

**UNIVERSITY OF KWAZULU-NATAL**

**Re-Branding Fast Moving Consumer Goods:  
The Case of Nestlé South Africa**

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I .....declare that

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**“I can do all things through Christ which strengtheneth me- Philippians 4:13”**

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## **Abstract**

Re-branding is an opportunity for marketers of fast moving consumer goods (FMCGs) to reposition the brand and differentiate it from competitor's products. However, in spite of the significant opportunities and benefits that re-branding presents if carried out correctly, some marketers simply fail to successfully deliver 'new' brand images to customers, and others are faced with a 'back-lash' from consumers and are forced to revert to the original branding.

Since there is a dearth of knowledge on the practical efforts of re-branding FMCGs by the world's largest companies, an exploratory study using a mixed methods approach was conducted to understand re-branding at one of the world's largest FMCGs companies, namely Nestle SA. More specifically, an investigating was conducted to understand the process Nestlé followed in re-branding its coffee and other beverage brands from 2010 to 2012; the type of re-branding strategy that was used to position and reposition its beverage brands; the importance of retaining a corporate brand name, logo and image when rebranding; and the turnover pattern during the years when re-branding was undertaken. The Nestle managers' perceptions on the cost versus the benefits of re-branding were also ascertained.

Six managers who represented the marketing, packaging and customer service divisions of Nestle's (Escourt) coffee and beverage brands formed the convenience sample of this study. The concurrent mixed methods approach which consisted of two phases was used. A structured questionnaire using opened and closed ended questions were used to conduct interviews with the sample. In addition internal official documentation related to re-branding, namely, policies and turnover reports were reviewed and analysed.

It became evident that Nestlé's key reason for re-branding is innovation of the coffee and beverage brands. It was also ascertained that Nestlé has a customized re-branding strategy for each product and, the Nestle logo proved to be the most important identifier of the company and is therefore always retained during re-branding. It was also apparent that respondents viewed the benefits of re-branding as outweighing the costs. Furthermore, since the sales fluctuated post re-branding, it was concluded that

with respect to the products concerned at Nestle, that there is no direct relationship between re-branding and sales.

The implications of the findings for marketers of FMCGs are that they need to be cognizant of the need to change the ‘look and feel’ of brands over time to keep them relevant and compete effectively. Furthermore, they need to ensure that the changes are gradual, acceptable and relevant, and that all the costs of re-branding are taken into consideration so that an informed decision to re-brand is made. Furthermore, marketers should be aware that re-branding which is not properly carried out can be damaging to the brand, and the importance of social media as a tool to communicate with consumers prior, during and post re-branding should not be underplayed.

As with all research studies, this study had certain limitations which restricts the ability to generalize the findings to all FMCGs companies. This was more of a ‘case’ study, although it involved an international FMCG company. Perhaps a comparative study of re-branding coffee and beverage brands at Nestlé’s factories in other countries may serve to compare and strengthen the findings. It could also shed light on Nestlé’s’ international re-branding strategies, which findings could then be more relevant for generalization. A further limitation of this study is that although internal documents were provided, limitations were placed in terms of the information that could be divulged in this study. This resulted in sales units being estimated from documentation and therefore accurate figures could not be disclosed. Future studies should be anonymously conducted so that more informed recommendations could be made with respect to turnover and expenditure on re-branding.

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## **Chapter One**

### **Introduction and Overview**

#### **1.1 Introduction**

“In a world where strong brands evoke fierce loyalty, it’s no surprise that even the slightest change in a brand stirs up opinions and emotions from its audiences” (Sasser, 2009: 55). In light of the aforementioned statement, and since re-branding in particular may affect the profitability of renowned companies and brands, it is the ultimate marketing challenge to carefully plan and proficiently execute strategies with the intention of preserving brand familiarity and loyalty, but moreover to exceed consumer expectations in the competitive market place” (Sasser, 2009: 55).

There is no denying that every successful business is grounded in having an identifiable, appealing and distinctive brand (Mohammad, 2012: 112). A strong brand is one that is able to determine the organization’s success to such a degree that it can withstand competition to an extent that even when there is a new development in the market; products will still be able to be sold at a premium price. In addition, a strong brand is capable of unlocking new markets especially when the growth of the organization relies solely upon the penetration of new markets (Mohammad, 2012: 112). In order to remain competitive, building strong brands is essential for business; O’Carroll (2011: 2) asserts that global companies will not “be able to drive sales if we don’t constantly build our brands.” Annually firms invest billions of dollars in implementing marketing strategies to enhance brand performances (Ataman, Van Heerde, and Carl, 2010: 866). Kumar, Wei and Simpson (2009: 71) assert that in an effort to meet the diverse needs of today’s highly competitive marketplace, marketers are ascertaining efforts for revitalizing products and keeping them up-to-date while maintaining consumer brand values. Branding, packaging and labelling are “crucial weapons in the markets arsenal” (Botha, Bothma, Brink, Cant, Diggines, Machado, Kloppers and Theron, 2006: 111).

Therefore, attaining a unique and well recognized brand becomes key to the success of any business venture. “Not only is branding the company’s symbol, it is also the company’s face to the world; thus, a business without a brand is a business without a face” (Powell, 2010). Branding transforms a product into a brand which is a distinctive identity for a product (Wells, Moriarty and Burnett, 2006: 3). A brand is defined as “a name, slogan, or design that is created with the aim of identifying a seller, manufacturer, provider of a product or service, or the product or service itself” (Cant and Van Heerden, 2010: 209). Furthermore, Branding is “the process involved in creating a unique name and image for a product in the consumers’ mind, mainly through advertising campaigns with a consistent theme. As a result, branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers” (Business dictionary.com, 2014). Consequently, re-branding involves “making changes to the brand’s name, logo, image, and advertising, features or marketing strategy” (Cant and Van Heerden, 2010: 222). Cant and Van Heerden (2010: 222) assert that the intent of re-brandings is aimed at repositioning the brand to differentiate it from competing brands, or banish the negative perceptions about the previous brand.

In the face of hasty changes and challenges in the varied markets, marketers endeavour to develop new strategies of re-branding products and creating brand values which are challenging for competitors to replicate. For the purpose of this research re-branding is understood as the “process of giving an established brand a new name, logo, slogan or design with the intention of making it more attractive to consumers,” (Cant and Van Heerden, 2010: 222). With modifications of visual elements such as colour, packaging and logo in conjunction with various marketing programs, marketers aim to create new brand associations to induce customers’ purchase intentions. As a result of re-branding some brands successfully deliver new brand images to their customers, while others simply fail to impress or be accepted by their loyal customers with such changes (Tang, 2009).

Much has been written about various re-branding strategies; however, little attention has been paid to re-branding Fast Moving Consumer Goods (FMCG). “FMCG are products that have a quick shelf turnover, at relatively low cost and don’t require a lot of thought, time and financial investment to purchase” (Online Free Trading, 2012).

Three of the largest and best known examples of Fast Moving Consumer Goods companies are Nestlé, Unilever and Procter & Gamble (Online free Trading, 2012).

As mentioned above, Nestle is one of the best known examples of fast moving consumer goods companies, therefore the gap which has been identified in the knowledge on practical efforts at re-branding fast moving consumer goods in South Africa will be investigated in, the world's largest food and beverage company, namely, Nestlé. Nestle Estcourt, is the biggest coffee mixture factory in the Nestle Group, worldwide (Nestle Packaging Technologist, 2012). From the above it is understood that Nestle Estcourt manufactures coffee and beverages which are classified as FMCG's.

An investigation into re-branding in a competitive market is essential as it will afford marketers the opportunity to engage in the various steps which Nestlé has undertaken to champion and position its coffee and beverage brands over the years. It is important to investigate factors affecting re-branding outcomes and to assess the possible indicators of re-branding success.

## **1.2 Background and Rationale of the Study**

“Products are not bought based on their real physical features, but rather according to customers’ perception of the package of need satisfying attributes that the product possesses” (Botha et al., 2006: 105). Brands offer important functions to consumers, inter-alia, identify the manufacturer of the product and assign responsibility to the manufacturer or distributor of the product; brands take on special meaning in the lives of consumers based on experience, since consumers can identify which products satisfy their needs and which products do not; and, from an economic perspective brands limit searching costs and finally consumers form bonds with brands in a sense that over time they offer their loyalty and trust to a brand in anticipation that a brand will provide them with consistent utility through product performance (Keller, 2003: 8). Keller (2009: 35) asserts that companies must surpass brands to create “trust

marks” a name or symbol that emotionally binds a company with the desires and hopes of its customers, to a point of ultimately creating “love marks” with consumers.

### **1.2.1 Rebranding**

Re-branding is seen as a way of invigorating a brand. Re-branding is a process utilized by many companies to remain competitive, by making indispensable modifications to a brand's, name, logo, image, advertising, features or marketing strategies (Cant and Van Heerden, 2010: 223). For companies, re-branding is seen as a way of repackaging a company's image and building a new brand or updating an existing brand (McQuerrey, 2013). Re-branding can revive a brand and change how it is perceived. Hence, it creates a foundation for a company to take on a new message or stance in the market industry, thereby permitting it to reach new target markets (McQuerrey, 2013).

When done correctly, re-branding can enhance a brand's image, awareness and in due course their bottom line; when done incorrectly, the results can confuse, aggravate, and even isolate brands and their customers (Sasser, 2009: 55). There are no rules regarding how or when to re-brand, but there often there are cues that signal a re-brand. (Aniko, 2009: 60). Revitalising and repositioning a brand through gradual, incremental modification of the brand proposition and marketing aesthetics can be considered a natural and necessary part of the task of brand management in response to changing market conditions (Kapferer, 1998). Re-branding has proved to be beneficial for Nestle, feedback from the Nestle packaging manager (2012) confirms that there have been instances when products have undergone re-branding and as a result Nestlé battled to cope with the demand for these re-branded products. An example was a Nestle product which had a flimsy package; this diminished the products' appearance on store shelves because it didn't stand well in an upright position. In addition this made storage for consumers difficult. Nestle became aware of the problem and re-branded the packaging of this product to alleviate the problem. A new type of packaging material which made storage easier was used. This not only assisted in enhancing the products packaging but it uplifted the image of the product as well. The figure below is an example of one Nestlé's re-brandings, the Nescafe



brand which was re-branded in the period under investigation 2010-2012. Nestlé's rebranding of the Nescafe Classic brand. As seen in the Figure 1.1 the shape of the packaging changed, making it easier for consumers to hold. The label on the bottle has had minor tweaks. The old label on the bottle has "Smooth and Rich on the label", whilst the new brand has "Rich and Full Flavoured"

Figure 1. 1 Nescafe Classic Re-branding



**Source:** Nestle Good Food, Good Life, 2014.

There are instances when re-branding has gone terribly wrong, the Swissair Group who decided to disguise the Swiss in its name by using the name SAir Group. This attempt at re-branding backfired and the company had to revert back to its original name shortly after (Kaikati and Kaikati, 2003: 18). There are numerous instances where well-known companies have resorted to re-branding which have been successful, for example, as noted by Keller (2009: 570) when Kentucky Fried Chicken wanted to convey a healthier image in order to remain competitive in the market to remain current, Kentucky Fried Chicken abbreviated its name to KFC and introduced a new logo which incorporated Colonel Sanders image as a way to maintain tradition but also modernize its appeal. Kaikati and Kaikati assert (2003: 19) that when Kellogg's decided to change the name of its Coco Pops in 1999 to

Choco Krispies, Kellogg's was forced to revert back to its original name due to a drastic decline in sales in conjunction with a telephone poll which revealed that consumers were reluctant to give up the initial well-loved brand. As a lesson well learnt, Kellogg's decided to incorporate this re-branding failure into a future success by coercing consumers with the help of social media to vote online for brand names which they most wanted.

Figure 1.2 which is self-explanatory, depicts examples of well-known brands, some of which have failed in their re-branding endeavours, while others have succeeded.

**Figure 1.2 Re-branding Successes and Failures**



**Source:** Datamonitor, 2009:4

Consumer loyalty is a vital aspect to take into account when considering product re-branding. In every re-branding attempt, marketers are to determine the degree and nature of loyalty conveyed by consumers as attempts which are not parallel with

consumers may result in brand rejection. Re-branding must retain familiarity so that consumers are able to maintain brand loyalty (Kaikati and Kaikati, 2003: 19).

### **1.3 The Research Context Nestle**

As mentioned above, familiarity leads to loyalty, Nestlé creates familiarity by utilizing a synonymous brand name on a global scale to ensure that new innovations can be attributed to the existing goodwill of company. Since Nestlé is a global company, and controls international brands, it is important for the corporate brand name to be used effectively when marketing products. An advantage of using a corporate brand name is that a product gains instant recognition and thus benefits from the corporation's existing goodwill (Gomez, Michael, Cyle, Ebenhoech, Fallucca, Minetti and Sarin, 2009: 18). Nestlé is home to some of the best-known brands in the world across varied product categories. Nescafé is one of its leading brands and, one of the most renowned brands in the world, since it was ranked 25th among the top 100 best global brands in 2009 and valued at \$13,317 million, according to Interbrand, a brand management company (Market Watch, 2010: 63). An estimated 74,548.6 million dollars (CHF80, 713.5 million) of annual sales is raked in by 30 of Nestlé's top earning brands, which contributes to 75% of its total sales (Market Watch, 2010: 63). Good Food, Good Life summarises Nestles values of nutrition and health (Vander, Brian, Timothy, Treneice, Mary, Anand, 2010:18).

#### **1.3.1 Nestle History**

Fisher (1991: 1) asserts that today Nestlé is known as the world's largest food company, and Sir Henri Nestlé would be intrigued to know that how his name has formed part of consumers daily rituals. Nestlé was founded in 1866 by Henri Nestlé. Henri Nestlé endowed his company with the symbol derived from his name, along with his family coat of arms, the nest (representing nourishment, security and a sense of family that are essential to life) with a mother bird protecting her young became the company's logo and a symbol of the company's care and attitude to life-long nutrition (Vander, Brian, Aurand, Timothy, Pickens, Treneice, Mary and Anand, 2010: 18). Nestlé is the world's leading Nutrition, Health and Wellness Company, headquartered

in Vevey, Switzerland, and has been ranked 44th in the 2010 Fortune top 500 list of global companies. The Nestlé vision of nutrition, health and wellness involves the concept of 60/40 in which the company aims to make products that achieve at least 60% consumer taste with the added ‘plus’ of nutritional advantage. Today, Nestlé manufactures over 10,000 different products and employs over and above 250,000 people. Over one billion products are sold every day to people in 130 countries across the world. It also invests approximately US\$1.4 billion in research and development every year (Vander et al., 2010: 18).

### **1.3.2 Nestle South Africa**

Nestlé South Africa is continuing to grow and contribute to local economic growth of the country by investing more than R1 billion in the building of two new factories for its Maggi and cereals products which will be situated in Babelegi near Hammanskraal; the acquisition of the Specialised Protein Products (SPP) in Potchefstroom, North West province as well as the expansion of the coffee manufacturing plant in Estcourt, Kwa-Zulu Natal (O’Carroll, 2011: 2). The Managing Director of Nestlé Southern Africa, Mr Sullivan O’ Carroll, stated that “as the world’s leading Nutrition, Health and Wellness (NHW) Company, Nestlé products are market leaders in categories such as soluble coffee, infant nutrition, bottled water, condensed and evaporated milk, ice cream, chocolate and malt drinks, as well as culinary products (O’Carroll, 2011: 2). In spite of past successes, Nestlé brands ought to be dynamic, up to date and ready for action in the market place in order to maintain its position and prestige as market leaders.

This study therefore attempted to obtain perspectives from the Nestlé coffee and beverage marketing team which would serve to shed light on the re-branding strategies which have contributed not only to local but global success. Over the years Nestlé brands have evolved tremendously. Cant and Van Heerden (2010: 223) posit that “an important aspect of brand management is doing research on how to evolve the brand to make sure it remains competitive in the market, and continues to match consumers’ needs, expectations and preferences.”

The Nestlé Marketing and packaging team provided details on the re-branding of the following products which has occurred from 2010 to the mid-2012:

Coffee mixtures: Ricoffy, Ricoffy mild, Ricoffy Caffeine-Free.

Pure Coffee: Nescafé Classic, Nescafé Classic Mild, Nescafé Classic Decaff.

Other Beverages: Nesquik-Chocolate, Nesquik-Strawberry, Nestlé Milo, Nestlé Hot Chocolate.

There is a dearth of knowledge on re-branding fast moving consumer goods by the world's largest companies. Thus an investigation on the practical efforts of re-branding fast moving consumer goods will afford brand and packaging managers of food companies similar to Nestlé can draw on aspects of re-branding that will promote and reposition their brands to remain competitive in an emerging economy. According to Fisher (1991: 1) "the Nestlé Estcourt factory has always been a focal point of the Nestlé operation in South Africa." The local manufacture of Nescafé commenced at Estcourt after the first Egron Tower was installed as early as 1939 (Fisher, 1991: 45). The Estcourt factory is the only factory in the southern hemisphere that manufactures Ricoffy (Nestle Packaging Technologist, 2012). This being the case, Nestlé Estcourt is viewed as an ideal location for this research to be conducted. Thus, an investigation into re-branding fast moving consumer good is essential as it will afford marketers the opportunity to engage in the various steps which Nestlé has undertaken to champion and position its coffee and beverage brands over the years

#### **1.4 Problem Statement**

Analyse and evaluate practical efforts at re-branding in fast moving consumer goods during the period 2010 to 2012.

This research explored all coffee and beverage brands produced at Nestle, Estcourt, and, what Nestlé has done in terms of re-branding to champion and position their brands to remain in the marketplace. The products under investigation have all undergone re-branding in the period 2010 to 2012. The period was chosen as the study

commenced in 2012, so information two years prior to that date, was retrieved. Re-branding enables Nestle to keep brands current to consumers.

Thus an investigation into the re-branding process used by Nestle is necessary as it will afford South African marketers of fast moving consumer goods companies the opportunity to benchmark aspects of Nestles re-branding process to facilitate their brands in becoming competitive in the market, to assess factors affecting re-branding outcomes, learning what to do to avoid brand failures, to be aware of the different challenges which might occur when re-branding, and more generally, for brand and packaging managers working in companies similar to Nestlé' to draw on aspects of Nestlé's re-branding.

### **1.5 Research Objectives**

1. To ascertain why Nestlé re-branded its coffee and other beverage brands through changing its packaging from 2010 to 2012.
2. To determine the type of re-branding strategy that Nestle has been using from 2010-2012 to position and reposition its beverage brands.
3. To determine the importance of retaining the Nestlé corporate brand name, logo and image when considering a re-brand.
4. To ascertain the turnover during the years when re-branding was done.
5. To ascertain Nestle managers perceptions on the cost implications versus the benefits of re-branding.

## **1.6 Research Questions**

1. Why has Nestlé re-branded its coffee and other beverage brands through changing its packaging from 2010 to 2012?
2. What type of re-branding strategy that Nestle has been using from 2010-2012 to position and reposition its beverage brands?
3. How important is retaining the Nestlé corporate brand name, logo and image when considering a re-brand?
4. What was the turnover during the years when re-branding was done?
5. What are Nestle managers perceptions on the cost implications versus the benefits of re-branding?

## **1.7 Research Methodology**

This research was undertaken using an exploratory research design with a concurrent mixed methods approach. In using this approach, both elements of qualitative and quantitative were used in attempting to address the research objectives and questions of this study. In view of study being exploratory in nature, the sample size is small due to participants being purposefully selected. Given the research objectives of this study a sample consisting of 6 participants was deemed adequate. The sample consisted of managers who represent the marketing, packaging and customer service of Nestle, Escourts' coffee and beverages. The participants used in both qualitative and quantitative phases were taken from the same sample.

### **Qualitative Phase**

- The structured questionnaire included opened (qualitative) and closed ended (quantitative) questions. Data collection includes five completed questionnaires from four brand managers and one packaging manger.
- Two informal qualitative interviews were conducted with the packaging and customer service manager, to ascertain why Nestlé re-branded its coffee and other beverage brands through changing its packaging.

### **Quantitative Phase**

- Turnover reports for the period January 2011 to December 2012 of all coffee and beverage products were examined. In addition the dates when products were rebranded, were also examined.
- Analysis of the of closed ended questions from the qualitative phase

### **1.8 Limitations of the Study**

- The focus was on beverages only and not all the products produced by Nestle South Africa, thus recommendations would be product specific, rather than relevant to the all the organizations products.
- As a result of the people in management having tight schedules, face to face interviews were substituted with e-mail interviews.
- As a result of Nestlé's non-disclosure policy, once consent for the study with Nestlé brand managers was granted and a pilot test was conducted, the entire study took a turn. The initial questionnaire was administrated to a respondent under pilot study conditions, The respondent/s had many unanswered and not applicable responses and the researcher was contacted and told that in-depth information/detail regarding Nestlé's re-branding strategies could not be



disclosed, hence the reason for a triangulation study to retrieve the necessary information.

- Many of the coffee and beverage brand Managers were new graduates of Nestles Graduate development program and had been working for Nestlé for a short time (less than 5 years but have been there during the period 2010-2012). Therefore they may have not possessed extensive knowledge and experience on re-branding as those who have been with Nestle for more than 10 years.
- In addition to the above mentioned, Nestlé allowed the review of documentation, however the reporting of facts had to be adjusted. For instance, sales units had to be estimated from reports and accurate figures could not be used.
- The study was exploratory in nature and the study sample comprised of a few individuals therefore the reliability of the questionnaire could not be statistically confirmed.

## **1.9 Outline of the Study**

This dissertation consists of five chapters:

### **Chapter One**

This chapter presents an introduction to the study and the rationale for undertaking this study.

### **Chapter Two**

This chapter provides a review of the literature pertaining to Branding, Re-branding and Nestlé as an organisation forming the case for the study.

### **Chapter Three**

This chapter includes a discussion of the research methodology which includes research objectives, research design, sample selected, and data collection methods and data analysis.

### **Chapter Four**

In this chapter, the empirical findings are reported and explained.

### **Chapter Five**

All conclusions based on significant findings have been summarized and recommendations for further studies outlined.

### **1.10 Conclusion**

This chapter outlined the rationale for the study, and how it will contribute to the body of knowledge of research on fast moving consumer goods (beverages) and re-branding in the competitive South African emerging economy. This chapter outlines the research objectives, questions and methodology that were used in the study.

The limitations of the study were mentioned which will justify any flaws in the study. The theoretical framework for the study will be addressed in the chapter that follows.

## **Chapter Two**

### **Branding, Re-branding and the Nestle brands**

#### **2.1 Introduction**

Just like everything else, in time, a brand's image gets tired and dusty and is then no longer able to rise to customers' or marketers expectations (The Bright Pink studio, 2013). However, in a market place that is constantly evolving, consumers' perceptions of brands gradually evolve over time and this directly impacts on organisations' profitability and, when this starts to happen, it is an indication for marketers to start thinking about re-branding. For marketers, re-branding represents an opportunity to remain competitive and profitable in the market place, revive out-dated brands and re-establish positions in the competitive market place. Re-branding is "aimed mainly at repositioning the brand, improving brand differentiation to distinguish it from competing brands, or overcoming the negative opinions or perceptions of the previous brand" (Cant and Van Heerden, 2010: 223).

From the above the above, it is evident that building a strong brand is actually building an awareness, reputation, and prominence for a product/company in the marketplace. This chapter will therefore elaborate on the discussion of brands and branding and set the scene for re-branding. For marketers, re-branding is a task which takes into consideration the tangible and the intangible attributes that distinguish their brands in the marketplace which can only be done once marketers understand consumer motivations and desires and create the relevant positioning for the product by incorporating all of these elements into marketing decisions (Keller, 2003: 2). It is evident that in almost each and every product category, there are brands that have faced difficult times in the market, for some sales steadily declined whilst there are others that have completely vanished from shelves. However, the ones that have managed to overcome these trying times are products that have had new life breathed into them. This research study will provide insight into the importance of re-branding fast moving consumer goods and the different cases of successful and unsuccessful re-

branding attempts. In addition, it will examine what marketers can do to ensure success when they attempt to re-brand fast moving consumer goods in the competitive South African market. The gap which has been identified in practical efforts in re-branding fast moving consumer goods will be investigated in Nestlé, Estcourt, producer of coffee and beverage brands. It will examine the challenges that marketers experience when re-branding their fast moving consumer goods, and recommend methods which can be utilized to ensure successful re-branding.

## **2.2 Brands**

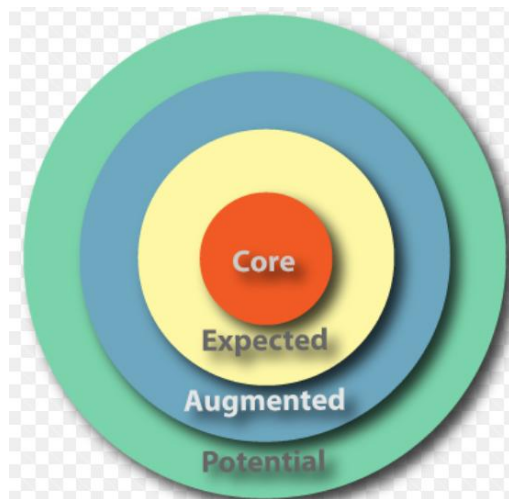
### **2.2.1 The Importance of Brands and Branding**

Unless it's your birth date, the 23<sup>rd</sup> of April, 1985 might not mean much, but it is a landmark date in marketing. It was on this fateful day that Roberto Goizueta, chief executive of the Coca-Cola Company dropped a bomb on many unsuspecting customers with the launch of the new Coke (Terrett, 2012). The change as well as the introduction of the new Coke was driven by the trepidation of losing the battle against Coke's well renowned competitor, Pepsi. In history, at this particular point in time Pepsi was running its 'Pepsi Challenge' taste tests and, to Coca-Cola's disillusionment, the findings demonstrated that tasters preferred the sweeter taste of Pepsi to Coke. The New Coke filled shelves everywhere while the production of the original drink ceased. "The backlash from consumers was enormous, with many customers boycotting the new Coke with effect" (Terrett, 2012). Keller (2003: 6) states that Coca-Cola had been taught an important lesson about its brand, the appeal of coke lies not only in its ingredients but in what the brand represents to its consumers. "Coke's brand image certainly has emotional components, and consumers have developed a great deal of feelings for the brand" (Keller, 2003: 6). "Worldwide, Coca-Cola is the best known name brand by far" (Botha, et.al, 2006: 111). In view of the relationship and attachment that was formed with the Coke brand, "it took less than three months for Coca-Cola to pull the new formula from shelves and return to the original formula which they re-branded as "Coke Classic" (Parker, 2012).

### 2.2.2 Brands versus Products

According to Keller (2003:3) a product is “anything that we can offer to a market for attention, acquisition, use, or consumption that may satisfy a need or a want.” It can be distinguished on four distinct layers as depicted in Figure 2.1

**Figure 2. 1 Four Layers of a product**



**Source:** Keller, 2003:156

The core product as mentioned by Cant and Van Heerden (2010: 155) is the “heart of the product the main reason for its existence and purchase.” A product benefit is a benefit that a consumer receives when they own, utilize and experience a product.

- **The Tangible Product**

A tangible product is the physical product that is offers consumers unique features, for instance brand name, package design, styling and the products physical appearance.

- **The Augmented Product**

This consists of the products physical appearance in addition consumer services and benefits which include, warranty, credit, delivery, installation, repairs and maintenance after the sale.

