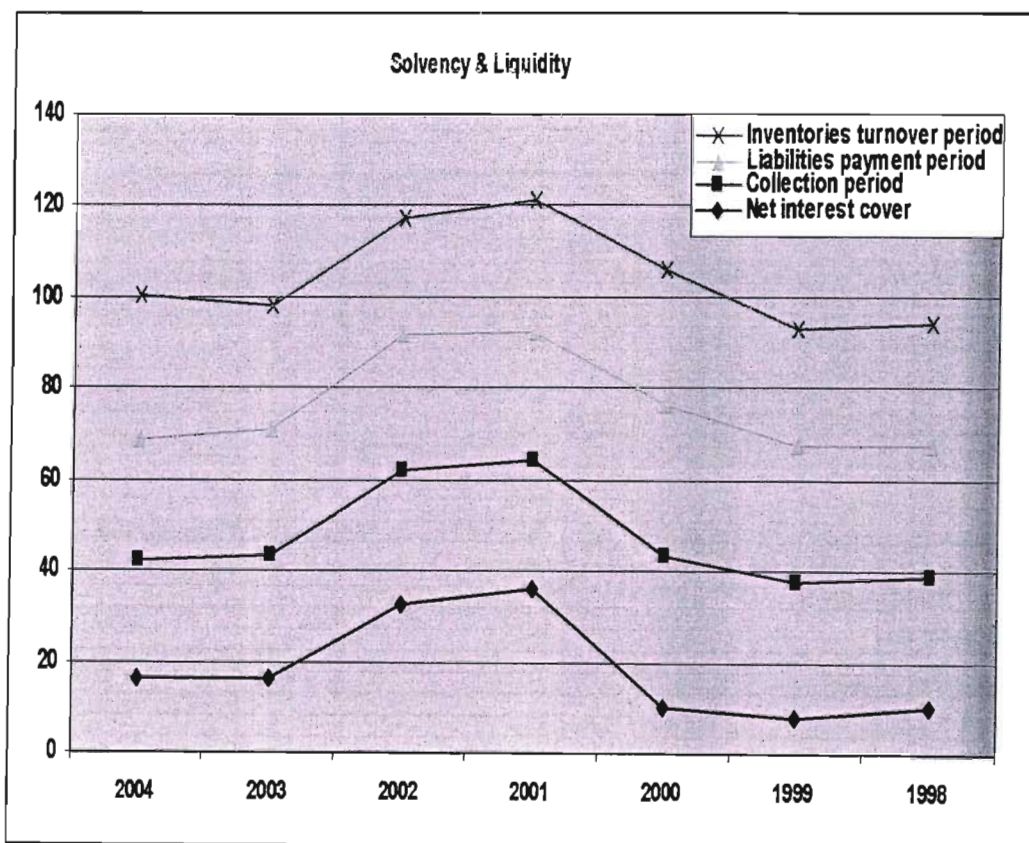
voluntarily offered a package. With fewer employees in 2004, it reduced operating costs from a human resources point of view and this increased the net profit value on a higher volume of sales. Sales revenue is a good indication of results as it increased throughout the years under review. In 1998, the sales revenue per employee was R560, 000 and in 2004 it increased to R1.5 million. This translates into good profits per employee.

One of the best indicators of good asset management is the use of the current ratio, which examines the relationship between current assets and current liabilities. The quick ratio looks at the ratio of liquid assets against current liabilities. In addition to examining solvency ratios, it is useful to analyse the quality (liquidity) of the accounts receivable. This can be done by examining the accounts receivable turnover, as the faster accounts are paid, the sooner the firm gets funds to pay off its current liabilities.

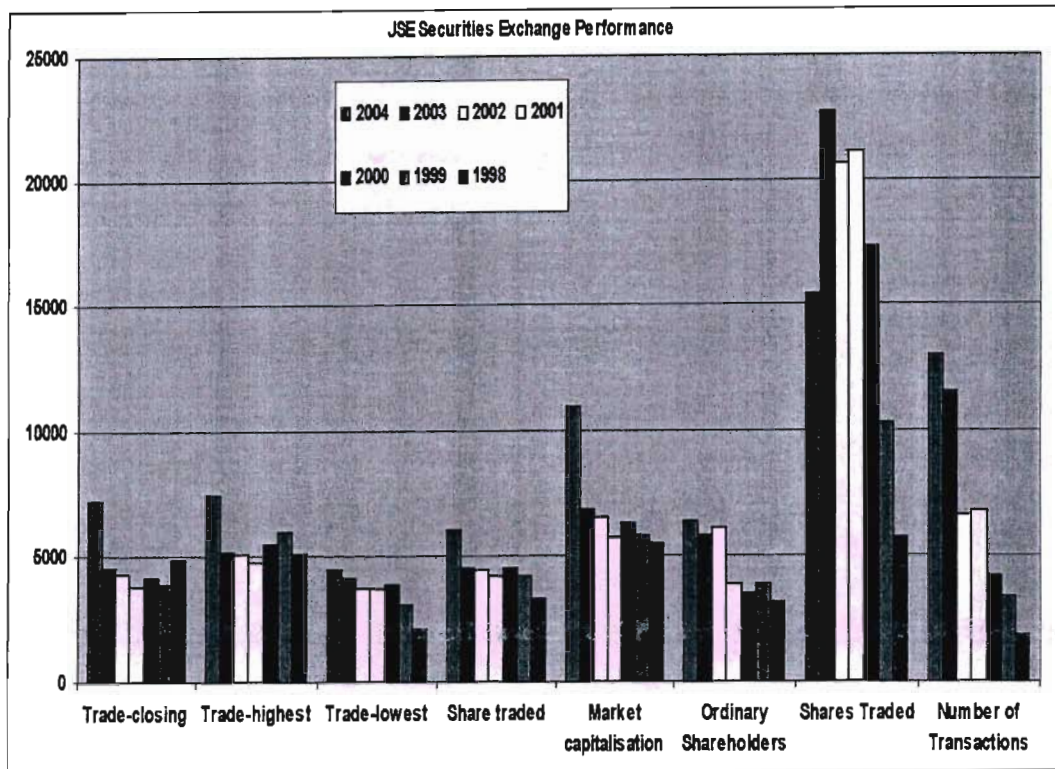


Histogram 5.9. Solvency and Liquidity from Seven Year ABI Financial Ratios 1998-2004.

Histogram 5.9 indicates that ABI reduced its net interest cover period by 15.6 times, thereby reducing the amount of cash reserves needed to repay debt. The firm also reduced its collection period from 27.4 days in 2003 to 26.1 days in 2004. This meant the company sold less on credit and reduced the payment period to its debtors. The liabilities payment period reduced from 102 days in 1998 to 84.3 days in 2004. This meant ABI was enabled to pay its creditors for the services rendered and raw materials supplied over a shorter period. This develops confidence in suppliers, in that they will get their money early. They will be keen to supply the goods, knowing they will be paid sooner.



Line Graph 5.5. Solvency and Liquidity from Seven Year ABI Financial Ratios 1998-2004.



Histogram 5.10. JSE Securities Exchange Performance from Seven Year ABI Financial Ratios 1998-2004.

It is a general trend that investors look to increase their wealth by investing in equities that will generate above inflation returns within their risk appetite. To achieve this, investors need to make informed decisions. This requires knowledge on the performance of the particular equity they are interested in. Investors also need to know how the economy is performing in the particular country where they wish to invest their money, in terms of equities and the performance of the particular industry. There are two skills that are required by the investor to be able to value equities (Arnold, 2002). The first is to have an analytical mindset, so as to understand and use mathematical valuation models. The second is to have good judgement, as most of the inputs in these models are factors, the precise nature of which cannot be defined with absolute certainty.

The valuation of ordinary corporate shares is a complex one. There are many techniques available to determine the value of the trading shares on the stock

exchange market. There is no single mathematical technique in the literature that will give the definitive “true” intrinsic value of equities; however a fair value can be determined by matching a company’s architecture against its future revenue streams. There are three general approaches in valuing common equity (Reilly and Brown, 2003):

- i. *Discounted cash flow valuation* techniques, where the estimated value of the equity is based upon the present value of some measure of future cash flow, including dividends, operating cash flow, and free cash flow;
- ii. *Relative valuation* techniques, where the estimated value of the equity is based upon its current price relative to variables considered important to valuation, such as earnings, cash flow, book value, or sales;
- iii. *Value added* (performance measures) techniques, where the estimated value of the equity is based upon a combination of financial metrics and managerial decisions that affect a firm’s future performance.

These techniques are not mutually exclusive and thus any prudent investor would be wise to use a variety of valuation techniques, relevant to the equity under investigation, in order to make a more informed investment decision (and in accordance with portfolio theory).

Most of these techniques possess common factors that significantly affect the valuation:

- i. Investor’s required rate of return (RRR); used as the discount rate.
- ii. Estimated future growth rate of the variables.

Different analysts using the same valuation technique may get very different estimates of the intrinsic value of the equity. An investor should thus perform a

scenario analysis to determine a firm's sensitivity to changes in inputs and consequently arrive at a spread of share values. For an investor to make an investment decision (to buy), the estimated intrinsic value of the firm must be greater than its market price and *vice versa*.

5.13. Present Value of Dividends

The dividend discount model (Gordon, 1962) is based on the premise that the market value of ordinary shares represents the sum of the expected future dividend flows, to infinity, discounted to present value at the cost of equity financing. Dividends are expected to grow from one year to the next, typically in relation to the firm's long-term earnings growth rate. Typically, dividends are cash flows that go directly to the investor and thus tend to be more stable than earnings.

In the case of ABI, investors looked at the performance of the company in general and the specific returns on the equity from the stock exchange market. The Histogram 5.10 above gives an indication of the performance of the securities. The share performance shows a positive trend. In 1998, the share basic earnings were 186.70 cents per share and in 2005 it rose to 449.70 cents per share, a compounded growth rate of 13.4%. This is a good return and company results portray good brand performances. The dividend increase thus shows a healthy scenario for investment. The weighted average price per share showed a positive growth of 8.9%. In 1998, it was 3,365 cents and in 2004, it rose to 6117 cents. The dividend amounted to an average of 3.5% per share.

For an operation of ABIs magnitude, the performance of its shares showed a positive performance that was growing gradually. As indicated in the theory of share trading and performance above, investors need to analyse the industry carefully in order to see if there is potential for growth. When dividends are declared, the shareholders want to have an indication of a risk free environment or

minimum risk, which will safeguard their investment. The political situation can have a negative or positive effect on investors. If there is a clear indication of unrest and decline in economic activity, investors tend to withdraw their shares and look for other markets where they can make a profit.

ABI set out to establish a strong brand through the corporate re-branding process to encourage customers to develop a relationship with the company. The new image of the brand aimed to communicate the message to its customers that ABI was approaching customer service differently. ABI wanted to make an impact on the marketplace to entice customers to remain loyal to the company and support its business goals of growing volume sales. As performance continued to grow, the interest of shareholders to invest money in ABI increased. The demand for shares has an effect on the share price at the stock exchange. It can be argued, that the buy-out of ABI by SABMiller was based on the assumption that ABI represented fertile ground for growth and that the business had tremendous potential for future expansion. It is therefore vital that ABI maintains its relationship with the Coca-Cola Company (CCSA) as 95% of ABI sales come from Carbonated Soft Drinks (CSDs).

5.14. Corporate Re-branding and Financial Performance

In terms of branding, ABI was commended by the Board Chairperson, Mr Graham Mackay in the 2004 Annual Financial Report, when he stated:

The process of moving the corporate brand from being simply a bottler to becoming an integrated non-alcoholic beverage company, delivering real value for all its shareholders, is progressing according to plan. The year under review has seen the implementation of the corporate re-branding process symbolised by the new dynamic logo. The ABI promise of reaching further together encourages continuous improvement in the context of partnering with stakeholders. The ABI executive is working towards this objective in ensuring that employees are motivated and energised to deliver against this vision (Mackay, in 2004 financial report: 11).

This is an important statement from the senior executive on the initiative of corporate re-branding. It sums up the basis of this survey. This study seeks to

establish the impact of the re-branding process in relation to profit maximisation of the company. During the re-branding process, ABI continued to record excellent results as shown in the various graphs created from the financial reports of the seven-year period 1998 to 2004. The decision to re-brand the company, (as outlined earlier in this Chapter and Chapter 1 of this study) was taken by senior executive directors. Its aim was to establish in the minds of employees and customers alike that ABI was not just a bottler of the world's number one international brand, but an integrated non-alcoholic beverage company wholeheartedly committed to deliver real value for all its stakeholders.

The re-branding process meant change of attitude, culture and behaviour of the members of staff when dealing with the customers. This was revealed in the research conducted for this study. The questionnaire included questions that highlighted the level of customer service offered by ABI field staff. The results and discussions in Chapter 6 of this study show the impact that the re-branding process had on the customers of ABI and how it influenced the business relationship between the company and its stakeholders, especially the sellers of ABI products. Apart from looking at the effects of the re-branding of the company logo and image, ABI has also continued to improve other areas of its business operation.

5.15. Conclusion

In conclusion, this Chapter has highlighted the performance of ABI in Southern Africa. The company has registered impressive achievements over the years as a leading bottler and distributor of the Coca-Cola brands. The main goal of the company is to increase volume sales, thereby achieving the required sales margins and improve shareholders' value. This has been achieved steadily through the years as observed through the study of the seven years period 1998 to 2004. The inputs, which include raw materials and human resources, have been used effectively in the transformation process to produce the demanded goods. This required management to understand the needs of the customers and produce goods

accordingly. ABI has recorded good financial results due to prudent financial management decisions and application of control measures in the operations of the business. The results have been analysed using tables, line graphs and histograms, in order to reveal the reasons behind the good performance and what the results mean to the business overall. Due to the exceptional performance, the share price and dividends for the shareholders continued to increase over the seven-year period 1998 to 2004.

From the discussion in this Chapter, it is argued that the company had been experiencing financial growth prior and after the re-branding. It is not known whether the re-branding exercise had any influence in the profit maximisation of the company.

But this chapter has helped to answer whether ABI's sales continued to grow in the period prior and after the re-branding exercise.

CHAPTER 6

Empirical Results and Interpretation

6.0 Introduction

Empirical results and interpretation of data collected from 158 of the targeted 200 respondents on the challenges and implications of corporate re-branding study will be presented in this chapter. The Alpha Reliability Coefficients with sample cases (N) of 144.0 and key items (N) of 4 was .7069 (70.56%). The 75% response rate provided a fairly high level of reliability of this survey at 0.7069 (70.69%). According to Sarantakos (1998:223), this response is adequate for the purpose of making statistical inferences.

The survey, using structured questionnaire for interviews and observation gathered information that responds to the main research question of this study. The main question was to investigate if re-branding contributes to profit maximisation of the organisation through increased purchases by ABI customers after being exposed to the new logo. The objective of the study was to find out if indeed the process of re-branding can help a company to realise profit maximisation. The study main question is stated below:-

Does corporate re-branding contribute to the increase in the financial profitability of the organisation?

The secondary objective was also to investigate if at all there were other variables that contributed to the positive growth of ABI. Further discussion and implications of the results will be presented in chapter 7 of this thesis.

6.1. Interpretation of Reliability Analysis

The Reliability indicated above is indicative of the internal consistency of the questionnaire variables or items. The survey was extensive, in that it covered a distance of 300 square kilometres throughout the Pietermaritzburg and surrounding areas. The questionnaire had a sufficient number of areas of focus in order for the study questions to give meaning to the subject.

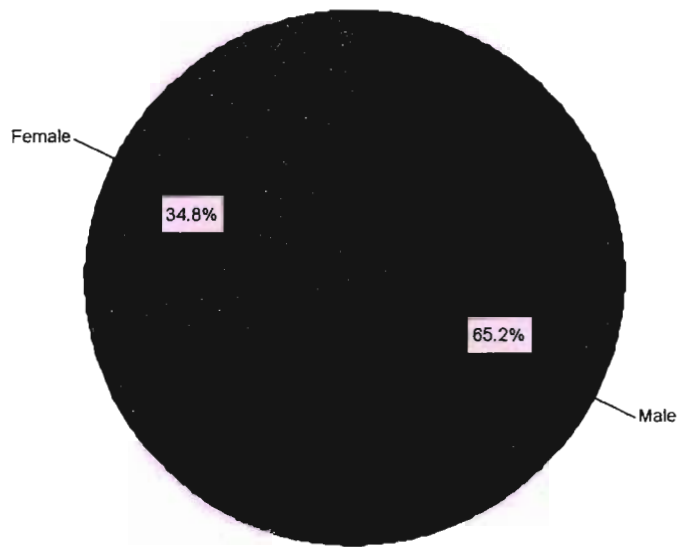
The results of the reliability test are important as they emphasise the fact that the findings are indicative of the true situation in relation to this study. These can be applied at any level within the parameters of the given study and situation, in that another survey on the impact of corporate re-branding is likely to return similar findings. The findings given in this Chapter can therefore be reliably applied to understand the effectiveness of corporate re-branding in any corporate organisation involved in a similar industry. It can be argued that the exercise is likely to give similar results or understanding of how the exercise of corporate re-branding can be approached. This is an important contribution to the new field of knowledge in marketing and branding in the South African context. As argued in Chapter 2 of this study, there has been very little work done in researching what effect re-branding has on an organisation and its business.

6.2. Respondent Demographic Profile

The demographic profile of the respondents presents a view of the typical retailer of soft drinks and is used as a basis for further inferential statistical analysis. Table 6.1 and Pie Graph 6.1, indicate the Gender of the respondents.

Gender of the respondents	Frequency	Percent	Cumulative Percent
Male	103	65.2	65.2
Female	55	34.8	100.0
Total	158	100.0	

Table 6.1. Gender of the Respondent



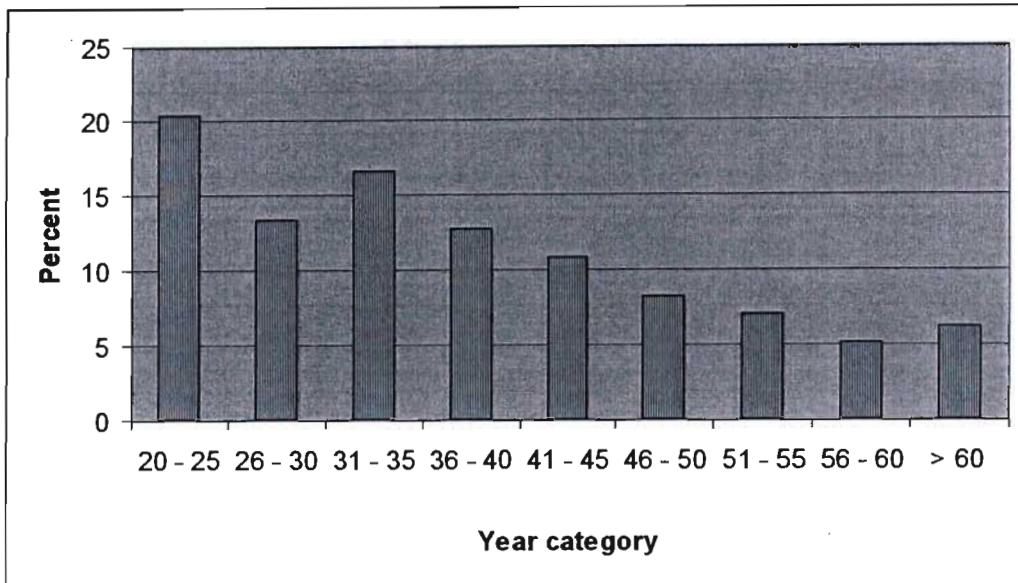
Pie Graph 6.1. Gender of the Respondent

Table 6.1 and Pie Graph 6.1 indicate that the majority (65.2%) of business people interviewed in the outlets were male, whereas 34.8% were female. This indicates that men dominate the retail business where ABI products are sold.

In Table 6.2 and Bar Graph 6.1, the respondents Age Group is presented.

Respondents Age Group	Frequency	Percent	Cumulative Percent
20 - 25 Years	32	20.3	20.3
26 - 30 Years	21	13.3	33.6
31 - 35 Years	26	16.5	50.1
36 - 40 Years	20	12.7	62.8
41 - 45 Years	17	10.8	73.6
46 - 50 Years	13	8.2	81.8
51 - 55 Years	11	7.0	88.8
56 - 60 Years	8	5.1	93.9
> 60 Years	10	6.2	100.0
Total	158	100.0	

Table 6.2. Respondent Age Group



Bar Graph 6.1. Respondent Age Group

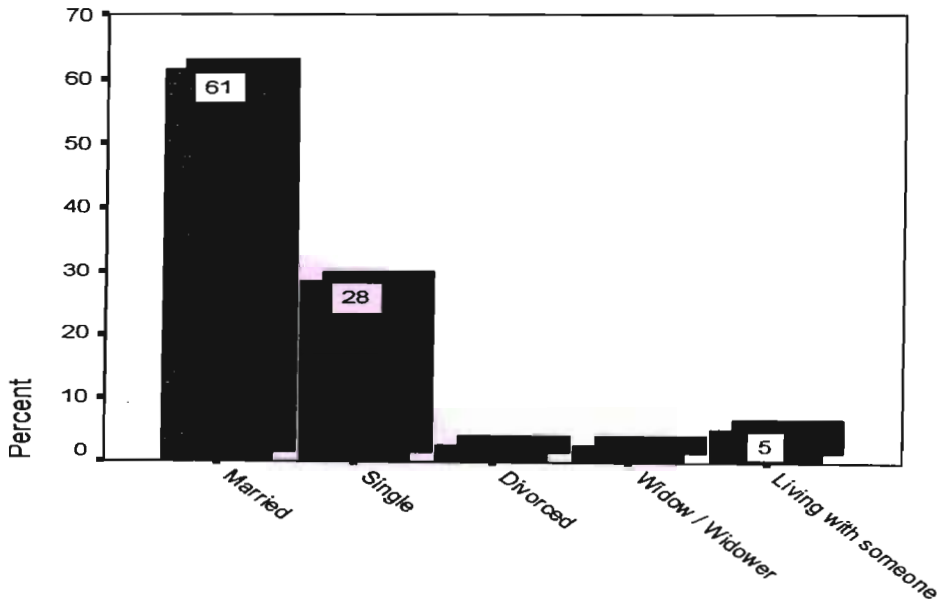
According to the results presented in Table 6.2 and Bar Graph 6.1, 20.3% of respondents were between the ages of 20-25; 16% were between the ages of 31-35; 62.8% were below the age of 41. This indicates that only 37.2% of the respondents were above 40 years old. It can be argued therefore, that the majority of the people involved in the business were young. This could confirm the argument raised earlier that most of the respondents involved in the business either as managers or sales assistants had attained High School level and were keeping themselves occupied in retail and wholesale businesses which sold groceries, foodstuffs and non-alcoholic beverages from ABI.

q3 : Respondent Age group * q2 : Gender of the respondent Crosstabulation

			q2 : Gender of the respondent		Total
			Male	Female	
q3 : Respondent Age group	20 - 25 Years	Count	18	14	32
		% of Total	11.4%	8.9%	20.3%
	26 - 30 Years	Count	16	5	21
		% of Total	10.1%	3.2%	13.3%
	31 - 35 Years	Count	13	13	26
		% of Total	8.2%	8.2%	16.5%
	36 - 40 Years	Count	14	6	20
		% of Total	8.9%	3.8%	12.7%
	41 - 45 Years	Count	11	6	17
		% of Total	7.0%	3.8%	10.8%
	46 - 50 Years	Count	9	4	13
		% of Total	5.7%	2.5%	8.2%
	51 - 55 Years	Count	10	1	11
		% of Total	6.3%	.6%	7.0%
	56 - 60 Years	Count	3	5	8
		% of Total	1.9%	3.2%	5.1%
	> 60 Years	Count	9	1	10
		% of Total	5.7%	.6%	6.3%
Total		Count	103	55	158
		% of Total	65.2%	34.8%	100.0%

Table 6.3. Gender of the Respondents (Crosstabulation)

Table 6.3 above shows that 81.1% of the respondents were between 20 and 50 years. However, only 30.4% were females, reflecting a degree of gender inequality in the retail and wholesale business in and around Pietermaritzburg. Bar Graph 6.2 below shows the Respondents' marital status.



Bar Graph 6.2. Respondents' Marital Status

The Bar Graph 6.2 above shows that 61.4% of the respondents were married and 28% were single.

q6 : Respondent Marital status * q2 : Gender of the respondent Crosstabulation

			q2 : Gender of the respondent		Total
			Male	Female	
q6 : Respondent Marital status	Married	Count	67	30	97
		% of Total	42.4%	19.0%	61.4%
	Single	Count	27	18	45
		% of Total	17.1%	11.4%	28.5%
	Divorced	Count	2	2	4
		% of Total	1.3%	1.3%	2.5%
	Widow / Widower	Count	3	1	4
		% of Total	1.9%	.6%	2.5%
	Living with someone	Count	4	4	8
		% of Total	2.5%	2.5%	5.1%
	Total	Count	103	55	158
		% of Total	65.2%	34.8%	100.0%

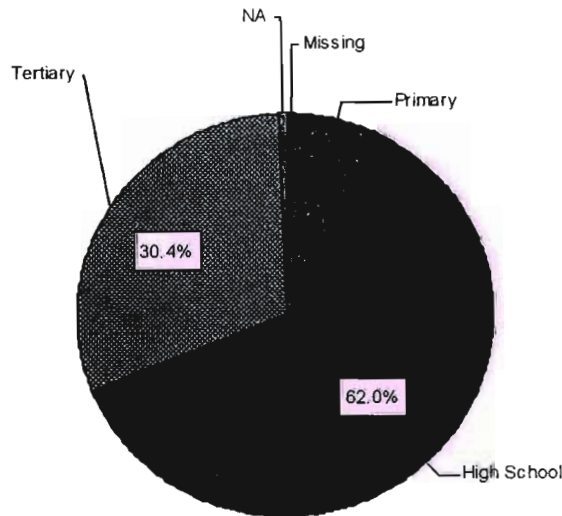
Table 6.4. Cross-tabulation output between Gender and Marital Status of the Respondents

The comparative statistics in Table 6.4 above shows that of the 61.4% who were married, 42.4% were male and 19% were female. This again tallies with the findings that there were fewer women involved in those retail business customers of ABI. The retail outlets on the direct routes of ABI delivery system received visitation from sales representatives from ABI as they collect the orders and interact with the managers, supervisors and owners of the outlets. During such interaction between the sales representatives and retail outlets, the new ABI logo could be identified and the retailers could show interest to find out why the new logo and establish if there any other changes in the operations of the company.

In table 6.5 and pie graph 6.2, the respondents' level of education is indicated.

Level of Education	Frequency	Percent	Cumulative Percent
Primary	10	6.3	6.3
High School	98	62.0	68.3
Tertiary	48	30.5	99.8
N/A	1	.1	99.8
Missing	1	.1	100.0
Total	158	100.0	

Table 6.5. Level of Education



Pie Graph 6.2. Level of Education

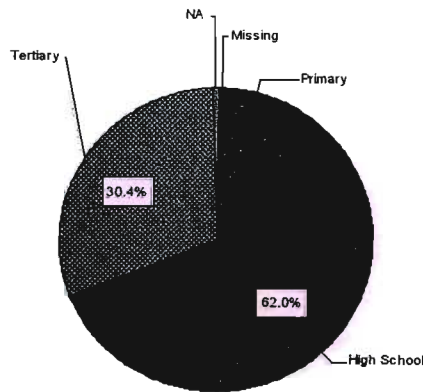
According to Table 6.5 and Pie Graph 6.2 the majority (62%) of respondents possessed High School qualifications. 30.4% possessed Tertiary qualifications, whereas 6.3% had only attended Primary School. This reveals that the majority (68.3%) of the respondents did not have a formal Tertiary education. This might indicate a need for skills development training for retail outlet managers and supervisors since business skills are not generally acquired at schools. The

understanding of business concepts could translate into doing business better and more effectively. The level of understanding could also have an influence in the way the retailers could respond to the new image of the company as they conduct business with ABI.

q7 : Respondent Education level * q2 : Gender of the respondent Crosstabulation

			q2 : Gender of the respondent		Total
			Male	Female	
q7 : Respondent Education level	Primary	Count	7	3	10
		% of Total	4.5%	1.9%	6.4%
	High School	Count	61	37	98
		% of Total	38.9%	23.6%	62.4%
	Tertiary	Count	34	14	48
		% of Total	21.7%	8.9%	30.6%
	NA	Count	1	0	1
		% of Total	.6%	.0%	.6%
Total		Count	103	54	157
		% of Total	65.6%	34.4%	100.0%

Table 6.6. Cross-tabulation Output between Gender and Educational Levels of the Respondents



Pie Graph 6.3. Respondent's Education Level

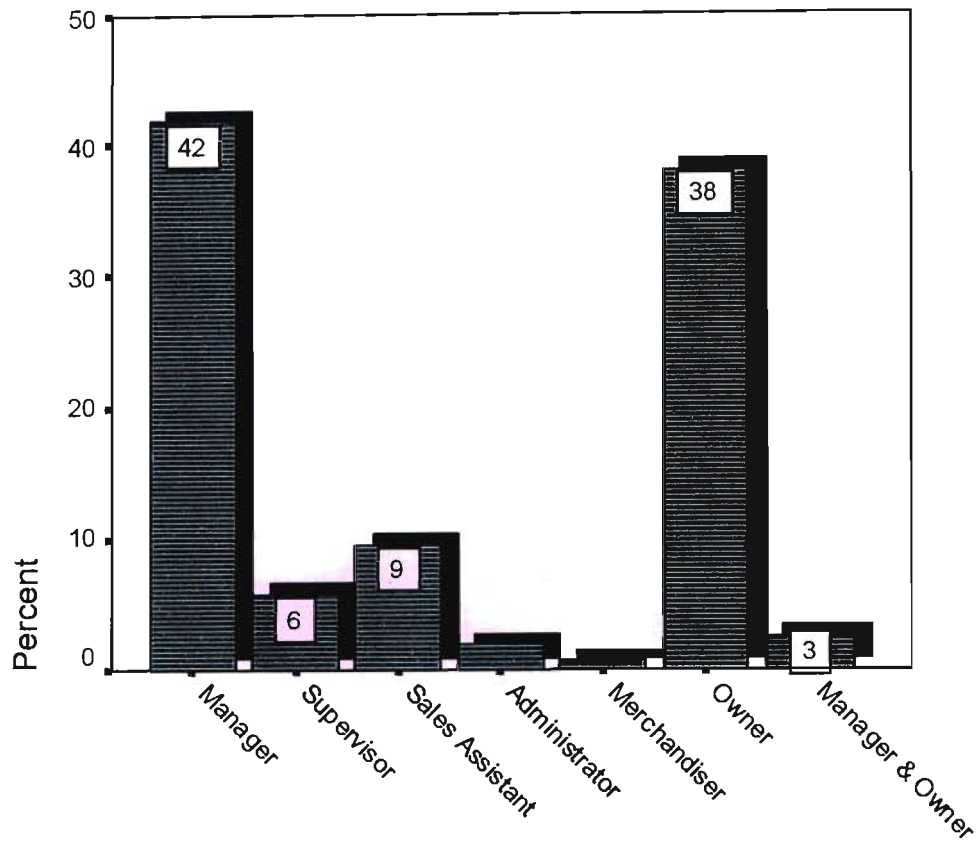
Table 6.6 and the Pie Graph 6.3 above shows that 61 (38.9%) male respondents had High School education and 37 (23.6%) female respondents had High School education. This show that 98 (62%) of the respondents, both male and female had High School education. Of those respondents who had Tertiary Education, 21.7%

were male and only 8.9% were female. This confirms the gender disparity that exists both in the education system and ownership of business enterprises.

Table 6.7 and Bar Graph 6.3 below indicate the position occupied by the respondents in the business.

Respondents Position in the Business	Frequency	Percent	Cumulative percentage
Manager	66	41.8	41.8
Supervisor	9	5.7	47.5
Sales Assistant	15	9.5	57.0
Administrator	3	1.9	58.9
Merchandiser	1	.6	59.5
Owner	60	38.0	97.5
Other	4	2.5	100.0
Total	158	100.0	

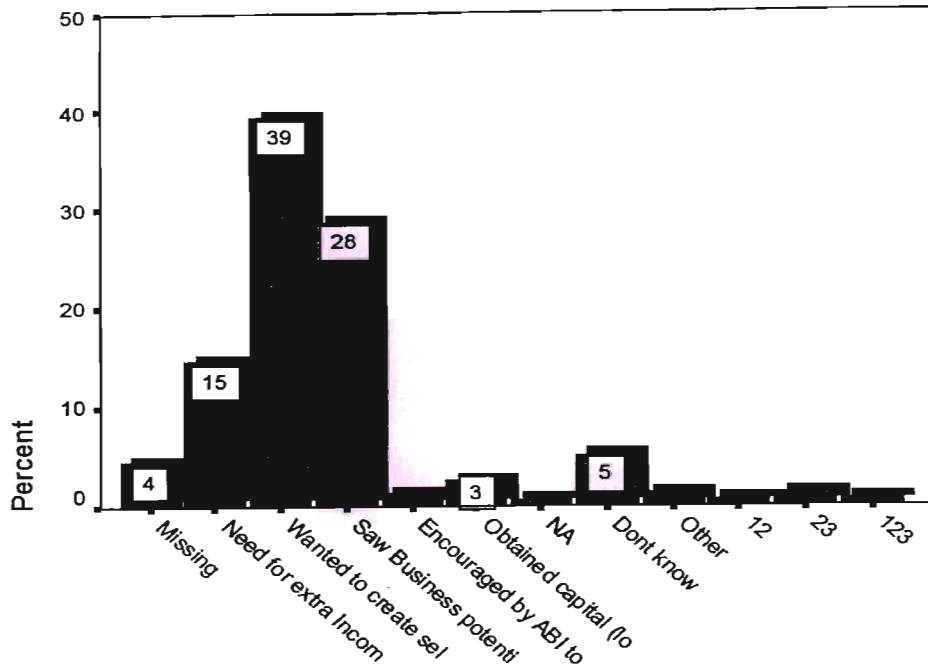
Table 6.7. Position in the Business



Bar Graph 6.3. Position in the Business

Table 6.7 and Bar Graph 6.3 shows that 41.8% (66 respondents) were managers in the stores where the research took place. 38% were owners of the business. As we shall see later in the results, these could be the respondents who used their own financial resources to start their own business. They could also be long established family businesses, which utilise family savings to operate the business. Since 79% of the respondents were owners and managers, they were adequately equipped to answer the questions more authoritatively. The level of awareness and position in the business could have an influence in the way retailers responded to the new image and brand of ABI.

Table 6.8 and Bar Graph 6.4 indicate the respondents' motivation to start a business.



Bar Graph 6. 4: Motivation to start a Business

Motivation to start a Business	Frequency	Percent	Cumulative Percent
Need for extra Income	23	14.7	14.7
Wanted to create self employment	62	39.2	53.8
Saw Business potential	45	28.5	82.3
Encouraged by ABI to become distributor	2	1.3	83.6
Obtained capital (loan) to start business	4	2.5	86.1
N/A	1	.6	86.7
Don't know	8	5.1	91.8
Other	2	1.3	93.1
Item 1 and 2	1	.6	93.7
Item 2 and 3	2	1.3	95.0
Items 1, 2 and 3	1	.6	95.6
Missing	7	4.4	100.0

Total	158	100.0
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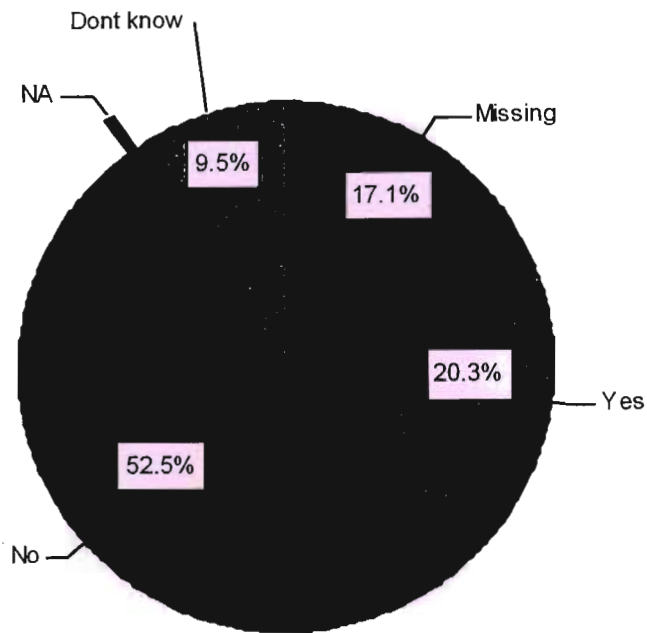
Table 6.8. Motivation to Start a Business

According to Brealey *et al* (2006) in *Corporate Finance*, “the secret of success in financial management is to increase value.” Business is about maximising profits and adding value to a company or private enterprise. In short, companies and individual businesses engage in business to make money. It can be argued that the aim of any business enterprise is to maximise return on capital investment. Capital is invested from various sources and over a given period, it must yield a good return. This was highlighted in Chapter 2 of this study. It has been argued earlier that there are several other variables that must be taken into consideration when analysing the brand position and equity in the marketplace. It has further been argued that all strategies formulated by the senior executives of corporate organisations are aimed at encouraging the organisation to achieve its vision and mission. The vision, mission and objectives of ABI have been highlighted in Chapter 1 when setting the foundation for this study. In most cases, an organisation wants to grow its profit margin and generate revenue, which in turn add value to the organisation. Value chain models reveal that at every stage of the operation, managers must do everything possible to add value to the organisation. The profit aspect of the business is central to most business establishments.

In Table 6.9 and pie graph Pie Graph 6.4 indicates the sources of income.

Sources of Income for start-up capital	Frequency	Percent	Cumulative Percent
Yes	32	20.3	20.3
No	83	52.5	72.5
N/A	1	.6	73.1
Don't know	15	9.5	82.6
Missing	27	17.4	100.0
Total	158	100.0	

Table 6.9. Sources of Income for Start-up Capital for the Business



Pie Graph 6.4. Sources of Income for Start-up Capital for the Business

The results in Table 6.9 and Pie Graph 6.4 on sources of income for start-up capital, reveals that 52% of the respondents did not receive financial support from any bank or financing institution. This concurs with the argument raised earlier that 38.6% of the respondents used their own savings to start their business. Only 20.3% indicated that they obtained a loan from a registered lending institution.

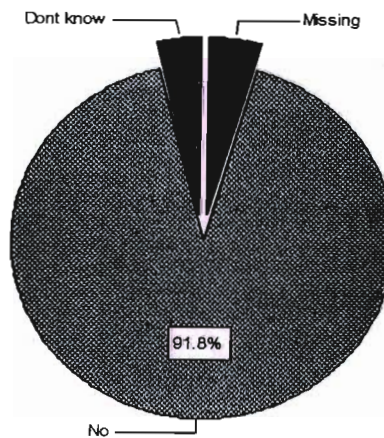
The findings also reveal that 17.1% of the respondents were not in a position to disclose whether they received capital from a bank or not. The 9.5%, which did not know the source of start-up capital for the business are in all probability workers and employees of the business outlets visited. They could not speak on behalf of the owner of the business. Generally, it can be concluded that the majority of the respondents used other sources for start-up capital. In terms of market penetration and execution, the sources of funds can determine the volume

of goods bought from the supplier and manufacturer. If the volume is low, then sales at ABI also drop. There is need for companies such as ABI, with a good performance record to participate in the training and financing of SMMEs in those regions where ABI conducts its business. Bank institutions also need to begin to see SMMEs and other retail outlets as partners in business.

The Table 6.10 and Pie Graph 6.5 below indicate if there was any support from the Government for the respondents to start their businesses.

Any support from Government to start businesses	Frequency	Percent	Cumulative Percent
No	145	91.8	91.8
Don't know	6	3.8	95.6
Missing	7	4.4	100.0
Total	158	100.0	

Table 6.10. Support from Government to start businesses



Pie Graph 6.5. Support from Government to Start Businesses

Table 6.10 and Pie Graph 6.5 reveal that 91.8% of the respondents indicated that they did not receive any kind of support from Government to start their business. The other respondents indicated that they did not know whether the owner of the business received support from the government or not. 4.4% of the respondents chose not to say anything in relation to receiving funds from Government.

The indication of lack of funding from Government does not support the growth of the SMME in the community. Individuals or groups of people, who want to start their own business, are likely to take longer to raise even the minimum amount of money required to start a retail outlet to sell soft drinks and other consumables. This is in agreement with the statement made earlier that the majority of the respondents who were business owners stated that they had to reserve money from their own earnings to start a business for the purpose of raising additional income.

The research findings also indicate that no one received financial support from ABI or other companies in a similar industry to start their business. It can be argued that if ABI supported the establishment of Tuck Shops and other smaller outlets to sell soft drinks and other related items, it could increase its market share and penetration. ABI could utilize its social responsibility budget to empower more individuals to become self-sufficient. This initiative can only take place if supported by the CEO and other directors as they formulate their strategies for growth and market share.

Table 6.11 indicate market segmentation.

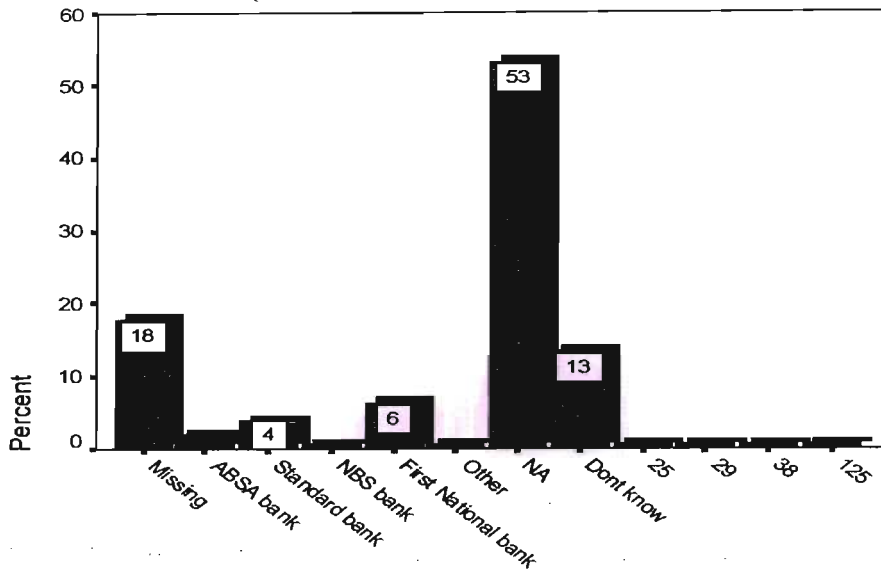
Market segmentation for the Business	Frequency	Percent	Cumulative Percent
Ordinary people from the street	77	48.7	48.7
Working class customers	36	22.8	71.5
House wives living in the area	4	2.5	74.1
Traders who buy to sell	10	6.3	80.4
Items 1 and 2	14	8.9	89.2
Item 1 and 3	2	1.3	90.5
Item 1 and 4	1	.6	91.1
Item 2 and 3	2	1.3	92.4
Item 2 and 4	1	.6	93.0
Item 1, 2 and 3	7	4.4	97.5
Item 1, 2 and 4	3	1.9	99.4
Item 1, 2, 3 and 4	1	.6	100.0
Total	158	100.0	

Table 6.11. Market Segmentation for the Business

A good customer base and profile is important in operating a profitable business. Outlets that sell ABI products fall into the category of grocery stores near residential homes or convenience stores in selected areas. According to Table 6.11, 48.7% of the respondents indicated that passers-by buy their products. This is followed by 23% of those interviewed who fall into the working class category. Nine percent are both passers-by and the working class.

Cumulatively, it can be argued that 71.5% of the people who buy goods from the retail outlets surveyed are ordinary people and the working class in the area. These customers too, need to know about the new image of the supplier of their non-alcoholic beverage sold in the stores where they buy their goods. It is an opportunity for ABI sales and marketing staff to take advantage of the market base to market the new image of the company. As a result, the re-branding process can be given an excellent opportunity to extend its market execution and brand awareness of ABI and its products. Once awareness and market execution is improved there can be the expectation of sales growth in the outlets. Improved sales would lead to greater profits for both the outlet owner and ABI.

As given in the ABI Annual Financial Report, of 2004, Coca-Cola brand sales represented 95.2% of the total brand sales of ABI Pietermaritzburg. The plant sold only 4.8% of other brands such as Bibo Children's drink and Milo. This also indicates the strength of the brand Coca-Cola in relation to other brands and has a direct impact on the process of re-branding the image and company logo of ABI. The fact that almost all brands and pack sizes sold are manufactured by ABI, commands support and loyalty from the business world especially those which sell opposition or "B" Brands such as Pick n Pay Cola and Crerars, as that found in the Northdale soft-drink market.



Bar Graph 6.5. Lending Institutions that supported the Business Enterprises with Loans

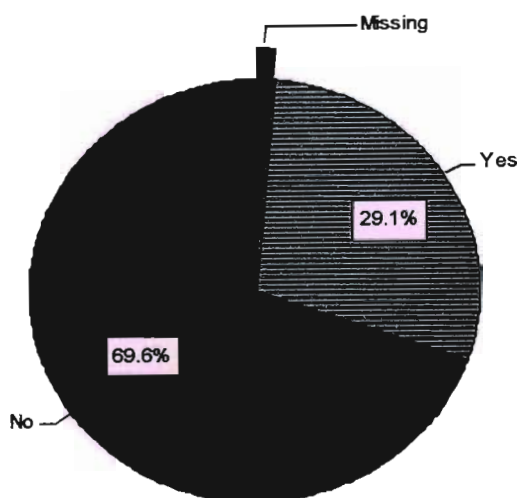
From the Table 6.12 and the Bar Graph 6.5 above, 53.2% of the respondents did not give any indication which bank assisted them with financing their businesses. 13% of the respondents did not know which bank gave assistance to the business owners when starting their business. Only 6% of the respondents acknowledged that they received support from First National Bank (FNB) and 4% from Standard Bank. Cumulatively, 66.5% of the respondents were not in a position to disclose which bank assisted them to start their business. From statistics presented above, there is very little support from both government and private lending institutions to those who wish to start their own business.

Without the support of private institutions, finance houses, banks and the Government, ABI will not gain its maximum advantage, as there will not be many new outlets activated that can sell ABI products. New market potential and the establishment of new business enterprises can go a long way to promote maximisation of gross sales and the improvement of profit margins.

Table 6.13 and Pie Graph 6.7, indicates the training requirements for the business owners and employees before they start a business.

Training Requirements before starting a business	Frequency	Percent	Cumulative Percent
Yes	46	29.1	29.5
No	110	69.6	99.1
Missing	2	.9	100.0
Total	158	100.0	

Table 6.13. Training Requirements before Starting a Business



Pie Graph 6.6. Training Requirements before Starting a Business

People need to acquire different skills in order to improve their performance and efficiency. It was interesting to discover through this survey, as indicated in Table 6.13 and Pie Graph 6.6 that 69.6% of the respondents had received no training whatsoever before embarking on their retail or wholesale business. This is not a positive indication for business management, as traders need to understand how

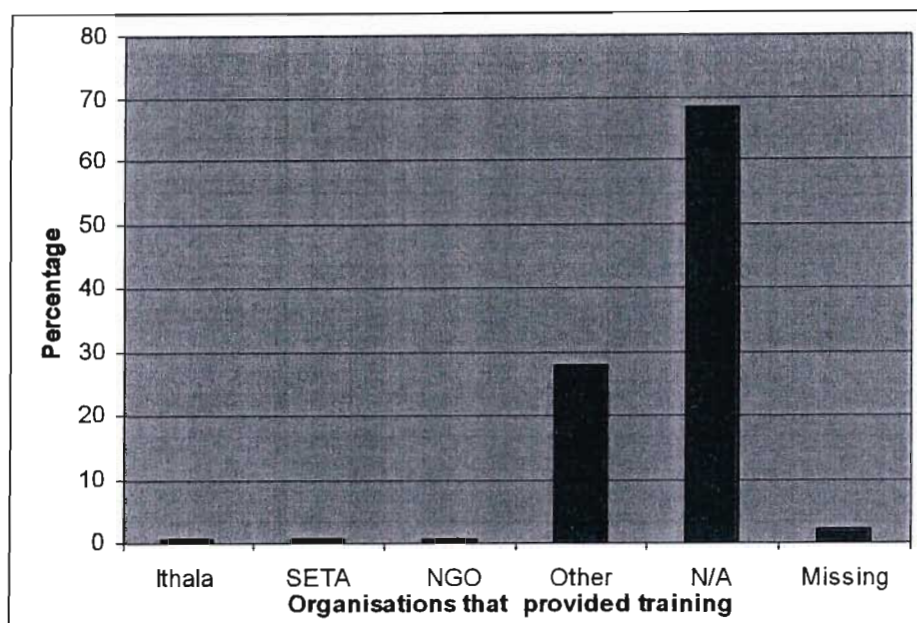
business should best be conducted and what can be done to reduce costs and maximise profits.

Only 29.1% of the respondents received some training in business administration. This is a small number and needs to be improved. Corporate organisations can participate in providing such training and skill-development, which in turn will give a good image to the business and consequently increase its productivity.

Table 6.14 below show the sources and frequency of training given to business owners.

Organisations that provided training	Frequency	Percent	Cumulative Percent
Ithala SMME's Training programme	1	.6	.6
Training by SETA	1	.6	1.2
Training agency (NGO)	1	.6	1.8
Other	44	27.8	29.6
N/A	108	68.4	98.0
Missing	3	2.0	100.0
Total	158	100.0	

Table 6.14. Organisations that Provided Training



Bar Graph 6.6. Organisations that Provided Training

From the study, as indicated in Table 6.14 and Bar Graph 6.6, 68.4% of the respondents were unable to provide information explaining which organisation gave them business training. It can be assumed therefore that since these respondents were not able to give any information on the training received, it could be possible that they never received any training about business management at all. 27.8% that fall under the tabulation “other” could be interpreted as having never received training. This indication shows that there are very few organisations that have an influence on small to medium sized traders in relation to the provision of training.