- **The Potential Product**

A potential product is described in terms of the possible advancement of the current product. For example modifications to the products, shape, colour, design, quality, packaging, image and other need satisfying attributes.

- **The Product Image**

The product image is the consumer's perception of the total product, which is created by the various marketing programs such as the price, distribution and marketing communication.

However a brand is therefore more than a product, because it can have many attributes that differentiate it in some way from other products designed to satisfy the same need. (Keller, 2003: 5).

### **2.2.3 The Difference between a Brand and a Product**

According to Gunelius (2013) the following assist in distinguishing product and brands:

- **Companies Make Products and Consumers Make Brands**

A product is manufactured by a company and is sold to a consumer in exchange for money; on the other hand brands are built through a consumers experience, awareness, anticipations, and involvement with the product.

- **Products Can Be Copied and Replaced but Brands Are Unique**

It is easy for products to be replicated by competitors as they are low involvement and can be substituted with competing products, however brands differ based on that they offer consumers unique value which is built by a consumers experience and emotional involvement with a product.

- **Products Can Become Obsolete but Brands Can Be Timeless Remember**

Products change over time; they become obsolete as new products enter the market, replacing existing ones. In contrast, a brand such as Nescafe is still sought decade after decade, even when new beverage products in the same category enter the beverage market.

- **Products Are Instantly Meaningful but Brands Become Meaningful over Time.**

It is easy for marketers to make a product appealing to consumers by showing them its usefulness. In contrast, a brand will be meaningless until consumers have a chance to experience it and build trust in the brand. As a result the process of brand building takes time.

#### **2.2.4 Brands**

Brands are an inescapable part of a consumer's everyday life - they are everywhere. According Gowri (2012: 76), almost all of the products available on the market today are identified by their names. According to Crainer and Dearlove (1995: 13) originally a brand was a mark on a product- a signature or a symbol which signifies the products origin or to show ownership. "Brand identity is a combination of many factors, including the name, logo, symbols, design, packaging and performance of a product or service as well as the image or type of association that come to mind when a consumer thinks of a brand" (Keller, 2003: 16). According to Pearson (1996: 6) a "brand is a combination of features (what the product is), customer benefits (what needs and wants the product meets) and values (which the customer associates with the product)." Furthermore, a "brand is created when marketing adds value to a product, and in the process differentiates it from other products with similar features and benefits" (Pearson, 1996: 6). In addition, it is the process of creating a special

meaning for a product, one which makes it distinctive in the market place as well as its product category (Wells et al. 2006: 33).

“Investing time, knowledge and money in brands will pay off for the company in terms of improved competitive standing, increased consumer desire for the brand, a greater impact on the consumer lifestyle, and an enhanced social image” (Cant and Van Heerden, 2010: 208). For marketers, it is a way for consumers to identify with products and create perceptions of the product. Marketing is not a fight for products, it is a fight for the perception consumers have about a well-known product name (brand). Branding helps to win the battle of perception and essentially marketers deposit a vast amount of effort in making brands recognizable and perceivable. Creating brand perception requires intrusion; marketers are trying to position products with people who don’t want to change their purchase decisions. A brand needs to be so powerful that it pushes consumers out of their purchase routines and forces them to change their purchasing habits (Reiss, 2011: 89). The brand building process is vital in ensuring that strong brands are built, thereby allowing consumers form favourable attitudes in turn creating brand loyalists.

### **2.2.5 Consumer’s attitudes towards Brands**

When a consumer sees a brand, the knowledge that consumers have of the brand is activated, such as the quality of the brand and specific characteristics which allow the consumer to form reasonable expectations about the brand and, reduce the perceived risk a consumer may experience when selecting a brand in making a purchase decision. In essence, brands create trust in the expected performance and reassure consumers of the benefits provided by the product (Whan, et al., 2010: 1). According to Schiffman and Kanuk (2007: 239) market researchers assess attitudes when making inferences from behaviour. According to Parumasur and Roberts-Lombard (2008: 185) in the marketplace consumers can either be passionate, positive, unresponsive, negative or hostile about a product. Though, this then would imply that all behaviours are related to attitudes, and one would question what then attitudes are. According Schiffman and Kanuk (2007: 239) define attitudes as “a learned predisposition to behave in a favourable or unfavourable way with respect to a given object”. When



consumers have already built a pre-conceived attitude toward a brand, re-branding becomes difficult as the act of re-branding is a deliberate decision to significantly alter the way consumer's view of a product (Parumasur and Roberts-Lombard, 2008: 71). According to Parumasur and Roberts-Lombard (2008: 71) to change a consumers attitude toward a product, marketers aim to change the beliefs held about the brand on one or more attributes or to shift the performance attributes by convincing consumers that brand attributes which are the strongest are the most important, or by adding new beliefs to the customers belief system and lastly by influencing attitude by changing the perception of the product. The bond connecting the consumer to the brand is critical as it results in behaviours that cultivate brand profitability and creates brand loyalty (Schiffman and Kanuk, 2007: 239).

Nevertheless, marketers set out to build strong brands based on actionable consumer insights and ultimately providing greater customer experiences. This is a long term process which entails building a valuable long term asset, by developing the company's reputation in the consumers' minds which creates a platform for growth (Barwibe and Meehan, 2011: 342). It is no surprise that managers have brand building activities at the top of their priority list. Brand building requires a great deal of investment in communication, availability of products and other marketing related activities (Fischer, 2010: 823). Building a strong brand is of the utmost importance for a company's success is. As marketers evaluate the economic potential of their brand investments in companies, success is attributed to several factors such as the predispositions customers hold towards a brand as a brand, brand management capabilities and the activities of competitors (Fischer, 2010: 823). Keller (2003: 7) explains that brand equity has made the importance of the brand in a marketing strategy known and, although brand equity has been defined in various ways, it can be agreed that brand equity explains why varied outcomes result from the marketing of a branded product rather than if the product was not branded. Keller goes on further to mention that brand knowledge is key to creating brand equity as it creates a differential effect which drives brand equity.

In addition, marketers ensure that adequate time is invested in researching, defining and building brands. A company's brand is the source of a promise made to

consumers and is a crucial element in marketing communication, which is not to be compromised (Lake, 2013).

In addition, Social Media Marketing is transforming the way consumers engage with brands, and in the course, transforming the way marketing is conducted. It is vital for marketers to understand how their fans and customers interact with brands on Face Book and Twitter in order to acquire crucial information to build brands and create brand loyal consumers. Face Book has more than 800 million active users; Twitter has 100 million users with a growth rate of 60% (Mazin, 2012). Consumers, with the use of social networking such as Face Book, Twitter and other network sites, are sharing their views on a brand at a hastening pace, which would mean that if a re-branded product is not preferred by consumers it will become known to the marketer, manufacturer and the media, placing immense pressure on them to react quickly (Datamonitor, 2009: 4). As a result marketers use strategic examples to illustrate the magnitude of the relationships that consumers form with brands.

For example, when Kraft bought Cadbury for 19.5 billion dollars, what were they buying? Was it the chocolate or the secret recipes? Not quite - what they were in fact buying, was the Cadbury Brand (Goodson, 2012: 1). Another illustration is the dollar, which is a world brand. The dollar, in its simplistic form, is a piece of paper; however, as a result of brand building, the dollar has become valuable (Goodson, 2012: 1).

Marketers and consumers agree that when there are several competing brands in the same product category available to consumers, and when these products are similar in quality, performance and external appearance, the loyalty and trust held about a brand creates a preference in the mind of the consumer (Gowri, 2012: 76). Once a consumer has a satisfying experience with a product having a particular brand name, consumers infer that same level of trust on other products under that brand name.

### **2.2.6 The Brand Building Process**

According to Keller (2008:59) a strong brand can be built based on the following steps:

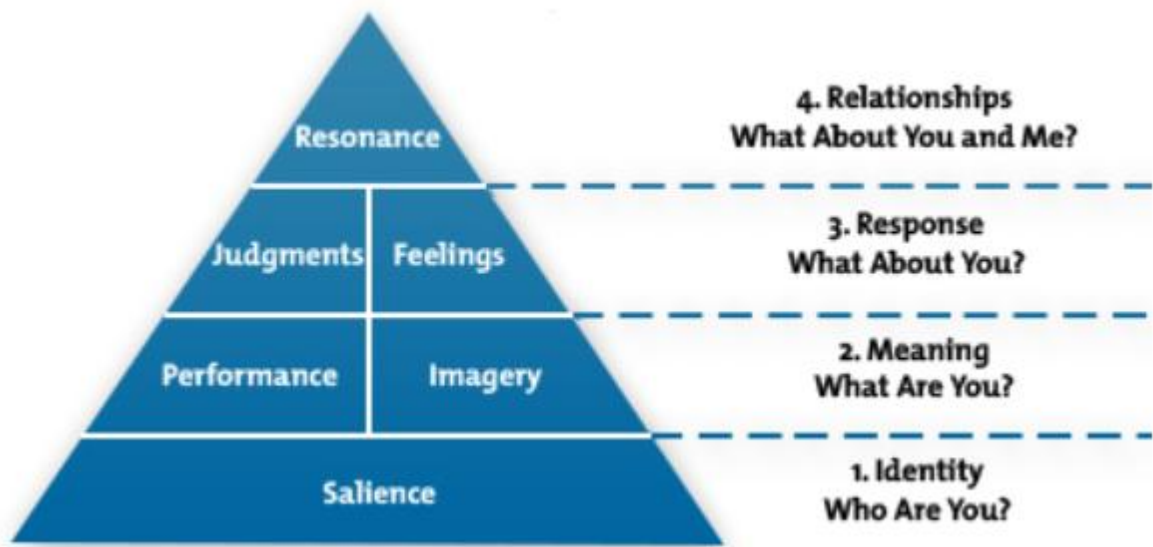
- Ensuring identification of the brand with consumers, and by creating an association of the brand in the consumers mind with regard to a product category or a consumer need,
- Establishing the totality of the brand in the consumers mind by connecting tangible and intangible brand associations with certain brand elements,
- Extracting the correct consumer response to brand identity and brand meaning, and
- Translating the responses to brand to generate, a loyal relationship between customers and the brand.

In order to achieve the four steps, there are six brand building blocks that need to be considered: Brand salience, brand performance, brand imagery, brand judgments, brand feelings and brand resonance which form the foundation for building a brand (Keller, 2001). According to Keller (2001) these six steps form a branding ladder that follows a sequence, identity, meaning, responses and relationships. Meaning cannot be created without first creating identity; responses cannot take place unless the right brand meaning has been established, and relationships with customers cannot be built without receiving the correct responses from consumers. Keller (2008:59) states that the six brand building blocks give rise to four central questions that customers commonly ask regarding brands:

1. Who are you? - Brand identity
2. What are you? - Brand Meaning
3. What about you? What do think and feel about you? - Brand Response
4. What about you and me?- Brand Relationship

These six steps when placed in a pyramid give rise to brand equity as depicted below in Figure 2.2

**Figure 2. 2 Kellers Brand Equity Model**



**Source:** Keller's Brand Equity Model, 2012

According to Keller (2008:59) the following are the six brand building blocks in more detail

#### **2.2.6.1 Brand Salience**

To create the right brand identity with consumers is to create brand salience. Brand salience is an awareness of the brand, this can be understood by the how easily is a brand recalled or recognized under different conditions and the ability to link the brand to its logo, symbol etc. Building brand awareness ensures that customers understand the product category in which the brand competes and the type of products that are sold under the brand name. In addition, it aims to help customers understand the needs which the brand satisfies.

#### **2.2.6.2 Brand Performance**

This describes how well the product or service meets consumers functional needs. The performance of a brand surpasses the contents of the brand this differentiates it from competing products. Customers review performance on the following criteria:

- **Reliability**

This is the measure of performance consistency from purchase to purchase,

- **Durability**

This measure the expected economic life of the product, and

- **Serviceability**

This deals with the ease of having the product serviced when required.

### **2.2.6.3 Brand Imagery**

Brand imagery refers to the intangible aspects of a brand, to which consumers form imagery associations based on personal experiences with the product, or from advertising or word of mouth or another external source. There are four main association linked with intangible brand aspects.

- **User Profiles**

User imagery focuses on characteristics of more than one type of individual and focuses on perceptions of a group as a whole.

- **Purchase and Usage Situations**

This imagery tells the consumer under what conditions and situations, they can or should purchase the brand.

- **Personality and Values**

Advertising imbues a brand with personality; once these personalities are formed it is difficult for consumers to accept information which is inconsistent with the personality of that brand.

- **History, Heritage and Experiences**

Brand may take on associations based on associations of the past, and events in the brand history. These can be personal consumer experiences or a wider community experience. The brand can be linked to associations of the marketing

program such as manufacturer of the product, country of origin, the store it is sold in, sponsors of the brand, the people who endorse the brand and so forth.

#### **2.2.6.4 Brand Judgments**

Brand Judgements are a consumer's personal opinions and evaluations based on the combination of brand performance and imagery associations. There are four main aspects to which products are judged on:

- **Brand Quality**

This is a consumer overall evaluation of the brand, based on the perceived value, quality and satisfaction of the brand.

- **Brand Credibility**

This is a judgement of the organisation behind the brand; this is broken down into three dimensions

- **Perceived Expertise:**

Is the brand Competitive, innovative, a market leader, is it an expertise in terms of its product offering?

- **Trustworthy:**

Is the brand dependable, does it keep consumer interests in mind?

- **Likable:**

Is the brand fun, interesting and worth spending time with?

- **Brand Considerations:**

Brand consideration depends on how personally relevant consumers find the brand; this is a central factor in building brand equity. If the brand is not relevant to consumers no matter how credible it is, it won't be given consideration unless it is deemed relevant.

- **Brand Superiority:**

This is a measure of brands uniqueness in comparison to other brands.

### **2.2.6.5 Brand Feelings**

This is a customer's emotional responses and reactions to the brand.

#### **There Are Six Important Brand Building Feelings:**

- **Warmth:**  
When the brand evokes soothing feelings which make the consumers feel warm-hearted and affectionate about the brand,
- **Fun:**  
A brand that is associated with fun makes consumers feel, joyous, light hearted and playful and so forth,
- **Excitement:**  
The brand makes consumers feel excited so that they have a special experience with the brand,
- **Security:**  
The brand provides a feeling, of safety, comfort and self-assurance.
- **Social approval:**  
The brand makes consumers feel that they receive social approval based on their association with the brand, and
- **Self-Respect:**  
Brands that offer consumers feelings of pride, accomplishment and fulfilment that make consumers feel better about themselves.

### **2.2.6.6 Brand Resonance**

This describes the feelings that consumers have with the brand, and the level of activity created by this loyalty.

Brand resonance is broken down into four categories:

- **Behavioural Loyalty**

This deals with how often customers purchase a brand, and when they purchase the quantity which they purchase. Although behavioural loyalty is very important, it is not a pre-requisite for resonance to occur.

- **Attitudinal attachment**

Resonance requires consumers to have strong personal attachment to the brand. This is created by marketing programs and products that exceed consumers' expectations.

- **Sense of community**

The usage with a brand may take on a broader meaning by creating a sense of community. The brand may reflect an important social phenomenon which makes consumers feel associated with others linked with the brand.

- **Active Engagement.**

Strong attitudinal attachment and social identity are compulsory for active engagement to occur. Active engagement is when consumers are willing to invest time, money and resources in the brand over and beyond the purchase and consumption of the brands. Building strong brands has many benefits for marketers, especially when consumers are loyal.

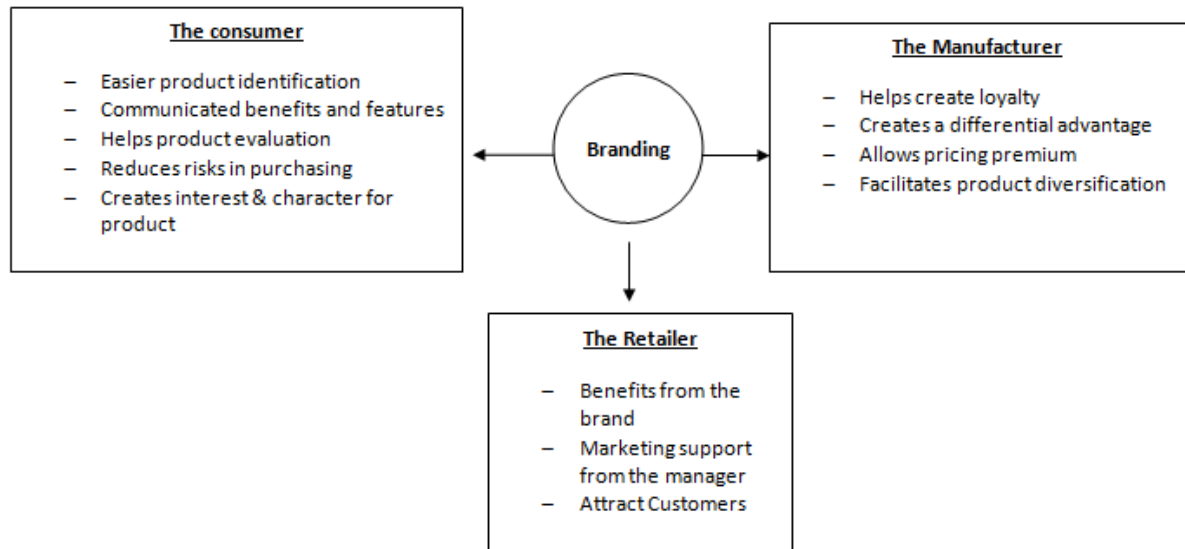
## **2.7 Benefits of Branding**

“A brand is therefore more than a product, because it can have many dimensions that differentiate it in some way from other products designed to satisfy the same need” (Keller, 2007: 5). According to De Chernatony and McDonald (1992: 9) a brand may possess intangible attributes; however these attribute are very real to many purchasers or users. Moreover, “the psychological response to a brand can be as important as the physiological response to the product” (Keller, 2003: 6). As a result, “branding carries benefits for all parties involved in the process and in theory at least make it easier to buy and sell products” (Cant et al., 2009: 214).

Figure 2.3 illustrates key areas in which branding provides benefits for retailers, consumers as well as manufacturers.



**Figure 2. 3 The Benefits of Branding**



**Source:** Cant, Strydom, Jooste, and Du Plessis, 2009: 214

According to Cant and Van Heerden (2010: 171) brand benefits the consumer, retailer and the manufacturer.

### **2.7.1 The Consumer**

In an overcrowded market place, brand names make product identification easier for consumers. A strong brand helps to decipher whether the product will deliver the functional and psychological benefits which are sought. In addition branding helps assess the brands suitability and where corporate branding is applicable, quality can be attributed to the other brands housed by the company. This in turn offers protection to the consumer as they are able to identify the manufacturer and judge product performance based on experience with other products under the same company brand name. A consumer becomes interested in products to which they are able to form positive attitudes and feelings, ultimately becoming brand loyalists.

### **2.7.2 The manufacturer**

Branding benefits the manufacture as they are able to profit on the relationship between a consumer and the brand. Consumers display different types of brand loyalty, brand recognition, brand preference and brand insistence. A consumer who is on the lowest point of the brand loyalty scale is a consumer who recognises a brand yet has no appeal for the product. A consumer, who uses substitute brand, is one who exercises brand preference and the consumer who is loyal, is insistent on obtaining the desired brand. Branding helps the manufacturer create a competitive advantage not only in creating loyalty but in competing across the market. Brands allow for the product line to be diversified and extended.

### **2.7.3 The retailer**

As a result of marketing activities that accompany strong brands, consumers will be drawn to stores to purchase these brands, therefore the retailer can be confident that the products will sell.

The key to successful long term branding is creating an emotional connection to the market, however communicating product benefits and quality alone is not sufficient, there must be a deeper inexpressible emotional connection which fuses a person to a brand which in turn creates loyalty (Aniko, 2009: 3). "Products are not bought based on their real physical features, but rather according to customers' perception of the package of need satisfying attributes that the product possesses" (Botha, et al., 2006: 105).

## **2.8 The power Behind Brands**

A well-planned and researched project named "Project Kansas," which was headed by Coca-Cola's by marketing vice president Sergio Zyman and Brian Dyson, president of Coca-Cola United States of America, aiming to test and perfect the new flavour for Coke (Humza, 2011).

To illustrate the power behind a brand, blind taste tests were conducted with diet Coke and diet Pepsi and a panel of consumers who were given the soft drinks under experimental conditions. Astonishingly, the results varied accordingly when the brand identities of the products were concealed and when consumers are aware of the brand identities.

Diet Pepsi is compared to Diet Coke by a panel of consumer (De Chernatony and McDonald, 1992: 9). In this instance brand identity is concealed.

Prefer Pepsi	51%
Prefer Coke	44%
Equal/Can't say	5%

In the second test, drinks are given to panels where the true identities of both brands are revealed.

Prefer Pepsi	23%
Prefer Coke	65%
Equal/Can't say	12%

As De Chernatony and McDonald (1992: 9) reveal, this could only be explained in terms of the values that are evoked in a consumer when they see a familiar brand.

As mentioned above, the preference consumer has for a well-known brand is evident when consumers are aware of a brand they like. “Successful brands enable organizations to build stable, long term demands and enable them to build and hold better margins, than either commodity products or unsuccessful products” (De Chernatony and McDonald, 1992: 13). Successful brand building helps profitability by adding values that will entice consumers to purchase brands. Crainer and Dearlove (2003: 5) set out to find the ultimate brands and what makes these brands unique. They concluded that the ultimate brands share a number a number of significant attributes, namely,

- The ultimate brands are universal,

- The ultimate brands are personal; psychological as well as physical,
- The ultimate brands have the power to reinvent businesses and, sometimes entire industries,
- The ultimate brands are global,
- The ultimate brands inform, and
- The ultimate brands are handled with care.

The requirements for building brands vary across categories; success is dependent on many factors, such as customer's attitude toward the brand, brand management capabilities and the existence of competitors. The key to a strong brand is a brand that is relevant to a customer. Customer relevance is the deciding factor as to whether the brand holds economic value for the firm (Fischer, et al., 2013: 823). In April 2012 Forbes listed Nestlé as number 33 on the Forbes most powerful brands list and Nestlé Nescafé as number 20 (Berlandand Reuters: 2012).

From the above it is evident that “companies live or die on the strength of a brand” (Haig, 2003: 4). According to Haig (2003: 1), the process of branding was created to protect products from failure. However, the market place is very competitive and new products and brands hit the shelves continuously and although one may possess a strong brand it is essential that these powerful brands are kept current to meet the changing consumer needs. As a result re-branding aids in refreshing the brand to keep it current to the consumers changing needs. These changes to the brand must be moderate and evolutionary in nature and marketers must take the utmost care in preserving the most salient aspects of the brand elements (Keller, 2007: 571).

## **2.9 The Strategic Brand Management Process**

Keller (2008: 38) states that “strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity.” This process contains four integral steps:

1. Identifying and establishing brand positioning,
2. Planning and implementing brand marketing programs,
3. Measure and Interpreting brand performance, and

#### 4. Grow and sustain brand equity.

Each of these steps will be explained briefly:

##### **2.9.1 Identifying and Establishing brand Positions**

This process commences with a sound understanding of what the brand symbolizes and how it should be positioned amongst competitors. Competitive positioning involves creating “brand superiority” in the minds of consumers. Positioning is employed to persuade consumers by hi-lighting the advantages or points of difference that a brand has over competing brand yet at the same time eliminating any apprehension that may arise concerning its’ disadvantages. In addition, positioning details core brand associations and brand mantra to be linked with a specific brand. A core brand association is a subset of benefits as well as attributes that best describe a brand. “A brand mantra is a short three- to-five word expression of the most important aspects of a brand and its core brand associations, the enduring “brand DNA” and the most important aspects of the brand to the consumer and the company.”

##### **2.9.2. Planning and Implementing Brand Marketing Programs**

There are three factors that guide this step:

- **Choosing Brand Elements**

“Brand elements are brand names, URLs, Logos, symbols, characters, packaging, as well as slogans” (Keller, 2008:40). The best way of understanding this concept is what would consumers think about your brand if they only knew its brand name or your brand logo when the other elements are not present.

- **Integrating the Brand into Marketing Activities and the Supporting Marketing Programs**

Brand elements contribute to brand equity, although marketing programs contribute majorly in creating brand equity. Marketing programs are used to create strong, favourable and unique brand associations in a multitude of ways.

- **Leveraging secondary associations`**

Brands associations may be linked to other entities that have their own associations, in turn creating secondary associations for a brand. Keller (2008:280) mentions that secondary associations can be created by linking a brand to one of the following:

- Company- using branding strategies,
- Countries- through identifying the origin of the product,
- Channels of distribution- channel strategies,
- Other brand-via co-branding,
- Characters- licensing,
- Spokesperson- endorsements,
- Events- Sponsorships, and
- Third party sources-awards or review

### **2.9.3 Measuring and Interpreting Brand Performance**

A brand audit is a useful tool when measuring a brands positioning to get a dual understanding of what the brand means to the company as well as the consumer. A brand audit is “a comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest and uncover ways to improve and leverage that equity.” (Keller, 2008:40). In order understand the effectiveness of marketing programs, once the brands positioning has been established, and marketing programs are underway, marketing research is vital in measuring and interpreting brand performance. For brands to be managed effectively, a properly designed brand equity measurement system needs to be implemented. A brand equity measurement system is “is a set of research procedures designed to provide, timely, accurate, and actionable information” (Keller, 2008:40). This allows for better short term and long term decisions to be made.

### **2.9.4 Growing and Sustaining Brand Equity**

Managing brand equity involves managing brands in the context of other brands, various categories, over time, and across different segments. Brand equity

management activities play a vital role in understanding concerns held by the company and how these can be adjusted accordingly.

- **Defining the Branding Strategy**

A company's branding strategy is an illustration of which brand elements to apply to which products. There are two main tools which define a company's branding strategy: brand product matrix and brand hierarchy. A brand matrix is a geographical representation of all products that the firms sell and a brand hierarchy is the number and nature of common brand components across all the company's products. Furthermore, a brand portfolio is a set of all brands and brand lines that is for sale to buyers in a particular category.

- **Managing Equity over Time**

For an effective brand management strategy, long term views of marketing decisions are required. A consumer's response to a marketing activity is dependent on what they know and remember about a brand, short term marketing decisions may impact the success of future marketing events. The most important thing to remember is that any changes in the marketing supporting programs, may lead to changing consumer knowledge thereby affecting future marketing programs. A long-term view is to proactively create and maintain brand equity over time, regardless of internal and external changes faced by the company.

- **Managing Brand Equity over Geographic boundaries, Cultures, and Market segment**

When developing brand equity across geographic segments, it is important that these branding and marketing programs account for different types of consumers. Expanding internationally requires knowledge of consumer behaviour and experience of consumers in those specific market segments.

## **2.10 Private Label Brands**

A private label brand is a designated brand which is owned and used by a wholesaler or retailer (Cant and Van Heerden, 2010: 173). A private label brand can be called a store brand when they espouse a name of a store in some way. Private label brands cost less to make and sell in comparison to the manufacturer brands with which they compete against (Keller, 2003: 219). Private label brands dominate the shelves by offering good value to conservative spending consumers which in turn means that fast moving consumer brands need to find creative solutions to increase their added value through packaging and product innovations (Official Board Markets, 2012: 13). According to a report published by consulting firm Deloitte, it argues that consumers perceptions of private label brands have evolved, consumers no longer feel value is being compromised by the fact that private label brands are cheaper. An estimated 75% of consumers have concluded that the economic conditions have made them aware of brands that are of value to them (Dawson, 2012). In order for private label brands to be more competitive, manufactures of private label brands have begun improving the quality of private label brands and have expanded the private label range (Keller, 2003: 219). South African supermarket chains such as Spar have their own private label brands; these brands are promoted to a limited extent by the retailer or wholesaler (Cant and Van Heerden, 2010: 173). “All of the time that shoppers spend not buying translates into missed opportunities for retailers - they are leaving money in the aisles” (Sorensen, 2011: 2). Nielsen consumer research has revealed that 8 out of 10 shoppers will compare prices between private label and branded products when deciding which to buy, and 7 out of 10 are convinced that the quality of private labels are just as good as branded products (Boyle, 2009: 81).