Cumulatively, those who did not receive any form of training and those who indicated not applicable (N/A) could be combined resulting in a total of 96.2% of all respondents. Through organised efforts from the Department of Trade and Industry (DTI) and the appropriate SETAs, traders can be empowered and appropriately skilled through organised short-courses offered at approved centres. There is need for the Government and other training institutions to encourage training and skills development through some form of incentive scheme, possibly

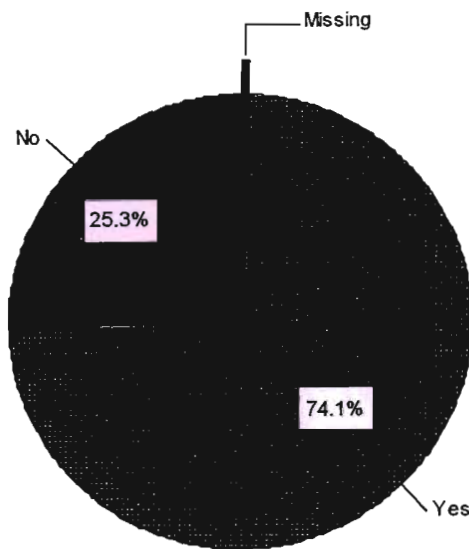
through those companies that supply products to the business outlets. From the statistics collected in the Pietermaritzburg area, it can be argued that there is little or no training organised from the supplier's point of view towards existing traders.

ABI has all the necessary skills to promote sales, but does not support any initiatives aimed at improving the skills of shop assistants and small business owners. Training can contribute to adding value to the industry. ABI can participate in granting incentives to the business fraternity by giving discount vouchers to those who complete certain modules and increase their sales. The main question of this study is to investigate if there is a quantifiable relationship between corporate re-branding and profit maximisation of a corporation. Modules in costing, buying, stock control, bookkeeping, business management, marketing and business plan writing would assist the trader in the efficient operation and profitability of his/her business. Once purchases increase from the traders, in terms of cases sold, ABI is likely to improve its sales and profit margins.

Table 6.15 and Pie Graph 6.7 indicate the delivery of products by ABI to the business outlets.

Delivery of ABI products	Frequency	Percent	Cumulative Percent
Yes	117	74.1	74.1
No	40	25.3	99.4
Missing	1	.6	100.0
Total	158	100.0	

Table 6.15. Delivery of Products by ABI to the Business Premises



Pie Graph 6.7. Delivery of Products by ABI to the Business Premises

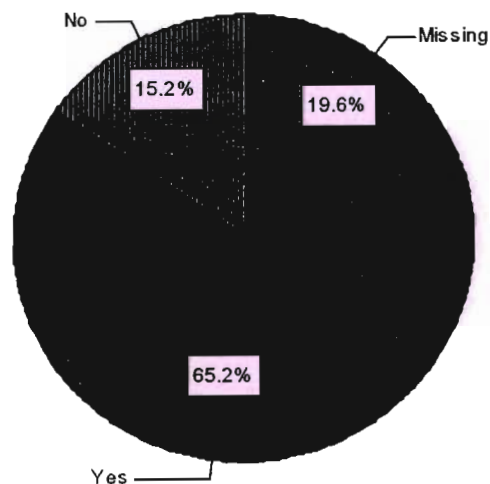
From the Pie Graph 6.7 and Table 6.15 above, 74.1% of the respondents stated that they get their deliveries direct from ABI, while 25.3% expressed that they do not receive direct deliveries. This raises several important implications. For ABI, it loses out on extra profit margins from direct deliveries. The loss of income is directly related to the proportion of revenue for the company. The challenge for ABI is to gain those customers who are not on the direct delivery system. Both ABI and its customers can benefit from this arrangement. There are other benefits that both the customer and end-consumer can get from the direct delivery service offered by ABI such as in-store market execution and activation of promotions and other incentives that include price discounts that can attract further custom.

Table 6.16 and Pie Graph 6.8; indicate information on the purchases of the retail outlets from wholesalers.

Purchase of Products from wholesalers	Frequency	Percent	Cumulative Percent
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Yes	103	65.2	65.2
No	24	15.2	80.4
Missing	31	19.6	100.0
Total	158	100.0	

Table 6.16. Purchases of ABI products from Wholesalers



Pie Graph 6.8. Purchases of ABI products from Wholesalers

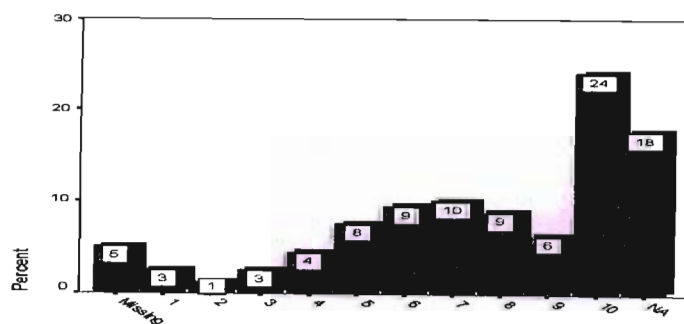
Table 6.16 and Pie Graph 6.8 reveal that 65.2% (103) respondents buy their soft drinks from wholesalers, while 15.2% buy elsewhere. 19.6% did not disclose where they buy their ABI manufactured products. This concurs with the small percentage of respondents who buy their products from ABI directly and get direct service via their ABI appointed sales representative. There are several reasons why the outlets investigated in the study buy from wholesalers. Some of these will be discussed below.

Table 6.17 indicate the level of customer service from ABI delivery Truck Drivers.

Customer service level from ABI distribution drivers	Frequency	Percent	Cumulative Percent
1	4	2.5	2.5
2	2	1.3	3.8
3	4	2.5	6.3
4	7	4.4	10.7
5	12	7.6	18.3
6	15	9.5	27.8
7	16	10.1	37.9
8	14	8.9	46.8
9	10	6.3	53.1
10	38	24.1	77.2
N/A	28	17.7	94.9
Missing	8	5.1	100.0
Total	158	100.0	

Table 6.17. Level of Customer Service from Truck drivers and Assistants Likert Scale (1 – 10 poor - excellent)

The results of Table 6.17 indicate that cumulatively 11.3% of the respondents indicated their displeasure in the level of customer service of ABI and rated the company below 5, which is poor. 62% of the respondents rated the customer service above 5 that is good to excellent. Out of a possible 62%, 24.1% (38 respondents) returned a rating of 10, which is the highest.



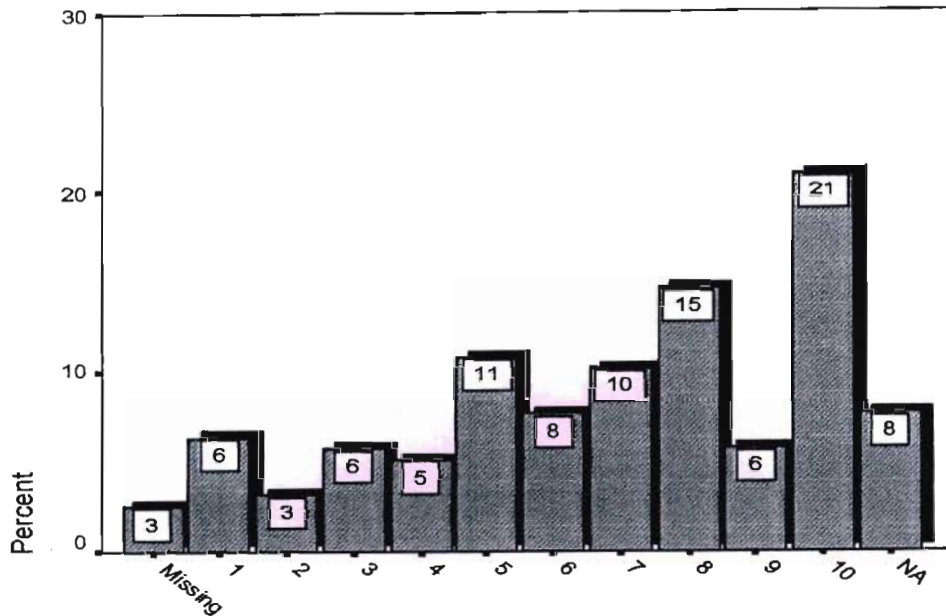
Bar Graph 6.7. Level of Customer Service from ABI Truck Drivers and Assistants

Generally, we can conclude, as expressed in Bar Graph 6.7 that the customer service provided by the staff and drivers of trucks was above average. The Graphical representation shows the spread of the customer service ratings. ABI can take advantage of the good customer service rating from its customers and use it to improve its image and market penetration. As the perception of the company by the retailers improve, there is need to establish whether this influences their buying pattern form the company.

In Table 6.18 and Bar Graph 6.8, the level of customer service received from ABI by the retail outlets is indicated.

Customer service level from the company	Frequency	Percent	Cumulative Percent
1	10	6.3	6.3
2	5	3.2	9.5
3	9	5.7	15.2
4	8	5.1	20.3
5	17	10.8	31.1
6	12	7.6	38.7
7	16	10.1	48.8
8	23	14.6	63.4
9	9	5.7	69.1
10	33	20.9	90.0
N/A	12	7.6	97.6
Missing	4	2.4	100.0
Total	158	100.0	

Table 6.18. Level of Customer Service Received from ABI as a Company

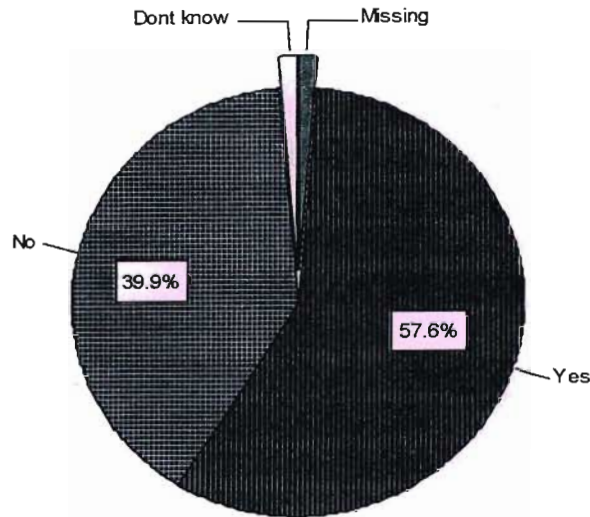


Bar Graph 6.8. Level of Customer Service Received from ABI

From the Table 6.18 and Bar Graph 6.8 above, 21.4% of the respondents rated the service from the ABI Pietermaritzburg distribution plant as excellent. 31.8% rated the service below 5 on the Likert scale. Cumulatively, 78.2% of the respondents rated the service above 5 which means the plant through its services provides above average and good customer service to its customers. The plant represents ABI as a whole in the city of Pietermaritzburg and its surrounding areas. As the level of customer service continues to improve, it can translate into further positive response from customers and be an important basis for maximising sales.

Table 6.19 and Pie Graph 6.9; indicate the impact of customer service by ABI on the Business Outlets.

Impact of customer service on the business outlets	Frequency	Percent	Cumulative Percent
Yes	91	57.6	57.6
No	63	39.9	97.4
Don't know	2	1.3	98.7
Missing	2	1.3	100.0



Pie Graph 6.9. Impact of ABI Customer Service on the Business Outlets

From Table 6.19 and Pie Graph 6.9, 57.6% of the respondents indicated that the customer service offered by ABI had an impact on the business outlets in the survey. Outlets represented by different channels including the Quick Service Restaurants (QSR) and Supermarkets indicated that dealing with ABI held several benefits, especially when they have promotions that needed to be activated in the stores. It was indicated that the ABI staff organise the store displays and promotional materials for the outlets.

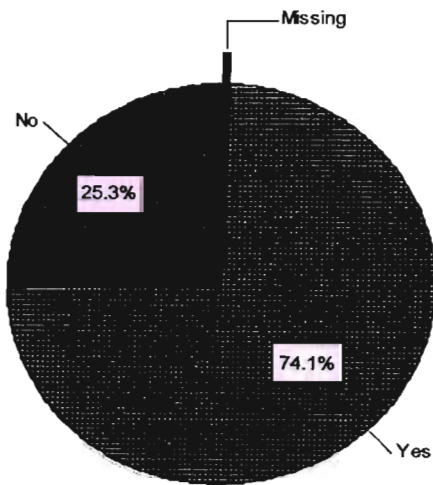
39.9% of the respondents indicated that they did not receive help, or gain any impact from their business relations with ABI. It can be argued that these are outlets that deal in small quantity purchases from ABI. Even though they represent low volume sales, it is the responsibility of ABI as a company to

represent low volume sales, it is the responsibility of ABI as a company to activate these outlets and make their presence known in order to promote sales and increase volumes.

Table 6.20 and the Pie Chart 6.10, indicate whether the respondents from the retail outlets visited by the researcher received deliveries from ABI or not.

Deliveries by ABI to the outlets	Frequency	Percent	Cumulative Percent
Yes	117	74.1	74.1
No	40	25.3	99.8
Missing	1	.2	100.0
Total	158	100.0	

Table 6.20. Deliveries by ABI to the Business Outlets



Pie Graph 6.10. Deliveries by ABI to the Business Outlets

From the Table 6.20 and the Pie Chart 6.10 reveal that 74.1% (117) of the respondents received deliveries directly from ABI whenever they placed their

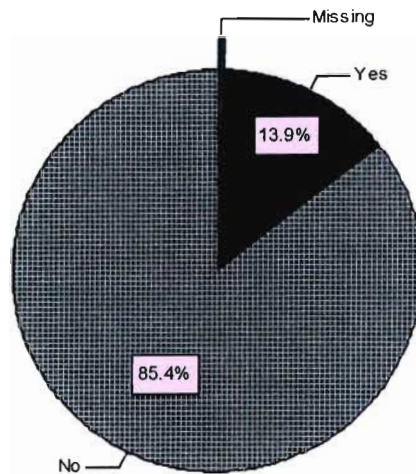
orders. 25.3% (40) of the respondents expressed that they did not receive any deliveries from ABI. 0.2% of the respondents did not confirm whether they received deliveries or not.

In relation to profit maximisation and increase in sales, the distribution network of ABI is expected to meet the needs of the customers in their deliveries. Efficiency in the frequency and timing of deliveries is crucial in the type of business that ABI carries out.

Table 6.21 and Pie Graph 6.11; indicate credit facility arrangement received by the retail outlets represented by the respondents in the survey.

Credit facility arrangement with ABI	Frequency	Percent	Cumulative Percent
Yes	22	13.9	14.0
No	135	85.4	99.4
Missing	1	.6	100.0
Total	158	100.0	

Table 6.21. Credit Facility Arrangements with ABI



Pie Graph 6.11. Credit Facility Arrangements with ABI

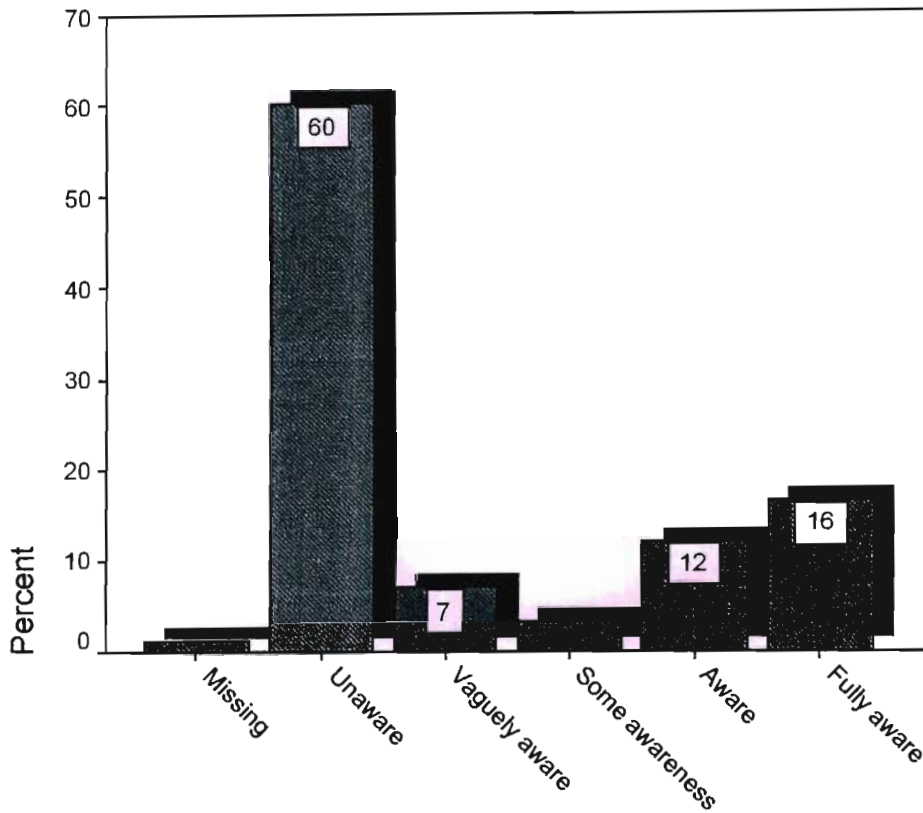
The Table 6.21 and Pie Graph 6.11 above indicate that only 13.9% of the respondents had credit arrangements with ABI, while 85.4% indicated to the contrary. Only one respondent did not indicate whether s/he had a credit facility or not. This shows that the majority (135 respondents) did not have any credit facilities with ABI, facilities which could encourage more purchases and increase overall sales volumes. There are reasons why credit facilities are not granted. It could be possible that the risk factor enters into the equation. Fewer sales on credit mean more cash in hand on the part of ABI.

Table 6.22 and Bar Graph 6.9; indicate the level of awareness of corporate re-branding of ABI among the respondents.

Awareness of corporate re-branding Process	Frequency	Percent	Cumulative Percent
Unaware	95	60.1	60.9
Vaguely aware	11	7.0	67.9
Some awareness	5	3.2	71.2
Aware	19	12.0	83.2

Fully aware	26	16.5	99.7
Missing	2	0.3	100.0
Total	158	100.0	

Table 6.22. Level of awareness of Corporate Re-branding Process by ABI



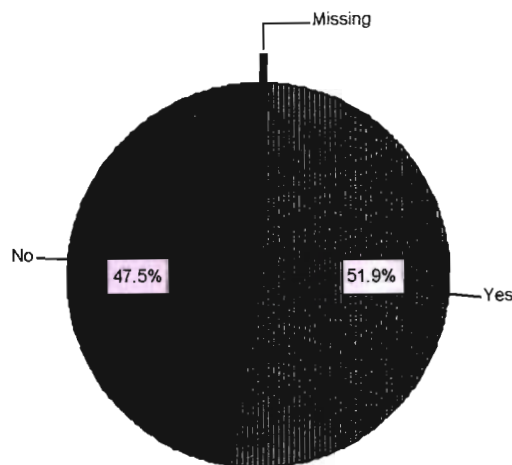
Bar Graph 6.9. Level of Awareness of Corporate Re-branding Process by ABI

Table 6.22 and Bar Graph 6.9 above shows that 60.1% (95) of the respondents were unaware of the corporate re-branding exercise that ABI was undertaking. Only 16.5% were fully aware of the exercise. 12.2% were aware that ABI was going through an exercise of corporate re-branding. Cumulatively, it can be stated that 67.9% were not aware of the re-branding process at ABI. This means that ABI must commit itself further to communicate their re-branding initiative to the outlets.

Table 6.23 and Pie Graph 6.12, indicates results on whether the respondents had ever heard of re-branding.

Heard of re-branding	Frequency	Percent	Cumulative Percent
Yes	82	51.9	52.2
No	75	47.5	99.4
Missing	1	.6	100.0
Total	158	100.0	

Table 6.23. Respondents who have heard of Re-branding



Pie Graph 6.12. Respondents who have heard of Re-branding

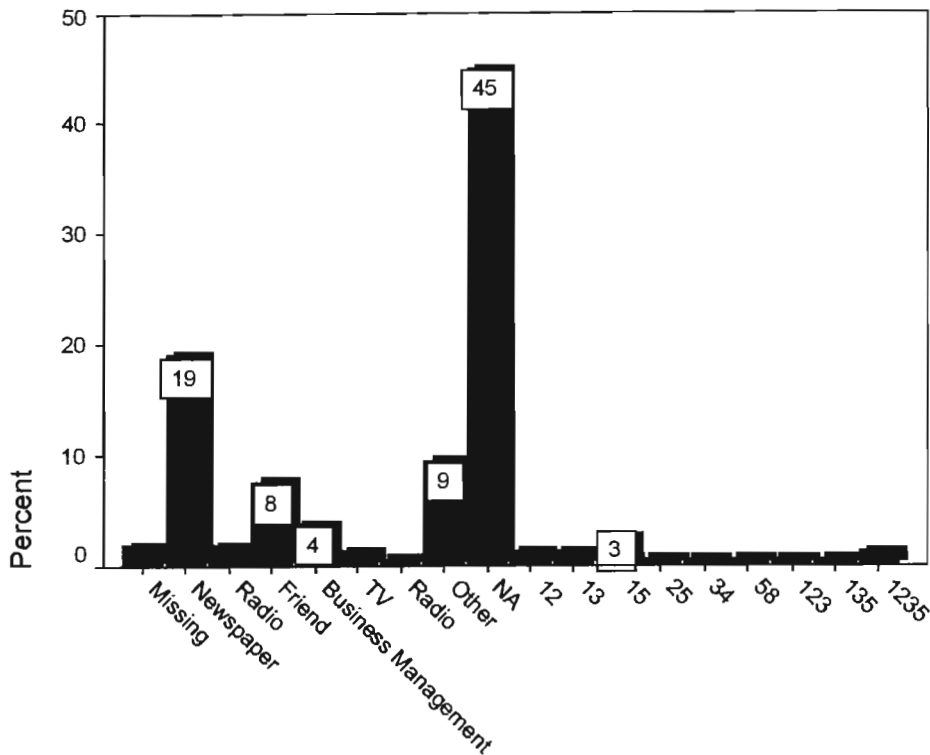
Table 6.23 and Pie Graph 6.12 reveal that 52% of the respondents had heard of the term re-branding. 47.5% of the respondents had never heard the term. Corporate re-branding is a term used in market positioning when creating a new image for an organisation. Re-branding can lead to increase in awareness of the

organisation and operational guidelines. The new operational terms can assist in improving the operations of an organisation leading to increased profitability. The survey results imply that there is some knowledge in the marketplace of the existence of the term re-branding.

Table 6.24 and Bar Graph 6.10; indicate the sources of information on re-branding.

Sources of information on Re-branding	Frequency	Percent	Cumulative Percent
Newspaper	30	19.0	19.0
Radio	3	1.9	20.9
Friend	12	7.6	28.5
Business Management books	6	3.8	32.3
TV	2	1.3	33.6
Radio	1	.6	34.2
Other	15	9.5	43.7
N/A	71	44.9	88.6
Item 1 and 2	2	1.3	89.9
Items 1 and 3	2	1.3	91.2
Items 1 and 5	4	2.5	93.7
Items 2 and 5	1	.6	94.3
Items 3 and 4	1	.6	94.9
Items 5 and 8	1	.6	95.5
Items 1, 2 and 3	1	.6	96.1
Items 1,3 and 5	1	.6	96.7
Items 1, 2, 3 and 5	2	1.3	98.0
Missing	3	2.0	100.0
Total	158	100.0	

Table 6.24 Source of Information about Re-branding



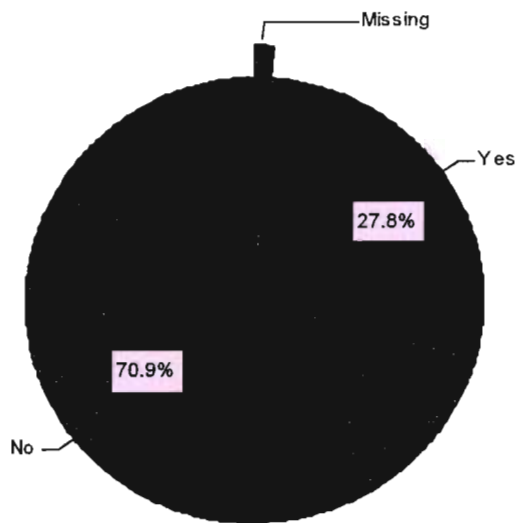
Bar Graph 6.10. Source of Information about Re-branding

In the presentation of results in Table 6.24 and Bar Graph 6.10 above, 44.5% of the respondents had heard about the re-branding process from a media source. Of the media sources used by ABI, 19% heard through newspapers. The results imply that the newspapers, with their wide circulation, can be used effectively to communicate vital business information.

Table 6.25 and Pie Graph 6.13; show results about respondents who had seen the new ABI logo.

Any respondents who have seen the new logo	Frequency	Percent	Cumulative Percent
Yes	44	27.8	28.2
No	112	70.9	98.7
Missing	2	1.3	100.0
Total	158	100.0	

Table 6.25. Respondents who have seen the New ABI Logo



Pie Graph 6.13. Respondents who have seen the New ABI Logo

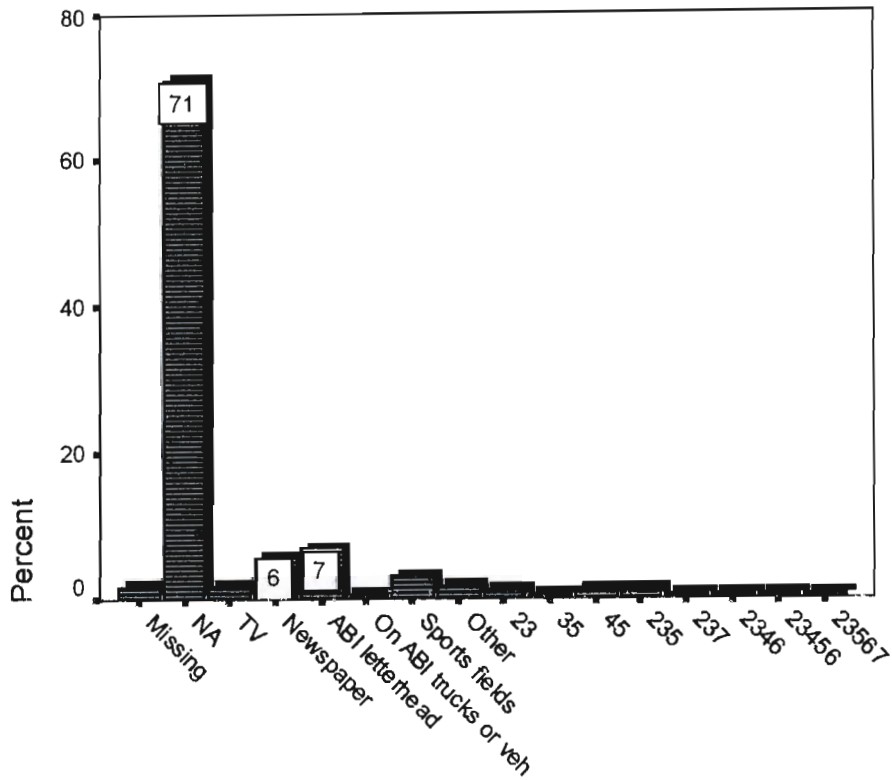
From Table 6.25 and the Pie Graph 6.13 above, 27.8% indicated that they had seen the new ABI logo, whereas 70.9% indicated to the contrary. This indicated that not many of the outlet owners, managers or supervisors were aware of the new image and presentation of ABI.

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Table 6.26 and Bar Graph 6.11 below indicate the media channel where the ABI logo was identified.

Media and Non – Media channel where ABI logo was identified	Frequency	Percent	Cumulative Percent
N/A	112	70.9	70.9
TV	3	1.9	72.8
Newspapers	9	5.7	78.5
ABI Letterhead	11	7.0	85.5
On ABI trucks or vehicles	1	.6	86.1
Sports fields	5	3.2	89.3
Other	3	1.9	91.2
Item 2and3	2	1.3	92.5
Item 3and5	1	.6	93.1
Item 4and5	2	1.3	94.4
Item 2,3and5	2	1.3	95.7
Item 2,3and7	1	.6	96.3
Item 2,3,4and6	1	.6	96.9
Item 2,3,4,5and6	1	.6	97.5
Item 2,3,5,6and7	1	.6	98.1
missing	3	1.9	100.0
	158	100.0	

Table 6.26. Place where ABI logo was Identified or Seen



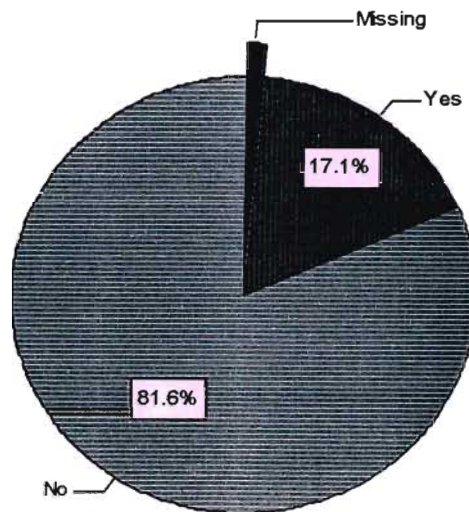
Bar Graph 6.11. Place where ABI logo was Identified or Seen

Table 6.26 and Bar Graph 6. 11 above reveal that 71% of the respondents were not able to indicate where they had seen the new ABI logo. Only 7% of the respondents indicated that that they had seen the new logo on ABI letterheads. This was a clear indication that some of the letters sent out by the company are read and that respondents are able to identify some important information from the company letterhead. This implies that well-designed letterheads can also be used as a tool to communicate important messages. 6% of the respondents indicated they had seen the new ABI logo in the newspaper.

Table 6.27 and Pie Graph 6.14, show results on knowledge concerning the difference between the old and new ABI logo

Differences between the old and new logo	Frequency	Percent	Cumulative Percent
Yes	27	17.1	17.1
No	129	81.6	98.7
Missing	2	1.3	100.0
Total	158	100.0	

Table 6.27. Knowledge Concerning the Difference between the Old and New ABI Logo.



Pie Graph 6.14. Knowledge Concerning the Difference between the Old and New ABI Logo.

According to the results presented in Table 6.27 and Pie Graph 14 above 81.6% of the respondents knew nothing about the new ABI logo, whereas 17.1% were aware of its existence.

Table 6.28 indicate information on the description of the New Logo.

Description of New logo	Frequency	Percent	Cumulative Percent
Don't know	152	96.2	96.2
Yes, Know	6	3.8	100
Total	158	100.0	

Table 6.28. Description of the New Logo

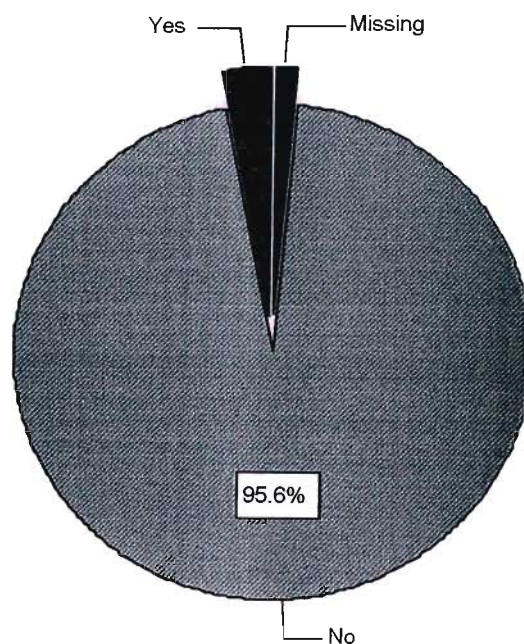
Table 6.28 reveal that 96.2% of the respondents were not able to describe the appearance of the new ABI logo. Only 2.5% of the respondents were in a position to describe its appearance. This follows the pattern of how the message was communicated. Again, the medium of communication had little impact on how the message was passed to the customers of ABI. The logo is a symbol of identification which communicates the mission, values and objectives of an organisation.

As discussed in Chapter 1, it is important to establish the impact of the new logo through the re-branding process of the business outlets. The key issue is to establish if the customer or indeed any other stakeholder can identify with the new branding image and respond to it in terms of increased purchases or identity. In this case, it can be argued that the response to the company's efforts in creating new image awareness and branding was not very successful. Hence, it is unlikely to produce those results desired by the organisation, although this conclusion cannot be fully established at this juncture. The study will look at other results and make a conclusion later.

The Pie Graph 6.15 and Table 6.29 below indicate the awareness of the difference between the old and new logo of ABI.

Awareness of differences between old and new logo	Frequency	Percent	Cumulative Percent
No	151	95.6	95.6
Yes	5	3.2	98.8
Missing	2	1.2	100.0
Total	158	100.0	

Table 6.29. Awareness of the Differences between the Two Logos



Pie Graph 6.15. Awareness of the Differences between the Two Logos

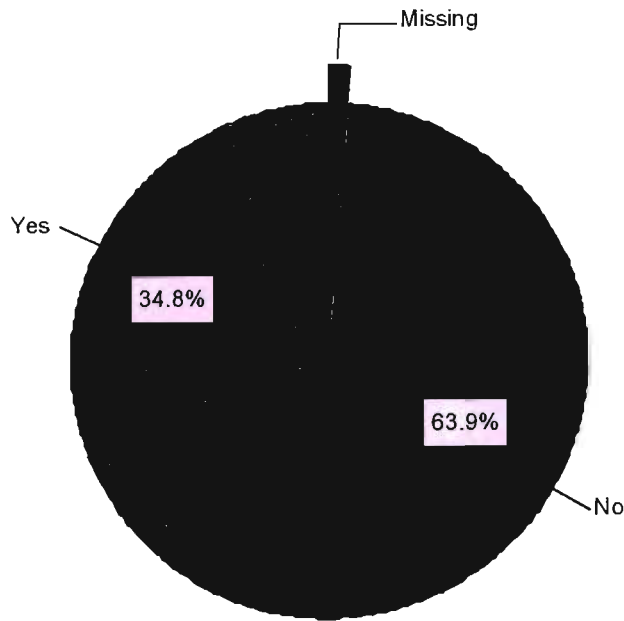
The Pie Graph 6.15 and Table 6.29 above reveal that 95.6% of the respondents interviewed were not aware of the differences between the old and new logos of ABI. Only 3.2% indicated that they were aware of the difference. Earlier, it was explained that the old logo was designed using straight capital letters in red and green, while the new logo is in grey with cursive lettering and in lower-case format.

The argument given for the change was that the old presentation of the logo was unfriendly and rigid while the new logo was softer and possessed an appearance that was deemed user-friendly and appealing to the customer. This had an image impact in that the executive directors and senior management felt the company, using the old logo, presented itself as a rigid and unfriendly organisation which was unable or unwilling to meet customers' needs when requested. In the view of ABI's top management, the old image held negative and damaging connotations for the company, and its overall operation. The new appearance was intended to be more user-friendly and softer in appearance and in a colour that was softer than the green and red capital letters. The results here however in the survey do not show that it had a very positive effect upon customers. This implies much more needs to be done by ABI to create the desired impact and outcomes of the re-branding process.

The Pie Graph 6.16 and Table 6.30, indicate if any respondents knew the meaning of corporate re-branding.

Meaning of Corporate re - branding	Frequency	Percent	Cumulative Percent
No	101	63.9	63.9
Yes	55	34.8	98.7
Missing	2	1.3	100.0
Total	158	100.0	

Table 6.30. Meaning of Corporate Re-branding



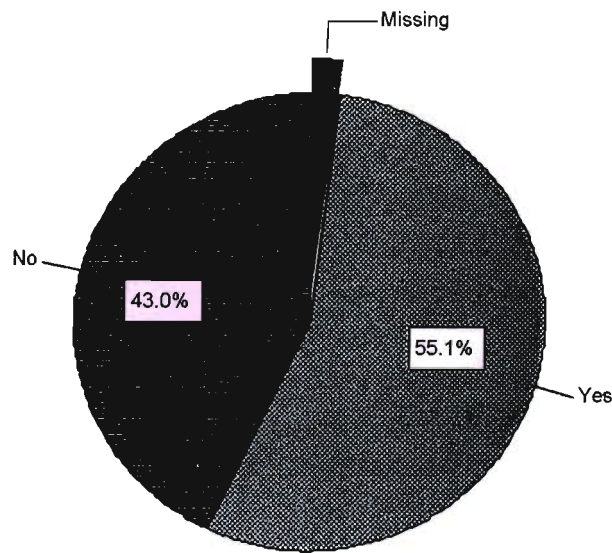
Pie Graph 6.16. Meaning of Corporate Re-branding

The Pie Graph 6.16 and Table 6.30 reveal that 34.8% of the respondents knew the meaning of corporate re-branding. 63.9% had no idea of the meaning of the term. This implies even if they were to see the new logo and understand why it was being introduced to replace the old, they would still not comprehend the reasons for its introduction. A leaflet explaining the new logo should have been developed, together with an explanation of the expression “re-branding,” describing in simple terms the rationalisation that lay behind the exercise. Without having an understanding of the terms used, very few people will understand why there was need to change the image and logo of the company.

Table 6.31 and Pie Graph 6.17; indicate the awareness level in the respondents of the difference that exist between the ABI and Coca-Cola logo.

Difference between ABI and Co-Cola	Frequency	Percent	Cumulative Percent
Yes	87	55.1	55.1
No	68	43.0	98.1
Missing	3	1.9	100.0
Total	158	100.0	

Table 6.31. Awareness of the Difference between ABI and Coca-Cola



Pie Graph 6.17. Awareness of the Difference between ABI and Coca-Cola

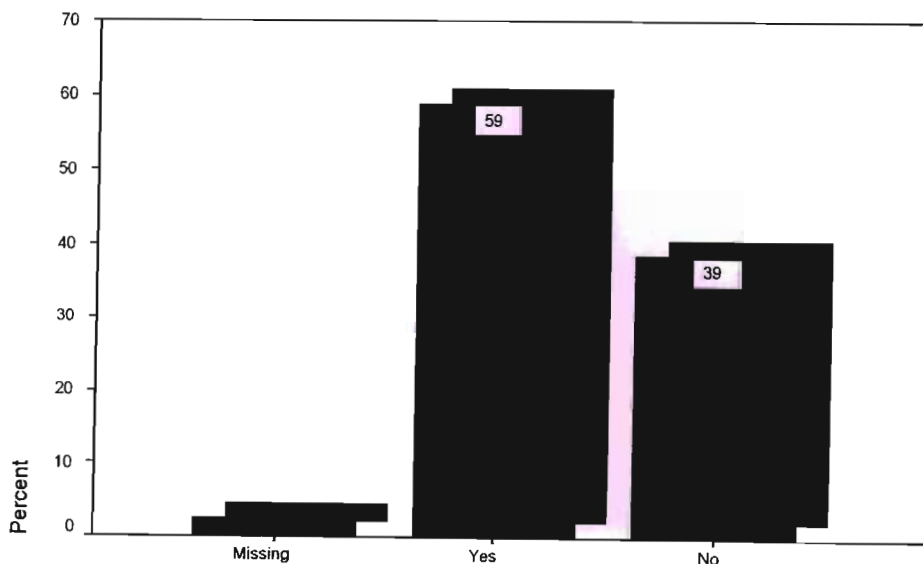
Table 6.31 and Pie Graph 6.17 indicate that 55.1% of the respondents knew the difference between Coca-Cola and ABI and were able to explain that Coca-Cola was an American company, which was the owner of the trademark brand, and ABI manufactures and distributes soft drink products on behalf of the Coca-Cola Company.

Some of the respondents were further able to explain that Coca-Cola was responsible for the marketing aspects of the Coca-Cola brands by providing the advertising materials and also advertisements on television and radio. They also understood that Coca-Cola also sponsors music promotions and sporting events such as the Coca-Cola Pop Stars TV reality programme and Coca-Cola Soccer Cup, which is an annual event. This implied that the respondents were aware of the efforts of the company in supporting the brand through the mass media.

Table 6.32 and Bar Graph 6.12; indicate whether the respondent had any knowledge about the appearance of the ABI and the Coca-Cola logo.

Knowledge of the Appearance of ABI Logo of Coca-Cola	Frequency	Percent	Cumulative Percent
Yes	93	58.9	58.9
No	61	38.6	97.5
Missing	4	2.5	100.0
Total	158	100.0	

Table 6.32. Knowledge of the Appearance of the Logo of Coca-Cola



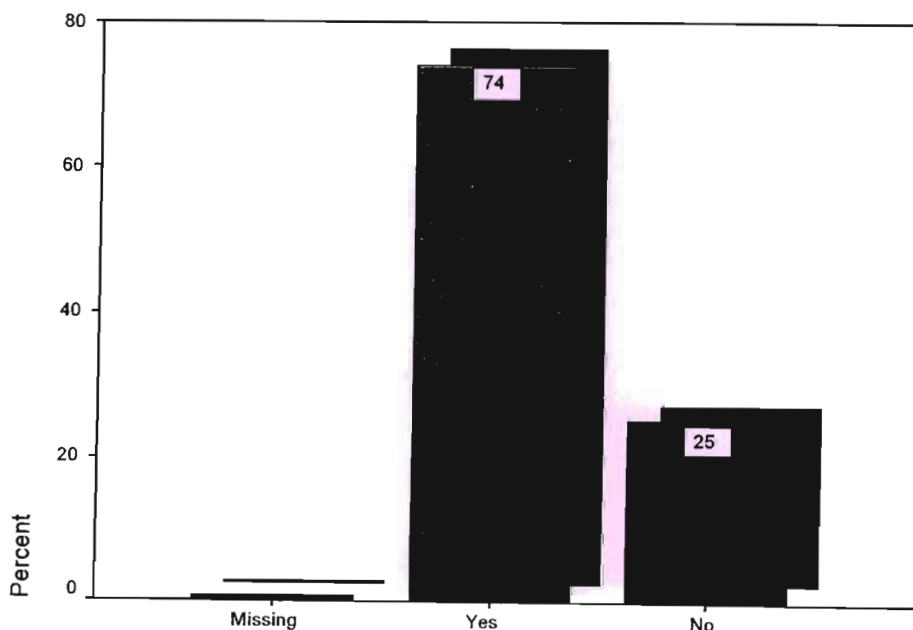
Bar Graph 6.12 Knowledge of the Appearance of the Logo of Coca-Cola

The results presented in Table 6.32 and Bar Graph 6.12 above reveal that 59.9% of the respondents had knowledge of the appearance of the Coca-Cola branding or trademark. 39.6% indicated lack of knowledge and 2.5% did not indicate their answer. This shows that there is a good degree of understanding and knowledge of brand appearance and its meaning. The ABI campaign could have had an equal impact depending on the intensity of the process and quantifiable measurements taken of the effectiveness of the exercise.

Table 6.33 and Bar Graph 6.13; indicate sales representatives visit to the retail outlets.

ABI sales staff visits	Frequency	Percent	Cumulative Percent
Yes	117	74.1	74.1
No	40	25.3	99.4
System	1	.6	100.0
Total	158	100.0	

Table 6.33. Visits from ABI Sales Staff to the Outlet



Bar Graph 6.13. Visits from ABI Sales Staff to the Outlet in the past Three Weeks.

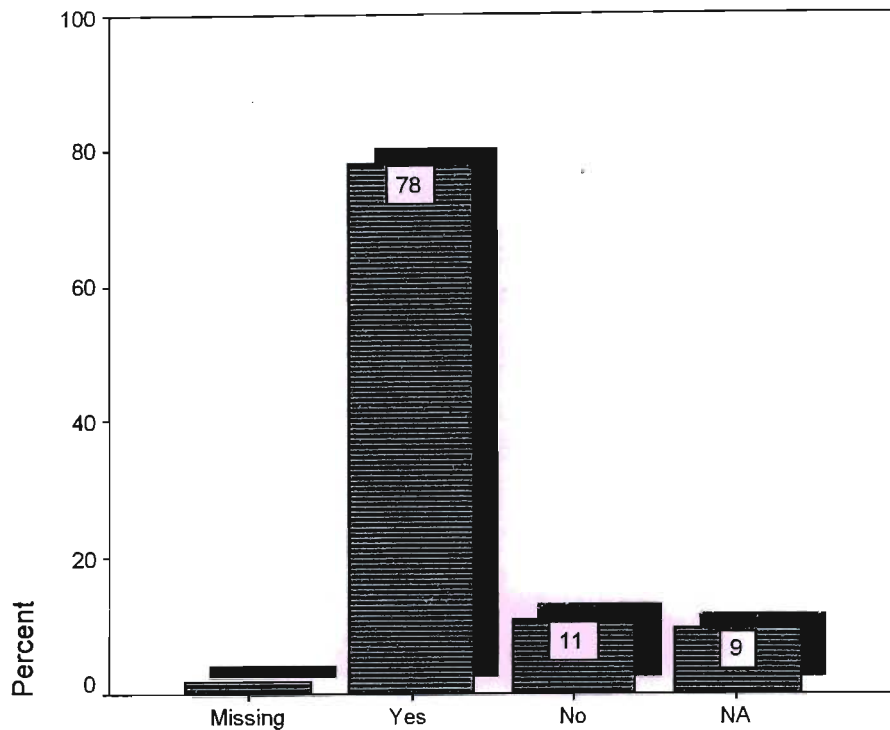
The re-branding exercise depended on several key methods of communicating the new image. ABI field and office staff was an integral part of the whole process. Table 6.33 and Bar Graph 6.13 reveal that 74.1% of the respondents indicated that the staff of ABI had visited the outlets at least once in a period of three weeks. 25.3% of the respondents indicated that they had received no ABI staff visits to their outlets in a period of three weeks.

This implies that the level of staff visits by Account Managers and Sales representatives as well as merchandisers, was relatively good but it could be argued that they had very little information to pass on to the owners of the outlets on the re-branding process.

In Table 6.34 and Bar Graph 6.14, indicate the level of product knowledge of ABI products among the sales representatives who visit the outlets.

Level of Product knowledge among sales Assistants	Frequency	Percent	Cumulative Percent
Yes	123	77.8	77.8
No	17	10.8	88.6
N/A	15	9.5	98.1
Missing	3	1.9	100.0
Total	158	100.0	

Table 6.34. Product Knowledge level of the Sales Assistants



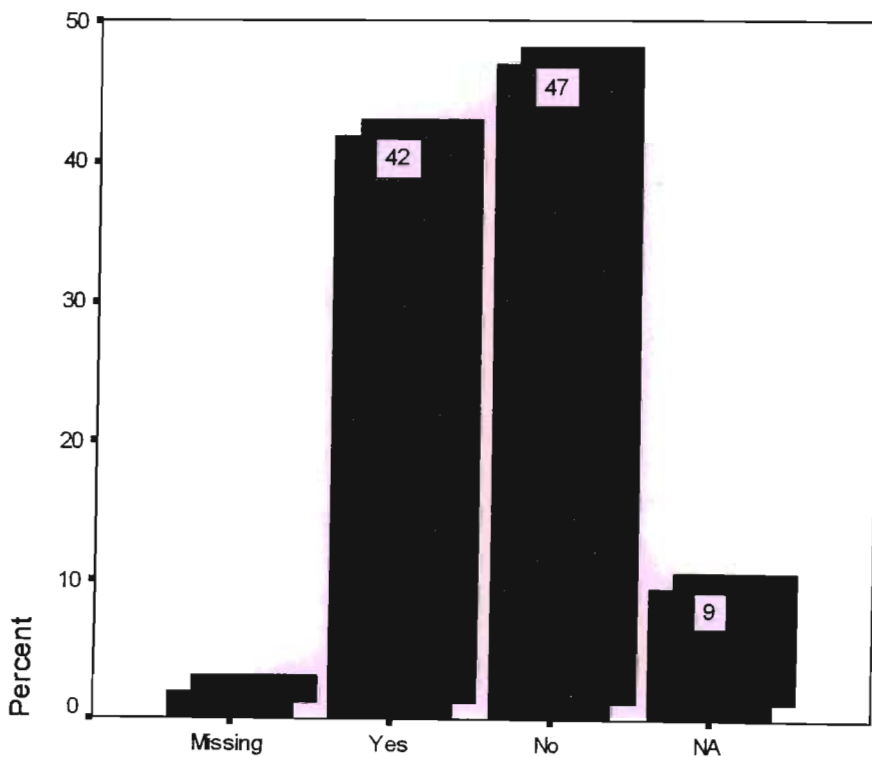
Bar Graph 6.14. Product Knowledge level of the Sales Assistants

A question was used to assess the level of product knowledge. This would give an indication whether the sales representatives were in a position to explain issues to the owners and employees of the outlets visited. In Table 6.34 and Bar Graph 6.14 above, 78.8% of the respondents indicated that staff from ABI had a good knowledge of their products. Only 11% of the respondents indicated that the sales representatives from ABI were not knowledgeable about their products. This shows that the majority of the representatives were able to explain the features, benefits and price of the products they were selling. This implies that ABI Sales Representatives were in a position to communicate the new branding exercise that the company was involved in and the new approach of ABI in conducting its business. The need to improve customer relations and delivery service could also be communicated.

Table 6.35 and Bar Graph 6.15 below; indicate whether any of the respondents had ever seen the new ABI logo on the ABI staff uniforms when they visit the retail outlets to collect weekly orders.

Visible Identification of New ABI Logo	Frequency	Percent	Cumulative Percent
Yes	66	41.8	41.8
No	74	46.8	88.6
N/A	15	9.5	98.1
System	3	1.9	100.0
Total	158	100.0	

Table 6.35 Visible Identification of New ABI Logo on ABI Staff Uniforms when visiting Outlet



Bar Graph 6.15. Visible Identification of New ABI Logo on ABI Staff Uniforms when visiting Outlet

Table 6.35 and Bar Graph 6.15 represent the sales representatives' visits and product knowledge level. The results show that 42% of the respondents were able to identify the new ABI logo on the uniforms of ABI staff, whereas 47% were not. It should be mentioned that all field staff of ABI were issued with new uniforms with the new logo stitched on the pockets of the shirts. The sales representatives wore white shirts with the new logo, while distribution staff wore overalls with the new logo on the back of the overalls and on the pocket. These were very visible.

The discrepancy in the percentages could be explained in that some members of staff visited the outlets without wearing their new uniforms. This means that plant management needs to find ways to emphasise the use of uniforms when staff visit their outlets to collect orders and when delivering products.

Table 6.36 and Bar Graph 6.16 below indicate whether any of the respondents had ever seen ABI vehicle with the new logo.