The economic downturn has fired up the growth of private label brands as consumers search for brands that will save them money. In future, private label brands may overtake name brands in the most “successful brand category” (Dawson, 2012). In 2010, 27 000 participants from 53 countries took part in an online survey; results confirmed that 91% purchased more private label brands during the economic recession and agreed to continue to do so when the economy stabilizes (IOL Business, 2011). With the threat of increased competition and decreased market share, manufacturers are now offering to make private label brands for retailers, for example Heinz has led the way in creating their private label brand (Ritson, 2010; Keller, 2003: 224). Nielsen consumer research has revealed that 8 out of 10 shoppers will



compare prices between private label and branded products when deciding which to buy, and 7 out of 10 are convinced that the quality of private labels are just as good as branded products (Boyle, 2009: 81). Market research on how to evolve fast moving consumer goods brands to make sure it remains competitive in the market is important, this ensure products continue to match consumers' needs, expectations and preferences (Cant and Van Heerden, 2010: 223).

## **2.11 Fast Moving Consumer Goods**

Consumer brand choices have been extensively investigated in marketing, especially when it comes to the purchasing of fast moving consumer goods. Shorter product life cycles have come about as a result of consumers having access to products from all over the world and now competition is based on time, which brand can get to the market first to meet consumers' needs (Cant and Van Heerden, 2010: 282). Fast moving consumer goods (FMCG) consist of three large product categories; they are: packaged foods; cosmetics and toiletries, and household care products (Market: Asia Pacific, 2007: 2). "It is arguably the FMCG markets that face the largest issue of competition and lack of differentiation among products; and these are all the problems that successful branding might ease" (Mandić, 2009: 238). From 2007, the lines that have been launched in the FMCG market are so infinite that it becomes easy for new products to become hidden, and the key to being seen is innovation (Data monitor, 2010: 16). As FMCG markets increase, competition within the product category is the driving force to improve products and strive to build and sustain market share. "To do this, a product that grabs a customer's visual attention translates into increased sales volume, something that just doesn't happen by accident, but by design!" (Food Magazine, 2010: 16)

"Fast moving consumer goods, also known as consumer packaged goods, are items that usually sell quickly and for a relatively low price" (Hartman, 2013). As the fast moving consumer goods markets expand, competition in the product category is the driving force to grow market share. The only way that this can be attained is by capturing a customer's visual attention, as sales do not occur by accident but by design (Food Magazine, 2010: 16). Fast-moving consumer goods in South Africa saw

a 1% drop in value growth; this is a result of price deflation due to price decreases from market leaders in order to stimulate sales volumes after the recent economic situation. Consumers spending habits are still very cautious as consumers are still reluctant to spend money on non-essential items (Euro Monitors International, 2012).

Mills (1985: 19) reports that in an interview with the Toshiba CEO, the CEO stated that “Competition brings out the best! It’s no one’s business. No one owns the business. No one owns this industry. It belongs to only the best-to those who keep it growing, producing and alive. We’re in it today, but tomorrow it belongs to whoever does it better.” The performance of a new brand does not rely solely on innovation or a promotional strategy; instead, success is dependent on a number of factors, including competitors and the market conditions (Data monitor, 2010: 16). In South Africa the Nestlé Nescafé brand adds greatly to the company’s dominance of the South African coffee market. In 2011, the Nescafé brand held a 29% off-trade volume share, and the Nestlé brand held a market share in excess of 30% (Country Report, 2012).

## **2.12 South African Brands**

Keller (2008:8) asserts that brands are used as symbolic devices which allow consumers to reflect their self-image, by consuming certain products consumers are able to communicate to others as well as themselves the type of person they are or would like to be. In South Africa there are brands that contribute to the South African heritage that is to being proudly South African (Wood, 2013). In the fast moving consumer goods sector there are many well renowned South African brands including: Ouma Rusks, All Gold, Joko, Five Rose to mention a few . Wood (2013) asserts that these brands are set apart because many of these brands have been a part of many South Africans daily routines since childhood. These are brands of the people; South Africans can recognize these brands instantly. They are rooted in culture, forming a large part of who south Africans are. Furthermore, these brands have gained the trust of South Africans, by consistently delivering on brand promises, exceeding expectations, resulting in consumers forming emotional relationships with these

brands. South Africa consists of people of many races, cultures, economic or social status', and age, to which South African brands transcend all.

### **2.13 Marketing Strategy**

A marketing Strategy is defined as “a Fundamental pattern of present and planned objectives, resource deployments, and interactions of organizations with markets, and other environmental factors.” (Walker, Mullins, and Larreche, 2011:8).

Walker et al. (2011:8) asserts, a strategy contains five components, Scope, Goals, Objectives, Resource deployments, Identification of a sustainable competitive advantage and Synergy.

- **Scope,**

This is definitive of the scope of the organisation, including the type and number of industries, product lines, and market segments in which the company currently competes in or hopes to compete in, in the future.

- **Goals and Objectives,**

This component of strategy deals with the companies specific desired levels of outcome. These are characterised on dimensions of performance, namely, growth, profit contribution, return on investments and so forth.

- **Resource Deployments,**

Creating a strategy involves obtaining resources, and ensuring the correct allocation of those resources in all areas of functionally across the business.

- **Identification of A Sustainable Competitive Advantage, and**

A vital part of strategy formation involves specifying how a company should compete in business and product markets. Companies are to position themselves to allow for the creation of a competitive advantage over both current and future competitors. This can be done by examining opportunities which exist in the business and product

markets, as well as by being aware of the strengths of the company and positioning themselves relative to their competitors.

- **Synergy.**

Synergy exists when the firms businesses, product markets, resource deployments and strengths compliment and strengthen each other.

### **2.13.1 The Major Levels of Strategy**

The five components mentioned above in synergy form a strategy. Most large organisations have three major levels of strategy including, corporate strategy, business level strategy and Marketing strategy (Walker et al., 2011:9). All three will be discussed briefly, however for the purpose of the research the main focus is on marketing strategy.

Walker et al. (2011:10) asserts the following about strategy:

- **Corporate Strategy**

At the corporate level, the primary focus is on the decisions made regarding the organizations scope and its deployment of resources across the organization. Management at this level aims at developing and maintaining its core abilities in the form of superior manual labour, financial and technological resources in order to gain synergy in the organisation.

- **Business level Strategy**

At the business level, the main concern is how well the organisation operates in the specific industry. This comprises of market segmentation analyses, product offerings and marketing programs that appeal to the targeted segments.

- **Marketing strategy**

The main focus of a marketing strategy is the effective allocation and coordination of marketing resources to meet the company's objectives for the targeted segment. A marketing strategy focuses on attempting to identify the target segments for a specific product, creating a differential advantage and a well-integrated system consisting of the 4P's (product, place, price and promotion) of marketing moulded to meet the

needs and wants of consumers in the targeted segment. Brand positioning is the core of marketing strategy.

## **2.14 Brand Positioning and Repositioning**

### **2.14.1 Brand Positioning**

According to Keller (2003: 98) brand positioning “is the act of designing the companies offer and image so that it occupies a distinct and valued place in the target customer’s minds.” Schiffman and Kanuk (2007: 7) define positioning as the “development of a distinct image for the product or service in the mind of the consumer, the image that will differentiate the offering from competing ones and squarely communicate to the target audience that the particular product or service will satisfy their needs better than competing brands.” Successful positioning is conveyed using two key elements, firstly communicating the benefits rather than physical features and, secondly, communicating a unique selling proposition, a unique benefit or point of difference for the product (Schiffman and Kanuk, 2007: 7).

Positioning and communicating are the heart of the brand and determines how the offering is set apart from other offerings in the mind of consumers. It’s not your perception that counts; it’s the perception of the consumers. Positioning is a battle for the customer’s mind, when consumers are purchasing products in your category; you want your brand to be the first one they think about (Pellow, 2012: 3). Products are positioned in many ways; however, the most common methods will be discussed below

- **Attribute Positioning**

The organisation positions itself in terms of one or more attributes (Jooste, 2008: 351; Cant, 2007: 182). African extracts Rooibos is one of the bestselling skin care ranges in South Africa due to its affordability. The new range highlights its “Purifying skin care” properties to prevent problem skin (The FMCG files, 2012).

- **Benefit positioning**

This method of positioning emphasises the unique benefits that this product offers its consumers (Jooste, 2008:351; Cant, 2007: 182; Cant and Van Heerden, 2010: 108). An example is the Crystal falls brand of Cranberry juice which is positioned as a 100% pure fruit juice blend that assists your body in healing naturally. Drinking the Crystal falls cranberry juice promises to combat bladder infections, aid in the increase of good cholesterol and the reduction of bad (LDL) cholesterol, prevent tooth cavities, and the juice contains proanthocyanidins which inhibit the growth of various cancer cells (The retailer Newsletter, 2012).

- **Use Application Positioning**

The product is positioned in terms of its use or application (Jooste, 2008: 351; Cant, 2007: 182; Cant and Van Heerden, 2010: 108). An example is orange juice which used the following message to stimulate consumption - “It’s not just for breakfast anymore” (Strategic performance group, 2009).

- **User Positioning**

The marketers of the organisation position the product with its users in mind. For example, the Carribbean Smoothie has positioned the brand based on the current market trends, consumers want value for money hence they want to purchase bulk packs at affordable prices. Hereafter, the carribbean Smoothie brand designed a 1.5 litre to meet consumer’s needs and positioned the product with the consumer in mind (The FMCG files Newsletter, 2009).

- **Competitor Positioning**

Some products work best positioned against competitive offerings, for example Five Roses tea has re-branded the packaging of its master brand black tea; changes included modifications to the five roses logo. The brand still retained its slogan,

“Nobody makes better tea than you and Five Roses.” The new packaging was aimed at helping the brand maintain its market position as category and innovation leader in South Africa whilst at the same time differentiating it from competitors (The FMCG files Newsletter, 2009).

- **Product Quality/Price Positioning**

The organisation may claim that its product offers the lowest prices or the highest quality. As mentioned above, the invigorated packaging of the Five Roses brand which incorporated a revitalised look and feel of the brand yet retained consumer familiarity. The product offers emphasises of the trusted quality of having a perfect cup of tea with Five Roses every time, with its synonymous slogan, “nobody makes better tea than you and Five Roses” (The FMCG files Newsletter, 2009).

### **Product Category Positioning**

An organisation can position its product/ service in a category that it is not traditionally associated with in order to increase business opportunities. For example, margarine competes as an alternative to butter, Margarine is positioned as a lower cost and healthier alternative to butter, while butter provides better taste and more wholesome ingredients (Jackson, 2007).

## **2.15 Product Repositioning**

According to Cant (2007: 182) product repositioning is defined as “changing of a brands (mostly undesirable) position in the market in the hope that the new positioning would improve the brands appeal among consumers” Cant (2007: 182) asserts that there are various considerations which need to be taken into account when considering repositioning a product:

### **2.15.1 Steps to Reposition a Brand:**

**The first step:** Is to identify competing brands which your company's brands will compete against, in order to make the repositioning effort worthwhile. This will assist the marketer to assess the strengths and weaknesses of the competing brand.

**Step two:** This entails competitive differentiation and effective communication. Products can be differentiated along four different categories namely product, service, personnel and image. Marketers can use this variable to aid the repositioning process along with marketing research.

**Step three:** According to the differentiating variables which are chosen, the marketer needs to establish via market research how consumers view the brand according to those discerning variables. This can be established by collecting primary data from consumers about their perceptions of the brand.

**Step four:** This is a crucial step involving identifying the intensity of the brands current position in the mind of the consumer. If the brand doesn't have high awareness, awareness needs to be created. The idea is not to compete with dominant brands, but to target a segment that is not dominated by a leading brand.

**Step five:** Analysing the brands' current position. Once this has been established from the market research, marketers can establish how strongly a particular brand is associated with differentiating variables.

### **2.15.2 The four Types of Repositioning**

According to The Irish Times Ltd (2005: 2) there are 4 types of repositioning:

- **Image Repositioning**

The product and the target market stay the same but the image of the product changes. The target market for Jacobs kronung is women who value long lasting and close relationships. Jacobs promoted the changed image of "The Verwohnarmona Brings You Closer" by using various radio stations around South Africa, each radio station



held a competition depicting the identity of the radio station and the Jacobs Krönung brand based on their interpretation of what “Brings you closer” (The FMCG files Newsletter, 2011).

- **Product repositioning**

The product is modified to make it more appealing to the current target market. An example is Aquelle flavoured sparkling drinks that have introduced a new packaging which included a new bottle and label design, allowing current customers to enjoy the same flavours with an improved look. The new packaging was supported by an extensive marketing campaign which used television, radio, outdoor billboards, in store point of sale displays, Facebook and an interactive game as well as sponsored events and an airtime voucher promotion to promote the new design (The retailer Newsletter, 2012).

- **Intangible repositioning**

The same product is used to target a new segment; an example would be Ceres Sparkling 275ml slim can and 750ml glass bottle packaging that are seeking to serve a broader spectrum of consumers. The new packaging is targeting consumers at in the following areas: restaurants, conferences, events and functions, bars and nightclubs, lunchboxes or simply for people on the go (The FMCG files Newsletter, 2011).

- **Tangible repositioning**

The product and the target market are changed. An example of tangible repositioning is the Glyco Lemon hair removal cream which was initially aimed at targeting woman. The product packaging has undergone transformation and the product now targets men (The FMCG files, 2012).

## **2.16 Re-branding**

Re-branding “is the process of giving an established product a new name, logo, slogan or design, with the intention of making it more attractive to consumers” (Cant and Van Heerden, 2010: 222). A rebrand is an opportunity for a marketer to change the direction of the brand; to distinguish the brand by creating a new ambition and work towards the newly formed ambition (Jacobs, 2010: 28). Re-branding is expected to provide a golden opportunity for complete transformation (Kaikati, and Kaikati, 2003: 17). In the broadest terms, re-branding occurs any time a company alters an existing brand identity, creating a new name, symbol, or design associated with its product (Perzanowski, 2010: 4).

However, when it comes to re-branding products a great deal of time is expended on trying to decipher what is already on the packaging to ensure that we evolve the existing crucial brand elements and add new elements to rejuvenate the brand while moving forward. There are a number of dangers tied to any re-brand, which includes disregarding brand equity or redesigning the brand in a way which does not heed to the legacy of the brand which may alienate consumers. The way to re-brand is to encapsulate the history and crucial brand elements in the rebirth of a brand (Jacobs, 2010: 26). “If you hold a product up from years ago to a modern version of it, you say ‘that’s changed a lot’! But the average consumer thinks it has never changed, because it has always just stayed contemporary and modern but it haven’t had any major changes” (Jacobs, 2010: 28).

### **2.16.1 Why company’s Re-brand and the Impact of Re-branding**

Cheinman (2013) asserts re-branding should only be considered when two fundamental questions can be answered, “What is my challenge?” and “why is re-branding the right solution?” In addition, Cheinman (2013) reaffirms that re-branding is the right option to consider under the following conditions:

- The existing brand is not in line with the organization’s business strategy,

- Organisational opportunities such as tapping into new markets, extended product lines, and so forth require a new positioning strategy in order to capitalize on these opportunities,
- The current position of the brand in the market place has become irrelevant and out-dated,
- The brand image and brand message are no longer aligned, and have become frail and inconsistent.
- A few touch ups or a complete rehabilitation is required to regain its competitive position in the market place.

According to Cant and Van Heerden (2010: 223) assures that re-branding is not a solution to a problem which a company may encounter with a product, re-branding is a totally new experience for a consumer with a product. Essentially, modifications to a company's logo, letter head and signage are not enough to alter a consumer's perception of a product. Marketers have to take it a step further and change the experience that consumers have with products, this can be done with market research to decipher how consumers perceive differentiation and how can this re-branded product meet and exceed expectations. According to Gunelius (2012) there are many reasons why a company should consider re-branding a product but no matter what the reasons are, those reasons can always be categorized as either proactive or reactive. These are discussed below:

### **2.16.2 Proactive Re-branding**

Proactive re-branding will occur under the following conditions:

- **Predicted Growth:**

When a company is preparing for growth, especially when looking to expand internationally, re-branding is taken into consideration so that products have a consolidated effect to strengthen the uniformity of the brand and hence save money over time (Gunelius, 2012).

- **New Line of Business or Market:**

When a company enters into a new line of business or market that is not consistent with its current brand identity, re-branding is embarked upon to prepare the brand for new opportunities (Gunelius, 2012). In addition, “a re-brand may also be prompted by a company's change in strategic direction, a change in the industry or a perceived change in the global consumer market as a whole” (Data Monitor, 2009: 2).

- **New Audience:**

If a company wants to target a new audience, a re-brand is opted for in order to appeal to the new audience (Gunelius, 2012).

- **Relevancy:**

When a company feels like its’ brand is no longer relevant to consumers they might consider that it is time to re-brand (Gunelius, 2012).

### **2.16.3 Reactive Rebranding**

Often occurs under the following conditions and is often necessitated by mergers and spinouts, prompted by aesthetic considerations, and sometimes demanded by law (Perzanowski, 2010: 2).

- **Merger or Acquisition:** When companies merge or acquire other companies and even when they break apart, re-brandings are often necessitated (Gunelius, 2012).

- **Legal Issues:** There are a number of legal issues that could cause a company to re-brand their products to comply with different government regulations (Gunelius, 2012).

- **Competitive Influences:**

A competitor introduces a new brand, making existing brands look out dated or irrelevant, re-branding gives the existing brand a makeover to allow effectiveness in reclaiming marketing positions (Gunelius, 2012).

- **Negative Publicity:** A brand that has been damaged due to negative publicity can overcome this devastation by re-branding the product to shed the negative image associated with the brand.

The key is a successful re-brand is getting the right strategy and utilizing consumer research to unlock the truth about what should be changed and what should be maintained (Jacobs, 2010: 29). According to Keller (2003: 2) “whenever a marketer creates a new name, logo or symbol for a new product, he or she has created a new brand.”

#### **2.16.4 The Impact of Re-Branding On Companies**

Re-branding can be seen as a way of repackaging a company’s image and building a new brand or updating an existing brand. Re-branding can revive a brand and change how it is perceived. Hence, it creates a foundation for a company to take on a new message or stance in the market industry, thereby permitting it to reach new target markets. (McQuerrey, 2013).

36creative (2012) states that re-branding is beneficial to companies and should be undertaken for the following reasons:

- Re-branding is beneficial as products that are reinvigorated maintain their relevance to consumers by keeping up-to date with the latest trends and changes in the market place.
- Re-branding promotes a new identity and mission when the company decides to take a change in direction.
- Re-branding helps promote mergers and acquisitions, as a re-branded logo and name reflect a unified image to demonstrate that a product is a shared project between developers.

- Re-branding creates awareness regarding a company's image among consumers in the market place. As a producer of fast moving consumer goods, the right products may be for sale yet consumers may not be aware of this. The perception that consumers hold of your brand whether negative or positive dictates the success of your brand. In addition, re-branding is a process that guides the attainment of the right image in an effort to entice consumers.

In addition, Parry (2012) mentions, the additional benefits for rebranding

### **Building trust and Confidence**

- Re-branding reflects that a brand is current, relevant and exciting thus ensuring a stable market position in the future. Hence thrusting customers to invest time and money in a credible brand

### **Standing out in the Crowd**

- Re-branding allows for the brands unique qualities to be communicated so that it can be distinguished among competitors.

### **Employee Confidence**

- Re-branding communicates positivity and a sense capitalising on new opportunities. This could have a direct influence on consumers desire to be affiliated with the company, employees are aware that the company is able to proactively adapt, therefore re-branding generates a sense of stability for the employee.

### **Bottom Line**

- A new image communicates that the company is thriving, progressive and moving forward. This creates portals for business expansions which allow for growth and new opportunities. This creates consumer confidence in the brand, which will drive positive changes throughout the business.

In view the many reasons for companies to embark on a re-branding journey, it is important to note the costs involved in the procedure.

## **2.16. 5 The Costs and Benefits of re-branding**

### **The Cost of Re-Branding**

McQuerrey (2013) asserts that re-branding is a costly affair not only in terms of the financial aspects but also the resources and uncertainty which form part of the re-branding process.

- **Cost**

Re-branding is costly financially. There are many costs which will be incurred by the process, such as the agency, printing, packaging, and advertising, to name a few. All of which need to be taken into account to ensure a successful re-branding is carried out.

- **Resources**

When a company decides to re-brand a product, the actual transformation of the brand requires a vast amount of internal hours to be worked by the team.

- **Uncertainty**

Although a great deal of time and money is invested in re-branding a product, yet a desired outcome can never be guaranteed. There are companies that receive backlash from consumers and negative publicity resulting from re-branding.

In addition, McQuerrey (2013) asserts that although re-branding is a significant financial investment, it could in turn nullify the original brand, which may lead to

confusion or lack of brand recognition by consumers. Therefore re-branding it is not only costly but it could also be detrimental to the original brand. There are also many challenges that follow re-branding.

#### **2.16.6 Challenges of Re-Branding**

In view of the fact that a large number of re-brand attempts just seem to plummet straight to the ground, the award-winning branding agency Method Inc. and branding guru Rob Frankel elaborate on the re-branding disasters over the past few years.

PepsiCo has a trail of re-branding disasters; in an effort to introduce an eco-friendly bag, what started out as a good environmental deed as well as a creative branding initiative has been added to the list of marketing gone wrong. PepsiCo, the parent company of Frito Lay and the maker of Sun Chips, is returning to its old packaging as the new eco-friendly SunChips bag was deemed as louder as and more crinkly than any other packaging on the market (Investor Place, 2011).

Tropicana had undergone a re-branding exercise called the Squeeze campaign. The changes as depicted in figure 2.3 below shows that the picture of the orange with the straw in it which had been in use for many years was replaced with a glass of orange juice, the typeface of Tropicana name was changed and moved to the top right hand side of the pack, and the cap was replaced with one that resembles half an orange (DataMonitor, 2009: 9).

#### **Figure 2. 4 Tropicana Reverting back to Original packaging**





**Source:** Data Monitor, 2009: 9.

Tropicana hadn't quite determined the extent of their consumer's attachment to their classic Orange juice before they attempted to re-brand the packaging in 2009, the outburst from consumers was powerful (Male, 2010). The new package design was on shelves in early January, and consumers responded immediately, calling the new design 'ugly', 'stupid' and 'resembling a generic bargain brand'. (DataMonitor, 2009: 12).

Social media created a fast and easy route for consumers to communicate with marketers and online bloggers made their voices heard "...a large, juicy, fresh orange with a straw stuck right into it screamed freshness, while the new resembled a no-name brand orange juice made out of concentrate. (DataMonitor, 2009: 12). Tropicana's new packaging was not standing out amongst other brands, the brands new packaging was being camouflaged with other brands packaging (DataMonitor, 2009: 12). Sometimes better to leave a long established brand untouched than to alter the iconography and loose brand's original identity (DataMonitor, 2009: 12). A month after receiving numerous complaints and seeing a 20 per cent drop in sales, PepsiCo decided to bring the old carton back (Russell, 2012). This demonstrated the importance of packaging in re-branding fast moving consumer goods. However, re-branding requires as much commitment as launching a new brand; one has to ensure that the conditions and the execution are just right. These are critical elements to ensure that the change which is being made is communicated and received, as intended by the marketer.

GAP, a company that dominated the fashion industry in the late 1990s and early 2000s, had been known for its distinct Blue-Boxed Gap logo. In 2010 Gap called for a new logo; however, to consumer's dismay, the new logo looked like it was made out of the Microsoft Word picture gallery; although it retained some of the brand's iconic features it didn't create the outcome GAP hoped for. The backlash Gap experienced from consumers on the social media website Facebook, caused GAP to revert back to its original logo in a matter of a week, as consumers threatened to boycott the brand if the new logo was retained. The lesson learnt from GAP was that when it comes to re-branding "don't try to fix something that is not broken" (Bonigala, 2012).

#### **2.16.7 Five Re-branding Mistakes to avoid**

Entwistle (2013) states that there are 5 re-branding mistakes marketers must avoid:

- **No internal alignment**

If a re-branding project is conceived and driven only by the marketing team it is probably going to fail. The purpose of re-branding absolutely anything is to signal a change. The entire organisation needs to be aligned with the "new brand" and the change needs to be clear and concise at every interaction with a client, otherwise it is useless. It is better to do nothing than to imply a new brand promise but fail to deliver.

- **Trying to jump too high**

Take a step back and ask yourself, what positioning can be achieved by the company? When re-branding keeps focused on the achievable not the desirable! If you ask the market to jump too high, they won't believe you and may not jump at all.

- **Not leading from the top**

Regardless of where the re-branding concept originated, the leader must be actively leading. If the CEO isn't on board, don't set sail, set the vision and lead the way to

ensure that all aspects of the organisation are aligned and stand ready to deliver on the promises of the re-brand. What really matters in re-branding is that the whole organisation is behind the re-brand (Jacobs, 2010: 29).

- **Absence of real change**

If you are the same old brand dressed up in a new party dress, you will simply confirm the position that is present in a consumers mind. Opportunities are too valuable to be wasted and need to be used wisely. The re-brand needs to be so vivid that it will invite your marketplace to take a second look again and re-evaluate their perceptions.

- **Positioning without clarity**

Re-branding should be used to better define your offering in a clear and forceful way. This means being more specific about your product. Generalised positioning statements will position you as a generalist. To become a leader and win market share generalists have to win with other generalists and eventually beat the specialists. Re-branding should make you swallow hard. If it doesn't scare you, it probably won't create meaningful change!

## **2. 16.8 Seven steps to successful Re-branding**

Sasser (2009: 55) mentioned 7 steps to successful Re-branding – however, only 6 are relevant:

- **Assemble a strengths-based team to lead the charge**

The re-branding process is a confidential one; apart from upper level management being involved in the process, the first step should be to source in-house talent, the key being to use employees who are familiar with the brand. However, they should not too closely inter-link with the brand that they are not aware of its defects.

- **Utilize a third-party consultant, but trust your instincts**

There are many companies that can be used to guide the re-branding process, however ensure that you thoroughly research the company that you will use, in view of the fact that no one knows the company/brand better than the people within.

- **Identify every possible audience and create a detailed plan for each one**

Deciding on a new name for your brand is easy; the challenging part of re-branding is the receptiveness of your target audience towards the new name. Each audience is different, therefore you need to strategize and find a way of communicating the brand to help the target audience embrace the new brand.

- **Encourage debate when disagreements arise**

Any re-branding effort will create disagreements from within and outside of the organisation. A healthy debate will assist the team throughout the re-branding to arrive at the best decision.

- **Communicate**

The re-brand may have been intended to present a new message about the brand or unify several products under one brand. It is important to communicate a consistent message about the re-brand.

- **Make the re-branding a fun and exhilarating process**

Re-branding can be a long, daunting task, so it is important to keep the process fun, each win should be celebrated in the journey to reposition and gain market share.

#### **2.16.9 Re-branding Successes**

The clover industry received positive feedback on its re-branding initiative that replaced the “all you need” theme with the “way better” theme across its product line and throughout all of its operations. This included modifications to packaging and logo, aimed at keeping the brand up-to-date for the current target market with a new look and feel. R30 million was used to introduce this theme in the form point of sale, packaging, magazines, outdoor and television commercials (I-Net Bridge, 2011)

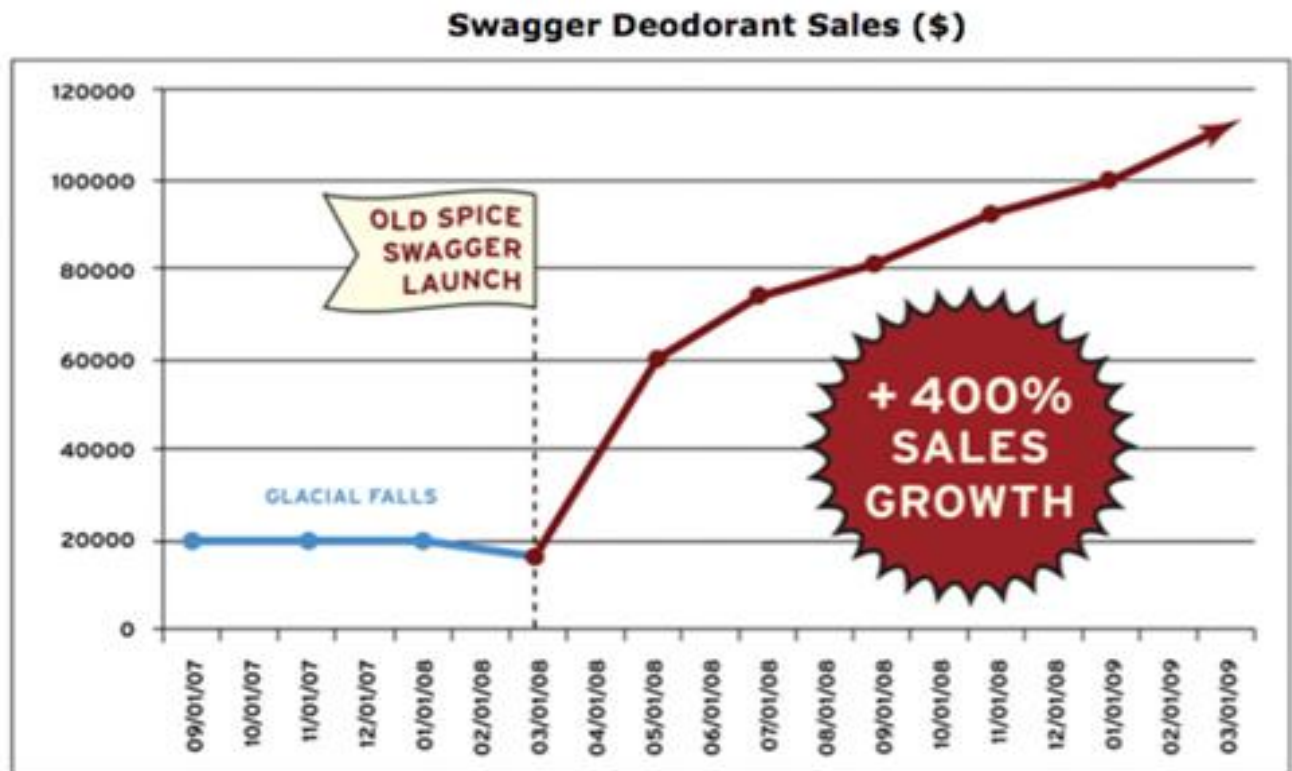
Liqui fruit introduced its re-sealable Tetra Prisma pack which was initially for the Liqui fruit vitality market. The re-branded packaging allowed for the pack to open with a twist cap that can be re-sealed. The new look of the packaging, along with the convenience generated so much positive feedback from consumers that the new packaging was extended to Liqui-fruit brands top four flavours (The retailer Newsletter, 2013).

Coca-Cola launched its energy drink called Mother on the Australian market; they had faced challenges to engage with consumers. The brand failed outright in trying to appeal to the shoppers; Coca-Cola re-formulated their energy drink to align with the market’s needs and, as a result, became one of Coca-Cola’s biggest energy drinks on the market (Market watch, 2010: 16).

Procter and Gamble’s Old Spice brand has been around since 1983, and 50 years down the line marketing strategies used by Procter and Gamble were no longer effective. The product and advertising communicated a fragrance for the “Old Man” (O’Neill, 2010). As a result of declining sales and fear of the brand being discontinued and the scent being lost, the brand was to be repositioned as a brand that appealed to the younger market of males aged between 18 and 24. The idea was to keep the scent but totally re-brand the product. The product was renamed the product Swagger, “The Scent That Makes a Difference”. Television and print ads were used, in addition to the online campaign known as SwaggerizeMe.com (O’Neill, 2010). The Old Spice Swagger Campaign became a huge success and exceeded its expectations of doubling the sales of the former Old Spice “Glacial Falls” scent by quadrupling sales and

became one of the best-selling deodorant and body wash scents on the whole. Figure 2.4 illustrates the huge effect the Swagger campaign had on sales.

**Figure 2. 5 Swagger Deodorant Sales**



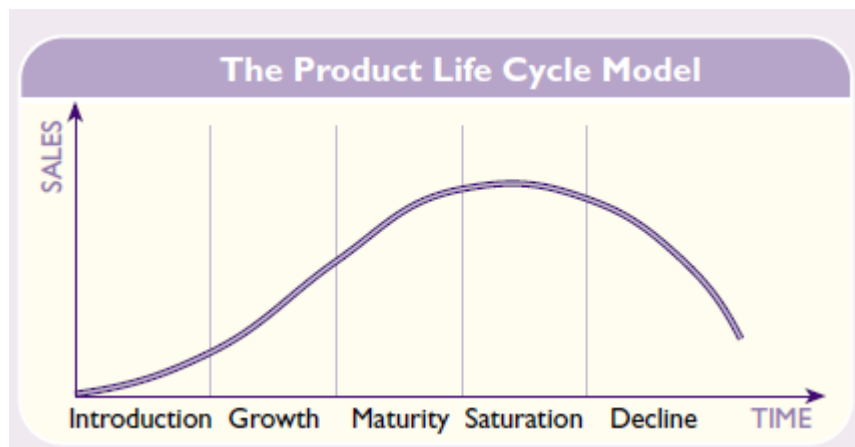
**Source:** The Social Times: O'Neill, 2010

#### **2.16.10 Re-branding to extend the product life cycle**

The life cycle of a product contains four phases. Cant and Van Heerden (2010: 194) state that products “are developed (prenatal phase), placed on the market for the first

time (born), compete in the market and reach maturity (maturity phase), and are eventually withdrawn from the market (die). However the product life cycle model as depicted in Figure 2.5 contains five stages that help marketers identify the different stages that sales and profits of a product go through during the course of its lifetime (The Irish Times Ltd, 2005: 1). In addition, it depicts the critical stage in the product life cycle when a product will demand a re-brand. The five stages to the product life cycle model include: introduction, growth, maturity, saturation and decline. These will be discussed briefly.

**Figure 2. 6 The Product life Cycle Model**



**Source:** The Irish Times Ltd, 2005:1

### **Phase one: Introductory Stage**

The introductory phase is when the ability for the product to compete in the market is being formed. At this level, sales and promotional people will be trained, service capabilities will be developed, pre-announcements will be put out and resellers will be stocked (Crawford and Di Benedetto, 2010:429). If the product is known to the market, brand awareness needs to be established; in the case of an unknown product, prominence is placed on introducing the new product to potential consumers (Botha, et al., 2006: 116). Successful communication will result in repeat purchases, which

will increase sales and push the product out of this phase (Cant and Van Heerden, 2010: 194).

### **Phase two: Growth Phase**

The growth phase is when the product becomes well known to potential consumers and competitors (Cant and Van Heerden, 2010: 194). This is a critical stage when competitors will enter the market with similar products and counteract the company's strategies. The company now focuses on creating brand extensions and promotion offers to boost sales. New product research is critical to ensure future sales (The Irish Times Ltd, 2005: 1). As a result of increased competition, prices may be lowered during this phase (Botha, et al., 2006: 116).

The question commonly asked is 'how do some brands 'live' forever?' The answer lies in the steps that are taken when a brand reaches the maturity phase. In the maturity phase products are well known, however, competing products enter the market and mature products begin to look tired and out-dated, the marketer need to take actions to reposition/re-brand their products to create new appeal for existing consumers and attract new consumers (The Irish Times Ltd, 2005: 2).

### **Phase three: Maturity Phase**

When the maturity stage is pierced into, the sales growth and product demand level off (Cant and Van Heerden, 2010: 194). It is at this stage where marketing managers must determine if they are satisfied with the current position of the product or whether a new action is necessary to re-boost sales (Botha, et al., 2006: 116). It is at this stage when a company will decide to re-brand a product. "Improved products that satisfy the same needs are launched, attracting the innovators and early adopters" (Cant and Van Heerden, 2010: 194).

### **Phase four: Saturation**



In the saturation phase of the product life cycle model , sales slowdown as the market becomes saturated, resulting in profits reaching equilibrium or even declining due to increased spending in marketing activities in order to fend off competitors (The Irish Times Ltd, 2005: 2).

### **Phase five: Decline Phase**

In the decline phase new uses for the old product and new consumers cease to exist. The competing substitute product is now a winner for the target market (Cant and Van Heerden, 2010: 194). When the sale of a product is weakening on a consistent basis, you have reached the decline phase and marketing managers will have to make a choice as to what they intend to do about the future of the product, should they revive, harvest it or divest the product (Botha, et al., and 2006: 116).

#### **2.16.11 Re-branding to comply with government regulations**

Branding food related products can be challenging as the number of dietary related diseases increase, marketers have two choices. Firstly to make consumers change their food choices by providing information about the benefits of healthy diets and educate consumers on how to utilize and understand food labels. The second option would be to improve the healthiness of products by adding functional components and removing unhealthy ingredients in product (Chrysochou, 2010: 70).

The way branding any other characteristic can be conveyed through the brand, branding plays a vital role in the communication of products' health benefits. The capability of brand managers to incorporate the value of healthy dietary requirements into the marketing mix is greatly challenged. For food related companies this is not an easy journey, as branding your product on the value of health is not an easy task for two simple reasons; firstly, branding strategies may not successfully convey the desired health image for the product, and secondly, the understanding and trust obtained via these communications by consumers may vary. It is argued that consumers often show resistance to what they perceive as efforts to manipulate them,

and there are other obstacles such as legislation in terms of the use of health and nutrition claims on products.

Re-branding takes place at times to accommodate and comply with new regulations being introduced for products. On the 1 March 2012 new labelling regulations were introduced which are applicable to both local and international food manufactures (New Food Labelling Rules take effect in South Africa, 2012). The new Regulations Relating to the Labelling and Advertising of Foodstuffs were published by the Minister of Health in terms of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972) (Department of Health: Republic of South Africa, 2012). The new Regulations are aimed at ensuring that consumers are provided with accurate information related to all foodstuffs manufactured, imported or sold in South Africa. The information will assist consumers in the purchase decisions which they make and protect them from unscrupulous manufacturers and sellers of food related items which are covered in the act as well as the new regulations” (Department of Health: Republic of South Africa, 2012). As of 1 March all products that are manufactured should comply with these regulations.

With regard to Nestlé products, the Research and Development Unit ensure that they are in compliance with all government regulations. Nestlé integrates regulations into its research and development activities which allow them to launch new products in a fast and efficient manner which meet regulatory standards (Bauer, 2012). Nestlé Marketing ensures that health and wellness benefits are communicated both on and off the package, and ensures that the package is relevant locally as well as compliant (Bauer, 2012).

According to New Food Labelling Regulation in South Africa (2012; Department of Health: Republic of South Africa) the mandatory information which needs to be on products are indicated below.

#### **2.16.12 Mandatory Information**

- Name and address of manufacturer or importer or distributor

- Instructions of use
- Net content
- Country of origin
- Batch identification
- Use by date
- Nutrient analysis (it must be reported in table form per 100 g of product as eaten, or if not, clearly stating per 100 g of dry product) or per 100 ml of liquids
- List of Ingredients: The label must be contained the content of foodstuff, e.g. colorants, preservative, herbs & spices, etc. Ingredients must be listed in order of descending mass (not volume). The ingredient weighing the most will be listed first and the ingredient weighing the least will be listed last, and
- Common allergens such as gluten, milk, eggs, soy, peanuts, tree nuts, shellfish or crustacean, or significant cereals (wheat, rye, barley, and oats).

According to New Food Labelling Regulation in South Africa (2012) the following information is prohibited from being on labels:

#### **2.16.13 Prohibited Information and False Claims on Labels**

- Words, pictorial representations, marks, logos or descriptions that create an impression that food is being endorsed by health practitioners, organisations, foundations and other bodies (excluding religious certification organization, Fauna & Flora certification, and organisation accredited by South African National Accreditation System (SANAS).
- Individual endorsement or testimony which infers a nutritional claim.
- An endorsement of manufacturer or seller (inform of a logo, mark, symbol, written or verbal statement).

- Forbidden word for nutrient content claim including “rich in”, “excellent source”, “good source”, “enrich with X”, “with added X”, “X free” or similar wording.
- Prohibited word “nutritious” or “healthy” or “wholesome”, “complete nutrition” or “balance nutrition” or other words or symbols which imply health giving properties.
- The word “cure” or any other medicinal claim.
- Misleading descriptions, e.g. “grain fed”, “Karoo lamb”, “natural lamb”, “country reared”, “free range”, “pure”, and “organic”, and
- Not contain statements to effect of being fresh, natural, pure, traditional, original, authentic, real, genuine, homemade, farm house, handmade, selected, premium, finest, quality or best or any other words or pictures which convey similar concepts unless the products are compliant with United Kingdom Food Standards Agency (FSA) criteria.

#### **2.16.14 Re-branding Packaging**

Mark Kennedy, who is a former Nestlé employee, states that Nestlé is a good example that is redesigning and updating packaging to remain up-to-date to its audience (Jacobs, 2010: 28). “Packaging is the activity of designing and producing containers or wrappers for a product” (Keller, 2003: 167). Packaging comprises of every one of the ways food and beverages are boxed, wrapped, bottled, bagged, arranged and presented to end consumers in retail stores (Pierre, 2012:3). “Because packaging reaches consumers at the critical moments of purchase and consumption, it has become an important marketing tool for food manufacturers and retailers” (Pierre, 2012:2). According to Maggio (2006), Philippe Roulet, the head of packaging for Nestlé, Nestlé’s packaging has a key role to play in brand recognition, as it the first contact that consumers have with our brands, not forgetting that 70% of decisions are

made at the point of purchase, and Nestlé only has a few seconds to be a part of that decision. Branding, packaging and labelling are more significant to marketers than the physical features of the products itself, as competing products are very similar in physical features and branding, packaging and labelling are the only means of structuring product differentiation (Botha, et al., 2006: 116).

Product packaging is just one of the many interlinked activities of re-branding.

Food packaging no longer serves as a by-product of logistics and preservation constraints; product packaging is now a communication tool in its own right. (Pierre, 2012: 3). Product packaging is the first impression a consumer has of a product or brand; it is the tangible aspect of your offering. According to Keller (2003: 169) product packaging can strong appeal on shelves and stand out from the clutter, this is important to note as a shopper is exposed to 20, 000 products in a single shopping visit that lasts less than 30 minutes. In the last 10 seconds before making a purchase decision, packaging is the motivating factor that decides which of those items make it onto the shopping list and which don't (packaging, 2009). Unless a package is noticed on the shelf, it cannot be selected for purchase - unseen equals unsold.

The key to getting a brand noticed is to create a contrast against its surroundings; this can be achieved by utilizing a contrasting shape, colour and or graphic element to make the packaging stand out (packaging, 2009). "Consumer goods firms spend billions of dollars each year to appeal to buyers by inventing, engineering, and manufacturing package designs for positioning and differentiating their offerings" (Orth, et al., 2010: 23). The visual appeal displayed by packaging plays a unique role in a consumer's decision making process. For those who have not tried a product prior to purchase, it enhances the quality and attractiveness of the product, especially if product alternatives are available at a similar price, the more aesthetically appealing would be considered (Orth, et al., 2010: 27). "Marketing communications play a key role in repositioning as this is where images and perceptions are formed in the consumer's mind" (The Irish Times Ltd, 2005: 3). Products that stand out, need to be documented for the varied marketing elements which have been integrated to bring about their success. These products use market research and team work to create a

competitive edge and become market leaders in their product category rather than following the crowd (Food Magazine, 2010: 16).

## **2.17 Marketing Communication**

According to NBC business News (Stockdale, et al., 2012) a 30 second spot on the 2013 Super Bowl would cost an average of \$3.5 million, this would be an 84 % increase from 10 years ago, which is in line with the current television audience. “Fast forward, into the future from now, 5years or perhaps less, if you would like to virtually test drive a Mercedes Benz while watching an advert for it, all you would have to do is press a button on your remote” (Shiffman and Kanuk, 2007: 274).

From the aforementioned, it is evident that communications are undergoing a vast change. New media environment has added to the challenges marketers face in building an effective communications program. Traditional means of advertising such as television, radio, magazines and newspapers are losing their grasp on consumers. New media has opened new avenues for marketers. Consumers are bombarded with advertisements, which create a challenge for brand marketers to compete for consumers attention (Maxian, Siegrist, Wise, Freeman, Altman, and Bradley, 2008: 57). According to Keller (2003: 230) “Marketing communications are the means by which firms attempt to inform, persuade and remind customers-directly or indirectly-about the brands they sell.” The marketing communication environment has evolved causing the way brands are promoted and the way consumers are able to respond to brands to have changed.

As a result marketers take advantage of branding both offline and online, to increase sales and add to the company’s integrated communication strategy. Building brand awareness online reassures consumers that the brand is reliable and trustworthy, as consumers know what to expect from the brand and can save time on searching costs. Jooste, et al (2008: 217 ) assert the opportunity to leverage of a business brand name helps generate awareness of the brand, for instance Nestle uses, Nestle.com. Online, your competitor is only a click away (Trusted Impact, 2009). However, “the digital

revolution in the marketplace and its impact on consumer behaviour presents a major challenge for marketers today” (Schiffman and Kanuk, 2007: 13). According to Keller (2003: 230) although marketing communications can play many different roles in the marketing program, they all have a common purpose, which is to contribute to brand equity.

When it comes to re-branding a product, communication plays an imperative role in communicating to the target audience the changes that have been made to the product. Communication also helps marketer’s reposition products in the minds of the consumer. For instance, brand building sites such as Tango and Guinness are there to help consumers by providing them with an online experience of the brand. According to the social media report produced by Nielsen and NM Incite, approximately 60 percent of consumers use online resources to learn information about a brand or a retailer (Nielsen, 2011).

When there are changes that are being made to an existing product or bringing out a completely new product, it is common to experience criticism from current consumers, most of it fades away after sometime, while other problems are critical design and user problems that were not initially considered and need to be repaired. (Eridon, 2012).

## **2.18 Re-branded Nestlé Logo**

Marketers have to ensure that a company’s logo triggers brand perception, as a logo is the first visual perception that a consumer has with a brand. At first glance when a consumer sees a logo the response you should get is “aha!” while communicating what the business does and capturing the personality of the brand (Reiss, 2011:90). A logo answers the following questions about a company: Who the company is, what the company does and what value does it add for the consumer. In the design of the logo marketers need to ensure that the logo reproduces well in various sizes and the media, it reflects the sensibilities of the target audience, its intention and message should be clear and, lastly, a logo at its best should provide an emotional connection

as well as personality (Reiss, 2011: 90). As mentioned by Etiziano (2009: 1), a company logo has its own life and history and the logo needs to look up-to-date and that is the reason that firms do million dollar re-brandings.

As mentioned by Etiziano (2009:1), a company logo has its own life and history and the logo needs to look up-to-date and that is the reason that firms do million dollar re-brandings.

The re-branding journey that the Nestle logo has been on will be depicted below



Initially the Nestlé logo launched by Henri Nestlé in 1868 was composed of his name in German, that is little nest, and of his family emblem



In 1868 patented the Nestle logo, this patent was valid for 15 years. Henri then retired and the new owners of the company registered the logo in Vevey in 1875.



In 1938, the Nestle design was combined with the word “Nestle”.



The design was further simplified in 1966.





In 1988, the worm which was in the mother bird's beak was removed and the fledglings now became two instead of three. It is to better illustrate the activities of the company, no longer active only in nutrition, and to reflect the average modern family of two children.



The current logo represents an oak and the birds in thrushes. The blue colour in the Nestlé symbolizes prosperity, purity, care and goodness.

## **2.19 The Research Context: Nestlé**

Nestlé was founded in 1866 by Henri Nestlé and is head-quartered in Vevey, Switzerland. Nestlé is the largest food and beverage company in the world, selling over a billion products every day and is moving fast towards becoming the world leader in nutrition, health and wellness (Nestlé, 2006: 5). Nestlé is improving its reputation for health benefits throughout its product range and is planning to eliminate artificial flavours and colours from its confectionary line (Health is Wealth, 2013: 1). Nestlé has invested nearly \$18 billion into acquisitions over the past decade and now owns nearly 8,000 different brands worldwide (Rapoport and Martin, 1994: 130). “Today, Nestlé already operates 28 factories on the African continent and provides direct employment to approximately 14000 people and indirect employment to more than 50000. Nestlé products are sold in all 53 countries of the African continent”(Nestlé EAR Factsheet, 2012). “Nestlé came to Africa towards the end of

the 19th century and established its industrial presence in 1927 when the company opened its first factory in South Africa (Nestlé EAR Factsheet, 2012).

Nestlé marketers have positioned Nestlé as a company that produces nutritious food that tastes great, is convenient, competitively priced but most of all it is the best quality food (O’Carroll, 2012). Satisfying consumer needs are essential, as consumers are at the core of Nestlé’s existence as the world’s largest manufacturer of food and beverages Nestlé ensures that our standards of quality are maintained globally. “Our products are adapted to meet the local product needs and are readily available for consumption” (O’Carroll, 2012) and “ the Nestlé brand name on a product is a promise to you that it is safe to consume and complies with both local and international regulations” (O’Carroll, 2012). Nestlé has 29 research and development facilities around the world, making them the largest research and development food company. Marketers say that their research and development is the key to their competitive advantage (Bauer, 2012).

Nestlé South Africa consists of nine different factories. Each factory specialises in manufacturing certain products. The diagram below (figure 2.4) illustrates the location of the Nestlé factories in South Africa and the products manufactured by each factory.

**Figure 2. 7 Nestle South African region Footprint**



**Source:** Nestlé Good Food, Good life, 2013.

The Nestlé, Estcourt factory started in 1927 as a sweetened condensed milk factory. In 1939, production of milk powders, Nescafé, Milo and cereals began. Today Nestlé, Estcourt manufactures Nescafé Classic, Nescafé Ricoffy, Nesquiks, Milo and Hot chocolate (History, 2013).

### 2.19.1 Nescafé Classic

Nescafé, which started as an idea as to what to do with unsold coffee, is now celebrating its 75th anniversary and is positioned in the market as one of the world's favourite drinks. Approximately 5500 drinks are consumed every second with different varieties and tastes modified to cater to the different segments worldwide (Nescafe, 2013).

In the year 1929, following the Wall Street crash and the collapse of coffee prices, there was a lot of unsold coffee which was sitting in warehouses in Brazil. Nestlé was keen to find out if this coffee could be turned into a soluble coffee cube so that it could be sold to consumers. After three years of research it was discovered that coffee mixed with milk and sugar could convert into powder, as well as a major finding that it retained its flavour longer this way; however it raised many production challenges. The secret to preserving coffee aroma lay in creating soluble coffee with enough carbohydrates (Nescafe, 2013). A year later a powder that did this, was presented to the Nestlé Executive Board and technical directors as drinkable soluble coffee samples. Two years later in 1938, the soluble coffee product, was named Nescafe and launched in Switzerland and by April 1940 Nescafe was available in 30 countries worldwide (Nescafe, 2013).

### **2.19.2 Ricoffy**

Nescafé Ricoffy was first introduced to South Africa by the Huguenots in the 1970's and has grown to become South Africa's favourite coffee. Ricoffy was one of the first instant coffees made from coffee beans, chicory and glucose, and in the 1980's, Ricoffy became known for its "fresh percolated taste". In 2002, Ricoffy joined the Nescafé family to become Nescafé Ricoffy (Nestlé Professional, 2013). Nestlé has the biggest brands in soluble coffee and trade communications manager Graham Walker says consumers are experiencing higher quality coffee in coffee shops and are clearly trying to replicate this experience at home (Wood, 2013: 1).

### **2.19.3 Nesquik**

Nesquik began as a chocolate powdered flavouring mix in the United States in the year 1948. It was initially branded as Nestlé Quik and in the 1950's it was renamed Nesquik in a few countries. The brand name Nesquik went global in 1997 and everyone became familiar with the Nesquik brand (Nesquik, 2012). The Nesquik powders were introduced at the following different times:

- Chocolate Powder was introduced in 1948,

- Banana Powder was introduced 1954, and
- Strawberry Powder was introduced prior to 1960 and the Vanilla Powder was introduced in 1979, but was discontinued in 2006 for unknown reasons (Nesquik, 2012).

#### **2.19.4 Milo**

The “Milo brand is the world’s leading chocolate malt beverage that can be prepared with hot or cold milk or water” (Brands, 2012). Milo was created in the 1930’s by Thomas Mayne, a Nestlé engineer. As a result of the depression, children were not getting sufficient nutrients from their daily diets (MILO: The Nutritious drink kids love, 2012: Paragraph 1). Milo was created using local milk knowledge and Swiss cocoa expertise. The name “Milo” originated from a mythical character that was known for his strength (MILO: The Nutritious drink kids love, 2012). Malted Barley is a key ingredient to Milo, it is also rich in carbohydrates, which is a source of energy for nervous and muscle functions (MILO: The Nutritious drink kids love, 2012: Paragraph 3).

#### **2.19.5 Hot Chocolate**

Nestlé Hot Chocolate is comprised of a fine, brown powder made from cocoa and skim milk powder. Hot Chocolate has a shelf life of up to 18 months (Nestlé Professional, 2012). Nestlé Hot Chocolate is South Africa’s most loved Hot Chocolate (Hot Chocolate, 2012).

From the above it is evident that Nestlé, Estcourt, South Africa prides themselves in being a part of the world's leading nutrition, health and wellness company by providing consumers with the best tasting, most nutritious choices in a wide range of beverage categories (Nestlé Good food, Good Life, 2013).

The literature above provided a brief background into Nestlé the company and brands, which form the research context of this study. In order to gain a solid understanding the re-branding procedures that have been used to re-brand such renowned brands,

insight into the importance of the challenges that marketers have experienced when re-branding their fast moving consumer goods, as well as the recommend methods which can be utilized to ensure successful re-branding have been discussed. Various examples of successful and unsuccessful re-branding strategies that have been used by marketers to ensure success when they attempt to re-brand fast moving consumer goods in the competitive South African market have been highlighted. In addition, the above mentioned paragraphs highlight the different methods that marketers have used to go about updating their images to better match the needs of consumers such as re-branding to extend the product life cycle, to comply with government regulations and the use of marketing communication have been explained.