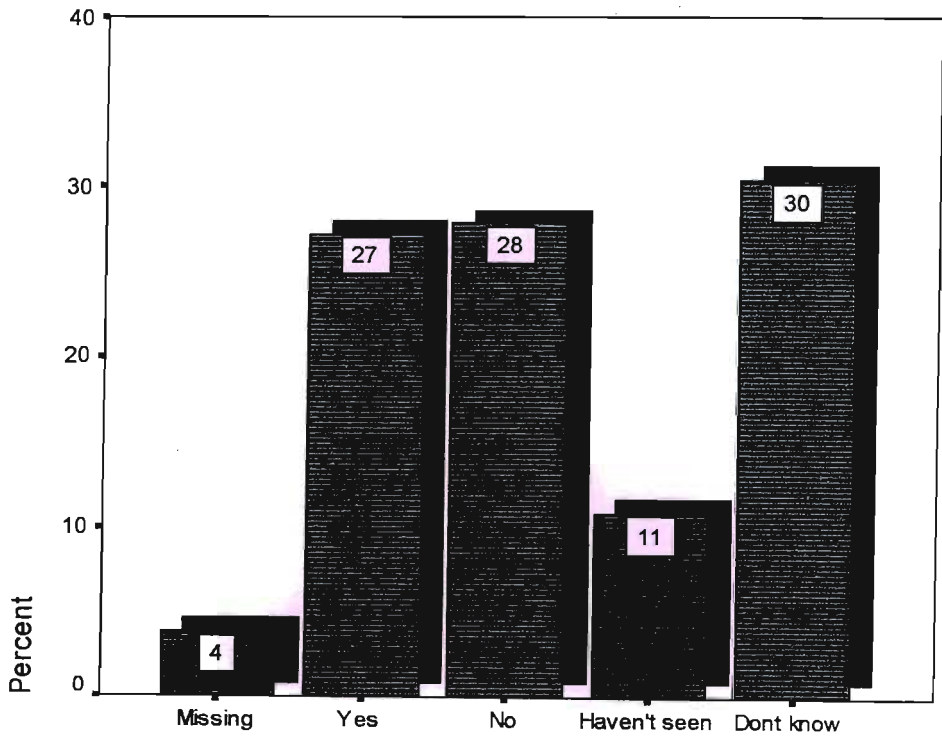
Ever seen ABI Vehicles with new Logo	Frequency	Percent	Cumulative Percent
Yes	107	67.7	67.7
No	32	20.3	88.0
N/A	11	7.0	95.0
Don't know	4	2.5	97.5
Missing	4	2.5	100.0
Total	158	100.0	

Table 6.36. Identification of ABI Vehicles using the New Logo

Table 6.37 and Bar Graph 6.17, indicate whether the new ABI logo was user friendly or not.

User Friendliness of New ABI Logo	Frequency	Percent	Cumulative Percent
Yes	43	27.2	27.2
No	44	27.8	55.0
Haven't seen	17	10.8	65.8
Don't know	48	30.4	96.2
Missing	6	3.8	100.0
Total	158	100.0	

Table 6.37. Presentation of the New ABI Logo User Friendly



Bar Graph 6.17 Presentation of the New ABI Logo User Friendly

The appearance of the logo in terms of perception matters in the eyes of the customers and other stakeholders. The questionnaire sought to establish whether

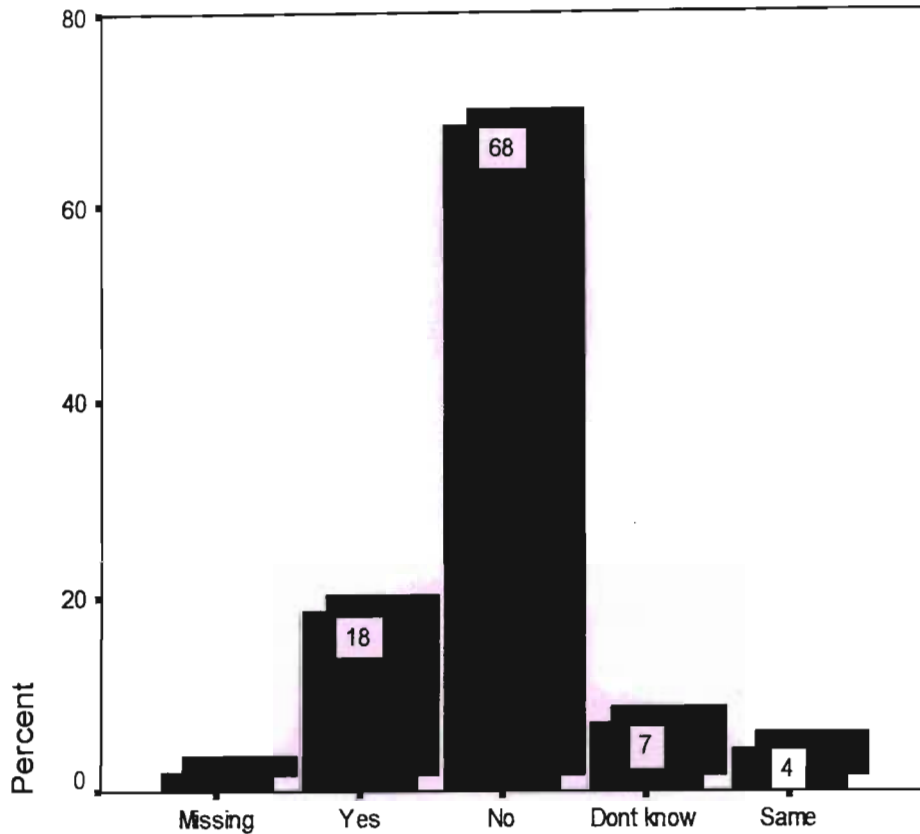
the appearance of the new ABI logo was friendly or not. Table 6.37 and Bar Graph 6.17 indicate that 27% of the respondents thought that the new logo was friendly in appearance, while 28% of the respondents did not believe this, 30% of the respondent indicated that they were neutral on whether the new logo was friendly or not. 11% were non-committal.

Cumulatively, 69% of the respondents indicated the possibility that the logo did not possess sufficient impact in terms of being user friendly. This implies that ABI has to intensify the campaign around the new image with respect to variables such as delivery of goods, levels of customer service and visits of sales representative so as to enhance the new image of being available to meet customers' needs.

Table 6.38 and Bar Graph 6.18; indicate the purchasing influence of the new logo on the respondents.

Purchasing Influence of New ABI Logo to customers	Frequency	Percent	Cumulative Percent
Yes	29	18.4	18.4
No	108	68.4	86.8
Don't know	11	7.0	93.8
Same	7	4.4	98.2
Missing	3	1.8	100.0
Total	158	100.0	

Table 6.38 Purchasing Influence of New ABI Logo upon Customers



Bar Graph 6.18. Purchasing Influence of New ABI Logo upon Customers

Table 6.38 and Bar Graph 6.18 reveal that 68.4% of the respondents expressed the opinion that the new ABI logo did not influence their purchases from ABI. 18.4% of the respondents indicated that the new logo and image of the company did have an influence. These results tally with the finding of the level of purchases and number of cases purchased directly from ABI as well as P value results that concluded that there was no identifiable relationship between the re-branding of the company and its sales.

Table 6.39; indicate the increase of purchases from ABI by the respondents since the re-branding exercise.

Increase of Purchases	Frequency	Percent	Cumulative Percent
≤ R 5000	52	32.9	32.9
R 5001 - R10,000	29	18.4	51.3
R10,001 - R 15,000	17	10.8	62.1
R15,001 - R20,000	5	3.2	65.3
More than R25,000	18	11.4	76.7
N/A	9	5.7	82.4
Nothing	6	3.8	86.2
Don't know	9	5.7	91.9
Missing	13	8.1	100.0
Total	158	100.0	

Table 6.39. Increase of Purchases from ABI since Re-branding Process Began

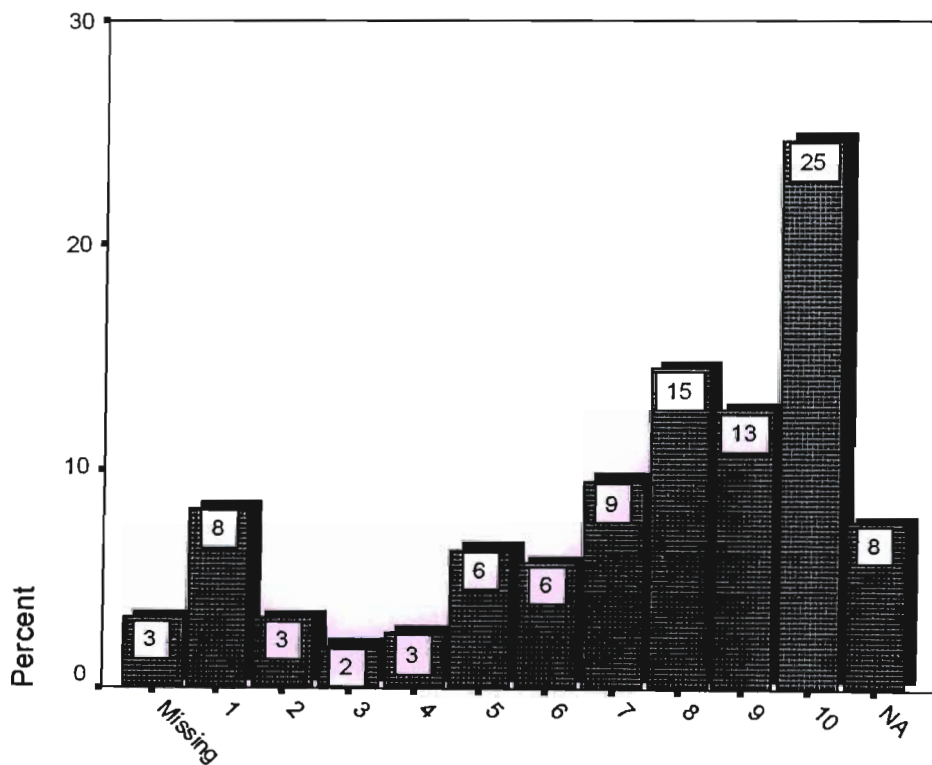
Table 6.39 shows that 32.9% of the respondents purchased products which were less than R5, 000 from ABI. 18.4% bought goods of less than R15, 000. The percentages decreased as the amount of purchases increased. Other findings in this research indicated the lack of finances was another reason why the outlets did not buy more from ABI. The non-availability of a credit facility had a negative effect on the number of cases purchased from ABI.

Cumulatively, 71% of the respondents spent less than R20, 000 in purchasing goods from ABI because the system was not friendly in making credit facilities available. This indicates that there was also no increase in goods purchased from ABI as a result of the new and supposedly friendly logo used to portray the image of ABI to the public.

Table 6.40 and Bar Graph 6.19; indicate the Rating of Customer Service of ABI employees.

Customer service rating of sales staff	Frequency	Percent	Cumulative Percent
1	13	8.2	8.2
2	5	3.2	11.4
3	3	1.9	13.3
4	4	2.5	15.8
5	10	6.3	22.1
6	9	5.7	27.8
7	15	9.5	37.3
8	23	14.6	51.9
9	20	12.7	64.6
10	39	24.7	89.3
N/A	12	7.6	96.9
System	5	3.1	100.0
	158	100.0	

Table 6.40. Rating of Customer Service of ABI employees



Bar Graph 6.19. Rating of Customer Service of ABI Sales (field) Employees

From Table 6.41 above, the average (mean) for central tendency questions in the questionnaire (delivery of products by ABI, level of customer service, appearance of the new ABI logo on the uniforms of ABI delivery staff) is above 5 which is a positive indication. For section D, question 25 which is awareness of corporate re-branding process that ABI has been going through, is 2.17 out of 5 possible responses which give a vaguely aware position in relation to the findings of the survey on re-branding. In the case of section C, question 20 which measures the level of rating of customer service, 68% of the respondents show that they are positive in their ratings of the service of ABI staff to their outlets.

The median also shows a similar pattern for Section C question 16, a yes or no answer, Section C question 18 (level of customer service) and section D question 25 (awareness of corporate re-branding process among respondents) is above 5. This is a positive response. The mode (most frequent rating) for section C, question 18, section C question 20 and section D, question 47, as outlined above, is 10 which is reasonably high and ties in very well with other findings on the same questions using descriptive statistics.

This is in line with findings using other statistics to reach conclusions. The range is 9 for section C question 18, section C question 20 and section D question 47 which is a highly positive indication of the responses in the ratings.

6.3.1. Chi-square Independent Test

Table 6.50 below reflects the chi-square independent test of the level of education and the position held by the respondents in the business outlets. It is generally assumed that the level of education would have an influence in the decision making process of the entrepreneurs. The understanding is that the retail outlet managers or supervisors as well as owners are likely to make informed decisions

which influence the ordering patterns and levels of soft non-carbonated drinks from ABI.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.529	1	.000
Continuity Correction	16.994	1	.000
Likelihood Ratio	9.867	1	.002
Linear-by-Linear Association	31.320	1	.000
N of Valid Cases	151		

Table 6.42. Level of Education and Position held in the Business Outlet

Table 6.42 shows the Chi-square result where p is 0, which is less than 0.05. This result reveals there is a statistically significant Relationship between the level of education and the position held by the respondent. If the respondent has a higher level of education, he or she is likely to have a better position in the business. The next table indicates the chi-square values of the level of education and the amount of start up capital.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.795	21	.662
Likelihood Ratio	18.443	21	.621
Linear-by-Linear Association	.105	1	.746
N of Valid Cases	139		

Table 6.43. Level of Education and Amount of Start up capital

From Table 6.43, the Chi-square value $P = 0.662$ is greater than 0.05, indicating that no statistically significant relationship exists between the level of education and the amount of start-up capital for the business. If the respondent has a higher level of education, he or she does not necessarily have more money as start-up capital.

The next table reflects the level of training and the organisation that provided the training to the respondents.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	145.570	4	.000
Likelihood Ratio	167.612	4	.000
Linear-by-Linear Association	90.344	1	.000
N of Valid Cases	155		

Table 6.44. Level of Training and the Organisation that provided the Training

In Table 6.44, the Chi-square test result indicates the p value is 0, which is less than 0.05. This result reveals there is a statistically significant relationship between level of business training and the name of the organisation that provided the training. These two variables are dependent upon each other. If the respondent has business training, he or she is likely to have received the training from one of the organisations that provides training to the type of retail or wholesale business indicated in the study, such as banks or non-governmental organisations.

The following table reflects Chi-Square values of delivery of stock by ABI Trucks to the outlets and the reasons for buying from wholesalers.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.454	10	.001
Likelihood Ratio	37.781	10	.000
Linear-by-Linear Association	2.859	1	.091
N of Valid Cases	127		

Table 6.45. Delivery of Stock by ABI Trucks and the Reason for Buying from Wholesalers

In Table 6.45, the Chi-square (χ) test result indicates the p value is 001, which is less than 0.05. This result indicates there is a statistically significant relationship between delivery of stocks by ABI and the reason for buying from wholesalers. If the respondent does not receive deliveries from ABI, he or she is likely to buy stocks from other wholesalers.

Table 6.46 below provides information on the level of customer service received from Truck Drivers and the type of goods purchased from ABI.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	80.302	108	.979
Likelihood Ratio	96.151	108	.786
Linear-by-Linear Association	.000	1	.994
N of Valid Cases	156		

Table 6.46. Level of Customer Service from Truck Drivers and Type of goods Purchased from ABI

Table 6.46 above indicates that the Chi-square (χ) test result indicates the p value (.979) which is greater than 0.05. This result reveals that no statistically significant relationship exists between the level of customer service by truck drivers and the type of goods bought from the ABI plant in Pietermaritzburg. If the respondent's outlet receives excellent customer service from truck drivers, there is some indication that the respondent will purchase more cases from ABI. This means there are several other variables that influence the business between ABI and the outlets that sell ABI products.

The next table reflects the availability of credit facilities from various lending institutions and the amount borrowed.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	147.479	5	.000
Likelihood Ratio	111.443	5	.000
Linear-by-Linear Association	57.421	1	.000
N of Valid Cases	156		

Table 6.47. Availability of Credit Facility and Amount Borrowed

Table 6.47, shows that the Chi-square value is 0, which is less than 0.05. This result reveals there is a statistically significant relationship between the availability of a credit facility and the amount of money borrowed to operate the business. If the respondent has a credit facility available, he or she is likely to buy more stocks from ABI, thereby increasing sales volume and ultimately, profit.

Table 6.48 below reflects the Chi-Square Tests results of the knowledge of re-branding exercise and an indication from the respondents if they had ever seen the new logo of ABI used in the re-branding of the company image.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.431	1	.004
Continuity Correction	7.429	1	.006
Likelihood Ratio	8.642	1	.003
Linear-by-Linear Association	8.377	1	.004
N of Valid Cases	156		

Table 6.48. Knowledge of Re-branding and having seen the New Logo used in the Re-branding Exercise

Table 6.48 shows that the p value is 004, which is less than 0.05. This result reveals there is supposed to be a statistically strong relationship between the two

variables, this means that if the respondent has heard of the word re-branding, s/he is also likely to have seen the new logo of ABI or *vice-versa*.

Table 6.49 below reflects the Chi-Square Tests results of the knowledge of the old and new ABI logo's appearance and the description of it.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.002	1	.966
Continuity Correction	.000	1	1.000
Likelihood Ratio	.002	1	.966
Linear-by-Linear Association	.002	1	.966
N of Valid Cases	156		

Table 6.49. Knowledge of the Old and New Logo of ABI and Description of the Logo

The results presented in Table 6.49 indicate that the Chi-square of .966 is greater than 0.05. This result reveals there is no statistically significant relationship between the knowledge of the old and new logos of ABI and the potential of the respondent to describe both the old and new logos. If the respondent knows anything about the appearance of the ABI logo, it does not necessarily mean s/he can describe the logo. This means there are several other variables that need to be used to communicate the changes in the image or branding of the company or product.

Table 6.50 below reflects the Chi-Square Tests results of the difference between ABI and Coca-Cola as a company and knowledge of the Appearance of Coca-Cola Logo among the respondents.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.495	1	.019
Continuity Correction	4.745	1	.029
Likelihood Ratio	5.500	1	.019
Linear-by-Linear Association	5.459	1	.019
N of Valid Cases	154		

**Table 6.50. Difference between ABI and Coca-Cola
and Knowledge of the Appearance of Coca-Cola Logo**

Table 6.50 shows that the Chi-square p value is .019, which is less than 0.05. This result reveals there is a statistically significant relationship between the two variables: if the respondent knows the difference between ABI and Coca-Cola, the respondent will also have knowledge of the appearance of the Coca-Cola logo.

Table 6.51 below reflects the Chi-Square Tests results of the influence of new ABI logo on the purchases of ABI products.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.188	21	.056
Likelihood Ratio	40.506	21	.006
Linear-by-Linear Association	1.539	1	.215
N of Valid Cases	144		

**Table 6.51. Influence of new ABI Logo on the
Purchases of ABI Products**

In Table 6.51 above, the Chi-square p value (.056) is greater than 0.05. This result reveals that there is no statistically significant relationship between knowledge of new ABI logo designed through the re-branding process and the number of cases purchased from ABI. This result is crucial to this study. Statistically, it has been

through various tests and tabulated results based on the main and subsidiary research questions that corporate re-branding does not contribute to the profit maximisation of the organisation and hence the value of the organisation. It can be argued therefore that there could be other variables that play a role in the profit maximisation of the company apart from changing or re-branding the image of a company, since the financial statements have reflected a robust growth in profits. It should be noted that there are several other variables that can increase the value of a company through increased sales. The results derived from the findings through the interviews conducted by the researcher, demonstrate that there is no direct influence in the purchasing level of the retail outlets after being exposed to the new ABI logo. This additional knowledge is vital as it gives a new dimension to budgeting and expenditure for corporate re-branding and image innovation. When directors of firms decide to embark on a re-branding exercise, they must realise that it is not demonstrably obvious that they will recoup the value of the expenditure on the project through increased sales revenue, as indeed the new image presentation may not produce any monetary advantage.

Table 6.52 reflects T test results of Gender in relation to question 18 in section C, question 20 in section C, question 25 in section D and question 47 in section D of the questionnaire.

Independent Samples T-Test

		T-test for Equality of			
		F	-	df	Sig. (2-tailed)
Cq18	Equal variances assumed	.491	-1.704	120	.091
Cq20	Equal variances assumed	.107	-2.132	140	.035
Dq25	Equal variances assumed	.233	-.396	154	.693
Dq47	Equal variances assumed	.022	-1.681	139	.095

Table 6.52. T - Test Gender

6.3.2. Interpretation of Table 6.52

- i. In the above T-test results derived from the study, the p significance values are above 0.05 for duration of delivery between one delivery and another, awareness of the corporate re-branding process that ABI has been involved in, and the rating of customer service of ABI Pietermaritzburg as a representative of the company. It reveals that statistically there is no significant difference in the gender of the respondent towards duration of delivery between one delivery and another, awareness of corporate re-branding, and levels of customer service.

- ii. This means whether the owner of the business is male or female, gender has no significant influence on the performance of field staff on the customers and the way they handle the deliveries, the duration between deliveries, awareness of the corporate re-branding among the customers and the level of customer service given to the outlets by ABI as a company. This is important for business people to realise that being male or female does not matter when it comes to operating a business or how

much a person knows. Business owners, regardless of gender are exposed to similar operations and can all prove to be effective managers.

- iii. In the above T-test results, the p significance value is less than 0.05 for the variable service (distribution, after service delivery, merchandising and marketing promotions) from ABI. This reveals there is a statistically significant difference between males and females towards the level of customer service. It can also be argued that there are several other variables which assist in increasing the sales of an organisation apart from its image or brand name as indicated above.

With respect to the Chi-square goodness of fit, the χ^2 is very high and is therefore of significance. The Chi-square result reveals that there is a significant difference between the observed frequency and the theoretical frequency in the perceptions of the respondent although this may vary from person to person.

This implies that regardless of the respondent's length of stay in a community, there is no influence on the outcomes of the variables listed. The respondent could stay longer in the community but it will not result in giving a better customer service rating of ABI to the outlets.

Table 6.53 reflects ANOVA results of Age Group and their relationship with the listed variables in the indicated questions.

ANOVA: Age Group

		Sum of Squares	df	Mean Square	F	Sig.
Cq18	Between Groups	50.257	8	6.282	.989	.449
	Within Groups	717.907	113	6.353		
	Total	768.164	121			
Cq20	Between Groups	103.507	8	12.938	1.695	.105
	Within Groups	1015.176	133	7.633		
	Total	1118.683	141			
Dq25	Between Groups	22.883	8	2.860	1.098	.368
	Within Groups	382.783	147	2.604		
	Total	405.667	155			
Dq47	Between Groups	60.673	8	7.584	.898	.521
	Within Groups	1115.242	132	8.449		
	Total	1175.915	140			

Table 6.53. ANOVA Results: Age Group of Respondents

6.3.3. Interpretation of Table 6.53

The results of the ANOVA test in Table 6.53 show that there is no statistically significant difference between age groups towards the study variables such as, customer service received from ABI, awareness of corporate re-branding, and the rating of customer service. These variables have p significance values that are 0.449, 0.105, 0.368 and 0.521 which are therefore more than 0.05.

This implies that age does not have any influence on the outcomes of the variables stated above. If the respondent was older or younger, it would not have any influence on the response given by the respondents to the study variables listed in the table.

6.4. Correlations and Statistical Test

Table 6.54 below reflects Pearson Correlations results of the key questions using a two – tailed test.

Correlations

		Cq16	Cq18	Dq25	Dq42
Cq16	Pearson Correlation	1	.632 **	.010	.687 **
	Sig. (2-tailed)	.	.000	.914	.000
	N	122	121	121	117
Cq18	Pearson Correlation	.632 **	1	.045	.809 **
	Sig. (2-tailed)	.000	.	.593	.000
	N	121	142	141	132
Dq25	Pearson Correlation	.010	.045	1	.057
	Sig. (2-tailed)	.914	.593	.	.507
	N	121	141	156	140
Dq42	Pearson Correlation	.687 **	.809 **	.057	1
	Sig. (2-tailed)	.000	.000	.507	.
	N				

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

Table 6.54. Correlations

6.5. Interpretation of Correlations (Table 6.54)

The correlation results in Table 6.54 reveal the following:

- i. Delivery of the products from ABI and the level of customer service from ABI as a company have a *p* value which is 0.000, which is less than 0.05, indicating that the customer service from truck drivers and ABI as a company have a statistically positive significant correlation. The positive sign indicates both have a positive correlation and the Pearson product correlation coefficient *r* value 0.632 indicates that a strong correlation exists between both variables.

Consequently, if truck drivers who do the deliveries increase their level of customer service, the customer service rating of ABI as a company in terms of the sample that was used in the survey also increases. ABI has to increase the

visibility of the logo on the uniforms of delivery staff and vehicles to increase the awareness of the new logo in the re-branding exercise of the company to improve the perceptions of the company by the customer.

- ii. Level of customer service from truck drivers and awareness of corporate re-branding of ABI have a p value of 0.914, which is more than 0.05, indicating that customer service and awareness of corporate re-branding has no statistically significant correlation. The value of 0.010 indicates a moderate correlation between these variables.

This implies that even though there is a positive correlation, it is not strong enough, in that, even if the level of customer service from ABI as a corporate organisation is good, it does not have sufficient influence in bringing awareness of the corporate re-branding exercise. There are other variables which are useful in the delivery and creation of awareness of the re-branding exercise which need to be emphasised.

- iii. Level of customer service from ABI as a corporate organisation and variable Customer Service rating of Employees of ABI has a p value of 0.000, which is less than 0.05, indicating that customer service level and customer service rating have a statistically significant correlation. The positive Pearson product correlation coefficient *r-value* of 0.809 indicates a strong correlation between both of these variables.

This implies that the direction of the correlation is positive and therefore strong. Hence, when the level of customer service from ABI as a company increases, the customer service rating of ABI employees also increases. If ABI intensifies the campaign of excellent customer service as an organisation, the result will be an increased customer service rating of its employees, and an improved image perception of those customers towards ABI. The correlation supports the management perception that there was a need for ABI to change the perception that customers have towards the company.