Re-branding is not an easy task for marketers as too little change can cause consumers to go for more up-to-date brands of competitors and too much change can lead to brand rejection. In a competitive market, companies have to ensure that for a re-brand to work the targeted market is researched extensively. Any change which is necessary to make, whether it's a new name, new package or a complete reformulation, the re-brand needs to be in the products best interest and add to the brands appeal, not detract from it. A re-brand must be beneficial to consumers in the long run and it may be a company's last chance of achieving success (Data monitor, 2009: 12).

The gap which has been identified in the knowledge on practical efforts at re-branding fast moving consumer goods in South Africa will be investigated in Nestlé, Estcourt, and the producer of coffee and beverage brands. It will examine the challenges that marketers experience when re-branding their fast moving consumer goods and recommend methods which can be utilized to ensure successful re-branding.

The abovementioned highlight the different ways those marketers have gone about updating their images to better match the needs of consumers. Re-branding is not an easy task for marketers as too little change can cause consumers to go for more up to date brands and too much change can lead to brand rejection. The gap which has been identified will be investigated in Nestlé, Estcourt, and producer of coffee and beverage brands. It will examine the challenges that marketers experience when re-branding their fast moving consumer goods and recommend methods which can be utilized to ensure successful re-branding.

## **2.20 Conclusion**

This chapter covered an array of literature on different elements that surround re-branding fast moving consumer goods in a competitive economy. From the above mentioned paragraphs it is evident that the most common reason for undertaking a rebrand is modernisation, overtime brands become out-dated and a more modern image is required to compete in the competitive market place. Even though modernisation of brands may not be the only purpose of a re-brand it is a strong factor which motivates for a re-brand. In addition, brand managers of fast moving consumer goods are to select growth opportunities which enhance brand equity while preserving and maintaining the heritage of the brand.

However, in a competitive market, for a re-brand to work companies have to ensure that the targeted market is researched extensively. Any change which is necessary to make, whether it's a new name, new package or a complete reformulation, the re-brand needs to be in the products' best interest and enhance the brands appeal not diminish it. A re-brand must ultimately be beneficial to consumers, as it is the consumers who make the company a success. Marketers need to ensure that the operations of the firm both internally and externally appropriate the new brand messaging. A unified message about the new brand identity needs to be communicated. The firm needs to be passionate about the re-brand in order to generate that similar passion in the marketplace.

As discussed above, it is evident that many factors point in the direction of a re-brand and however we well aware that not all re-brands are successful. Yet despite the fact that there are many challenges which surround re-branding fast moving consumer goods, when re-branding does work the results can be beneficial for marketers. For example, we can draw on the classic example of the new Coke. Although it is quite impossible to predict the outcome of a re-brand, marketers can gain a firm foothold in the process, by making solid decisions beginning with a brand building team inclusive

of learned employees, valued customers and outsource resources that are deemed useful in the re-branding process.



## **Chapter Three**

### **Research Methodology**

#### **3.1 Introduction**

This chapter presents the research methodology, research design, data collection methods, sampling methods, and data analysis techniques. The chapter also presents ethical requirements upheld in the study and, reliability and validity measures employed.

#### **3.2 Research Problem**

Re branding is an opportunity to increase market share and address the needs of potential consumers in a particular market segment. (Cant and Van Heerden, 2010: 22). In response to the opportunity created by product re-branding, marketers take advantage by employing re-branding strategies and incorporating them into their marketing plans. This allows for products to be differentiated from competitors, negative images held about the company and or its products eliminated, and an increased market share is acquired by constantly adapting and instigating change. However, despite the many opportunities available to marketers, there are many upsides to rebranding if done correctly. However, there is also the risk of failure and loss of market share in the competitive South African economy, if rebranding is done incorrectly.

The gap which has been identified in the knowledge on practical efforts at re-branding fast moving consumer goods in South Africa will be investigated in, the world's largest food and beverage company, namely, Nestlé. Nestle Estcourt, is the biggest coffee mixture factory in the Nestle Group, worldwide (Nestle Packaging Technologist, 2012). From the above it is understood that Nestle Estcourt manufactures coffee and beverages which are classified as FMCG's.

Given the above, this research will be looking at all coffee and beverage brands produced at Nestle, Estcourt, and, what Nestlé has done in terms of re-branding to champion and position their brands to remain in the marketplace. The products under investigation have all undergone re-branding in the period 2010 to 2012. The time period was chosen based on that the study commenced in 2012, hence two years prior to that period information was deemed used.

Nestlé that has successfully re-branded products, shedding light on their re-branding experiences so other South African marketers of fast moving consumer goods can utilise Nestlé's re-branding success and failure experiences in order to facilitate their own re-branding procedures.

### **3.3 Research Objectives**

The research objectives this study aims to address are:

- To ascertain why Nestlé re-branded its coffee and other beverage brands through changing its packaging from 2010 to 2012.
- To determine the type of re-branding that Nestle has been using from 2010-2012 to position and reposition its beverage brands.
- To determine the importance of retaining the Nestlé corporate brand name, logo and image when considering a re-brand.
- To ascertain the turnover during the years when re-branding was done.
- To ascertain Nestle managers perceptions on the cost implications versus the benefits of re-branding.

### **3.4 Sampling Technique and Procedure**

#### **3.4.1 Target Population**

According to De Vos, et al., (2002: 198), the target population is defined as the “set of entities in which all the measurements of interest to the practitioner are represented.” The population consists of the Nestle Business Unit for South Africa, responsible for marketing products produced in each one of the nine Nestles factories in South Africa. The target population for this study are the coffee and beverage brand managers, packaging technologist and customer’s service manager of Nestle, Estcourt.

#### **3.4.2 Sampling Technique**

“Sampling involves selecting representative units from a total population” (Cant, 2007:106). Since each and every member of the group cannot be studied, a representative sample will be used to ensure that time, money and effort can be directed at producing better quality research.

There are two types of sampling: non-probability and probability sampling. For the purpose of this study non-probability sampling was used. In non-probability sampling there is no way of estimating the probability that any of the target population will be included in the sample taken (Dhalberg and McCraig, 2010:176; De Vos, et al., 2002: 198). Most types of non-probability sampling may not generalisable and is therefore best suited to descriptive work (Dhalberg and McCraig, 2010: 176).

There are many types of non-probability sampling: namely accidental, purposeful, quota, dimensional, target, snow ball and spatial. This study makes use of purposeful sampling where “units are chosen on the basis of researcher’s opinion as to their representativeness” (Cant, 2007: 109). In purposeful sampling participants are chosen because they are typical of the group being studied or they represent a diverse perspective (Leedy and Ormrad, 2005: 163). Given that this study is primarily exploratory in nature, the sample size is small and the target population are experts on the variable being studied, purposeful sampling is considered sufficient.

### **3.4.3 Sample Frame**

Gibson and Brown (2009: 56) state that a “sampling frame is the range of cases from whom a participant cases can be selected.” For purposeful sampling, the sampling frame used for this study consisted of managers working with the marketing and packaging of coffee and beverages working for Nestle, South Africa (based in Randburg and Estcourt).

### **3.4.4 Sample size**

The nature of this research required the intentional selection of participants who have experience with the phenomenon that is being studied. The research at hand is a case study which uses a smaller sample size, generally consisting of four to ten participants (Creswel, J. W and Plano Clark, V. L., 2007: 112). Given the objective of this study a sample consisting of 6 participants was deemed adequate. The sample consisted of managers who represent the marketing, packaging and customer service of Nestle, Escourt, coffee and beverages.

## **3.5 Research Design**

A research design is a strategic framework for action which serves as a link between research questions and the execution of the research (Terre Blanche, Durrheim, and Painter, 2007: 34). In addition, it structures the plan and dictates the conditions for data collection and analysis (Terre Blanche, et al., 2007: 34). This research encompasses an exploratory research design with a mixed methods approach. This will be briefly discussed in the context of the current study and the rationale for choosing the specific design will be addressed.

### **3.5.1 Mixed Methods Research**

Mixed Methods Research is described by Tashakorri and Teddie (2010: 51) as research in which “ a researcher or team of researchers combine elements of qualitative and quantitative research approaches (eg. use of qualitative and

quantitative viewpoints, data collection, analysis, inferences) for broad purposes of breadth and depth understanding of corroboration.” The mixed method research approach presumes that using qualitative and quantitative data will produce a better understanding of the research problem at hand than that of one type of data (Creswel and Plano Clark, 2007:168).

The purpose of this concurrent mixed methods study is to better understand a research problem by converging both qualitative (detailed views) and quantitative (broad numeric trends) data. In this study quantitative content analysis was used to measure turnover during the years when re-branding was done. At the same time the re-branding process was explored using qualitative questionnaires and interviews with managers at Nestle, South Africa. The advantage of collecting data employing different methods is that different data sources can be compared against each other and many different aspects of the research question can be addressed (Gibson and Brown, 2009:58; Dhalberg and McCraig, 2010: 27).

- A set of questionnaires were administered to managers, exploring the re-branding process used by Nestle, seeking to understand the importance of retaining the Nestlé corporate brand name, logo and image when considering a re-brand, to ascertain perceptions on the cost implications versus the benefits of re-branding and to get an overview of Nestle packaging. The structured questionnaire included opened (qualitative) and closed ended (quantitative) questions. Data collections included five completed questionnaires from four brand managers and one packaging manger.
- Two informal qualitative interviews were conducted with the packaging and customer service manager, to ascertain why Nestlé re-branded its coffee and other beverage brands through changing its packaging. Interviews are a powerful method of data collection as they entail one on one interaction between the researcher and the individuals being studied (Bickman and Rog, 2009:296).

- This study used internal official company documents. Documentation relative to re-branding such as changes to product names, logo, slogan, colour, design and packaging that have taken place were reviewed
- In addition, content analysis of Nestle documents were used determine the turnover during the years when re-branding was done. Turnover reports for the period January 2011 to December 2012 of all coffee and beverage products were examined. In addition the dates when products were rebranded, were also examined.

The qualitative phase and the quantitative phase of this mixed methods research will be discussed separately

### **3.6 Qualitative Research**

A qualitative research attempts to “interpret meanings, emotions, behaviours and/or perceptions by analysing concrete cases in their temporal and local particularity and starting from people’s expressions and activities in their local context” (Dhalberg and McCraig, 2010: 112). Furthermore, qualitative research has a tendency to be on a small scale as the smaller sample sizes allow the researcher to focus on producing profound data which tap into the real experiences, thoughts and feelings of participants (Dhalberg and McCraig, 2010: 114). Moreover, the advantages of using qualitative research includes its ability to acquire detailed information and access the ‘hard to reach groups’, its cost effectiveness and, is a great approach when dealing with delicate issues which require trust and confidence to be established prior to responding to such issues (Dhalberg and McCraig, 2010: 115).

#### **3.6.1 Qualitative Data collection**

“Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes” (Data Collection, 2013). Data is important if it allows the researcher to answer questions and address issues

that are presented, by collecting relevant data and aligning ones data and research questions (Gibson and Brown, 2009: 54). Qualitative data used in this study took the form of questionnaires, follow-up interviews with relevant person where necessary and document analysis. Secondary data was obtained from academic journals, marketing textbooks, websites and company records

### **3.6.2 Questionnaires**

De Vos et al. (2002:172) defines a questionnaire as a “set of questions on a form that are completed by a respondent in respect of a research project.” There are two basic forms of questions used in a questionnaire, open ended questions and closed ended questions, proving quantitative and qualitative data collection. This research allowed for the respondent’s opinion and perspective to be taken into account by providing both depth and insight on a given subject, which was largely qualitative. In addition, closed ended questions have been used by providing a list of pre-determined options to choose from. This will be discussed in greater detail in quantitative data analysis. Furthermore questionnaires were handed to the four brand managers and the packaging manager.

Berdie and Anderson (1974: 11) state that the purposes for which questionnaires are used, vary from study to study depending on the type of information sought. Hence the questionnaires for this study were designed to address the research objectives of this specific study. Questionnaires are beneficial when dealing with sensitive issues such as anonymity because respondents have the luxury of filling in questionnaires in their own time and at their own pace; in addition there is less bias compared to interviews and finally it could cover a larger geographical area at a lower cost (May, 1993: 73). Questionnaires were e-mailed by the researcher to ensure that the required relevant respondents were reached, as per e-mail receipts being received upon the questionnaire being delivered. In addition follow up interviews were conducted to clarify any uncertainties.

All questionnaires were e-mailed to brand managers and packaging managers from Nestlé South Africa at its Estcourt and Randburg offices, and they were allowed a

four week response period to allow sufficient time to answer the questions, bearing in mind their hectic schedules.

### **3.6.3 Questionnaire Design**

Two different questionnaires were used in the study as the research objects of this study involved retrieving information from both brand managers and packaging managers.

The first part of both questionnaires provided information to the respondents informing them on the rationale of the study, why the information was needed and how it would be utilized, the respondents' confidentiality was re-assured and basic instructions on how to complete the questionnaire were provided (Terre Blanche, Durrheim and Painter, 2007: 489).

The questionnaire for the brand managers consisted of fifteen questions which were divided into two sections (Appendix A). The respondents were asked to identify all the product/s of which they are Brand Managers and answer the questions in accordance to those specific brands.

The questionnaire for the packaging manager consisted of eight questions providing an overview on all the packaging of coffee and beverage brands manufactured at Nestlé, Estcourt (Appendix B).

According to De Vos et al. (2002:176) there are certain basic principles that should be considered when formulating questions for a questionnaire.

The sequence in which questions are presented; non-threatening questions first, sensitive and personal question may follow later.

- Sentence structure must be brief, clear and the vocabulary that is used must be understandable to the respondents;
- Question and response alternatives must not reflect the bias of the researcher;



- Each question must only promote one thought;
- Every question must be relevant to the purpose of the questionnaire;
- Questions not applicable to the milieu of the respondent should be avoided; and
- The researcher must not take for granted that the respondents have knowledge about a subject.

The aforementioned guidelines were taken into account in the construction of the questionnaire for this study. The structure of the questionnaires will be discussed briefly, beginning with the questionnaire for brand managers followed by the questionnaire for packaging managers.

#### **3.6.4 Questionnaire for Brand Managers**

This questionnaire consisted of Section A and Section B. Section A of the questionnaire consisted of six questions. The first five questions attempted to gain insight into factors that indicate when re-branding is needed, motivations behind re-branding, the importance of market research and the Nestlé's marketing teams involvement in decisions to initiating re-branding. The remaining question consisted of a 5 point labelled Likert scale, 1= most important to 5= least important'. This question attempted to gain insight into a respondent's perception of aspects that Nestlé consider mandatory and should be retained in packaging when considering product re-branding.

Section B of the questionnaire consisted of nine questions. Questions 1, 2, 8, and 9 were open ended, which sought to gain the respondents' perspectives on the following: the challenges they may have been encountered when re-branding, the marketing and promotional strategies which they may have used to accompany re-branding, the perceptions of costs versus the benefits of re-branding and, the perception regarding adjustments in sales once the re-branding was done.

Question 3 consisted of a 5 point labelled Likert scale ranging from 1=strongly agree to 5=strongly disagree which sought to gain insight into what the respondents perceived the re-branding process entailed (Ordinal scale).

Question 4 attempted to gain insight into whether a standard re-branding process is used or a customized strategy is developed for each individual re-brand (Nominal scale).

Question 5 consisted of two parts, firstly to establish if re-branding has been successful or not; and if it has not been successful, to establish what had gone wrong (Nominal scale).

Question 6 consisted of a 5 point Likert scale ranging from 1='most important' to 5='least important' which attempted to gain insight into what to do to ensure success in future re-branding initiatives (Ordinal scale).

Question 7 attempted to gain insight into the marketer's knowledge of which beverage brand attributed to the most success of the company (Nominal scale).

### **3.6.5 Questionnaire for Packaging Technologists**

Section A of the questionnaire for the packaging technologist consisted of nine questions which sought to obtain information on the changes the packaging for all coffee and beverages had undergone from 2010 to 2012.

Question 1 consisted of an open-ended question to obtain packaging information and conclude if any of the packaging has been completely altered aesthetically.

Question 2 consisted of two parts, firstly to establish if any product packaging was discontinued, and if so, what the motive was behind the discontinuation (Nominal scale).

Question 3 attempted to gain insight into who is responsible for initiating packaging specifications (Nominal scale).

Question 4 attempted to obtain information on the frequency of packaging re-branding for the period 2010 to 2012 (Nominal scale).

Question 5 attempted to determine which variables Nestlé insists should remain on packaging when re-branding a product (Nominal scale).

Question 6 attempted to understand the way that Nestlé incorporated environmentally friendly designs into its current packaging (Nominal scale).

Question 7 attempted to gain insight into whether a rejected re-branded product resulted in the company reverting back to the original packaging (Nominal scale).

Question 8 attempted to retrieve the dates that specific re-branding was carried out.

### **3.6.6 Addressing the Research Objectives**

- Objective 1 was addressed through question 4 of Section A of the questionnaire for Brand Managers and, questions 1, 2, 3, 4, 6, 7 and 8 of the questionnaire for packaging manager the institutional document analysis will also address this objective.
- Objective 2 was addressed with questions 1,2,3,5 from Section A and questions 1, 2, 3, 4, 5, and 6 from Section B of the questionnaire for brand managers. Question 7 of the questions for packaging manager
- Objective 3 was addressed with question 6 and 6.1 of the questionnaire for brand managers and question 5 of the questionnaire for packaging managers. The institutional document analysis will also address this objective.

- Objective 4 was addressed through questions 8 of the questionnaire designed for brand managers. In addition the actual sales figures were analysed to determine if there was a link between the periods re-branding was done and fluctuations in the sales figures. The institutional document analysis will also address this objective.
- Objective 5 was addressed through question and 9 of the questionnaire designed for brand managers which dealt with determining the cost implications versus the benefits of re-branding.

### **3.6.7 Pilot testing**

According to Dane (1990: 43) a pilot test is a condensed version of the actual research project whereby the researcher tests the procedures that will be used in the actual research. The aim of a pilot study is to improve the success and the efficiency of the study (De Vos, et al., 2002: 168). The pilot study is a constructive measure for “refining the wording, ordering, and layout filtering, and so on, in helping to prune the questionnaire” (De Vos, et al., 2002: 168).

In this study, based on the small sample size, a single questionnaire was administered to one brand manager at Nestlé South Africa, Randburg. The pilot test revealed that considering this is an in-depth study which required detailed information; the brand manager felt that as an employee of Nestlé, providing details of processes in detail was prohibited. This resulted in questions being altered. As an example in section B, question 3, originally an open-ended question had to be revised into a Likert scale question as the brand manager in the pilot test answered with a N/A in the pilot study.

### **3.6.8 Follow-up Questions**

Once the responses to the questionnaires were analysed, and information from the document analysed, follow up interviews were conducted to clarify any uncertain

information surrounding the research findings, to ensure that there were no loop-holes in the study.

### **3.6.9 Document Analysis**

This study used internal official company documents. Official documents are those that are compiled and maintained consistently by organisations, some of which include financial records, statistical reports as well as process records (De Vos et al., 2002: 324). However, the biggest challenge that arises in documents analysis is the confidentiality of information, which often restricts the accessibility of critical information (De Vos et al., 2002: 324). In this study documentation relative to re-branding such as changes to product names, logo, slogan, colour, design and packaging that have taken place were reviewed.

### **3.6.10 Informal interviews**

According to Maree (2011: 87) the aim of a qualitative interview is to view the world through the eyes of the participant, who can be a valuable source of information provided that the information is used correctly. Maree (2011: 87) asserts qualitative interviews help provide a descriptive data that assists the research in understanding the problem from the participants perspective. The participants interviewed for this study provided information that would have not been retrievable in another way based on their understanding of re-branding. There are two types of interviews namely structured and unstructured. For the purpose of this study an unstructured interview was carried out. An unstructured interview takes the form of a conversation with the intention of exploring the participant's views, ideas, belief regarding certain phenomena (Maree, 2011: 87). Informal qualitative interviews were conducted with the packaging and customer service manager, to ascertain why Nestlé re-branded its coffee and other beverage brands through changing its packaging

### **3.6.11 Trustworthiness of Research**

According to De Vos et al. (2002: 351) “all research must respond to canons that stand as criteria against which the trustworthiness of the project can be evaluated.” In qualitative research when reliability and validity are referred it usually refers to research which is credible and trustworthy (Maree, 2007: 80). Trustworthiness “refers to the way in which the inquirer is able to persuade the audience that the findings are in the study are worth paying attention to and that the research is of high quality.” (Maree, 2007: 299). Engaging in multiple facets of data collections techniques such as participant observation, document analyses and interviews ensure trustworthiness. There are four constructs that address the trustworthiness of qualitative research credibility, transferability, dependability and confirmability, which will be discussed.

- **Credibility (Internal Validity)**

“Credibility refers to confidence in the truth of the data and interpretation of it” (Polit and Beck, 2008: 584). The goal of credibility is to ensure that the inquiry is conducted in a manner that accurately describes and identifies the subject (De Vos, et al., 2002: 351). In this study credibility was ensured by obtaining information from participants who work in the related field to provide an authentic perspective of the study at hand. In addition, mixed methods research was used to increase the validity.

- **Transferability (External Validity/ Generalisability)**

“Transferability refers to the potential for extrapolation, that is the extent to which findings can be transferred to or have applicability in other settings” (Polit and Beck, 2008: 584). In view of the fact that this study contains a purposeful sample, the findings are best suited when describing rather than when making generalisations (Dhalberg and McCraig, 2010: 176).

- **Dependability (Reliability)**

“Dependability refers to the reliability of data over time and conditions” (Polit and Beck, 2008: 584). Credibility cannot be attained in the absence of dependability (Polit and Beck, 2008: 584). This study would almost certainly yield similar results, however a mixed method approach was employed to enhance the dependability of this study.

- **Confirmability (Objectivity)**

“Confirmability refers to objectivity, that is, the potential for congruence between two or more incidents people have about the data’s accuracy, reliability, relevance, or meaning” (Polit and Beck, 2008: 584). This criterion aims to ensure that data represents information provided by participants, and not the researcher’s bias perspectives (Polit and Beck, 2008: 584). This study ensured that the information was provided solely by research participants and internal company documentation.

### **3.6.12 Analysis of Qualitative Research**

Qualitative data analysis is a method of creating order, structure and meaning to collected data (De Vos, et al., 2002: 168). The process of qualitative data analysis does not follow a fixed linear approach, but rather moves in circles in the process of completing the analysis. The process consists of collecting, recording data and managing data, reading, describing, classifying and interpreting, and lastly, representing and visualising.

- **Collecting, Recording and Managing Data:**

In attempting to collect qualitative data, a detailed plan should be in place to establish how the data is to be recorded (De Vos et al., 2002: 340). This will ensure that data can be retrieved easily for analysis. As mentioned by De Vos et al. (2002: 430) “planning ahead for colour-coding notes to keep track of dates, names, titles, attendance at events, chronologies, description of settings, maps, sociograms, and so on, is invaluable for data analysis, planning further data collection, and especially for writing the final piece of research. At an

early stage in the data analysis, researchers organise their data into “file folders, index cards or computer files” (De Vos et al., 2002: 343).

In this study all information was captured from both participants and documents, and then transferred to Microsoft Word and Excel documents to ensure proper storage and easy retrieval of information.

- **Reading and Recording**

According to Terre Blanche, et al., (2007: 67), once data collection has been completed, analysis should already be in motion. By this time in the research process there is a thorough understanding of the meaning of the collected data, which is useful to know what kinds of information can be sought, where it can be found and what kinds of interpretation will support the data. In this study, reading interviews and documents established further follow up questions and a request for other supporting documents.

- **Describing, Classifying and Interpreting**

This process “involves noting regularities in the setting or people chosen for the study” (De Vos et al., 2002: 345). This would involve classification, where classification means dismantling qualitative data and searching themes and categories (De Vos et al., 2002: 345). Furthermore, this would entail marking different sections that are relevant to one or more of the identified themes, which involves coding textual information in with codes that refer to themes (Terre Blanche et al., and 2007: 96). A well-known method used in this form of analysis involves the classification of data into five or six main themes, which are known as a family that consists of children (sub themes) or grandchildren (segments of data) (De Vos et al., 2002: 345). In relation to this study, once the information was collected, it was coded and classified into themes. Following categorising of themes, the data was interpreted. Interpretation involves making sense of the data by challenging apparent



themes and finding explanations and linkages between them (De Vos et al., 2002: 344).

- **Representing and Visualising**

This is the final form of data analysis and is the presenting of the data in text, tabular or figure form (De Vos et al., 2002: 344).

### **3.7 Quantitative Research**

Quantitative research in the mixed methods approach demands for the research design to match the research question, a theory to outline the study and data collection that provides reliable and valid scores (Creswel, and Clark, 2007: 220). In addition, quantitative research was used to collect data in the form of numbers and use statistical type of data analysis” (Terre Blanche and Durrheim, 1999: 42). Quantitative research has the advantage of determining how common a phenomenon is, detecting associations between measured variables and making generalisations (Dhalberg and McCraig, 2010: 26).

In view of the fact that this study is a historical and empirical, quantitative content analysis was conducted to ascertain the turn over during the years re-brand was done.

#### **3.7.1 Quantitative Content Analysis**

Tashakorri and Teddie (2010: 51) define quantitative content analysis as a process whereby textual and audio visual material is coded in order to count the time words and images are used to statistically analyse. This study used internal official company documents. Official documents are those that are compiled and maintained consistently by organisations, some of which include financial records, statistical reports as well as process records (De Vos et al., 2002: 324). However, the biggest challenge that arises in documents analysis is the confidentiality of information, which often restricts the accessibility of critical information (De Vos et al., 2002:

324). In this study documentation pertaining to monthly sales figures as well as dates that re-brands took place were analysed. However, “such analysis, though largely a qualitative exercise, has a quantitative element” (Dhalberg and McCraig, 2010: 124). Although internal documents were provided, limitations were placed in terms of the information that could be divulged in this study. Nestle is firm in ensuring that internal documentation such as research reports, sales figures and so forth, remain confidential to Nestle. This resulted in sales units being estimated from documentation, therefore accurate figures could not be disclosed. In addition, the study intended to capture information from 2010 to 2012. The time period chosen for the study based on that the study commenced in 2012, and information from two years prior to 2012 was deemed relevant. However only documentation from 2011 to current was provided.

### **3.8 Data Analysis**

#### **3.8.1 Quantification of Qualitative Data**

According to Creswell (2003: 220) in the concurrent strategies, qualitative data may be quantified. This would involve creating codes and themes qualitatively and then counting the number of times which they occur. In this study turnover reports for the period January 2011 to December 2012 of all coffee and beverage products produced at Nestle, Estcourt was examined. In addition the dates when products were rebranded, were also examined. The data was then categorized into, turn over (in Rand's) for each month, product category, and lastly re-branding date. These were then illustrated on graphs using Microsoft Excel which made for easy visualisation of information.

Note: there are a significant number of factors which can contribute to turnover; the research only aimed at examining the turnover during the period when re-branding was done.

### **3.8.2 Quantitative Questionnaire Analysis**

As mentioned in the qualitative phase, closed ended questions from the questionnaire were analysed quantitatively. Closed ended questions are advantageous as they were easier to analyse as the respondent's code them into categories (Weisberg, Krosnick, and Bowen, 1996: 78).

According to Terre Blanche et al., (2007: 96), once relevant data has been collected, these findings are transformed statistically to aid the researcher in communicating the data in a concise manner while allowing generalizations to be made about the target population. The aim of data analysis is to transform information (data) into an answer to the original research question (Terre Blanche et al., 2007: 47). Data analysis is a four step process, beginning with editing the data, followed by coding and data entry, then data tabulations.

- **Editing**

The first part of data analysis involves editing raw data that was collected during the research process. Raw data in this study would consist of a set of completed questionnaires. According to Terre Blanche and Durrheim (1999: 98) raw data is “unordered, contains errors and missing values and must be transformed into an ordered error-free data set before they can be analysed.” In this study, data preparation was conducted by checking that all questions were accurately completed and there were no missing values. Data editing consists of three parts coding, entering, and cleaning. (Terre Blanche, et al., 2007: 47).

- **Coding**

As mentioned by De Vos, et al., (2002: 346) coding “is the central process by which theories are built from data.” Data coding refers to transforming information provided on a survey instrument into an applicable numerical

format (Terre Blanche, et al., 2007: 98). According to Terre Blanche, et al., (2007: 189), this would mean applying a special set of rules that would assist in transforming the data from one form to another. In relation to this study, once the information was collected, codes were assigned to each question to allow for efficient data entry.

- **Data Entry**

Data entry involves the transferring of numerical codes from a survey instrument into “a computer in a format that can be used by a statistical computer package” (Terre Blanche, et al., 2007: 191). Data entry in this study was conducted by the researcher who ensured that the coded data retrieved from the instrument was entered correctly and error-free.

- **Cleaning the Data**

The final stage in data preparation involves cleaning the data. This ensures that errors which could have occurred while coding and entering the data are corrected (Terre Blanche, et al., 2007: 101). Once the data is cleaned, there are two types of analysis which can be conducted, descriptive analysis or inferential analysis. For the purpose of this research descriptive statistics is looked at.

- **Data Analysis**

The data was analysed using the SPSS software package. Frequency distribution is used to analyse categorical data such as nominal and ordinal scale questions. Frequency distributions are a “graphical or tabular representation in which the values of a variable are plotted against the number of times (Frequency) they occurred (Terre Blanche et al., 2007:193). In addition descriptive data analysis was used, which “aims to describe the data by investigating the distribution of scores on each variable, and by determining whether scores on each variable are related to each other” (Terre Blanche et al., 2007: 192).

### **3.9 Ethical Considerations**

The purpose of research ethics is to protect the welfare and rights of research participants (De Vos, et al., 2002: 67). There are 3 principles on which ethical standards are based, namely: beneficence, autonomy and respect for the dignity of persons and justice.

- **Beneficence**

This principle deals with minimizing harm and maximizing the benefits of the research (Polit and Beck, 2008: 170). According to Durrheim and Terre Blanche (1999: 66) researchers are required to produce research that would directly benefit participants, if not, others in the wider circle. The current research will provide benefits in terms of recommendations which could be used by other fast-moving consumer goods marketers.

- **Autonomy and Respect for the Dignity of Persons**

This principle is directly linked to the Nuremberg Code, and a primary requirement is voluntary informed consent from the participant (Terre Blanche et al., 2007: 67). “Many ethical guidelines published by professional academic associations emphasize the importance of gaining informed consent from all participants in research” (Mason, 2002: 80). The research instrument used in this study contains a document which states that participation is completely voluntary and the respondent can withdraw at any time if desired.

- **Justice**

The principle of justice requires that those who will benefit the most from the research should bear the majority of the burden of the research. (Terre Blanche et al., 2007: 67). It must also allow for participants to be treated fairly and with equity throughout

the research process. All participants were treated fairly and equally throughout the research process.

### **3.10 Validity Quantitative Research**

The definition of validity consists of two aspects: that the instrument has actually measured the concept in question, and the concept is measured accurately (Strydom et al., 2004: 161). Hence, an instrument is valid only if it does, in fact, measure what it claims to measure.

Exploratory research values internal validity over external validity, whereas descriptive surveys value representativeness and the generalisability of the findings (Terre Blanche, et al. 2007: 90). There are different aspects of validity, which can be placed into three categories, namely: content validity, criterion-related validity, and construct validity (Tredox and Durrheim, 2002: 216).

- “Content validity refers to how well the test or scale items represent the domain of the construct being measured” (Tredox and Durrheim, 2002: 216). For an instrument to show content validity there are two questions that need to be addressed - has the instrument measured what we assumed it would measure, and, secondly, does the instrument provide a sufficient sample of the items that represent that concept (De Vos et al., 2002: 167).
- “Criterion related to validity refers to how well the scale or test anticipates a criterion behaviour or outcome, either at the present time (concurrent validity) or in the future (predictive validity)” (Tredox and Durrheim, 2002: 216). This would involve multiple measurements and is established by comparing scores on an instrument with an external criterion known to, or believed to, measure the trait or behaviour which is being studied (De Vos et al., 2002: 167).
- Construct validity is the “most difficult validity to determine, as it attempts to establish whether the scale really does measure the construct it claims to measure” (Tredox and Durrheim, 2002: 216).

However in this study, only content validity is guaranteed. Face validity was used, which is one of the two methods of ascertaining content validity; content validity refers to the appearance of a test or scale (Tredox and Durrheim, 2002: 217). To ensure content validity, similar research conducted previously was examined, in order to identify the main variables that should be taken into account and included in the instrument.

### **3.11 Reliability**

According to De Vos et al. (2002: 168), reliability has been “defined as the accuracy or precision of an instrument, as the degree of consistency or agreement between two independently derived sets of scores; and as the extent to which independent administrations of the same instrument yield the same results under comparable results”. “Reliability is primarily concerned not with what is being measured but with how well it is being measured” (De Vos et al., 2002: 168). In other words, reliability refers to the measuring instruments ability to provide consistent numerical results each time it is used; it does not waver unless there are changes in the variable being measured (Leedy and Ormrad, 2005: 163). There are several means of assessing reliability and these include the following:

- Test-retest reliability is the reliable of the instrument overtime. “This form of reliability is tested by measuring individuals on the same instrument on different occasions and determining whether the scores correlate” (Terre Blanche et al., 2007: 153).
- Parallel form reliability is carried out when instead of a researcher “administering the same test on two different occasions, the researcher tests the dependability of the test by administering the two equivalent (parallel) measures of the attribute on the same occasions” (Terre Blanche et al., 2007: 153).

- Split-Half reliability is a more efficient way of testing reliability which is a single measure made up of a number of items, and then dividing these items made up of two parallel halves (Terre Blanche et al., 2007: 155). “Reliability is then assessed by the strength of the relationship between the two halves” (Terre Blanche et al., 2007: 155).
- Internal consistency is estimated by determining the degree to which each item in a scale correlates with each other item. (Terre Blanche, et al., 2007: 155). “Internal consistency measures of reliability do not rely on either parallel forms or splitting of the tests, and are the most common measures of reliability” (Terre Blanche et al., 2007: 155).

Due to the exploratory nature of the study, and the study sample comprising of few individuals, the reliability of the questionnaire was not statistically confirmed.

### **3.12 Conclusion**

This chapter has provided an overview on how the study was carried out. The research question revealed that the purpose of the study was to investigate how Nestlé marketers have re-branded coffee and beverage brands from 2010 to 2012. The sample used in the study comprised brand and packaging managers from Nestlé South Africa who were selected using non-probability, purposeful sampling. The sample consisted of brand managers and packaging managers who are involved with the designing and marketing of all the coffee and beverage products produced at the Nestlé, Estcourt factory. This study makes use of a mixed methods research design which comprised of gathering and analysing, and combining both quantitative and qualitative data concurrently. Data was collected by making use of two questionnaires, designed to address the study’s research objectives; in addition, product sales figures were analysed to validate the information collected in the questionnaires. The quantitative data was then analysed using frequency distributions. In addition, the qualitative data was analysed using thematic analysis. The findings of the study will be discussed in the chapter that follows.



## Chapter Four

### Empirical Findings

#### 4.1 Introduction

This chapter reports the results of the qualitative and quantitative data analysis and provides an explanation of the findings with reference to the literature discussed.

#### 4.2 Respondents

The target group for the study are respondents who are key players in the re-branding process at Nestlé, Estcourt Factory. As reflected in table 4.1 there were six respondents, four of whom are Brand Managers who are each responsible for managing a different coffee and beverage brand category, namely:

- Coffee mixtures (Ricoffy /Ricoffy Mild/Ricoffy Caffeine-Free)
- Pure Coffee (Nescafé Classic/Nescafé Classic Mild/Nescafé Classic Decaf)
- Other Beverages (Nesquik Chocolate/Strawberry/Hot Chocolate)
- Nestlé Milo

**Table 4. 1 Category of Respondents**

	Frequency	Percent	Valid Percent
Valid Brand manger	4	66.7	66.7
Packaging Technologist	1	16.7	16.7
Customer Service Manager	1	16.7	16.7
Total	6	100.0	100.0

An in-depth study was carried out with the abovementioned respondents as they are key players in Nestlé's re-branding process.

- The Brand managers are key players in the re-branding process, as they dictate the changes that should be made to products such as a new name, logo, slogan or design and so forth.

- The Packaging Technologist is responsible for making the actual changes to the package based on the Brand Managers specifications.
- The Customer Service Manager tracks the consumer complaints regarding all product related problems.

For the purpose of this study, an insight into the involvement of each respondent in the re-branding process will be considered. The sample is relatively small and based on the type of research which has been carried out; small non-random samples were studied in depth to provide rich information (Terre Blanche et al., 2007: 139).

### **4.3 Findings with Respect to the Research Objectives**

#### **4.3.1 Objective 1: To ascertain why Nestlé re-branded its coffee and other beverage brands through changing its packaging from 2010 to 2012.**

Table 4.2 reveals that three of the four Brand Managers indicated that the one crucial reason that indicated that it was time to re-brand was to stay relevant to consumers. This finding is supported by Haig (2003: 2013) who stated that “companies embark on re-branding exercises to make them look more up-to-date and relevant to their target market.” In addition, Data Monitor (2009: 2012) states that when a re-brand is conducted the “re-brand needs to remain relevant to consumers and boost the brand's appeal, not take away from it.” The results from the questionnaire of the packaging manager revealed that re-branding is at times conducted to meet regulatory requirements. Companies have to comply with regulatory requirements and are given a time period in which to do so, hence Nestle has used it as an opportunity to re-brand packaging.

#### 4.3.1.2 Packaging that has been Re-branded In Terms Of Aesthetics

According to a Nestlé Packaging Technologist (2013), some of Nestlé's packaging have been altered in terms of aesthetics. He referred to the distinct changes made to the Milo 125g packaging, reflected in Figure 4.1 below.

**Figure 4. 1 Milo Re-branding**



The Nestlé Packaging Technologist (2013), concluded that “many products were altered as per marketing requirements; elements such as packaging sizes and graphics were altered.” An example would be the packaging of the sachets of our Nescafé Classic and Ricoffy; the changes can be seen in the visual elements (Figure 4.2 and Figure 4.3), for instance the position of the cup on the new package. The old package has “Smooth and Rich” whilst the new packaging has “Rich & Full Flavoured, 100% Pure Coffee”. “The old packaging was flimsy and unable to stand properly on shelves, and the new ‘stand-up’ pouches have been such a huge success that we were unable to cope with the demand after the stand-up pouches were introduced.”

Some of these are evident from the pictures below. The results confirm that Nestlé re-brands comply with packaging regulations. The recyclable logo was also added to the packaging, which was a regulatory requirement.

Figure 4. 2 Nescafe Classis Old packaging versus re-branded packaging



**Figure 4. 3 Ricoffy Old Packaging Versus New re-branded Packaging**



The findings also revealed that products have indeed been discontinued as a result of sales decreasing. In addition, a personal follow-up interview revealed that some products are cheaper to import than manufacture here (Nestlé Packaging Technologist, 2013). In addition, there have been instances where the packaging

which was modified and was rejected by the consumer market, as a result, Nestlé has had to revert back to its original packaging.

Table 4.2 shows the dates and frequency of coffee and beverage product re-branding from 2010 to 2013. The packaging for each coffee and beverage product has been altered twice from 2010-2012. In addition, table 4.2 reveals which products have been discontinued. The Nestlé Packaging Technologist (2013) stated that “products which are sold to retail markets are namely smaller product quantities - 100g, 250g and 750g - and are re-branded more often than those sold to food services or Nestlé professionals, namely the larger volume products, for example, the 1.1 kg Ricoffy pack which is sold to vending machine owners.” In addition, the Nestlé Packaging Technologist (2013) also stated that “Nescafé Classic 100g and 200g glass jars had been discontinued from the 1<sup>st</sup> of April 2012; the product is now being imported; the 150g sachets were discontinued in November 2012, due to poor sales and Nescafé Classic Mild products were discontinued as a result of conversion costs.” The aforementioned are also reflected in Table 4.2.



**Table 4.2 Product re-brandings from 2010-2013**

Product	Rebrand 1	Re-brand 2	Re-brand 3
Ricoffy 100g	13/06/2011	16/10/2012	01/06/2013
Ricoffy 250g	18/04/2011	24/06/2012	01/06/2013
Ricoffy 750g	16/05/2011	23/10/2012	01/06/2013
Ricoffy 1.1 Kg	09/12/2009		01/06/2013
200g & 500g Sachets	01/06/2009	01/06/2012	
Nescafe Ricoffy Mild 250g	02/10/2011	01/03/2012	01/06/2013
Nescafe Ricoffy Mild 100g	02/10/2011	01/03/2012	01/06/2013
Nescafe Ricoffy Caffeine free 250g	21/10/2011	01/06/2013	
Nescafe Ricoffy Caffeine free 750g	21/10/2011	01/06/2013	
Nescafe Classic 100g and 200g	Glass jars have been discontinued from the 01 April 2012		
Nescafe Classic 150g Sachets	01/06/2009	01/06/2012	01/11/2012 Discontinued
Nescafe Classic 1kg	26/04/2012	01/06/2013	
Nescafe Classic 500g	21/05/2012	01/06/2013	
Nescafe Classic Mild 100g & 200g	28/11/2011	01/04/ 2013 Discontinued	
Nesquik Chocolate 250g	2009	01/03/2012	01/05/2013
Nesquik Chocolate 500g	2009	01/03/2012	01/05/2013
Nesquik Chocolate 125g	21/08/2011	01/11/ 2012 Discontinued	
Nesquik Strawberry 250g	2009	01/03/2012	01/05/2013
Nesquik Strawberry 500g	2009	01/03/2012	01/05/2013
Nesquik Strawberry 125g	21/08/2011	01/11/ 2012 Discontinued	
Nestle Milo 125g	08/08/2012	01/05/2013	
Nestle Milo 250g	02/07/2012	01/05/2013	
Nestle Milo 500g	16/07/2012	01/05/2013	
Nestle Milo 1kg	19/10/2012	01/05/2013	
Nestle Milo 2kg	19/10/2012	01/05/2013	
Nestle Hot Chocolate 125g	01/03/2012	01/05/2013	
Nestle Hot Chocolate 250g	01/03/2012	01/05/2013	
Nestle Hot Chocolate 500g	25/09/2011	01/03/2012	01/05/2013
Nestle Hot Chocolate 1kg	01/03/2012	01/05/2013	

#### 4.3.2 Objective 2: The Type of Re-Branding Strategy Used By Nestlé from 2010 to 2012.

Figure 4.4 reveals the brand managers' key reason for re-branding was to innovate their coffee and beverage brands. In addition, the Nestlé company website supports this finding by stating that “innovations in new products and technologies enable us to meet present and future needs of our consumers in an increasingly sustainable manner” (Nestlé, 2013). These results are further supported by Haig (2003: 204) who states that “the most successful brands today retain their prominent position by evolving and updating their brand over time” (Haig, 2003: 203).

**Figure 4. 4 Key Reasons for re-branding**

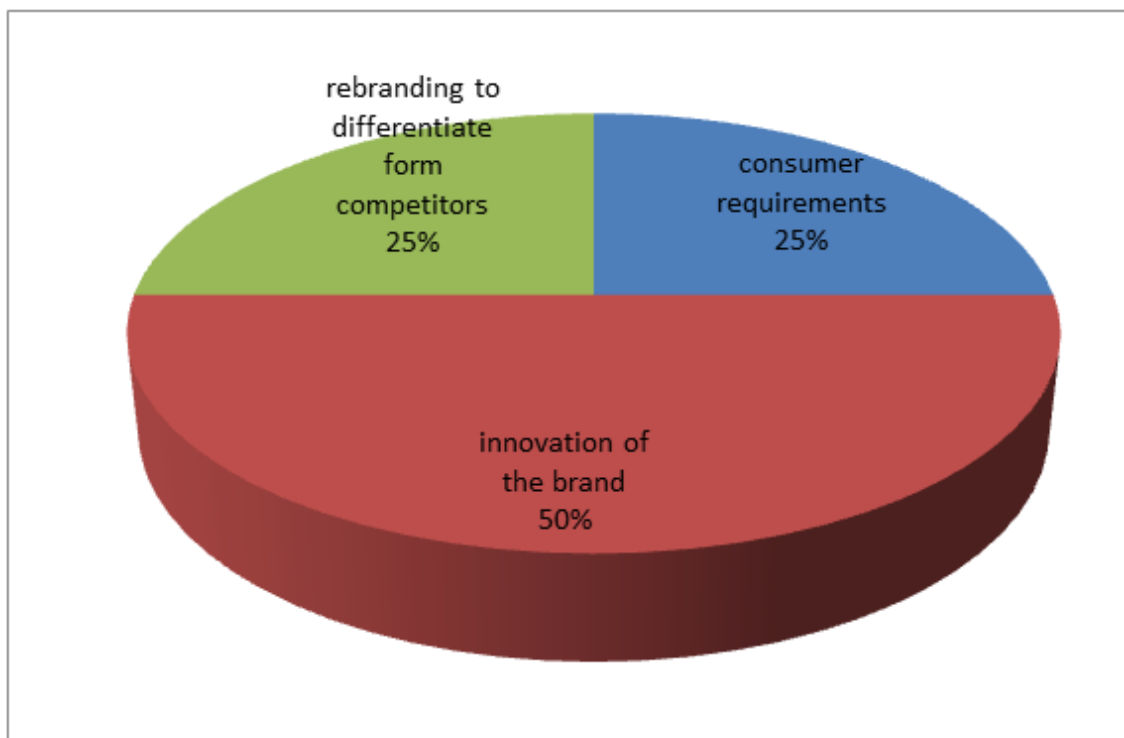




Table 4.3 reveals that all four brand managers indicated that market research was conducted “as the need arises.”

**Table 4. 3 The Frequency of Marketing Research**

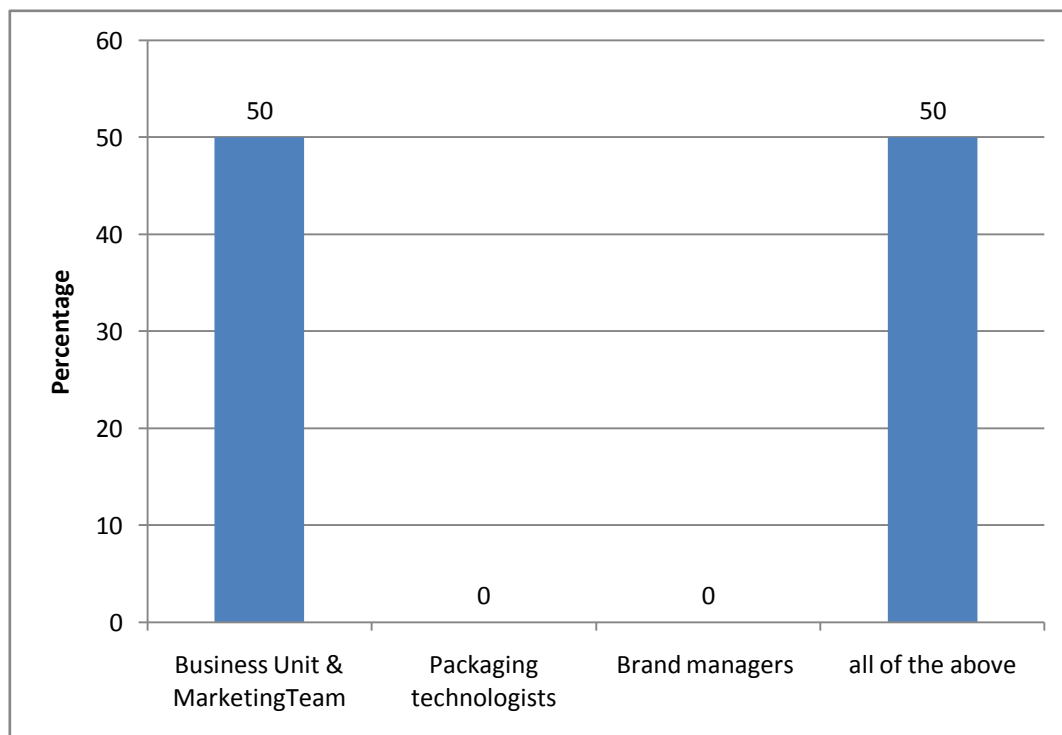
		Frequency	Percent	Valid Percent
Valid	As the need arises	4	100.0	100.0

Mixed Methods were used to conclude involvement in the re-branding process. Figure 4.5 reveals that fifty per cent of the respondents (Brand Managers) believe that only the Business Unit and marketing team initiate changes to product packaging, and the other fifty per cent.

Brand Managers believe that the Business Unit and marketing team, together with the Packaging Technologist and Brand Managers, collectively initiate changes to product packaging. In addition, Nestlé’s documentation was reviewed (Packaging Guidelines: 2012) and states that an idea may develop from anywhere in the organisation but it is only marketing who may initiate changes to the actual products packaging design. This is because as a Brand Manager, you are the custodian of the brand, controller of the budget as well as for the simple fact that you are accountable for the graphics on packaging.

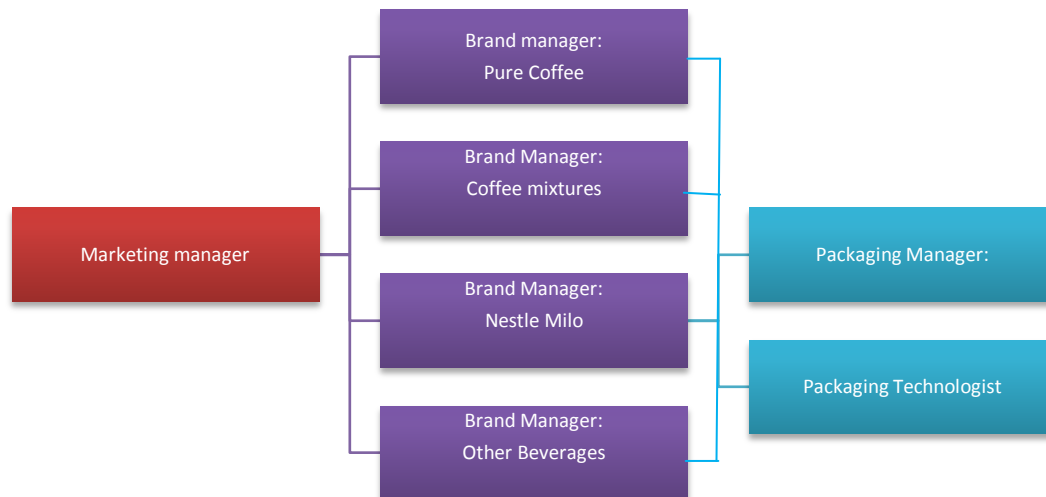
Findings reveal (Figure 4.5) that all re-branding changes must be channelled through the Marketing Team, starting with the Brand Manager who provides product specifications, as they control the life of a brand, the budget and are also responsible for what is on the product packaging; the Packaging Technologist uses the specifications provided by the Brand Manager to develop product packaging samples. The Marketing Manager oversees the entire process. The Packaging Manager sees that modifications to products are being done correctly by the Packaging Technologist as specified by the brand manager.

**Figure 4. 5 Involvement in initiating a re-brand**



An interview with the Nestlé Packaging Technologist (2013) revealed the structure of the team. Figure 4.6 depicts the structure of the Marketing Team as described in the interview.

**Figure 4. 6 Coffee and Beverage Marketing team**



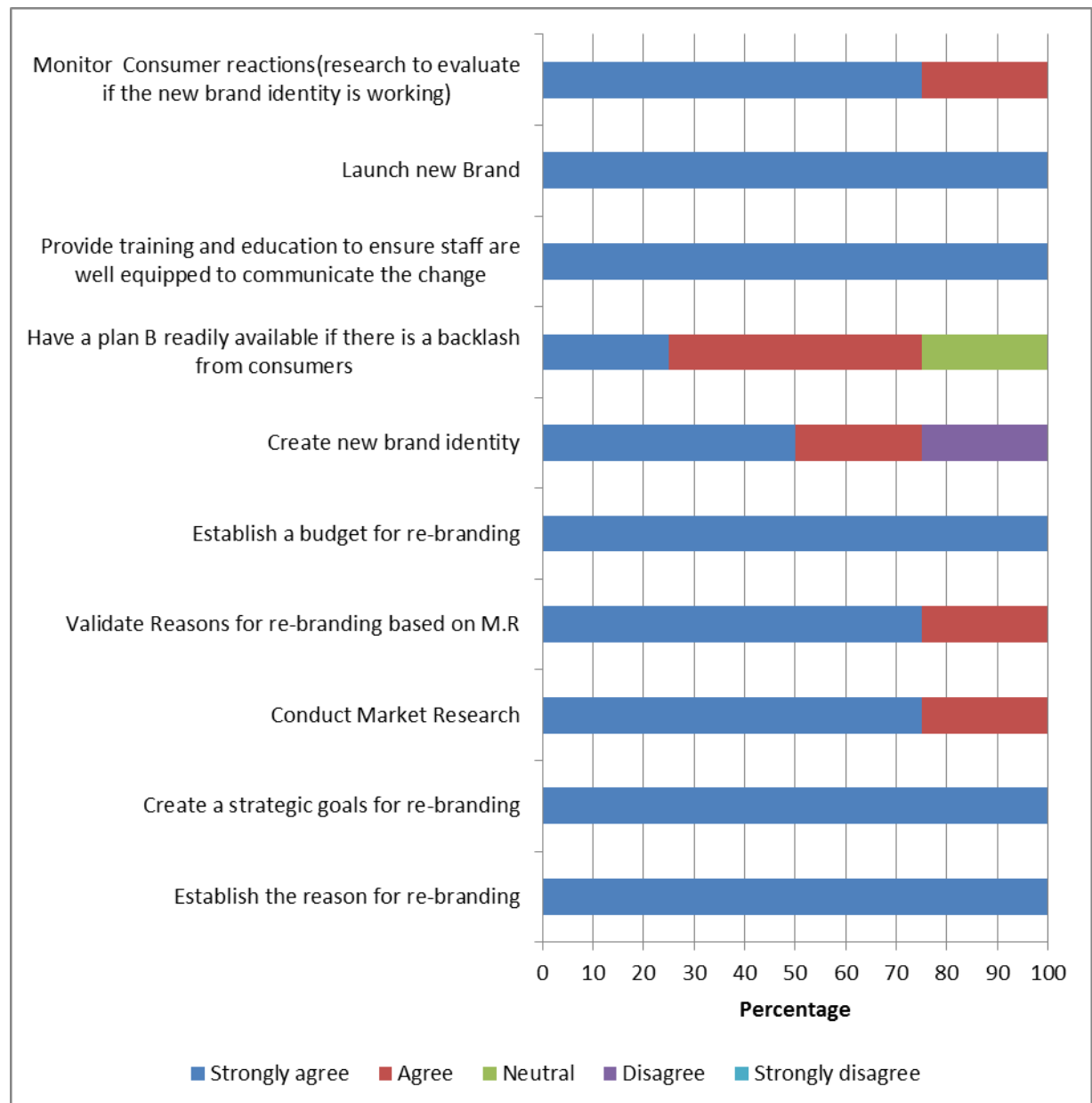
**Source:** Nestlé Packaging Technologist, 2013

In table 4.4 respondents were asked to rate the importance of what the re-branding process entailed on a 5 point likert scale ranging from 5='strongly agree' to 1='strongly disagree'. The results Table 4.4 revealed that 100% of the respondent (Nestle brand managers) strongly agreed that the re-branding process entails the following:

- Establishing the reason as to why a re-brand is being conducted.
- Establishing a budget for re-branding.
- Creating strategic goals for re-branding.
- The launching of a new brand.
- Providing staff with training and education to ensure that everyone is well equipped to communicate the change.