6.5. Conclusion

This Chapter has presented the findings of the several issues raised by the study on corporate re-branding and other variables that influence sales in a retail outlet. Data was subjected to various statistical and analytical methods. The quantitative analysis of the findings show that ABI is a well positioned company in the community. The analysis of the descriptive and the inferential statistics and the results from the qualitative questions in the questionnaire has shown that there are several variables that play a role in the financial stability and growth of an organisation. As stated and outlined in the study data collection tool, and having reviewed the results, it has been shown that there are other factors that can lead the organisation to revisit its company strategy so that it can come up with tangible plans which can help in making managerial investment decisions that include re-branding of the logo, symbol or brand name.

Corporate businesses operating with millions of Rands in turnover tend to experience periods of stagnation due to several factors. The demand for their goods or services may be low, or because of poor economic conditions in a country, consumers may have less disposable income. Growth needs to be driven and production levels increased to meet the targets. In certain circumstances, it could be possible that the image of the company or corporation has diminished in the eyes of the community. In such cases, as outlined in Chapter 2, the senior executives are expected to make decisions and formulate new strategies for growth.

The re-branding of the company is a major decision that involves large budgets. In the case of ABI, the directors made a decision in 2003 to embark on a re-branding campaign. This Chapter has shown the intensity of that exercise and at what level the implementation took place. Thompson and Strickland (1998), Hammel (1989) and Porter (1985) state that strategic decisions are made at the top by senior

executives and implemented at the functional level of strategy guided by line managers.

The data analysis has shown what type of respondents or outlets are involved in the business, the level of education of the managers or supervisors, or owners of the business, the sources of income for the start-up capital to operate the business, the levels of service that the business outlets receive from ABI, the rating and level of customer service received from ABI by the outlets and the role the outlets and ABI personnel play at the functional level to implement the strategies of re-branding the organisation. It has been observed that the level of contact between the outlets and ABI sales staff and the level of awareness of the re-branding that has been taking place with ABI is not positively correlated. The visits by staff are at an acceptable level and customer service is good but the re-branding awareness and appearance of the new ABI logo is either low or poor. Most of the recorded sales are below R20, 000 due to the lack of financial injection and the non-availability of credit facilities.

It has been established through this empirical study that in this particular industry, the implementation of a new image and appearance through the re-branding exercise has had no direct influence on the sales of ABI products to the outlets. It can be argued that there are several other variables that have increased the sales of ABI products even during the re-branding period when the sales have been reasonably high and whose budgets were achieved and even exceeded. The results of the study have shown that ABI was good in its delivery system; the level of customer was also rated high and influenced the retail outlets respondents to develop a positive view of ABI but not necessarily because of the good image. The results are in line with the study main statement, main question and also objectives. In Chapter 5 a summary of the performance reflected in the financial statements prove that there are other factors which come into the equation that can lead to positive growth and achievement of margins.

One of the major challenges facing many small, medium and micro enterprises and emerging companies is their inability to attract sufficient capital to fund the growth of the enterprise. This has been shown through this study that it was not easy for the retail outlets owners to get extra financing to boost their businesses. Many of the outlets have not reached the credit-worthy stage usually required by traditional financing sources.

The presentation and analysis of the results were interpreted against the background of the questionnaires. The majority of respondents were not aware of the re-branding exercise and they knew very little about the meaning of corporate re-branding. The empirical study was undertaken in order to determine the knowledge level and intensity of the re-branding exercise in the 158 outlets in and around Pietermaritzburg.

From the analysis of the data presented it can be concluded that ABI has a positive approach towards customer care and service but needs to do more in creating awareness of the new logo and image of the company among its customers. There is a need to intensify efforts in other areas such as marketing and advertising as well as positioning of the new image of ABI.

there is a possibility that most of the men who owned or worked in the outlets used the opportunity to create employment for themselves. It can also be argued that any growth that the retail outlets experience would benefit the company through increased sales and profits. With both political and economic changes taking place in South Africa, there is a need to make a deliberate decision to encourage women to participate in Small Medium and Micro Entrepreneurship (SMME) activities. There is no clear justification why this particular business is predominantly owned and dominated by males except to surmise that women have not taken advantage of the opportunities that have been provided via the new dispensation in terms of gender equity.

7.2. The Impact of Education on the Performance of the Business

How does the level of education of owners/assistants impact on the purchasing decision-making process for the retail outlet?

As indicated in chapter 6, 57.6% of the respondents indicated that the customer service offered by ABI had an impact on the business outlets in the survey. This is an important finding as it would help to explain why despite the respondent's refusal that ABI's new logo did not influence the buying pattern of the retailers from ABI as indicated in the inferential statistics p-value using 95% level of confidence .

Table 6.43, in chapter 6 of this thesis reveals a Chi-square p value of 0.662, which is greater than 0.05, indicating that no statistically significant relationship exists between the level of education and the amount of start-up capital for the business. If the respondent has a higher level of education, he or she does not necessarily have more money to start or even improve the business. This shows that there is a need for ABI to help in the improvement of people's lives through scholarships for training. Such training would assist people working in retail outlets to manage their businesses more effectively.

The indication presented through the analysed data is that good customer service can open a window of discovery related to performance. This actually could be a topic for future research in that a study can be carried out to investigate the impact of good customer service and the management of the ordering pattern of the retail outlets.

7.3. Assistance from ABI to Improve the Business Operations

How do the sources of funding and availability of credit facilities influence the retail outlets' decision on the quantity (number of cases) bought from ABI?

The majority of the respondents felt that ABI provided very little after sales service. They felt that ABI needed to give extra support to the business outlets in order to promote their sales. It was felt by some of the respondents that although ABI was supporting them by placing dedicated refrigerated displays in their outlets, this was not doing enough to promote sales. Some of the respondents felt that ABI did not give them ample support whenever new products were launched in terms of promotions and outside advertising through their presence and displays. Finally, a few respondents felt ABI favoured the supermarkets and superettes in the promotion of new products or seasonal promotions.

In designing a re-branding exercise, companies such as ABI need to rethink their methods of conducting business. New approaches and business plans have to be developed to assist the outlets to drive volume. Strategies must include plans for growth through improved delivery systems and efficiency. These are variables that drive volume and add value to the firm. It is not demonstrably obvious that large corporations who change the appearance of their logo or name or symbol of identification, automatically add monetary value to their business.

7.4. Customer Service and its Impact on Purchases from ABI

Does a good customer- service rating from ABI as a company demonstrate that the company can deliver on its promises and encourage the retail outlets to increase their purchases?

Table 6.46 in chapter 6 of this thesis showed that the Chi-square (χ) test result indicates the p value (.979) which is greater than 0.05. The result revealed that no statistically significant relationship exists between the level of customer service by truck drivers and the type of goods bought from the ABI. The histograms and pie charts show that 62% of the respondents rated the ABI customer service is above 5, which is good . It is important to understand that if the re-branding of the logo or company logo did not influence the purchases of soft drinks from ABI, the indication of good customer service could be another influencing factor for the continual growth of ABI's sales as indicated in chapter 5. Customer service, which is rated highly, in this case, could be one of the factors that contributed positively to the creation and increase of financial value of the organisation. It can be argued then that if the respondent's outlet received excellent customer service from truck drivers as indicated here, there is a possibility that the respondent will purchase more cases of soft drinks from ABI.

7.5. Awareness of the New ABI Logo

Does an awareness of the corporate re-branding process of ABI encourage the retail outlets' owners/assistants to consider purchasing a greater quantity of soft drinks from the company?

The results also show that 60.1% or 95 of the respondents were unaware of the corporate re-branding exercise that ABI was undertaking. Table 6.51 in chapter 6

of this thesis, the Chi-square p value (.056) is greater than 0.05. This result reveals that there is no statistically significant relationship between knowledge and awareness of the new ABI logo designed through the re-branding process and the number of cases purchased from ABI. This result is important in this study. Statistically, it has been proven through various tests and results from the main and subsidiary research questions that corporate re-branding does not contribute to the profit maximisation of the organisation. It can be argued therefore that there could be other variables that play a role in profit maximisation of the company apart from re-branding the image of a company. The financial results analysed in chapter 5 of this thesis have reflected a steady growth in the profits of the organisation. It can be argued that there could indeed be other variables or a combination of variables which have contributed to this growth such as good customer service and delivery service provided by ABI to the retail outlets. As indicated earlier on, the results derived from the findings through the interviews conducted by the researcher, demonstrate that there is no direct influence in the purchase level of the retail outlets after being exposed to the new ABI logo. This additional knowledge is important as it gives a new understanding on the impact of re-branding of ABI.

This is a clear indication that if they were not aware of the re-branding exercise, they could not be influenced by the re-branding exercise of the company. The results obtained from the study based on the outlined methodology, shows that corporate re-branding does not contribute to the increase in the financial profitability of the organisation. It can be argued therefore that there are other variables that contribute to financial growth of the organisation other than the brand repositioning.

7.6. Influence of the Meaning of Re-branding on the Purchases of Soft Drinks

Does an understanding of the meaning of re-branding by the owners/assistants help them to evaluate the improvement of customer service from ABI to the retail outlets?

The results in chapter 6 also show that 68.4% of the respondents indicated that the new ABI logo had no influence whatsoever in relation to their purchases of soft drinks from ABI. Only 18.4% of the respondents indicated a positive influence from the new logo/symbol of ABI in relation to the purchases of soft drinks. These results tally with the findings of the level of purchases and number of cases purchased directly from ABI as well as the p value of .056, which helped to conclude that there was no identifiable occurrences that resulted from the re-branding of the company as far as sales were concerned.

Table 6.51 in chapter 6 of this study presented a Chi-square p value (.056) which is greater than 0.05. This result revealed that there is no statistically significant relationship between the knowledge of the new ABI logo designed through the re-branding process and the number of cases purchased from ABI. It can be argued therefore that there could be other variables that play a role in the profit maximisation of the company apart from changing or re-branding the image of a company, since the financial statements have reflected a robust growth in profits. It should be noted that there are several other variables that can increase the value of a company through increased sales.

7.7. Presentation of ABI staff with New ABI Logo on Uniforms

Do the ABI sales representatives' visits to the retail outlets help to create the awareness of the new logo attached to the ABI products?

This question was used to see whether the respondents were able to identify the new uniforms of the ABI staff and the new logos on their clothing. The majority of the respondents were able to identify the new uniforms of ABI employees and were also able to see that the logo looked different from the previous one. Many of the respondents indicated that the new uniform of the employees looked both

presentable and professional. As the employees looked presentable, they were also approachable and willing to assist wherever possible in the outlets.

7.8. Description of the Old and New ABI Logo

Has the new logo of ABI, in its presentation and appeal, encouraged the retail outlets to buy more from the company than they did before the re-branding exercise?

Table 6.50 in chapter 6 of this thesis showed that the Chi-square p value was .019, which is less than 0.05. This result reveals there is a statistically significant relationship between the two variables: if the respondent knows the difference between ABI and Coca-Cola, the respondent will also have knowledge of the appearance of the Coca-Cola logo. This result would mean that the ability to identify the new ABI logo would create an awareness of the new brand and relate it to the new ways of doing business by ABI staff in the field. It could be argued that the level of knowledge of the new brand appearance could also influence the positive relationship between the retail outlets and ABI. It would be an encouragement to ABI if the positive relationship would produce good financial results from an increase in purchases by the retail outlets.

7.9. Financial Support Received from ABI by the Respondents

Does the offer of support to retail outlets from ABI encourage the owners/assistants to increase their purchases?

Table 6.47 in chapter 6 of this thesis showed that the Chi-square value was 0, which is less than 0.05. This result reveals that there is a statistically significant relationship between the availability of a credit facility and the amount of money available to operate the business. If the respondent had a credit facility from ABI,

he or she is likely to buy more cases of soft drinks from ABI, thereby increasing sales volume and ultimately, profit for the company.

The majority of the respondents expressed the concern that they were not receiving any support from ABI to operate their business enterprises. They indicated that ABI makes profits from them on a weekly basis but were not prepared to allow credit facilities which could encourage more purchases from the company. In certain cases, the respondents mentioned that the deliveries were done once every fortnight. In such cases ABI customers sometimes experienced stock-outs and required replenishment immediately. As a result, the outlets had to purchase stock from wholesalers. The main argument is that even though ABI's image had been repositioned or changed, the quality of customer service especially in regard to their financial assistance was more important to the retailers than the appearance of the new image. The management of ABI need to consider improving their level of commitment to the retailers by focusing on in-store surveys to see whether the retailers were happy or not about financial support and what could be done to improve their relationship.

As regards the type of customer support that is expected, most of the respondents said that they had hoped that ABI would allow them to have a credit facility to purchase their soft drinks. The respondents felt that ABI needed to allow them to buy enough cases of soft drinks which they could sell over a three week period and settle the bill at the end of the month. It was expressed that, preferably, a thirty-day credit term would be ideal for the outlets to maintain sufficient stocks. It was also indicated by some respondents that their operations were Small Medium and Micro Entrepreneurs (SMMEs), therefore any support to purchase enough stocks would promote sales, which in turn would benefit both ABI and the business outlets. There is need for management to consider supporting the business outlets financially through improved credit facilities.

7.10. The Influence of Direct Deliveries and the Performance of ABI

Do deliveries and the performance of ABI influence purchase levels of retail outlets?

From the results, 74.1% of the respondents stated that they received their soft drinks through a direct delivery system. This meant that they were in contact with ABI staff that visited the outlets to collect orders and also to deliver the products. It is important to note that both ABI and the retail outlets would benefit from the direct delivery system of ABI. This is the time when the owners, supervisors and managers of the retail outlets would be in a position to identify the appearance of the new logo that has been launched in the market place. According to the observations of ABI, those retailers that are on the direct delivery system have a better relationship with ABI as a supplier. This group also formed the basis of the focus group for the study.

As indicated in table 6.45, the Chi-square (χ) test result indicated the p value of 0.01, which is less than 0.05. This result indicates that there is a statistically significant relationship between delivery of stocks by ABI and the reason for buying from wholesalers. If the respondent does not receive deliveries from ABI, there is a high possibility that the respondents would source the products from other suppliers. The delivery of goods is an incentive for the retail outlets to purchase more from ABI. The results show that ABI's delivery system is good and the retail outlets can depend on the truck drivers to deliver stocks at the right time and date. This has encouraged the respondents to buy soft drinks from the company, thus increasing ABI's revenue.

The correlation statistics results on the delivery of the products from ABI and the level of customer service from ABI as a company have a p value which is 0.000, which is less than 0.05. This result indicates that the customer service from truck drivers in relation to deliveries and ABI as a company have a statistically positive

significant correlation. The positive sign indicates both have a positive correlation and the Pearson product correlation coefficient r value 0.632 indicates that a strong correlation exists between both variables.

As ABI makes an effort to deliver stock to the outlets using ABI delivery trucks at least once a week, there is a possibility that the retail outlets owners/assistants are likely to increase their purchases based on a good delivery system rather than the appearance of the new brand name or logo of the company. The majority of the respondents expressed the thought that staff on the trucks were friendly and indeed willing to give any support to ensure that goods reached their business premises. A few of the respondents actually indicated that despite the poor roads in certain places where deliveries take place, the drivers and their crew were willing to reach the outlet and deliver the consignments of soft drinks, contributing to good customer service. It can be argued that in the process of re-branding, ABI took a decision, as discussed in Chapter 5, to change the attitude of all ABI staff in the way they related to customers. The new ABI logo was to be friendlier and more appealing, which also meant challenging members of staff to change their approach to customers. The whole culture of operations needed to change by introducing programmes that would assist the employees to receive skills on how to handle customers effectively.

7.11. Conclusions

It has been argued in Chapters 1 and 2 that the Executive Directors of a corporate organisation or company play a major role in formulating strategy and giving direction to the entire organisation and the line managers who are challenged to find ways to implement the strategy within the company. It has also been argued that strategy is about managing an organisation and its people in order to stay in business and remain profitable for a period of five years or more. The presentation of the brand has an effect on how the business can be driven into the future in terms of growth. It has also been argued that strategy is about survival. It has been established that if existing companies want to stay in business over a longer

period, the management of that company need to be creative and innovative. The management must think of how to produce goods differently at a lower cost or more efficiently and present the company image/brand in an efficient and creative way to gain a favourable market position and thereby increase their profitability.

CHAPTER 8

Managerial Implications, Conclusions and recommendations

8.0. Introduction

Chapter 1 showed that ABI had been operating the business under the strong umbrella of the Coca-Cola brand and trademark. It was established that the executive directors of ABI wanted to see change in the way the business was being run throughout the company. It was stated that ABI as a brand was not well positioned neither in the minds of its customers nor within the business environment. The argument raised in this discussion, is that ABI conducted the business effectively and managed to acquire a good market share on the strength of the Coca Cola brand and progressed well as a business, as indicated in chapter 5, but not as the ABI brand. This chapter will present a comprehensive summary of the thesis, give recommendations, present managerial implications, and give the limitations of the study and direction for further research.

The main argument was that ABI needed to move from operating as a business to be a brand in its own right. The background information presented in Chapter 1 revealed that even though ABI had developed into a strong and profitable business, there was a need for management to begin to inject “freshness” in the way the company operated. The attitude of employees towards customers, as well as the internal management style had to change. It has been concluded through the results of the research that the arrogance and intolerance of management and staff towards customers had to change. The management should create and promote excellent customer service as well as treat employees with respect and dignity as an integral part of the company’s operating system.

8.1. Summary of the study

For this to take place there was a need for management to change its attitude and management style at different operational levels. Chapter 1 showed the basis for the study by outlining the fundamental argument about branding as indicated by Cleland:

Branding is essential to ensure the successful uptake and penetration of existing and new compounds, and to maximise their potential and relevance beyond patent expiry. Increasing the success of these brands will increase the return on investment and also support additional investment in R&D, generating a reinforcing effect (Cleland, 2004:50).

The question as to whether it is true that the success or failure of a brand should be measured in terms of how much value it has added to the organisation's net profit has been instrumental in brand innovation and re-engineering. The firm invests money in research and development (R&D) to create new products to compliment the existing brands and to create confidence in the minds of the customers. The answer to the question posed earlier, on the impact of brand positioning or re-branding, is not simply "Yes" or "No" as there are several variables that can contribute to profit growth and maximisation in a firm. ABI embarked on a costly venture of re-branding with an intention of creating a new image and developing a culture of excellence in customer service to drive volume for the firm. Growth was recorded as seen in the results of the financials in chapter 5. Several factors contributed to the positive results and may be a topic for another study. However, this thesis set out to investigate if the re-branding exercise contributed to the profit maximisation through increased sales volume for the company.

This guided the discussion on brand creation, positioning, application and the impact it has on a business. It was argued in Chapter 1 that brands have an influence on the way a business operates in that they give identification and position to the company in the marketplace. The impact that brands have on the business in relation to customers will depend on how those brands are designed

and implemented according to the policies of the company. It can be argued that this forms the basis of the problem statement, in that the researcher set out to investigate if there was a correlation between the re-branding of the image of an organisation and its profitability.

According to the findings from the field research conducted at 158 retail and wholesale outlets in and around Pietermaritzburg, it was observed that re-branding alone of ABI, did not necessarily contribute to the profit maximisation or profitability of the firm since the majority of its customers were not even aware of its re-branding strategy. The findings discussed several other variables, which contributed to the positive performance of the company. This is supported by the information in Chapter 5 on the performance of ABI over the seven-year period 1998 to 2004. Hence, the findings led the researcher to the conclusion that corporate re-branding does not necessarily add financial value to the organisation through increased sales.

In Chapter 2 of the study, the need for re-branding as discussed by Levitt (2003), and Murphy in Keller (2003), indicates that the initial idea to recreate or re-brand the image of a corporation is based on the fact that corporate organisations look for something new that will create competition in the marketplace and add value to the business through improved performance.

The Chapter outlined ABI's structure and vision and how such strategy is formulated and implemented. According to the 2004 Annual Financial Report, the vision of ABI is to make the company a vibrant organisation where everyone believes that good enough is never good enough and that all members of staff and management should aim for more in their operations. The gist of the discussion in Chapter 2 was that all decisions depended on the type of strategy that is used by senior executives in managing the firm. Theories of strategic management, which are used as a guide in the formulation of strategies by managers, were presented to show how ABI formulated its decisions to re-brand the image of the company.

The Chapter provided further theoretical discussion on the concepts of strategy and decision-making that have an effect on the performance of a firm. According to Pearce and Robinson (2003), and Thompson and Strickland (1998), strategic management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. Strategy involves a systematic process of rational decision-making aimed at exploiting an organisation's core competencies in order to place them in a competitive position, and thereby ensure that long-term profitability is maximised. It was argued that ABI executive directors formulated the strategies that are used by line management to run the organisation. Even though Peters and Waterman (1984) argue that the formulation of strategy is easier, but implementation is harder, there is still need for the company to have clear direction from Senior Management as to the way it should be managed. It has therefore been argued in this study that ABI's Managing Director had the right to formulate strategies on the re-branding of the company's image and logo, so as to move the company into the future.

Chapter 2 also presented an internal and external analysis of the company in terms of performance. It was argued that the internal dynamics of ABI presented a scenario that needed change to take place in the way the company presented itself in the marketplace. The brand name of the company was well known to the stakeholders including its customers. It was felt that ABI needed to be well positioned as a brand in its own right in the marketplace in relation to its products and services. ABI was generally known as a Company of Coca-Cola and its performance was based on the results of the sales of this core international brand. The argument was held that the company needed to create a new image and new ways of operations to gain a new position in the minds of its customers. This required a budget for marketing and advertising and reprinting of all company related documents such as letterheads, company banners, identification boards at the entrances of its plants and depots and all other forms of presentation made by the company. The analysis of ABI in relation to its business operations formed the basis for re-branding of the logo and brand name. ABI had to reposition itself to

create an atmosphere that could lead to greater productivity and more efficient services towards its customers and thereby adding value to the company.

Chapter 3 discussed the place of branding in relation to the process of re-branding of the image of a company. This Chapter looked at the basis for the performance of a brand in the marketplace. It was argued that brands have an important and strategic role to play in promoting the image of the company and the positioning of its products in the minds of the customer. This was similar to the brand name of the company. It was stated that the customer can only be in a position to identify the position of the company's logo if its products and services, as well as company name, rank high in the marketplace against those of its competitors. It was stressed that the redesigning of the brand can create vibrancy of the company's position in the marketplace. It was argued that the vibrancy and position of the brand, if effective, could lead to an increase in sales and profitability for the company.

In discussing the strength of brand positioning, the Chapter stresses that companies redesign their brand names so as to create a new awareness of the activities of the firm. Consequently, in an article in the *California Management Review*, (1999) it was argued that brand revival assists a company to regain previously loyal customers, identify new customer segments and create a balance between old and new customers so as to generate new energy for the company. As loyal customers begin to identify freshness in the new logo of the brand or company, they begin to appreciate doing business with the company, hoping they might receive excellent customer service and product satisfaction as they have done throughout the years. With the new approach to conducting business, the company can entice new customers to buy its products or pay for the services offered. This increases the customer base, thus increasing sales volumes.

Chapter 3 also discussed how brand positioning is developed in relation to the products/service provided by the firm. The dilemma for ABI was that the products delivered by the company had a stronger brand positioning in the marketplace,

than the name of the company. For this to change, it would require intensive communication strategies to present a new company image to the public, replacing the old ABI logo, and the internationally known and respected Coca-Cola image, which was a business symbol, utilised by ABI as a distributor and bottler of the soft drink product. This follows the argument that ABI was known as a business and not as a company brand with its own identity and impact on the market. As a South African company, ABI was not well positioned in the minds of its customers as a company brand name but a producer of the world's number one international brand.

The discussion on brand equity brings new and exciting insights to the debate, in that a brand can add value to the balance sheet and income statement of a company. Feldwick, in Haigh, explained the origins and intent of brand-equity well, when they state that:

The word "equity" has been borrowed from finance, and its popularity reflects a general realisation that a brand can be an asset...it is used in practice to refer to descriptive aspects of a brand, its symbols or consumer imagery; and because of its financial origin, it frequently implies, the financial valuation of a brand...An established and successful brand name is one of the best mechanisms for delivering the long term profit stream. Sales that are not associated with a strong brand (e.g. supplying a retailer's own brand) are relatively vulnerable to competitors, to innovation, to price wars. But strong relationship between the brand and its end consumers is not so easily disrupted, although eventually it can be eroded (Feldwick, in Haigh, 1999:25).

The discussion in Chapter 3 shows that brand equity aims to expound the role a brand plays in driving profits and value analysis of a company. The discussion asserts that the brand is a valuable asset, which if managed well, can add significant value to a company's asset book, and the financial impact it can have in the market. The value of the brand can be calculated by understanding the sales that are recorded on the basis of the strength of that brand. This is a new area of investigation and adds an important knowledge base to the field of marketing and management. Though often hard to ascertain and calculate, financial marketing managers are challenged to understand the value a brand name can add to the bottom line of a company. This of course depends on the impact the brand has in

the marketplace. In Chapter 3, a graphical presentation of ABI's old and the new logo is provided, together with a discussion on the differences in design and its implications for both the company and the customer.

Keller (2003) argues that Brand positioning and values have a way of challenging marketing managers to develop clear concepts about the market and how the target market can be identified to promote the products/service to that market. This of course is in the context of competition as other brands from the competitors are gaining ground and momentum in the marketplace. The values of a brand will have an influence in the way the organisation will present itself to its customers through internal and external branding strategies.