However seventy five per cent of the respondents also 'strongly agreed' that the re-branding process must be validated by marketing research. In addition they also 'strongly agreed' that conducting market research is a part of the re-branding process.

**Table 4. 4 The Re-branding Process**

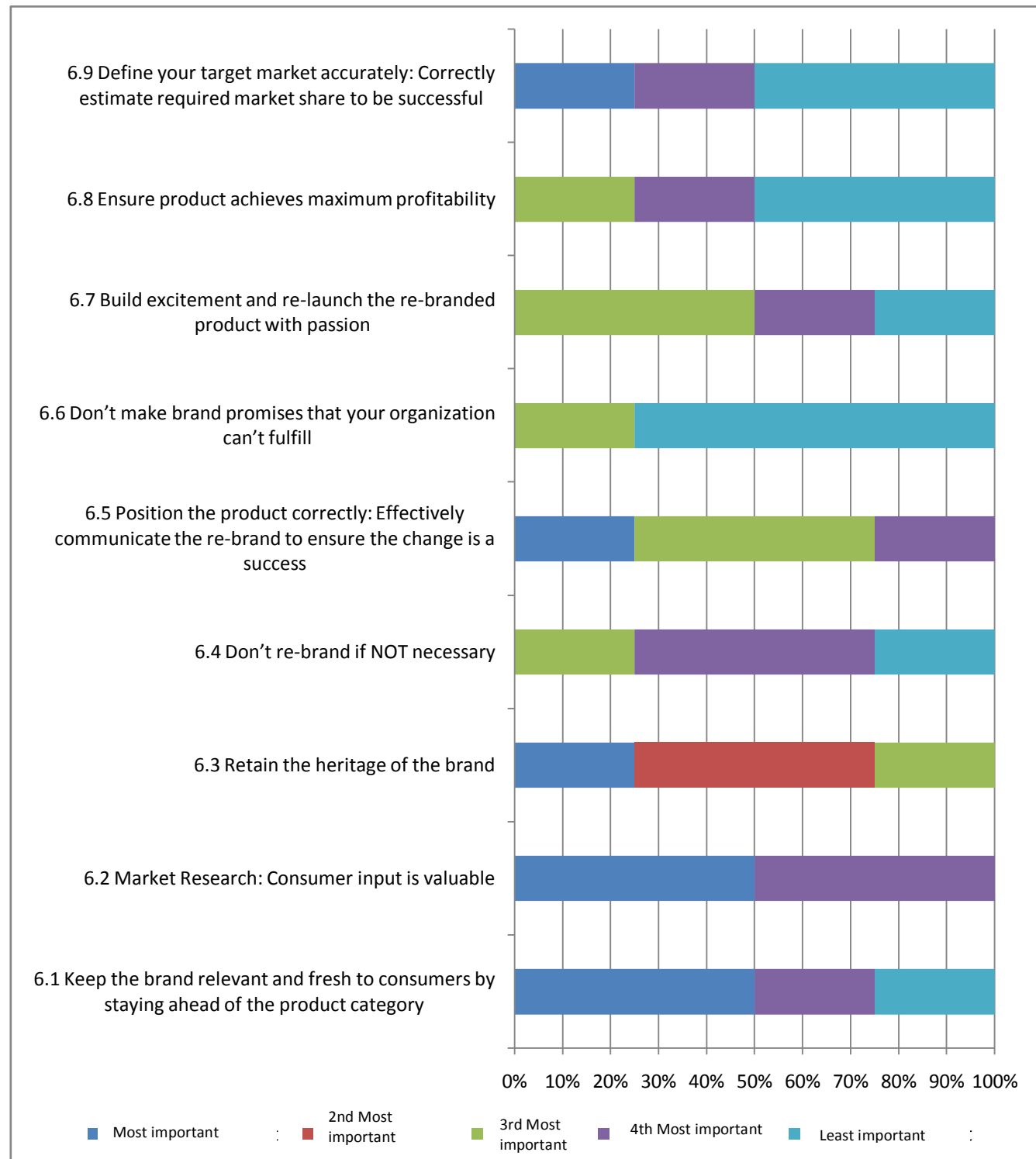


As reflected in Table 4.5, all respondents (Brand Managers) believe that the following five factors assist in avoiding re-branding failures. A scale used ranged from 1=Most important a 5=least important, the factors indicated below were classified as 1=Most important.

- Keeping the brand relevant and fresh to consumers by staying ahead of the product category;
- Positioning the product correctly: effectively communicating the re-brand to ensure the change is a success;
- Market research: consumer input is valuable;
- Retaining the heritage of the brand and defining your target market accurately;

Correctly estimate required market share to be successful.

**Table 4. 5 How to avoid Re-branding Failures**



This is indicative of the relative importance of the chosen options in avoiding re-brand failures.

It became evident that the vast majority of the respondents use a customized re-branding strategy for each product. In addition, three out of four Brand Managers had never worked with re-branding strategies that had been unsuccessful.

From table 4.6 it is evident that when Nestlé products are re-branded consumers are the driving force behind the change. The product changes are made to “attract different consumers” and to ensure that products remain “relevant”. In addition, Nestlé documentation supports this finding as they believe that consumers are at the core of Nestlé’s existence and, therefore, products need to be re-branded regularly to meet consumer needs, reduce complaints and ensure brand loyalty. (Nestlé Packaging Technologist, 2012).



**Table 4. 6 Reasons for Re-branding**

Brand Manager	Code	Response
Coffee Mixtures	A/D	Attract different consumers that represent a significant volume opportunity
Other Beverages	A	When people have the wrong perceptions or associate the brand with the wrong things
	F	When the brand has no awareness and portrays no advantages over
	A/D/E	When you need to highlight new ingredients, new benefits and improvements to the recipe that will persuade the consumer to buy the product.
	A/C	When you feel that the packaging is out of date and not relevant to consumers any more
	A/E	When you want to change the current consumer profile. For example, if it has mature packaging, but you want to target younger consumers, you include brighter colours with bolder and bigger copy, as well as images, for a younger market
	B	Lately, South African legislation has caused many packaging changes due to new restrictions on font size, image usage etc.
Milo	B	To meet regulatory requirements,( eg communicating the GDAs on a label as the law of SA requires.
	E/F	It is to communicating the benefits of brand (eg. Actigen E, this helps to differentiate the brand from competitors.
Pure Coffee	A/C	Consumer research and feedback
	C	Improved technology that will improve existing product but still commercially viable
	AC	Global alignment to what is happening in other Nestle markets

**Coding Key**

A	Consumers
B	Regulatory requirements
C	Research
D	Sales growth
E	Communicate the benefits of the brand
F	Competitors

From Table 4.7 it is evident that the point of sale displays are commonly used to promote re-branding as well as in television advertisements and consumer sampling.

**Table 4. 7 Marketing Promotions that Accompanies a Re-brand**

Brand Manager	Code	Response
Coffee Mixtures	A	Hot chocolate was re-branded to ensure a premium position within the consumers mind and relative to cadbury. This warrants an additional price for consumers to pay for Nestle.
Other Beverages	B	Due to limited budget, promotions accompanying the re-brand are difficult. Often, simple point of sale, like wobblers or shelf talkers, need to be used to highlight the new packaging.
	B	You could also use the packaging itself as a communicator for updated branding.
Milo	C	We have not had marketing support
Pure Coffee	E/B/D	For the nescafe relaunch we changed the Nescafe classic recipe , we did alot of consumer sampling & we also did alot of Tv commercials to communicate the new jar design. We had to create awareness & trial. We had point of sale to create awareness of the changes.

**Coding Key**

A	Price
B	Point of sale displays
C	No Marketing support
D	Consumer sampling
E	Commercial advertising

From table 4.8 it is evident that the respondents' (Brand Managers) greatest challenge in re-branding is the consumer's reaction to the re-branded product.

**Table 4. 8 Challenges Nestle Marketers Experienced when Re-branding**

Brand Manager	Code	Response
Coffee Mixtures	A/C	No re-brand although concerns arise with consumers not understanding or recognising the brand from a packaging perspective or not relating to positioning
Other Beverages	A/C	Ensuring that package changes aren't too overt as this can push consumers away as they perceive that the product has changed with the packaging
	D	Ensuring that the right cues used are relevant to the target market
Milo	C	The lack of space for regulatory requirements is always a challenge.
Pure Coffee	B	Ensuring that we launch on time
	A/D	Execution at store level especially if there is still old product instore-need to sell that first
	A	Consumers reaction to the change

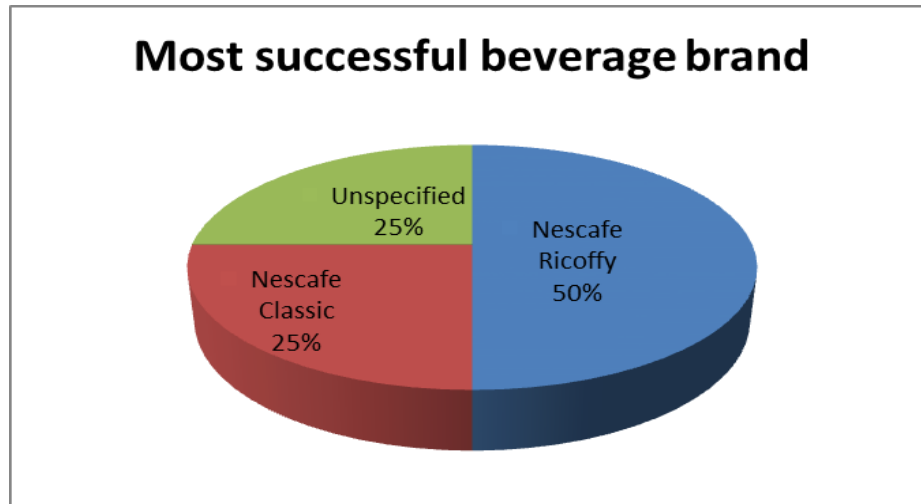
**Coding Key**

A	Consumers reaction to the packaging change
B	Product launch
C	Packaging
D	The right cues are used

In addition, a review of Nestlé documentation revealed that Nestlé is gradually losing its market share to private label brands (Competitive Business Environment, 2012). Hence a personal interview with a Packaging Technologist confirmed the above (Nestlé Packaging Technologist, 2013). Nestlé will have to work harder to ensure that product packaging is more appealing on shelves to attract customers.

As depicted in figure 4.7, two of the four (Brand Manager) respondents believe that Ricoffy is the most successful of all their coffee and beverages. This is supported by Country Report (2012: 46) which states that "Nestlé holds the two leading brands, Ricoffy, which is a chicory-based product present in other hot drinks, and Nescafé, in instant coffee".

**Figure 4. 7 Nestlé’s most successful Coffee and Beverage Brand**



#### **4.3.3 Objective 3: The importance of Retaining the Nestlé Corporate Brand name, logo and image when considering a re-brand.**

From table 4.9 , it is evident that three out of four Brand Managers feel that it is of utmost importance to retain the Nestlé logo and, it is mandatory for certain aspects of products to be retained even during a re-brand. In addition, a personal interview and Nestlé documentation reviewed supported their claim that the Nestlé logo is crucial to packaging and should be visible for consumers to identify (Nestlé Packaging Technologist, 2013; Nestlé Packaging Technologist, 2012). Cohn and Bromell (2013) state that “a logo is an indicator of values, loyalty, and togetherness, and the visual aspects can make or break a brand.” When consumers experience a product that exceeds expectations, all other products falling under the same brand will automatically inherit the same level of appreciation.

**Table 4. 9 Retaining Packaging elements during a Re-brand**

	Frequency	Percent
Valid Corporate brand name	1	25.0
Logo	3	75.0
Total	4	100.0

#### 4.3.4 Objective 4: To ascertain the turnover during the years when re-branding was done

Table 4.10 reveals that no volumes for re-branding were measured.

**Table 4. 10 Adjustments in sales after re-branding**

Brand Manager	Code	Response
Coffee Mixtures	A	we havent re-branded Ricoffy. Our volume declines are due to price competitiveness, frisco and lack of PFME
Other Beverages	C/D	It is too early to measure the rebrand effects on sales. It is also a bit difficult to attribute a portion toward the rebranding, because often, rebranding goes hand in hand with other communication or pricing promotions, which inadvertently drives sales
Milo	C	The launch was a silent launch and no volumes were put up against rebranding.
Pure Coffee	B/D	Yes sales are adjusted & monitored on a monthly basis so we can review if we need to increase our orders from the respective factories. For Nescafe cappuccino we order from other countries so we need alot of time in advance

**Coding Key**

A	The product has not been re-branded
B	Yes sales have adjusted
C	Difficult to measure
D	Sales growth/decline are a result of other factors not re-branding

Based on the findings reported in Table 4.10, in order to retrieve the necessary evidence of re-branding impacting sales, analysis of documents was used to generate findings (Customer Services Manager, 2012; Nestlé Packaging Technologist, 2013). Sales units for Milo, Pure coffee, mixed coffees and other beverages were put up against re-branding dates. The results are as follows:

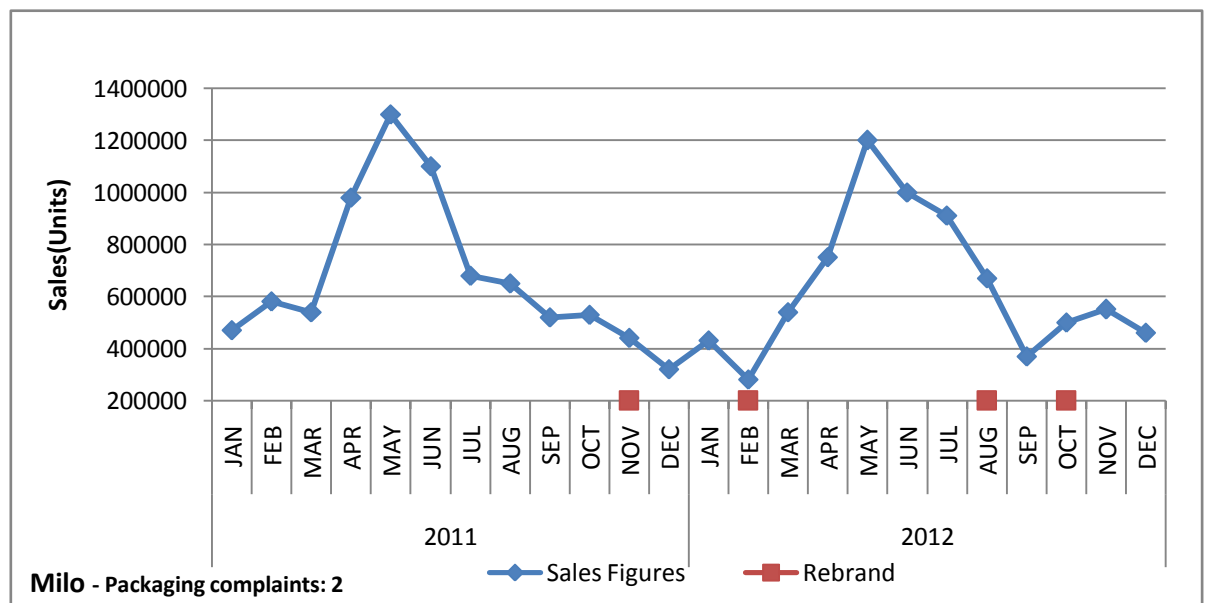
A market research report provided by Nestlé revealed that Coffee and beverages have very high seasonality in winter (Nestlé Packaging Technologist, 2012). From 2010 to 2012 Nestlé had excellent annual volume and value growth. However, there was a decline in the warmer summer months towards the end of each year.

Figure 4.8 examines the changes in Milo sales after re-branding between 2011 and 2012.

In 2011 only one product was re-branded. Units sold in January were 4600000, with a moderate increase in February. Then the units sold rose sharply from March and reached 1310000 in May. The units sold began to decline in June to 1020000 and had a further drop in July to 680000. However, after July, the units sold dropped considerably. In November re-branding was conducted, and the evidence of the effectiveness can be seen in the months that follow. However, despite marketing efforts we see a fall in sales throughout the rest of 2011 and it finally reached 320000 in December 2011. There were only two complaints from customers regarding packaging for 2011.

In 2012 a total of three re-branding exercises were carried out. We see a peak in sales for January (430000), then the sales slumped in February to 280000. However, re-branding was conducted during the same month. We see the effectiveness of the re-branding. The units sold grew from 540000 in March to 1 000000 in May. The units of Milo sold continued to fall from July (910000). In August, a second re-branding exercise was conducted; however, the re-branding did not appear to be effective, as units sold declined steadily reaching 370000 in September. In October the third re-branding exercise was conducted; sales rose from 500000 in October to 550000 in November and began to fall again in December 460000.

**Figure 4. 8 Milo Sales for 2011 and 2011**



**Source:** Customer services manager, 2012; Nestlé packaging Technologist, 2013

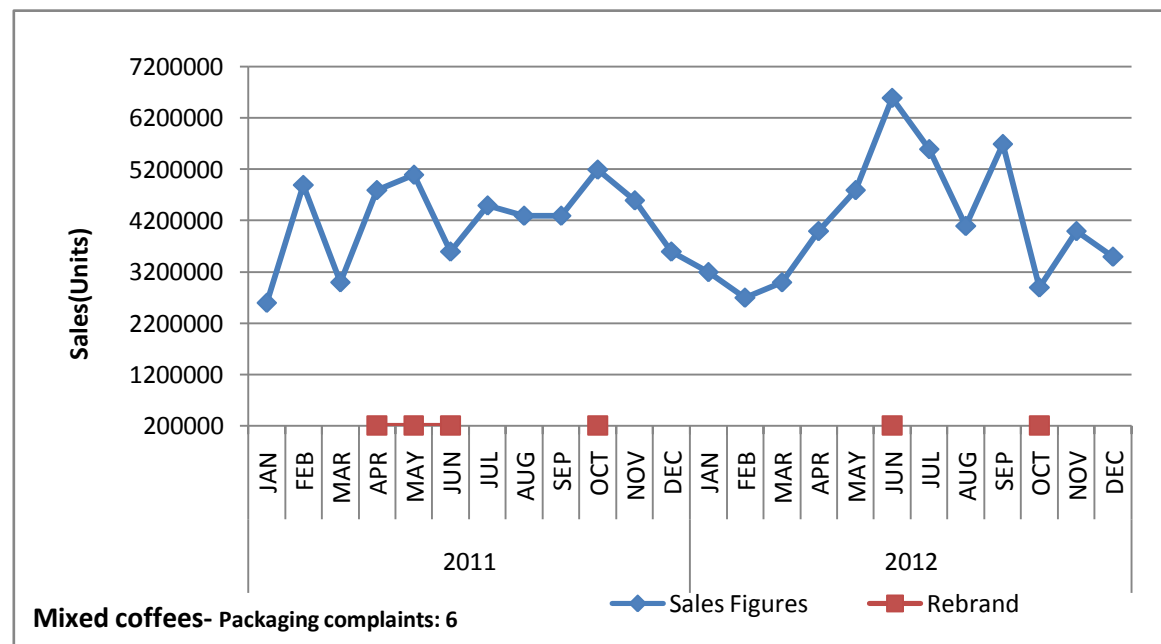
Figure 4.9 examines the units of mixed coffees sold as a result of re-branding between 2011 and 2012. Mixed coffees consist of Ricoffy, Ricoffy Mild and Ricoffy Caffeine-Free. Based on the data that was retrieved, the units sold are combined, therefore individual product re-brands cannot be directly tracked (Customer Services Manager, 2012).

In 2011 four re-branding exercises were conducted. In January the sales were 2600000, with a surge in February to 4900000. Then, the units sold fell sharply from March (3000000). The effectiveness of April's re-branding is apparent in May as sales rose to 5100000. May's re-branding proved to be ineffective as sales plummeted to 3600000 in June. June's re-branding was a success, since the July sales peaked and stabilized in August and September. There is a rise in sales in October (5200 000); there was also re-branding carried out in October. However, the re-brand was not effective as the sales followed a downward trend from November to December.

In 2012 only two re-branding exercises were conducted. In January the units sold were 3200000, declining in February to 2700000. From March, the units sold shot up

significantly to reaching a high of 6600000 in June. Re-branding was conducted in June, which proved to be unsuccessful, as the number of units sold began to fall and reached 4100000 in August. From August to December sales fluctuated rapidly. A second re-branding exercise was conducted in October, resulting in a rise in sales during November to 4000000 and sales fell in December to 3500000.

**Figure 4. 9 Coffee Mixtures**



**Source :**Customer services manager, 2012; Nestlé packaging Technologist, 2013

Figure 4.10 examines the units of pure coffees sold as a result of re-branding between 2011 and 2012. Based on the data that was retrieved, the units sold are combined, therefore individual product re-brands cannot be directly tracked (Customer Services Manager, 2012).

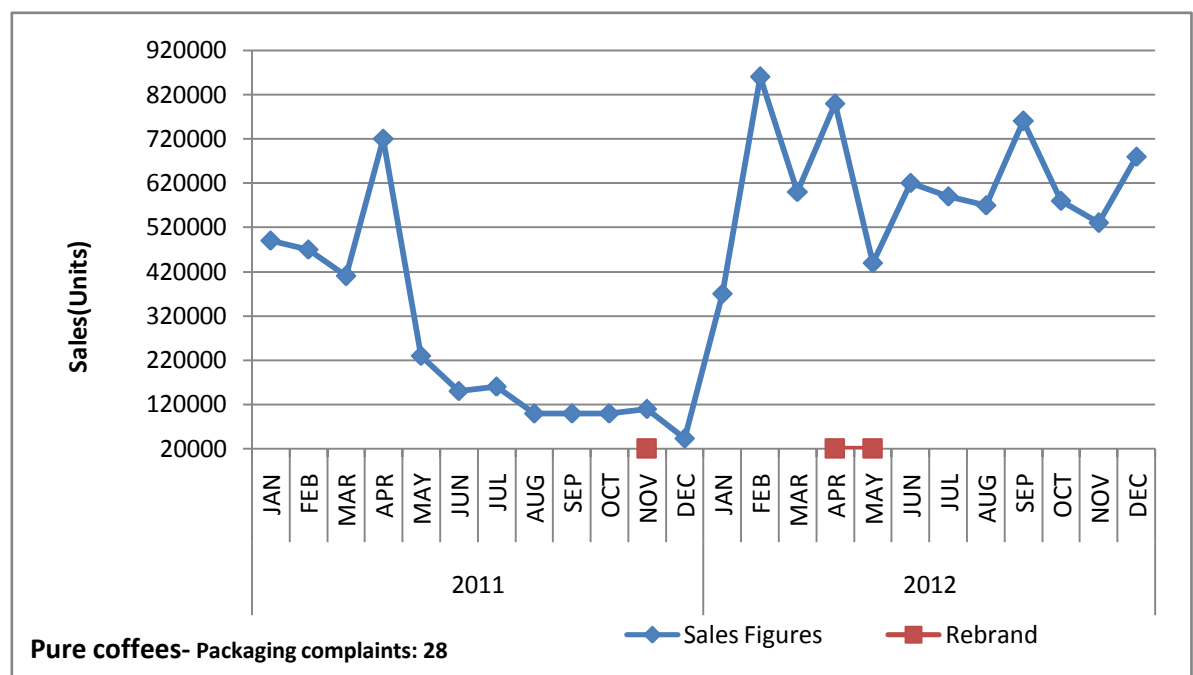
In 2011, only one re-branding was carried out. IN January the number of units sold was 4900000, declining moderately and reaching 4100000 in March. Sales rocketed in April to 7200000 and fell sharply in May to 2300000 and followed a downward trend through to October. Re-branding was carried out in November



which is evident of being unsuccessful, as the units sold declined from 1100000 in November to 43000 in December.

In 2012 there were two re-branding exercises carried out. In January the units sold were 370000, which jumped in February to 860000. Sales fell sharply in March to 600000 and rose sharply in April. Re-branding was carried out in April. We see sales falling in May to 440000. A second re-branding exercise was carried out in May, and the sales shot up in June to 620000 and then stabilized in July and August. Sales peaked in September (760000) and followed a downward trend in October and November, and then rose in December to 680000.

**Figure 4. 10 Pure Coffee**



**Source:** Customer Services Manager, 2012; Nestlé packaging Technologist, 2013

Figure 4.11 examines the units of Hot Chocolate and Quicks sold during 2011 and 2012. In 2011 two re-brandings were conducted. In January 2011, 340000 units were sold, this follows an upward trend from February with 450000 to May with 1200000. The number of units sold stabilized in June and July. In August when the first re-branding was done, the sales continued to fall. Sales figures in

October after the second re-branding was done (September), remained unchanged but peaked in November and then fell again in December to 480000 units.

In 2012 the products were re-branded three times. It is evident from figure 4.9 that the sales figures gradually rose from January. In March sales fell slightly after the re-branding, and from April it increased to reach 1200000 in June. A second re-brand initiative was taken in July; the sales fell in the months that followed. A third re-branding exercise was undertaken in October and sales stabilised in November and December.

**Figure 4.11 Hot Chocolate and Quiks**



**Source:** Customer Services Manager, 2012; Nestlé Packaging Technologist, 2013

#### 4.3.5 Objective 5: To Evaluate the perceptions of the Cost Implications Versus the Benefits of Re-Branding.

Table 4.11 reveals that three of four respondents (Brand Managers) agreed that the benefit of re-branding outweighs the costs involved.

Table 4.11 Re-branding benefits Outweigh the costs

Brand Manager	Code	Response
Coffee Mixtures	A/C/D/E	Yes, changes are beneficial to the consumer, whilst maintaining brand integrity it is critical for success & failure relevance of the brand.
Other Beverages	A/D	Only if it is big enough to change a consumer's habit. I don't believe minor tweaks does benefit the consumers, unless there is a lot of communication and where consumers feel that they are receiving something better.
Milo	A/D/E	Yes, the brand remains fresh and relevant to consumers and regulatory in the market place.
Pure Coffee	A/D	Yes change is important as long as it is in line with consumer needs so that in the long term you get a return on your investment due to project sales.

##### Coding Key

A	Yes
B	No
C	Change is important
D	As long as it meets consumer needs
E	It keeps the brand relevant

#### **4.4 Conclusion**

This chapter presented the findings of this research. The respondents' involvement in the re-branding process was identified. The indicators of re-branding frequency, the factors that drive re-branding, and the frequency of conducting market research were reported. Qualitative and Quantitative analysis techniques were used to analyse the factors that drive Nestlé to re-brand certain of its products, the challenges that marketers encountered when re-branding, the types of marketing promotions that accompanied Nestlé re-branding, and indications of changes in sales after re-branding, whether the benefits outweigh the costs involved in re-branding.