Brand equity can only take place once the brand has established its position and the customers are in a position to remember it and pick the goods in any retail outlet in relation to the understanding of its power and effect in driving sales. The firm will only experience the Return on Investment (ROI) from the brand as the customers purchase the products after they know about the new image or logo of the company. There is a need therefore to understand what makes a strong brand. The study results have shown that the new ABI logo has not yet positioned itself strongly in the marketplace. There is no clear indication of Brand equity from the ABI re-branding exercise.

The research plan is the basis and overall guideline for the field research conducted for this study. Chapter 4 reveals the design of the research and the structure followed in the collection and analysis of data. The Chapter further articulates the best possible method for data collection for this study. Two methods were followed in the collection of data. The first approach was to collect data from company archives, books and ABI company financial reports covering the seven-year period 1998 to 2004. The second was to conduct field research using a designed questionnaire based on the central research question. Both were effective. The secondary data presented the economic performance as monitored through its published financials. The secondary data was collected to understand

the performance of the company over a given period, especially before and after the process of re-branding. Even though the process of re-branding started early, it was only presented as an official strategy of the company in 2003 when the Managing Director of the company announced that the process of re-branding would take place.

Chapter 5 provides historical information of ABI and the financial analysis of the company. This Chapter shows the strengths and weaknesses of the company and how the concept of re-branding of the company's image was intended to influence its performance. An internal analysis of ABI is given showing that the company's core skills are in manufacturing and distribution of finished beverage products.

According to the *ABI Annual Financial Report, (2004)* it states that:

Over the past 25 years, ABI has consistently delivered good returns to its shareholders, with solid compounded growth in headline earnings, dividends and net equity. (Annual report, 2004:4)

The Chapter shows how the company has maintained its profitability over the years. There are several variables that can be identified as reasons for the positive results and these have been revealed in the research results as presented in Chapter 6 of the study.

Chapter 5 also shows a graphical presentation of the financial results of the company from 1998 to 2004. The trend in results, in sales, cost of sales, share performance, equity, margins and net profits reveal that ABI has consistently performed well over the given period in this study.

Chapter 6 deals with data analysis and its interpretation and it is the core of this study. It presents the results of the fieldwork research conducted in and around Pietermaritzburg. The Chapter states that the results were presented in two

formats: Firstly, descriptive; secondly, using inferential statistics. Additionally, the Chapter provides detailed analysis of the qualitative data.

Chapter 7 presented further discussion on the key subsidiary research questions. The chapter showed that, from the results presented in chapter based on the findings from the survey, the retail outlets did not increase their purchases based on the appearance or awareness of the re-branded image or logo of ABI. It has been argued that the increase in sales, presented in chapter 5 of this thesis could have been influenced by several other factors such as good distribution system utilised by ABI and excellent customer service. The chapter showed that several questions raised in chapter 1 of this thesis have been adequately answered and have helped to make certain conclusions on the performance and management decision making of ABI.

In relation to the key issues, and according to the main study question, the descriptive statistics utilised Pie Graphs, Bar Graphs and Tables to present the relationship of different variables according to the questions. The tables showed the frequency, cumulative frequency and percentage representation of the variables. The study showed that there were more males involved in the study than females. This is a simple indication that there are more men involved in the retail business than women. According to age, the majority of people interviewed were between 20-35 years of age. It is interesting to note that ABI's retail customers are relatively young. One could argue that this age group represents mostly the unemployed in the formal employment sector in South Africa and therefore had to create jobs for themselves by opening businesses in the areas under survey. Almost 61% of those interviewed were married, as compared to 28% who were single. The study results reveal that a reasonable percentage (39.2%) of the respondents was motivated to open their own businesses due to the need to create their own employment.

Other interesting findings in this study concern the operations of ABI. The research showed that most (48.7%) of the people who buy ABI products from the retail outlets were ordinary citizens. The retail outlets cater for the immediate consumption of the branded products. The study also showed that ABI's business was healthy. Thirty seven percent of the respondents purchased more than 25 cases of assorted soft drinks from ABI for sale in their outlets. A majority (74.1%) of the respondents indicated that they order their soft drinks directly from ABI. This was one of the variables that ABI needs to strengthen in order to increase its sales. It was argued by the respondents that the ABI truck delivery service was excellent and that they could rely on the truck drivers to provide good service. Sixty Two percent of the respondents rated the customer service of ABI above 5 on a scale of 1 to 10. This was good and had a positive impact on the business.

From the survey results, 60.1% (95) of the respondents were unaware of the corporate re-branding exercise that ABI was going through. Only 16.5% were fully aware of the exercise. A small percentage (12.2%) was aware that ABI was going through an exercise of corporate re-branding. Cumulatively, 67.9% were not aware of the re-branding being carried out by ABI. This is important, as it confirms the overall finding of the research on the impact of re-branding on ABI's core business.

In relation to the influence of the re-branding exercise on the purchasing of ABI products by the respondents, 68.4% of the respondents expressed that the new ABI logo had no influence on their purchases from ABI. 18.4% of the respondents indicated that the new logo influenced their purchases. These findings tally well with the finding of the level of purchases and number of cases purchased directly from ABI as well as the p value findings of (.056) revealed that there is no relationship between the re-branding of the company and its sales leading to profit maximisation of the company. It can be argued therefore, that there is no clear indication that any marketing exercise that involves re-branding of the logo or image of an organisation would lead to profit maximisation.

It can be argued therefore that there could be several other variables such as delivery of ABI products by ABI to its customers, level of customer service, quality of products produced by ABI in conjunction with Coca-Cola as a supplier of concentrates, credit facility availability, market execution and displays, advertising projects by the marketing team of ABI, training of field staff in handling customer related issues, sales incentives offered to both retailers and wholesalers product availability, and control of stock levels which can contribute to the positive performance shown in Chapter 5 of this study.

Despite the important role that brands play in the marketing and sales of products, it is not conclusive that the re-branded image contributes positively to the profitability of the firm. Indeed, it may exert an influence on the customer, but not necessarily a monetary one. The challenge is in adding value and how they are managed, and how they contribute to the net profit of the company. Valuation and Capital Asset Pricing Models (CAPM) can be used to measure the brand's equity or contribution to the firm, but it is a relatively new area of study and both marketing and financial managers are still unclear as to how added value in relation to branding and brand equity can be calculated on the income statement of the company.

8.2. Managerial Implications/Recommendations

8.2.1. Implications for Policy and Practice in Relation to Branding and Brand Management

The implication to policy makers in relation to re-branding and brand management is that directors and senior management should not make decisions on re-branding, and related budget allocations without first having a clear idea of the outcome of the project. It would be foolhardy for managers to come up with ideas of spending money with advertising agencies and strategists to assist in

formulating new strategies that are aimed at improving the appearance of the image of the company or even products/services, without considering the overall implications. From the results of this study, it can be argued, that the company might spend millions on changing its image or logo and not reap any quantifiable financial rewards or benefits from the exercise. In this case, the marketing and financial managers must not expect too much by way of dividends from an intangible asset.

8.2.2. Implications for Private Sector Business Management and the Need for Change

In relation to the corporate brand, organisations work tirelessly to maximise gains. It is possible that the re-branding process could have a negative impact on the firm. This can take place if the company in relation to the market potential, did not assess the brand positioning and equity properly, the availability of products, distribution, and customer care. ABI continued to be profitable despite the fact that some of its customers were unable to identify the new brand. The customers indicated that they were not influenced to buy more products from ABI because of the new brand and image of the company. Traders continued to purchase the products, the company continued to record good returns on the investment of its shareholders despite the fact that the majority of its customers were unable to identify the new image and appearance of the ABI brand name. It can be equally argued that among the respondents from the survey, the brand name of ABI did not achieve the goal of establishing and maintaining a brand name of the company in its own right. The customers continued to purchase ABI manufactured products as before. The buying pattern only changed at those times when ABI (in conjunction with the Coca-Cola Company) was promoting any of the Coca-Cola brands. From the sales, it is clear that the Coca-Cola core brands had the highest share of the sales revenue generated. It is important to realise that even though ABI wanted to establish itself as a brand in relation to the company image, it still portrayed the image and banner of the soft drink core brand. The management of

ABI has worked hard and tirelessly to promote the image of ABI as a brand both internally and externally, among employees and customers alike, to no avail.

8.2.3. Policy Formulation for Public Sector Business Policy Analysts and Managers

The public sector can also be involved in marketing, for brands play an important role in the way the community perceives service delivery. All government departments have a duty to deliver certain products as a service to the community. Electricity, water, health, policing and social welfare departments have a duty to deliver quality service to meet the needs of the people in the community. Brand names can communicate different messages to the people, depending on the way the image of that particular department is portrayed. In all facets of life, people expect to be treated in a certain way. The findings and discussion in this study illustrate the need for managers in the public sector to understand that brands are vital in portraying the image of an organisation. Once the image is well positioned in the minds of the customers, it has an impact on the perception of that organisation, which could have a positive effect on the department's performance. The key finding of the survey shows that there was no increase in the purchases of ABI non-alcoholic beverages even after the customer was exposed to the new appearance of the company brand name and symbol.

8.2.4. Lessons Learnt from Aggressive Management Decisions of ABI

The main lesson learnt from the management style of ABI, is that the directors of the firm have a firm control on the operations of the company through a well-organised management team operational at all plants. Decision-making procedures are followed in that the Managing Director is the one who formulates company strategy and relays these plans to line management for the implementation. The Company Board of Directors assists him in this. Decisions are passed on to the functional level where the employees put the decisions into

practice by applying them in their daily work schedules and activities. The re-branding process took a similar approach, in that the MD of ABI made the decisions for the image of the company to be changed by changing the brand name that identifies the company. It had been decided that ABI needed to portray a new image, which is user-friendly and progressive in its management philosophy.

The decisions led to the changing and overhauling of the whole process of how the ABI business was conducted and created a new appearance of the name/logo of the company. Usually when a company begins to experience a period of stagnation, or declining performance, there is a need to revamp the company's logo or image through changes in the appearance and design of the brand name of the company. In the case of ABI, the sales were good and margins were being achieved as indicated in Chapter 5.

The Director of ABI decided to go ahead with the re-branding process, despite the fact that there was a positive performance in ABI. It is therefore, not justified to imply that there is a relationship between re-branding of the image of the company and the increase in sales or profitability. The decision taken to re-brand the image of the company does not necessarily mean that profits will increase. It has been learnt through this study that the re-branding process team, which include the financial controller and the marketing manager, should look at other areas that can bring financial gain to the company.

The study discussed the performance of the brands when it was redesigned and showed that the company can continue to produce good results through other variables even when there is no clear evidence that the profits are being realised because of loyalty of the customers to the brand. In the case of ABI, these variables have a positive impact and implications in the drive for volume which eventually helps to increase the value of the firm through profits. If these attributes of product delivery and service are available and provided by the company to the customers, there is a greater probability that even if the brand

name of the company was to change, the sales would still remain excellent. A good example would be that of Hewlett-Packard (HP), in that even if the logo of the company was to change in its appearance or symbol, customers will continue purchasing the products. The reason for the continued loyalty would be that the customers associate the name HP with quality products and excellent customer service.

8.3. Implications for Theory and Contribution to Knowledge

It is indeed important to note that there is a limited repository of literature written on corporate re-branding, both in libraries and on the internet. Most of the information found on the subject covers branding but not re-branding of company logos, symbols and/or brand names. As managers formulate their company strategies and plans they need information that can assist them to understand the topic and relate it to the actual business activity within the firm.

In the case of corporate re-branding, branding theory has been used to identify the relationship between brand, branding and re-branding. It has been argued that all discussion on branding and re-branding emanates from the understanding of what a brand is and how it is applied in products/services and also for the identification of a company. This theoretical explanation and connection is intended to help provide new knowledge for marketing management students and managers in the industry to understand what constitutes brand value, what it means in the industry and how products and services are branded in the way that they add value to the firm. It is also important to discuss the concept of re-branding and how it relates to products and services and the effect it has on organisations. The brand name or image or logo/symbol representing a corporation can be redesigned through innovation to produce something new and more aesthetically appealing. The new symbol/image of a company is produced with the intention of creating an awareness of the new brand name or products in the marketplace. The whole exercise has an influence in the way the firm presents itself to its stakeholders, which include customers.

The second issue to consider is the impact of the findings of this study conducted within the South African environment. The results reveal that there exists no significant relationship between the re-branding of a corporate image and the profitability of a company as a direct result of increased sales due to the new image. This is not obvious, as indicated from the results of the survey. As described above, there are several other variables that can increase the value of a company through increased sales. This additional knowledge is vital as it gives a new dimension to budgeting and expenditure for corporate re-branding and image innovation. When directors of firms decide to embark on a re-branding exercise, they must realise that it is not demonstrably obvious that they will recoup the value of the expenditure on the project through increased sales revenue, as the new image presentation may not produce any monetary advantage.

8.4. Limitations of the Study

Due to the competitive nature of the non-alcoholic beverage industry, even though the Coca-Cola brands are dominant in the marketplace, the following unavoidable limitations for this research project apply:

- The study was narrowed to one area where ABI conducts its business due to lack of resources such as finances to pay for travel costs and other related requirements to conduct the research on a wider scale.
- Access to non-public financial and strategic information on ABI was difficult, if not impossible to obtain, as it is treated as classified information. In this case Annual Financial Statements for seven year period were used by the researcher for information related to the financial performance of ABI.
- Such research has never been done for a similar industry or the same company, thus there is no benchmark to measure impact in relation to

past-recorded findings. This is a limitation as well as a justification of the research.

- Growth, supply, and demand forecasts are inherently difficult to estimate and list in this study. However, scenario analysis has helped in this regard to ascertain performance in relation to the research question.
- This study has not carried out a comprehensive financial risk analysis, as it was not the focus of the study. This may have resulted in limitations in certain interpretations of figures in financials and decisions taken by investors.
- The company is based in South Africa and has been analysed as such with no international comparisons made in a similar industry. This approach was taken by the researcher as a deliberate decision to focus on the South African based company.

8.5. Recommendations

Based on the above conclusions, the following is recommended:

- i. Corporate organisations need to be in a position to identify the impact of their brand name in the marketplace through continued market research. This demands that the Chief Executive Officers (CEO) of the company keep abreast of the performance of the brand name of the company so that this can be used when formulating new strategies for the company.
- ii. Companies should be cautious with their budgets as they plan to spend money on the re-branding process. Since this study has shown that it is not demonstrably obvious that once a firm spends substantial sums on a re-

branding project, it will not necessarily realise a good return through increased sales, the company must look at justifying such expenditure carefully before a decision of this nature is implemented.

- iii. Corporate image re-branding needs to be included in the plans of the company every four to five years before the firm loses its impact on the marketplace. This process will demand planning the budget, and formulating personnel and other training programmes to meet the requirements of the re-branding process.
- iv. As discussed in Chapter 3, there is a high probability that brand image and positioning can have positive financial implications for the firm. In brand equity, it is not clear how the value of the brand can be quantified and included in the financial statements of the company. This is an area for further research and debate.
- v. Marketing managers must understand the implications of a brand name that has lost its lustre and impact on the marketplace. It is recommended that research must be conducted on the performance of the company in relation to its brand name and brand positioning among its customers and its commensurate influence on sales. The information will assist in designing a programme of action that can take the company to a higher level.
- vi. Marketing and financial managers must try to arrive at agreements on the budgets to be used for the re-branding process and what the possible dividends will be to the business. This is important for South African companies who have very little, if any knowledge on brand equity, to learn how brands can add value to the firm.

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- vii. Marketing staff must find ways of reducing advertising budget spend on re-branding by using a less expensive approach, but still maintain effectiveness.
 - viii. To maximize the impact of re-branding, all marketing and advertising departments of large corporations must develop effective ways of reinforcing the new brand name both internally and externally. A deliberate effort must be made to transmit the information to retail and wholesale outlets about the new brand name.
 - ix. The management as well as employees of the organisation that is going through change through innovation of the company brand name or logo must communicate the changes in its approaches to its customers. Both tangible and intangible deliverables must be visible in the operations and identification of the company. This means, as the image changes, so must the behaviour of employees towards customers.
 - x. The Managing Director of the company must lead the whole process of re-branding. S/he must be the champion for change in every area of the business. This was the approach of ABI towards its customers and employees. Even though there can be traces of intolerance, especially from those employees who might have problems in working with people from different backgrounds, company management must lead in eliminating any form of segregation and provide a conducive-working environment.

8.6. Direction/Future Research Options

Future research will be based on the findings which have led to the conclusion that corporate re-branding does not necessarily contribute to profits and hence the value of the organisation. . As indicated earlier, it can be argued, as demonstrated by the findings of this study that indeed there are other factors that can lead to the

continuous growth of an organisation. The next intended research in this field could be on the impact of efficient distribution systems, improved customer service and financial support from various organisations to the firm.

8.7. Conclusion

This study attempted to address the subject in a systematic manner. At the outset, the need to investigate what happens in corporate organisations when the appearance of the image of the company logo or brand name is changed through a re-branding exercise was expressed. The study set out to investigate several factors. It was identified that ABI was going through re-branding because of several reasons which included corporate structural change. The theoretical framework used in Chapter 2, was selected from strategic management and marketing to engage the researcher in a discussion on how strategic decisions are made and how they can be used to understand the process of re-branding in a firm. It was argued that strategy is formulated or crafted by the senior executive managers, in this case the Managing Director of the company. Concepts of marketing and branding were brought into the discussion to show how marketing principles through re-branding affect the operations and profitability of a company. The study has revealed that there is no clear relationship between the performance of a company and corporate re-branding. It should be made clear then that those involved in making decisions to spend money on redesigning of the company logo and brand name should not automatically assume that the process of re-branding will have a positive effect on the firm's performance by increasing sales volume and profit margins. It is possible to apply marketing strategies to change the image of a company without reaping any financial gains from the exercise. Indeed, the process could reposition the company and create a new awareness of the company among its stakeholders, but need not contribute to its profits.

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Appendix A

CONSENT FORM FOR PARTICIPATION IN WORKSHOPS AND MEETINGS

Study Title: **The Challenges and Implications of Corporate Re-Branding: A Case Study Of Amalgamated Beverage Industries (ABI).**

Principal Investigator: Maxwell Agabu Phiri MBA, B.Soc.Sc, Dip in Journalism, Dip in Radio Programming

Funding Source: Personal

Purpose

Thank you for showing interest in participating in this research designed to investigate if the process of re-branding of the image of a corporate organisation can lead to profit maximisation or an increase in revenue. This study looks at the case of Amalgamated Beverage Industries (ABI) and how it deals with its customers.

Description of Procedures

The questionnaire is divided into 4 sections. Section one covers demographics. The research does not want you to give your name and address or the name of your business premises, as this will ensure that you as a respondent remain anonymous.

The second section of the questionnaire will ask you questions about the operations of your business in terms of start-up capital, sources of capital and quantities of products bought from ABI. The third section deals with issues of relationships between your business operation and ABI. This section looks at the level of customer service received from ABI and how it affects your business. The fourth section looks at the actual process of corporate re-branding and how it has been done by ABI in the marketplace and what the impact has been in relation to your business. The process of filling in this questionnaire should take you about 20-30 minutes.

Risks and Benefits

This study involves giving information about your business operations in relation to ABI and how the re-branding process has influenced your buying patterns. Your comments will help to draw some conclusions on whether re-branding of the company has had a direct impact on the profitability of the organisation or not. Some suggestions and recommendations will be made to the business owners, especially corporate business on how best to implement the re-branding process for their organisations.

Confidentiality

Every effort will be made to keep your responses confidential. While the research is going on, all research records will be placed in a locked cabinet. The researcher will not divulge any personal information pertaining to you, unless the information is considered to be life-threatening or if requested by South African law or with your permission.

Voluntary Participation

Participation in this study is completely voluntary and you are free to decline to participate, to end participation at any time for any reason, or to refuse to answer any individual question without penalty.

Questions

If you have any questions about this project or if you have a research-related problem, you may contact the researcher Mr. Maxwell Agabu Phiri in the School of Management of the University of KwaZulu-Natal (UKZN). Tel: +27 (0)31 260-5843 (work), +27 (0)33 346-2920 (home), +27 (0)72-969-7304 (Cell/Mobile), E-mail: phirim@ukzn.ac.za

If you have any questions about your rights as a research participant or concerns about the conduct of this study, you may contact the University of KwaZulu Natal, Graduate School of Business (GSB) Research Committee, Westville campus, Durban, Tel: +27 (0)31 260-7564.

Agreement to Participate

I have read the above information, have had the opportunity to have any questions about this study answered and agree to participate in this study.

(Printed name)

(Date)

(Signature)

APPENDIX B
QUESTIONNAIRE

Degree	Doctorate in Business Administration (DBA) Research
Research Topic	The Challenges and Implications of Corporate Re-Branding: A Case Study Of Amalgamated Beverage Industries (ABI).
Principal Investigator	Maxwell Agabu Phiri MBA, B.Soc.Sc, Dip in Journalism, Dip in Radio Programming

Self-Introduction

I am a Doctor of Business Administration candidate at the Graduate School of Business of the University of KwaZulu-Natal (UKZN). I am conducting research in corporate re-branding with specific emphasis on the changes that have taken place in the design of the logo and the presentation of the image of ABI since 2003. I am researching on the implications of corporate re-branding in relation to the operations of the company and the delivery of customer service to improve its profitability. The results of the research are intended to improve the decision-making process of management teams in the implementation of change with a view to promoting efficiency and profitability. The information provided will be held in strict confidence. No monetary benefits will accrue to the researcher from this project.

Name of candidate: Maxwell A. Phiri

Supervisor: Prof. Kasturi Poovalingam

SECTION A
DEMOGRAPHIC INFORMATION

Instructions Please Tick \checkmark Cross X One Box

1. Name of the Interviewee (Optional)

.....

2. Please Indicate Your Gender

<i>Male</i>	<input type="checkbox"/>
<i>Female</i>	<input type="checkbox"/>

3. Please Indicate Your Age

<i>20-25 years</i>	<input type="checkbox"/>
<i>26-30 years</i>	<input type="checkbox"/>
<i>31-35 years</i>	<input type="checkbox"/>
<i>36-40 years</i>	<input type="checkbox"/>
<i>41-45 years</i>	<input type="checkbox"/>
<i>46-50 years</i>	<input type="checkbox"/>
<i>51-55 years</i>	<input type="checkbox"/>
<i>56-60 years</i>	<input type="checkbox"/>
<i>> 60 years</i>	<input type="checkbox"/>

4. Name of the Business Outlet and Address (Optional)

.....

5. Telephone number (Optional)

.....

6. Please Indicate Your Marital Status (Optional)

Married

Single

Divorced

Widow / Widower

Other

7. Please Indicate Your Level of Education

Primary

High school

Tertiary

N/A

8. Please Indicate Your Position in the Business

Manager

Supervisor

Sales Assistant

Administrator

Merchandiser

Owner

9. How long have you lived in the community in which your retail outlet is located?

Less than 5 years

5 -10 years

11-15 years

16 -20 years

21-25 years

> 25 years

10. Where were you staying before you moved into this community?

.....

11. Please indicate your employment before you started your business

.....

.....

SECTION B
SPECIFIC QUESTIONS RELATED TO BUSINESS OPERATIONS

Instructions Please Tick \surd Cross X One Box

1. What kind of business are you involved in at the moment?

- Retailing*
- General Trading*
- Wholesale*
- Other*

2. What motivated you to start this type of business?

- Need for extra income*
- Wanted to create self employment*
- Saw Business potential*
- Encouraged by ABI to become a distributor*
- Obtained capital (loan) to start business*

3. How did you raise the capital for your business?

- Loan from Bank*
- Savings from personal earnings*
- Borrowed money from friend*

Got ABI support to distribute soft drinks

Received Government grant to start small-scale business through Black Economic Empowerment Programme

Savings from informal business or trading

4. How much capital did you initially outlay?

≤ R5000

R5001 – R10, 000

R10, 001 – R15, 000

R15, 001 – R20, 000

R20, 001 – R25, 000

> R25, 000

5. Who buys most of your goods (market segment)?

passers-by

Workers

House-wives living in the area

Traders who buy to sell

6. What kind of products do you buy from ABI?

1.25 litre glass bottle assorted soft drinks

2 litre Plastic bottle assorted soft drinks

1 litre Plastic bottle assorted soft drinks

- 500 mls Plastic bottle assorted soft drinks*
- 340 mls can assorted soft drinks*
- Alternative Beverages (Assorted)*
- Sports Drinks*
- Mixed purchase of soft drinks*
- Other specialized consignment*
- Mixed sizes and flavours as per demand*

7. How many cases of soft drinks do you buy from ABI per week?

- ≤ 5 cases*
- 6 cases -10 cases*
- 11 cases -15 cases*
- 16 cases -20 cases*
- 21 cases -25 cases*
- > 25 cases*

8. Did you get any support from the government to start your business?

- Yes*
- No*

9. If the answer to 8 is yes,

a) Explain the kind of support you received from the government.