The findings of this study reveal that Nestlé's key reason for re-branding FMCG's is for innovation, to attract different consumer segments whilst keeping the brand relevant to current to consumers. Moreover marketing research is conducted as the need arises, to ensure consumers receive what they desire from products when they require. A consumer's reaction to the re-branded product, is a marketers greatest challenge, because if it isn't received positively this could lead to disaster for the company. The Nestle logo proved to be the most important identifier of the company and is always retained during re-brands. It is also evident that there is no direct relationship between re-branding and sales during the period which was examined, taking into consideration that there are many other factors which attribute to sales. The chapter that follows will discuss the significant findings, conclusions and recommendations pertaining to this study

## **Chapter Five**

### **Significant Findings, Conclusions and Recommendations**

#### **5.1 Introduction**

The previous chapter reported the results of the data analysis. This chapter provides a summary of the important findings relative to the research objectives, the conclusions and implications for marketers, as well as recommendations for future research.

#### **5.2 Research Objectives**

##### **5.2.1 Nestlé coffee and other beverage brands**

The results indicate that Nestlé marketers make a decision to embark on a re-branding exercise based on the existing coffee or beverage brands popularity in the market. When the product fails to meet the present needs of the target market, re-branding is considered. This is consistent with Sethi (2009) who suggests that the marketing place is constantly changing which gives marketers the responsibility to acclimatize themselves to consumers' behaviour and consumer adjustment in views, prior to and post re-branding. Given the above, marketers are required to pay close attention to every change in consumer attitude, purchase behaviour and in turn fine tune their re-branding strategy accordingly.

This study revealed that Nestlé altered all its coffee and beverage packaging twice in the period 2010-2012. This is tantamount to partial re-branding. The Nestlé Ricoffy and Nescafe Classic 500g sachets were tweaked which included a new look and also consisted of advanced packaging material which allowed for better storage on shelves. It had become a huge success as Nestlé was unable to cope with the demand once the re-branded product was launched.

On the contrary there have been indications of other Nestle product being discontinued, all stemming from of diminishing sales due to changes in the consumer

markets. Nestlé works on a 60/40 targeted taste consumer preference, which implies that in a sample consisting of 100 respondents, a minimum of sixty respondents should have taste preference for the product being sampled. This study suggests that Nestlé faced re-brandings failures, since some product packaging was rejected by the consumers, forcing Nestlé to revert to the original packaging.

Given the above, marketers of fast moving consumer goods are required to pay close attention to purchase behaviour and preference patterns and monitor attitudes both before and after re-branding. Hence, if changes in behavioural patterns are detected, re-branding strategies are to be adjusted accordingly. Following the lead, marketers are required to ensure that products are always relevant to consumers by conducting re-branding regularly. Re-branding should be conducted at least once a year in order to ensure products are innovative and up to date in the ever-changing market place.

### **5.2.2 The type of re-branding strategy used by Nestlé from 2010 to 2012**

- The results of this study indicate that one of Nestlé's key reasons for re-branding is innovation of the coffee and beverage brands. Furthermore, Nestlé conducts market research when deemed necessary. This finding is supported by Data Monitor (2011:6) which stated that Nestlé has global research and development centres in five continents, and control twenty-nine research development and technology facilities worldwide. Moreover, due to having strong research capabilities, Nestlé is able to "renew its product line at regular intervals, while boosting revenue growth" (Data Monitor -Nestlé South Africa, 2011:6).
- Furthermore, Nestlé's Business Unit, and the marketing team in association with the Packaging Technologist, are jointly involved in making changes to the product packaging. Product changes can stem from anywhere in the organisation but it is only the marketing department which can initiate changes.

- Nestlé has a customized re-branding strategy for each product. Having customized strategies for each product is advisable because different products cater for different segments hence; strategies need to be segment specific. This is supported by Data Monitor (2011:6) which states that “one of Nestlé’s key strengths is its ability to customize global products according to consumer preferences in the local market.”
- There are various reasons for establishing an opportunity to re-brand; two of the most referred to are attracting different consumer segments as well as ensuring that current products continue to remain relevant to consumers.
- Furthermore, the majority of the respondents agreed that the most popular promotional activities used to highlight re-branding include point of sales displays, in addition to television advertisements and consumer sampling. Innovation of product packaging is a must in ensuring that products are appealing on shelves and continue attracting customers.
- The results also indicated that all respondents (Brand Managers) strongly agreed that the following factors are prominent in Nestles’ re-branding: defining key objectives as to why a re-brand is needed, establishing a budget which defines the costing perimeter for the re-brand, defining strategic goals for the re-brand, and prior to launching the ‘new and improved brand’, all staff should be provided with sufficient training and education to ensure that everyone is equipped to communicate the change.
- It was also strongly agreed that the re-branding process must be validated by market research. Market research is crucial in ensuring that consumers receive what they desire from a product or brand.
- It also became evident that the greatest challenge in re-branding is the consumer’s reaction to the re-branded product. The change to a product’s packaging needs not to be overt so as to push consumers away, yet at that the same time packaging needs to be informative and up-to-date. This is consistent

with Keller (2008:167) who states that one of the strongest associations a consumers has with a product is inspired by the look of its packaging. In addition an analysis of twenty-six products and four hundred and two consumers revealed that twice as many people learned about the new use from the package rather than television advertisements (Keller, 2008:167).

- When re-branding, “failure can sometimes be attributed to product problems, at other times to distribution problems, changes to legislations, to bad luck or other bad management” (Hart and Murphy, 1998:10). The results indicated that four factors surfaced which are important in order to avoid re-brand failures: keeping the brand relevant and fresh to consumers by staying ahead of the product category, positioning the product correctly: effectively communicating the re-brand to ensure the change is a success, conducting regular market research as consumer input is valuable, preserving the heritage of the brand and by outlining the target market accurately by correctly estimating the required market share to be successful.
- The results reveal that Nestlé is also producing smaller package sizes in order to ensure that consumers are still able to enjoy their favourite products in smaller quantities(Nestlé ‘Good Food, Good Life’, 2013). For instance, a Ricoffy 200g pouch is 10-15% cheaper as opposed to the current tin format (Nestlé ‘Good Food, Good Life’, 2013). However, producing smaller packaging comes with conversion costs to the organisation and success is not always guaranteed. In addition, this study revealed some products are cheaper to import than to manufacture locally. For marketers to sustain well established market positions, increased market research and expenditure to ensure that the brands are noticed is necessary, as this will allow for brand loyalty to be established and maintained.



### **5.2.3 The Importance of Retaining the Nestlé Corporate Brand Name, Logo, and Image When Considering a Re-Brand**

- It became evident that when re-branding, certain aspects of a product's packaging is retained. The majority of the respondents suggested that when re-branding the Nestlé Company logo is the most important identifier of the company, and therefore is always retained on packaging during re-brands. This is consistent to Lake (2013) who states that a logo is a symbol which provides consumers with an instantaneous and powerful recognition of your business and the products you offer.

### **5.2.4 The Effects Re-Branding Has Had On turnover during the years re-branding was done**

- Coffee and beverages have seasonal demand, in other words they are extremely dependent on the weather (Country Report, 2012: 46). It became evident that there is no direct relationship between re-branding and sales. Hence, re-branding does not always guarantee increased sales.

### **5.2.5 The perception of the Cost Implications versus the Benefits of Re-Branding**

- It became evident that Nestlé marketers suggest that the benefits involved in re-branding outweigh the costs.

## **5.3 Limitations and Recommendations for Future Research**

As with all research, this study has certain limitations, thus the results should be interpreted with caution.

- Firstly, the sample consisted of only six, albeit senior, relevant respondents from Nestlé - South Africa, Estcourt site. Considering the fact that Nestlé - South Africa manufactures many different food products in each of the nine

provinces, perhaps a larger sample which includes all fast-moving consumer goods produced by Nestlé could be used in a future study.

- In large organisations such as Nestlé, time schedules are tight and therefore respondents are not very flexible. Future research should ensure that participants have more time and are more willing to engage in the research.
- Although internal documents were provided, limitations were placed in terms of the information that could be divulged in this study. Nestle is firm in ensuring that internal documentation such as research reports, sales figures and so forth, remain confidential to Nestle. Future studies should be anonymously conducted to allow more in-depth information to be retrieved.
- This research focused on re-branding fast-moving consumer goods at Nestlé-South Africa. Considering that Nestlé is a global company, a comparative study of re-branding coffee and beverage brands in Nestlé factories in other countries, could serve to strengthen and compare to the finding of Nestlé's' re-branding strategies internationally.
- The results of the study reveal that Brand managers are concerned with consumer's reaction to product changes. However social media platforms have become a new way for marketers to engage with consumers in real time. For future research marketers can attempt to examine the how consumers have responded to re-branded coffee and beverage brands via social media as it will have a significant impact on online marketing and product re-branding.
- There is very little academic literature on regarding re-branding, especially products, such as fast moving consumer goods which could be explored through further study.

- This study reveals that Nestle uses a customized strategy for each product. Future research can focus on the use of other types of strategies used for re-branding.
- The results of this study suggest that the most popular promotional activities used by nestle to highlight re-branding, included point of sales displays, in addition to television advertisements and consumer sampling. Future research should empirically determine different forms of promotional activities, other than 'point of sales' which could affect the sales of re-branded products.
- Marketing research is an essential tool when it comes to re-branding and getting it right. Future research can explore the effectiveness of marketing research in re-branding by examining modifications made to products in accordance to the outcomes of market research based on consumer's reactions to the product change.
- Re-branding often times occurs to align packaging with regulatory requirements. In order to comply with regulations marketers are also advised to use this opportunity as Nestle marketers do, to integrate re-branding with updating packaging to meet regulatory requirements.
- Innovation of product packaging is a must in ensuring that products stand out on shelves and continue attracting customers. Future research should examine how fast moving consumer goods packaging has become a marketing tool in its own right, specifically pertaining to coffee and beverage products.
- It also became evident that the greatest challenge in re-branding is the consumer's reaction to the re-branded product. Future research can be on consumer's attitude towards re-branded products, with the aim of determining whether expectations of product quality and package design induce purchase intentions.

- From this study, it became evident that when re-branding, certain aspects of a product's packaging is retained. Future research can attempt to identify other elements which may have not been included in this study but impacts the re-branding process.
- From this study, it is evident that the benefits involved in re-branding outweigh the costs. Future research should investigate specific re-branding costs and benefits involved in re-branding fast moving consumer goods.
- From this research, turnover was analysed during the years re-branding was conducted. Future research should aim to investigate other factors that have a direct impact on re-branding.
- Marketers in are advised to direct more resources to gathering and analysing information especially in highly competitive fast moving consumer goods markets. This will assist them in picking up trends in customer, competitive and market information
- This study sample consisted of few individuals; hence the reliability of the questionnaire was not statistically confirmed. Future researcher should consider doing this in order to generalize the findings.
- It became evident from this that Brand Managers are concerned with consumers' reaction to product changes. However social media platforms have become a new way for marketers to engage with consumers in real time. Future research marketers can attempt to examine how consumers have responded to re-branded coffee and beverage brands via social media, as it will have a significant impact on online marketing.

## 5.4 Implications for Marketers

The following are some implications for marketers flowing from this study:

- Marketers need to change the look and feel of brands over time to keep them relevant. However, they must ensure that the changes are gradual, acceptable and relevant. Furthermore, re-branding whilst attempting to meet regulatory requirements is a beneficial exercise for marketers as it would save, costs and resources by integrating these two activities. Hence it is vital that changes are aligned to consumer needs at the time of the re-brand in order to ensure that consumers receive the change positively.
- Marketers must ensure that prior and post re-brand product quality is maintained and the benefits of the brand are emphasised in promotional activities. In addition, marketers need to ensure that they provide the best quality products at the most affordable prices.
- The results suggest that the benefits (sales increase) of re-branding outweigh the costs (research costs, marketing cost, packaging conversion costs and so forth) involved in re-branding. However, marketers need to ensure that all costs are taken into consideration so that adequate re-branding is affordable prior to making any decisions, as a re-branding which is not carried out to the full extent can be damaging to the brand.
- Re-branding failures are evident in many organisations. Marketers are advised to conduct frequent market research as consumer input is a valuable tool in ensuring that re-brandings succeed. In addition, marketers should take note of consumers and their feelings toward the current brand and examine all the changes desired, and de-limit those that are necessary.

- Marketers need to explore which promotional activities have worked best to communicate re-brandings. In addition, focus on factors that successfully communicate changes and attract consumers should be investigated.
- Marketers need to evolve brands over time to keep them relevant. Hence, ensuring that changes are gradual, acceptable and relevant. “Marketers can get a rebrand right if the consumer feels the rebrand is a practical improvement on the original or has a better sounding, more modern name” (Data Monitor, 2009: p3). Furthermore, it is vital that changes are aligned to consumer needs at the time of the re-brand in order to ensure that consumers receive the change positively.
- Marketers are advised to pay attention to the responses that their re-branded products receive from consumers. “Consumers in today's high-tech world are making their views on brands known at a quickening pace due to the emergence of online social networking sites such as Facebook and Twitter and other online communication methods” ( Data Monitor,2009: 4). Hence, it has become cheaper and easier to monitor consumer complaints in real time. If consumers are unhappy, marketers need to attend to the concerns immediately to avoid competitors using product deficits to win over market share by gaining a competitive advantage. This also creates an opportunity for marketers to use social media as a communication tool to promote re-branded products, as well as to encourage involvement in the re-branding process. For example providing packaging options and asking consumers to vote for their favourite which could also assist in eliminating rejection from consumer in market thereby eliminating unnecessary costs whilst retrieving valuable information, in part this is useful market research.

## **5.5 Conclusion**

Re-branding fast moving consumer goods in the competitive South African market presents many challenges and opportunities for marketers. The current economic conditions have forced consumers to separate the brands which offer them value and those that do not. Re-branding products is now more challenging than ever, as marketers have limited budgets from which to effectively re-brand. In addition, the market place has now become overcrowded; branded goods are now not only competing with lower priced competitors' brands, but private label brands as well. When coffee and beverage brands fall short of meeting the present needs of the target market, re-branding is required to correct the position in the minds of the consumer.

Marketing research proved to be a crucial tool in order to effectively re-brand a product. In addition, the benefits that marketers receive from re-branding outweigh the costs involved. Therefore, a re-branding project is a potentially valuable exercise for marketers which allows for the benefits of staying connected and current to the consumer market, to be reaped. Purchasing behaviour patterns and consumer attitudes have to be closely monitored when re-branding so that strategies are adjusted accordingly.

Re-brand failures of fast moving consumer goods can be contained if marketers keep the brand relevant and are a step ahead of competitors in the product category; the product is repositioned correctly and the re-brand is well communicated; regular market research is conducted, the heritage of the brand is well-preserved, and the target market is accurately defined.

The greatest challenge faced when re-branding is how consumers respond to the re-branded product. The re-branded product need not be obvious so as to deter consumers from purchasing the product. In addition, packaging needs to be informative, up-to-date, aligned with consumer requirements, differentiated from competitors and still be very appealing to the target market. Finding the right balance is key when re-branding.

## **5.6 Objectives of the Study Addressed**

The research study has revealed why Nestle has re-branded its packaging from 2010 to 2012 hence reaching objective one. In terms of determining the type of re-branding strategy used, due to Nestles confidentiality clause the study took a turn as managers were not allowed to disclose details on the strategy therefore questionnaire was developed to gather the relevant information. Despite the challenges objective two was addressed. Objective three which dealt with the importance of retaining the Nestle corporate name, logo and image was also attained. Objective four which was ascertain the turnover during the years when re-branding was done, was reached though this study. Although the study revealed that there is no relationship between turnover and re-branding. Objective five which dealt with ascertaining Nestle managers perceptions on the cost implications versus the benefits of re-branding, this objective was reached and the study revealed that the perception is that the benefits of re-branding outweigh the costs



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## **Appendix A- questionnaire for Brand Managers**

### **QUESTIONNAIRE**

#### **School of Management Informed Consent Document**

I, Estelle David, am a student registered at the University of KwaZulu-Natal (UKZN) for a Masters in Commerce. A requirement for the degree is a dissertation. I have chosen the following topic to research:

#### **Re-Branding Fast Moving Consumer Goods in a Competitive Market: The Case of Nestlé South Africa**

Please note that that this investigation is being conducted in my personal capacity. I can be reached on ([20851223@ukzn.ac.za](mailto:20851223@ukzn.ac.za)) or [Estelle.david@za.Nestlé.com](mailto:Estelle.david@za.Nestlé.com) or (083 503 2425)

My academic supervisor is Prof. Krishna Govenderbased at Regenesys Business School. He can be contacted on:

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Cell: 079 895 6233

Email: [krishnag@regenesys.co.za](mailto:krishnag@regenesys.co.za)

The purpose of this research is to obtain information on the actions taken to re-brand Nestlé coffee and beverage brands from 2010 to 2012 and the effect this has had on sales.

Please be informed that all information that you provide will remain and be treated confidential. Please note that all information will be treated as confidential and that it will only be used for educational purposes in preparing a Master's thesis. Your anonymity and confidentiality is of utmost importance and will be maintained throughout the study.

Your participation in completing the questionnaire is completely voluntary. You have the right to withdraw at any time during the study.

I appreciate the time and effort it would take to participate in this study. I would be very grateful for your participation, as it would enable me to complete my dissertation and degree.

**Please complete the section below:**

I ..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant.....

Date.....

## **QUESTIONNAIRE FOR BRAND MANAGERS**

Please note: For the purpose of this study, the context in which rebranding will be used is essential modifications to a brand's, name, logo, image, advertising, features or marketing strategies.

Please indicate with an **X** for which for which product/s you are a brand manager

Coffee mixtures (Ricoffy /Ricoffy Mild/Ricoffy Caffeine-Free)	
Pure Coffee (Nescafé Classic/Nescafé Classic Mild/Nescafé classic Decaf)	
Other Beverages (Nesquick Chocolate/Strawberry/Hot Chocolate)	
Nestlé Milo	

Please answer the questions that follow based on the products you manage.

### **Section A:**

This information is for the period 2010-2012

1. Which one factor indicates that it is time to re-brand a coffee or beverage product?

Please tick the relevant option

- a. It is time period specific ☐
- b. To keep up to date with Market trends ☐
- c. To be relevant to current consumers ☐
- d. The competitor is doing something new ☐

2. Nestlé Product re-branding is based on the following:

Please tick the most appropriate option

- a. Consumer requirements ☐
- b. Innovation of the brand ☐
- c. What the competitor is doing ☐
- d. Rebranding to differentiate from competitor ☐



3. How often is market research conducted?

Please tick the relevant option

- |                       |                          |
|-----------------------|--------------------------|
| a. Once a year        | <input type="checkbox"/> |
| b. Twice a year       | <input type="checkbox"/> |
| c. Three times a year | <input type="checkbox"/> |
| d. As the need arises | <input type="checkbox"/> |

4. Who is involved in the decision to re-brand (initiate changes) to a product/s packaging?

Please tick the most appropriate option

- |                                   |                          |
|-----------------------------------|--------------------------|
| a. Business Unit & Marketing Team | <input type="checkbox"/> |
| b. Packaging Technologists        | <input type="checkbox"/> |
| c. Brand Managers Only            | <input type="checkbox"/> |
| d. All of the above               | <input type="checkbox"/> |

5. When Nestlé are products rebranded, what drives the change?

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6. Are there certain aspects of a product's packaging that are always retained?

Yes

☐

No

☐

6.1 How important is retaining the following when re-branding?

Please choose one for each feature

	Most Impor tant	2 <sup>nd</sup> Most Important	3 <sup>rd</sup> Most Important	4 <sup>th</sup> Most Important	least Important
Corporate brand name					
Logo					
Product images					
Color of Packaging					

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

XXXXXX

## **Section B**

1. What are the challenges that you have experienced in the past when you attempted to re-brand the products mentioned above?

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2. From the products that you have mentioned above, please brief us on examples of marketing and promotions that accompanied a re-brand?

.....

.....

.....

3. What does the rebranding process entail?

Please choose one for each process

		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1.	Establish the reason for re-branding					
2.	Create a strategic goals for re-branding					
3.	Conduct Market Research					
4.	Validate Reasons for re-branding based on M.R					
5.	Establish a budget for re-branding					
6.	Create new brand identity					
7.	Have a plan B readily available if there is a backlash from consumers					
8.	Provide training and education to ensure staff are well equipped to communicate the change					
9.	Launch new Brand					
10.	Monitor Consumer reactions(research to evaluate if the new brand identity is working)					

4. What type of branding strategy does Nestlé utilize?

Please choose the most appropriate option

- a. A customized marketing rebranding strategy for each product ☐
- b. Uniform strategy applied across all product categories ☐

5. Have any re-branding strategies that have been unsuccessful?

Yes

☐

No

☐

5.1 If yes, what went wrong?

Please tick one option

High level senior management pushed for an idea that does not fit the targeted market.	
Overestimated market size.	
Incorrectly positioned product.	
Ineffective promotion, including packaging message, which may have used misleading or confusing marketing message about the product, its features, or its use.	
Not understanding the target market segment and the branding process that would provide the most value for that segment.	
Incorrectly priced—too high and too low.	
Excessive research and/or product development costs.	
Underestimating or not correctly understanding competitive activity or retaliatory response.	
Poor timing of distribution.	
Misleading <u>market research</u> that did not accurately reflect the actual consumer's behavior for the targeted segment.	
Conducted marketing research and ignored those findings.	
Consumers did not apprehend changes as expected	
Lower than anticipated margins	
Rejection/backlash from consumers	

6. What does Nestlé do to avoid 're-brand' failures in the future?

Please rank each option in terms of importance

	Most Important	2 <sup>nd</sup> Most Important	3 <sup>rd</sup> Most Important	4 <sup>th</sup> Most Important	least Important
Keep the brand relevant and fresh to consumers by staying ahead of the product category					
Market Research: Consumer input is valuable					
Retain the heritage of the brand					
Don't re-brand if NOT necessary					
Position the product correctly: Effectively communicate the re-brand to ensure the change is a success					
Don't make brand promises that your Organisation can't fulfil					
Build excitement and re-launch the re-branded product with passion					
Ensure product achieves maximum profitability					
Define your target market accurately: Correctly estimate required market share to be successful					

7. To your knowledge, which beverage brand attributes to the most success?

Please tick one product which you believe attributed the most success

Nescafe Ricoffy	
Ricoffy Mild	
Ricoffy Caffeine-Free	
Nescafe Classic	
Nescafe Classic Mild	
Nescafe Classic Decaf	
Nestlé Milo	
Nesquik (Strawberry/Chocolate/Banana	
Nestlé Hot Chocolate	

8. Based on the product/s that you manage are there indications of an adjustment in sales after a product rebranding has been done. Please mention the product and the type of rebrand done.

.....  
 .....  
 .....  
 .....  
 .....

9. Based on your experience, would you say benefits of making changes to a product ( even though this may be a costly affair) would outweigh the costs by far?

.....  
 .....  
 .....  
 .....  
 .....

**Thank you for your time and participation in the study**

## **Appendix B- Questionnaire for Packaging technologist**

### **School of Management Informed Consent Document**

I, Estelle David, am a student registered at the University of KwaZulu-Natal (UKZN) for a Masters in Commerce. A requirement for the degree is a dissertation. I have chosen the following topic to research:

#### **Re-Branding Fast Moving Consumer Goods in a Competitive Market: The Case of Nestlé South Africa**

Please note that that this investigation is being conducted in my personal capacity. I can be reached on ([208512253@ukzn.ac.za](mailto:208512253@ukzn.ac.za)) or (083 503 2425)

My academic supervisor is Prof Krishna Govenderbased at Regenesys Business School. He can be contacted on:

Tel: +27 (0) 11 669 5177

Fax: +27 (0) 11 669 5001

Cell: 079 895 6233

Email: [krishnag@regenesys.co.za](mailto:krishnag@regenesys.co.za)

The purpose of this research is to obtain information on the actions taken to re-brand Nestlé coffee and beverage brands from 2010 to 2012 and the effect this has had on sales.

Please be informed that all information that you provide will remain and be treated confidential. Please note that all information will be treated as confidential and that it will only be used for educational purposes in preparing a Master's thesis. Your anonymity and confidentiality is of utmost importance and will be maintained throughout the study.

Your participation in completing the questionnaire is completely voluntary. You have the right to withdraw at any time during the study.

I appreciate the time and effort it would take to participate in this study. I would be very grateful for your participation, as it would enable me to complete my dissertation and degree.

**Please complete the section below:**

I ..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant.....

Date.....



## **QUESTIONNAIRE FOR THE PACKAGING TECHNOLOGISTS**

NB: For the purpose of this study, re-branding means modifications to a brand's, name, logo, image, advertising, features or marketing strategies.

**Please indicate the changes made to packaging for all the products mentioned below:**

1. Coffee mixtures (Ricoffy /Ricoffy Mild/Ricoffy Caffeine-Free)
2. Pure Coffee (Nescafe Classic/Nescafe Classic Mild/Nescafe classic Decaf)
3. Other Beverages (Nesquik Chocolate/Strawberry/Hot Chocolate).
4. Nestlé Milo

### **Section A**

The following questions pertain to what Nestlé has done with regard to the packaging of its various products for the period 2010-2012

- 1. Are there any types of packaging that were altered completely in terms of aesthetics?**

**Please explain**

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.....

.....

.....

- 2. Were any product's packaging discontinued?**

Yes ☐ No ☐

- 2.1 If Yes, what was the reason/s for discontinuation?**

Decreased Sales	<input type="checkbox"/>
Dissatisfaction from consumers	<input type="checkbox"/>
Increased competition	<input type="checkbox"/>

- 3. Where do specifications for packaging come from?**

Nestlé Marketing team	<input type="checkbox"/>
Consumers	<input type="checkbox"/>

**4. In the period 2010-2012 how many times has the package been altered for each product?**

1 Time	<input type="text"/>
2 Times	<input type="text"/>
3 Times	<input type="text"/>
4 Times	<input type="text"/>
More than 4 Times	<input type="text"/>

**5. What is the one variable that Nestlé insists which should remain constant even after the alteration of packaging?**

Nestlé Logo  Color  Size  Product Logo

**6. How have Nestlé incorporated environmentally friendly designs into its current packaging?**

We re-branded to comply with the Packaging Regulations

We already have existing mandatory requirements are on packaging

**7. In the past, has there been a time when after modifying a products packaging, it was rejected by the consumer market and, you had to therefore revert back to the original packaging**

Yes  No

**8. From the year 2010 January, what has Nestlé done to modify the packaging of coffee and Beverages?**

**Please can you provide dates for changes to all coffee and beverage products and elaborate on the types of changes that were made to the packaging**

.....

.....

.....

.....

**Thank you for your time and participation in the study**

## Appendix C- Ethical Clearance Letter



28 January 2014

Ms Estelle Monica David (208512253)  
School of Management, IT and Governance  
Pietermaritzburg Campus

Protocol reference number: HSS/0796/013M

New project title: Re-branding fast moving consumer goods: The case of Nestlé South Africa

Dear Ms David,

### Full approval notification – Change of Title

This letter serves to notify you that your request for an amendment dated 20 January 2014 has now been granted Full Approval. The change include:

- **Change of title**

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form; Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the school/department for a period of 5 years.

Best wishes for the successful completion of your research protocol.

Yours faithfully

Dr Shenuka Singh  
Humanities & Social Sciences Research Ethics Committee

/ms

cc Supervisor: Professor KK Govender  
cc Academic Leader Research: Professor B McArthur  
cc School Administrator: Ms D Cunynghame

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### Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

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