.....
.....
.....
.....

b) Indicate the amount received from the government

$\leq R5000$	<input type="checkbox"/>
$R5001 - R10,000$	<input type="checkbox"/>
$R10,001 - R15,000$	<input type="checkbox"/>
$R15,001 - R20,000$	<input type="checkbox"/>
$R20,001 - R25,000$	<input type="checkbox"/>
$> R25,000$	<input type="checkbox"/>

SECTION C
FINANCING (SOURCES OF FUNDS OR VENTURE CAPITAL)

Instructions Please Tick \checkmark Cross X One Box

10. Did you get any a loan from the bank to start your business?

<i>Yes</i>	<input type="checkbox"/>
<i>No</i>	<input type="checkbox"/>

11. If the answer to question 1 is yes,

a) Please indicate the name of the Bank

ABSA

Standard

New Building Society (NBS)

Ithala Bank

Nedbank

First National Bank

First Merchant Bank

People's Bank

Credit Union

Other: Specify

b) Amount

≤ R5000

R5001 – R10, 000

R10, 001 – R15, 000

R15, 001 – R20, 000

R20, 001 – R25, 000

> R25, 000

12. Did you use any money from your own savings to start your business?

Yes

No

13. How much money did you use from your own savings?

≤ R5000

R5001 – R10, 000

R10, 001 – R15, 000

R15, 001 – R20, 000

R20, 001 – R25, 000

> R25, 000

14. Did you receive any training before starting your business?

Yes

No

15. If the answer to 5 is yes, give the name of the organization that trained you.

Department of Trade and Industry

Ithala SMMEs Training Programme

Training by SETA

Training Agency operating as an NGO

Other: Specify

.....
.....

16. Does ABI deliver the product to you?

Yes

No

Are there any other issues related to distribution that you would like to mention?

.....
.....
.....

17. Do you buy any of the products manufactured by ABI from wholesalers?

Also provide the name of the wholesaler?

a) Wholesaler

b) Why do you buy from the wholesalers?

Easy Accessibility

Frequency of Delivery of wholesalers

Frequency of ABI deliveries

Cheaper from wholesaler than ABI

18. How do you rate the level of Customer Service from Truck drivers and Assistants on a scale 1 – 10?

Poor					Excellent				
1	2	3	4	5	6	7	8	9	10

If there any other reasons why you prefer wholesalers, please explain

.....

19. Does the after sales service (distribution, after delivery support, merchandising and marketing promotions) offered by ABI as a company assist you in your business in any way?

Yes

No

20. How would you rate that level of customer service that you get from ABI?

Poor					Excellent				
1	2	3	4	5	6	7	8	9	10

21. Do you have any credit facility with ABI?

SECTION D
CORPORATE RE-BRANDING

Instructions Please Tick \checkmark Cross X One Box

25. Are you aware of the corporate re-branding process that ABI has been going through? Tick the applicable section

1 Unaware of the corporate re-branding process	2. Vaguely aware of the corporate re-branding process	3 Some awareness of the corporate re-branding process	4. Aware of the corporate re-branding process	5. Fully aware of the corporate re-branding process
--	---	---	---	---

26. Have you ever heard of the word re-branding?

Yes

No

27. If yes, where did you hear about re-branding?

Newspaper

Radio

Friend

Business Management Book

T.V.

Adverts in magazines

Radio

Other

28. Have you ever seen the new ABI logo?

Yes

No

29. If you have seen it, where did you see it?

T.V.

Newspaper

ABI Letterhead

On ABI Trucks or Vehicles

On street billboards

Sports fields

Other: Specify

30. Can you indicate differences between the old and new logo of ABI?

Yes

No

31. If yes, can you describe how either the new logo or old logo looks like?

31.1 Description of old logo

.....
.....
.....

31.2 Description of new logo

.....
.....
.....

32. What do you see as the difference between the two logos?

.....
.....
.....

33. What do the words “corporate re-branding” mean to you?

.....
.....
.....
.....

34. Do you know the difference between ABI and Coca Cola?

Yes

No

35. If the answer to 34 is yes, can you explain the difference?

.....

.....

.....

.....

.....

36. What is your understanding of the relationship between Coca-Cola and ABI?

.....

.....

.....

.....

.....

37. Do you know what the logo of Coca Cola looks like?

Yes

No

38. Explain your answer in a few words.

.....

.....

.....
39. Have you ever had a sales representative from ABI visit you in the past three weeks?

Yes

No

40. If the answer to the above is Yes, what was the general outlook and presentation of the rep in terms of dressing?

.....
.....
.....

40.1 Do they wear a uniform with the ABI logo on the pocket of the shirt, jacket etc.

.....
.....
.....

41. Does the ABI sales representative know what he/she is talking about in trying to assist you to improve your business?

Yes

No

42. Did you notice the new ABI logo on the work uniform of the channel manager or sales representative in the last 2 months?

Yes

No

43. Does the new logo on the work uniforms and vehicles of ABI help you identify the employees of ABI or its vehicles?

Yes

No

**44. Does the new ABI logo look friendlier in its presentation than the old one?
(Old is straight red capital letters with green and the new one is lower case grey connected letters)**

Yes

No

45. Does the new image of ABI make you buy more from the company than before?

Yes

No

46. By how much do you think your purchases from ABI have increased in the past 2 years since the re-branding process started?

- $\leq R5000$
- $R5001 - R10,000$
- $R10,001 - R15,000$
- $R15,001 - R20,000$
- $R20,001 - R25,000$
- $> R25,000$

47. How do you rate the customer service of ABI employees and the company on a scale of 1 to 10?

Poor					Excellent				
1	2	3	4	5	6	7	8	9	10

48. What do you think can be done to improve the customer service of ABI?

48.1 By employees:

.....

.....

.....

48.1 By management:

.....
.....

49. In their effort to promote re-branding, do you think ABI does enough to support socially related issues? Explain:

.....
.....
.....
.....

Thank You for your participation

APPENDIX C

UNIVERSITY OF KWAZULU-NATAL

ETHICAL CLEARANCE APPLICATION FORM (SOCIAL SCIENCES AND HUMANITIES)

Inquiries:

Ms Phumelele Ximba

Tel: 260 3587

Email: ximbap@ukzn.ac.za

PLEASE NOTE THAT THE FORM MUST BE COMPLETED IN TYPED SCRIPT; HANDWRITTEN APPLICATIONS WILL NOT BE CONSIDERED

SECTION 1: PERSONAL DETAILS

- 1.1 **Full Name & Surname of Applicant:** Maxwell Agabu Phiri
- 1.2 1.2 Title (Ms/ Mr/ Mrs/ Dr/ Professor etc): Mr.
- 1.3 Student Number : 200000729
Staff Number : 621631
- 1.4 Discipline : Business Studies
- 1.5 School : Graduate School of Business
- 1.6 Faculty : Faculty of Management Science
- 1.7 Campus : Westville
- 1.8 Existing Qualifications : MBA, B.Soc.SC, Diploma in Journalism,
Diploma in Radio Programming
- 1.9 Proposed Qualification for Project: Doctor in Business Administration
(DBA)
2. **Contact Details**
- Tel. No. : (H) 033 346 2920, (O) 031 2607508
- Cell. No. : 0729697304
- e-mail : phirim@ukzn.ac.za

3. SUPERVISOR/ PROJECT LEADER DETAILS

NAME	TEL. & FAX	EMAIL	DEPARTMENT / INSTITUTION	QUALIFICATIONS
Prof. Kasturi Poovalingam	2607254	Poovaligamk@ukzn.ac.za	Management studies	PhD

SECTION 2: PROJECT DESCRIPTION

Please do *not* provide your full research proposal here: what is required is a short project description of not more than two pages that gives, under the following headings, a brief overview spelling out the background to the study, the key questions to be addressed, the participants (or subjects) and research site, including a full description of the sample, and the research approach/ methods

2.1 Project title: THE CHALLENGES AND IMPLICATIONS OF CORPORATE RE-BRANDING: A CASE STUDY OF AMALGAMATED BEVERAGE INDUSTRIES (ABI)

2.2 Location of the study (where will the study be conducted)

Pietermaritzburg, Howick, Greytown and Richmond

2.3 Objectives of and need for the study
(Set out the major objectives and the theoretical approach of the research, indicating Briefly, why you believe the study is needed.)

Research objectives:

The objectives of this study were to:

- xi. investigate whether the new logo of ABI, in its presentation and appeal, encourages the retail outlets to buy more from the company than they did before the re-branding exercise.
- xii. investigate whether deliveries and the performance of ABI influence purchase levels of retail outlets.

2.4. Questions to be answered in the research

(Set out the critical questions that you intend to answer by undertaking this research.)

The Main Research Question

The main research question was is as follows:-

Does corporate re-branding contribute to an increase in the financial profitability of the organisation?

Subsidiary research questions

The following is a list of subsidiary research questions:-

- i. What challenges do corporate organisations face when carrying out the task of formulating, implementing and evaluating the strategies of the organisation at all levels of business operations?
- ii. Does brand positioning and re-positioning contribute to profit maximisation of the organisation through positive brand equity?
- iii. Did ABI's sales continue to grow in the period prior to and after the re-branding exercise?

- iv. Does the gender of the owners/assistants of the retail outlets influence the type of decisions made in relation to the purchase of soft drinks for the retail outlets?
- v. How does the level of education of owners/assistants impact on the purchasing decision-making process of the retail outlet?
- vi. How do the sources of funding and availability of credit facilities influence the retail outlets' decision on the quantity (number of cases) bought from ABI?
- vii. Does a good customer-service rating from ABI as a company demonstrate that the company can deliver on its promises and encourage the retail outlets to increase their purchases?
- viii. Does an awareness of the corporate re-branding process of ABI encourage the retail outlets' owners/assistants to consider purchasing a greater quantity of soft drinks from the company?
- ix. Does an understanding of the meaning of re-branding by the owners/assistants help them to evaluate the improvement of customer service from ABI to the retail outlets?
- x. Do the ABI sales representatives' visits to the retail outlets help to create the awareness of the new logo attached to the ABI products?
- xi. Has the new logo of ABI, in its presentation and appeal, encouraged the retail outlets to buy more from the company than they did before the re-branding exercise?
- xii. Do deliveries and the performance of ABI influence purchase levels of retail outlets?

2.5 Research approach/ methods

(This section should explain how you will go about answering the critical questions which you have identified in Section 4. Set out the approach within which you will work, and indicate in step-by-step point form the methods you will use in this research in order to answer the critical questions. For a study that involves surveys, please append a provisional copy of the questionnaire to be used. The questionnaire

should show how informed consent is to be achieved as well as indicate to respondents that they may withdraw their participation at any time, should they so wish.)

Research procedures

1. The data collection for this study will involve both primary and secondary methods. The secondary data collection will involve collecting and analyzing company strategy documents on the need for growth and image change of the company through the rebranding process. This will involve visiting the regional offices of ABI and read documents on company policy and strategic decision for the future of the company. All presentations and papers written on rebranding of the organisation, if there any, will be analysed by the researcher to find out the position of the company on the subject. Selected documents on rebranding from abi head office will also be looked at. Any documents containing the address of the company by the Managing Director on vision, mission and objectives of the company will be looked at and used for secondary information. This will form the basis for the theory and literature review for the thesis. Writings on the selected subject that is in the field of strategic management and marketing will be analysed and used to explain the various terms related to the topic. The theory will be used to explain the issue raised in the research questions and objectives as the topic develops. The primary research, using a structured questionnaire will be used to collect raw data from the field which will be analysed using statistical methods and presented in the thesis as findings in relation to the topic.

2. The field research will focus on the collection of data that will be presented using both descriptive and inferential statistics. The results will be used to make certain conclusions in relation to the main study question and subsidiary questions.

4. The research will be done in a selected area where ABI conducts its business using random sampling and targeting 200 out of a population of 1250 retail outlet owners/managers or supervisors or any representative of the outlet involved in the preparation of orders for products from ABI. All questionnaires will be coded and will cover four major areas of the study.

For details see attached questionnaire.

2.6 Proposed work plan

Set out your intended plan of work for the research, indicating important target dates necessary to meet your proposed deadline.

STEPS	DATES
1. Research design and formulation of topic	February, 2004
2. Proposal Writing	March - June 2004
3. Collection of literature and outlining chapter 2	July – September 2004
4. Designing questionnaire and writing chapter 2	October - November, 2004
5. Outlining Research Methodology and Testing Questionnaire	December, 2004
6. Administering Questionnaire	February – April, 2005
7. Writing chapter 3 and setting out chapter 4 and 5	May –June 2005
8. Data Capturing	July, 2005
9. Analysis and Statistical tests	August, 2005
10. Writing chapter 6	August, 2005
11. Writing Chapter 4 and 5	September, 2005
12. Writing Chapter 7	October/November, 2005
13 Compiling whole thesis and editing	December, 2005
14 Submission of final draft	January, 2006
15. Corrections and final submission	Feb/March, 2006
	April, 2006
	May, 2006
	June, 2006
	July, 2006

SECTION 3: ETHICAL ISSUES

The UKZN Research Ethics Policy applies to all members of staff, graduate and undergraduate students who are involved in research on or off the campuses of University of KwaZulu-Natal. In addition, any person not affiliated with UKZN who wishes to conduct research with UKZN students and / or staff is bound by the same

ethics framework. Each member of the University community is responsible for implementing this Policy in relation to scholarly work with which she or he is associated and to avoid any activity which might be considered to be in violation of this Policy.

All students and members of staff must familiarize themselves with AND sign an undertaking to comply with the University's "Code of Conduct for Research".

QUESTION 1.

Does your study cover research involving:	YES	NO
Children		X
Persons who are intellectually or mentally impaired		X
Persons who have experienced traumatic or stressful life circumstances		X
Persons who are HIV positive		X
Persons highly dependent on medical care		X
Persons in dependent or unequal relationships		X
Persons in captivity		X
Persons living in particularly vulnerable life circumstances		X

If "Yes", indicate what measures you will take to protect the autonomy of respondents and (where indicated) to prevent social stigmatisation and/or secondary victimisation of respondents. If you are unsure about any of these concepts, please consult your supervisor/ project leader.

QUESTION 2.

Will data collection involve any of the following:	YES	NO
Access to confidential information without prior consent of participants		X
Participants being required to commit an act which might diminish self-respect or cause them to experience shame, embarrassment, or regret		X
Participants being exposed to questions which may be experienced as stressful or upsetting, or to procedures which may have unpleasant or harmful side effects		X
The use of stimuli, tasks or procedures which may be experienced as stressful, noxious, or unpleasant		X

Any form of deception		X
-----------------------	--	---

If "Yes", explain and justify. Explain, too, what steps you will take to minimise the potential stress/harm.

QUESTION 3.

Will any of the following instruments be used for purposes of data collection:	YES	NO
Questionnaire	X	
Survey schedule	X	
Interview schedule		X
Psychometric test		X
Other/ equivalent assessment instrument		X

If "Yes", attach copy of research instrument. If data collection involves the use of a psychometric test or equivalent assessment instrument, you are required to provide evidence here that the measure is likely to provide a valid, reliable, and unbiased estimate of the construct being measured. If data collection involves interviews and/or focus groups, please provide a list of the topics to be covered/ kinds of questions to be asked.

QUESTION 4.

Will the autonomy of participants be protected through the use of an informed consent form, which specifies (in language that respondents will understand):	YES	NO
The nature and purpose/s of the research	X	
The identity and institutional association of the researcher and supervisor/project leader and their contact details	X	
The fact that participation is voluntary	X	
That responses will be treated in a confidential manner		
Any limits on confidentiality which may apply		X

That anonymity will be ensured where appropriate (e.g. coded/ disguised names of participants/ respondents/ institutions)	X	
The fact that participants are free to withdraw from the research at any time without any negative or undesirable consequences to themselves	X	
The nature and limits of any benefits participants may receive as a result of their participation in the research		X
Is a copy of the informed consent form attached?	X	

If not, this needs to be explained and justified, also the measures to be adopted to ensure that the respondents fully understand the nature of the research and the consent that they are giving.

QUESTION 5.

Have efforts been made to obtain informed permission for the research from appropriate authorities and gate-keepers (including caretakers or legal guardians in the case of minor children)?	YES	NO
	X	

If not, this needs to be explained and justified.

QUESTION 6.

How will the research data be secured, stored and/or disposed of?

All completed questionnaires will be used for the coding, capturing and analysis of the results. The questionnaires will be stored away in a safe place by the researcher and eventually destroyed after a year. All names and information given on the questionnaires will be treated with utmost confidentiality. The discs containing the information will be password protected and then deleted once the dissertation has been confirmed.

QUESTION 7.

In the subsequent dissemination of your research findings – in the form of the finished thesis, oral presentations, publication etc. – how will anonymity/ confidentiality be protected?

The findings will be presented without using any names of the respondents. The interpretations of the findings will be recorded using statistical tools. Any aggregate data will form the basis of analysis.

SECTION 4: FORMALISATION OF THE APPLICATION

I have familiarised myself with the University's Code of Conduct for Research and undertake to comply with it. The information supplied above is correct to the best of my knowledge.

.....
.....
SIGNATURE OF APPLICANT
DATE

.....
DATE:
.....
SIGNATURE OF SUPERVISOR/ PROJECT LEADER
:

RECOMMENDATION OF FACULTY RESEARCH COMMITTEE

FULL NAME _____ (CHAIRPERSON)

DATE :

SIGNATURE : _____

RECOMMENDATION OF UNIVERSITY RESEARCH ETHICS SUB-COMMITTEE (HUMANITIES AND SOCIAL SCIENCES)

FULL NAME : _____ (CHAIRPERSON)

_____ DATE:

SIGNATURE : _____

Appendix D

ABI 7 year financial statements for Analysis

	7 year compound growth % p.a.	2004	2003	2002	2001	2000	1999	1998
<i>Income statements</i>								
Hectolitres	7.2	13 000	12 063	11 488	10 966	10 910	11 050	7 966
Sales revenue	14.3	5 571	4 933	4 283	3 759	3 538	3 325	2 187
Cost of sales		(3 339)	(3 041)	(2 612)	(2 315)	(2 276)	(2 154)	(1 457)
Gross profit		2 232	1 892	1 671	1 444	1 262	1 171	730
Net operating costs		(1 192)	(1 028)	(960)	(879)	(804)	(719)	(475)
Trading profit	22.2	1 040	864	702	565	458	452	255
Goodwill amortisation		(73)	(78)	(79)	(78)	(78)	(65)	—
Operating profit	20.9	962	786	624	487	380	387	255
Income from an associate		48	47	46	51	49	43	25
Profit from ordinary activities before interest and taxation		1 010	833	670	538	429	430	280
Net finance income/(cost)		66	56	23	(17)	(50)	(61)	27
Profit from ordinary activities before taxation		1 076	889	693	521	379	369	307
Taxation		(377)	(242)	(231)	(155)	(82)	(123)	(95)
Profit on ordinary activities after taxation	18.6	699	647	462	366	297	246	212
Equity minority interests		(11)	(15)	(7)	—	—	—	—
Net profit for the year	18.3	688	632	455	366	297	246	212
<i>Balance sheets</i>								
Property, plant and equipment and investment properties		1 618	1 463	1 454	1 444	1 486	1 391	729
Goodwill		1 107	1 185	1 263	1 341	1 419	1 494	—
Investment in an associate and other financial assets		236	216	192	191	164	145	77
Deferred taxation asset		50	69	—	—	—	—	—
Inventories		309	270	183	186	178	189	114
Trade and other receivables and prepayments		469	327	413	283	295	353	189
Cash and cash equivalents		802	773	450	47	49	50	393
Total assets	17.3	4 591	4 303	3 955	3 492	3 591	3 622	1 502
Ordinary shareholders' funds		3 585	3 253	2 901	2 660	2 486	2 226	864
Minority interests		24	21	10	—	—	—	—
Long-term loans/interest bearing liabilities		6	11	—	—	274	406	5
Other non-current liabilities		298	244	249	250	308	338	170
Current liabilities		768	774	795	582	521	650	463
Total equity and liabilities	17.3	4 591	4 303	3 955	3 492	3 591	3 622	1 502
<i>Reconciliation of net operating assets</i>								
Property, plant and equipment and investment properties		1 618	1 463	1 454	1 444	1 486	1 391	729
Other current assets, including deferred taxation asset		828	666	596	469	473	542	303
Non-current and current liabilities		(976)	(1 018)	(1 044)	(832)	(829)	(988)	(633)
Net operating assets	20.5	1 470	1 111	1 006	1 081	1 130	945	399

Table 5.1. Seven Years ABI Financial Ratios 1998-2004 [Source: *ABI Annual financial Report*, 7-year summary of results (2004)].

	7 year compound growth % p.a.	2004	2003	2002	2001	2000	1999	1998
<i>Cash flow statements</i>								
EBITDA	15.7	1 258	1 100	856	693	640	614	453
(Increase)/decrease in working capital		(126)	39	48	51	(63)	(224)	43
Cash generated from operating activities	12.5	1 132	1 139	904	744	557	590	496
Dividend income received		28	23	23	25	28	20	12
Taxation paid		(436)	(297)	(163)	(146)	(77)	(161)	(61)
Net cash inflow from operating activities	7.6	724	865	764	621	508	449	427
Net finance income/(cost)		73	50	23	(17)	(53)	(55)	27
Dividends paid		(366)	(278)	(227)	(194)	(42)	(3)	(18)
Net cash retained	(0.2)	431	637	560	410	413	391	436
Investment to maintain and upgrade operations		(209)	(127)	(138)	(16)	(111)	(190)	(76)
Proceeds on disposal of assets		41	32	45	—	—	—	—
Cash available to invest in long-term growth		263	542	467	394	302	201	360
Investment to expand operations		(241)	(227)	(77)	(122)	(171)	(945)	(156)
Net cash generated/(utilised)		22	315	390	272	131	(744)	204
Cash effects of financing activities		10	11	4	(274)	(132)	401	—
Increase/(decrease) in cash and cash equivalents		32	326	394	(2)	(1)	(343)	204
Free cash flow		629	820	694	588	344	204	378
<i>Cash value added statements</i>								
Cash value added	10.5	1 993	1 967	1 595	1 410	1 253	1 258	969
Employees		756	650	591	542	534	500	343
State		436	297	216	232	211	309	192
Lenders		—	3	1	32	53	55	—
Society		4	2	—	—	—	—	—
Shareholders*		366	278	227	194	42	3	18
Disbursed among stakeholders	16.0	1 562	1 230	1 035	1 000	840	867	553
Net cash retained	(0.2)	431	637	560	410	413	391	436
*Script dividends were capitalised as follows:		—	—	—	—	126	136	59

Table 5.2. Seven Years ABI Financial Ratios 1998-2004 [Source: *ABI Annual financial Report, 7-year summary of results (2004)*].

	7 year compound growth % p.a.	2004	2003	2002	2001	2000	1999	1998
<i>Ordinary share performance</i>								
(cents per share)								
Earnings - basic earnings	13.4	448.7	415.8	299.3	240.8	196.7	173.2	186.7
- headline earnings	15.4	506.5	486.4	353.3	292.1	250.3	223.2	185.8
- adjusted headline earnings	15.4	506.5	421.1	353.3	292.1	250.3	223.2	185.8
- basic cash flow earnings	2.4	473.2	600.7	517.8	397.4	301.3	277.5	401.8
- cash equivalent earnings	8.6	627.5	563.8	447.4	354.6	339.7	511.3	352.2
Dividend	17.3	280.0	230.0	174.0	144.0	123.0	108.0	91.5
Dividend cover (times)		1.6	1.8	1.7	1.7	1.6	1.6	2.0
Ordinary shareholders' funds	17.4	2 350.6	2 135.5	1 905.4	1 748.5	1 642.9	1 574.5	763.4
<i>Profitability and asset management</i>								
Volume growth (%)		7.8	5.0	4.7	0.5	(1.3)	38.7	14.3
Sales revenue growth (%)		12.9	15.2	13.9	6.2	6.4	52.0	23.8
Consumer Price Index (CPI)*		3.3	11.9	5.3	6.5	3.4	7.6	7.2
Trading margin (%)		18.7	17.5	18.4	15.0	12.9	13.6	11.7
Trading return (%)		70.7	77.8	69.8	52.3	40.5	47.8	63.9
Operating margin (%)		17.3	15.9	14.6	13.0	10.7	11.6	11.7
Operating return (%)		65.4	70.7	62.0	45.1	33.6	41.0	63.9
Return on equity (%)		21.6	21.8	18.5	16.7	15.2	14.2	24.3
Net asset turn (times)		3.8	4.4	4.3	3.5	3.1	3.5	5.5
Effective tax rate (%)		35.0	27.2	33.3	29.7	21.5	33.4	30.9
Cash operating margin (%)		22.6	22.3	20.0	18.4	18.1	24.5	20.7
Cash operating return (%)		50.5	51.8	44.7	38.2	41.6	65.2	72.3
Cash realisation rate (%)		75.4	106.5	114.4	112.1	88.7	54.3	114.1
Number of employees		3 597	3 792	3 908	4 255	4 767	5 371	3 904
Sales revenue per employee (R000)		1 549	1 301	1 096	883	742	619	560
Employment cost per employee (R000)		210	171	151	127	112	93	88
Cash value added per employee (R000)		554	492	408	331	263	234	253
<i>Solvency and liquidity</i>								
Net interest cover (times)		(16.5)	(16.3)	(32.5)	36.2	10.1	8.1	(10.4)
Financial gearing ratio		(0.2)	(0.2)	(0.2)	—	0.1	0.2	(0.4)
Trade, other receivables and prepayments collection period (in days)		26.1	27.4	29.7	28.1	33.4	29.7	28.8
Current liabilities payment period (in days)		84.3	94.2	96.2	87.0	93.9	94.3	102.0
Inventories turnover period (in days)		31.6	27.2	25.8	28.7	29.4	25.7	26.1
Current ratio		2.1	1.8	1.3	0.9	1.0	0.9	1.5
Quick ratio		1.7	1.4	1.1	0.6	0.7	0.6	1.3

* Average annual percentage, calculated for ABI's financial year

Table 5.3. Seven Year ABI Financial Ratios 1998-2004 [Source: *ABI Annual financial Report*, 7-year summary of results (2004)].