



Marketing Strategies Employed by a Selected Brewing House in the Greater Buffalo City Metropole

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Abstract

It is very much important for South African Breweries to make money in the alcohol business but at the same time it has a responsibility to be true and transparent to the customers with their marketing strategies and how they display people who have consumed their products in the adverts. The study aimed to understand the effects of the brewer's marketing strategies. To fully understand all these effects, the researcher has conducted an exploratory survey consisted of a sample size of 20 respondents which reflected that most of the respondents are familiar with the products offered by SAB but they do not see it as a benefit of the marketing strategies as people will still consume alcohol irrespective of the level of advertising by the brewer.

The literature revealed the consequences of individuals and families consuming alcohol in East London. As much as it is beneficial to the company in mention to have its adverts everywhere, it also has a negative effect on families with early adopters of brands and products because this means they reap the consequences of alcohol consumption. Recommendations were then made based on the findings of the survey, which is explained and interpreted graphically to give a clear understanding to the reader.

Keywords: Marketing of goods; Advertising media; Promotional strategy; Consumer spending

Introduction

South African Breweries is a major brewer that was founded in 1895 as Castle Brewery to serve a growing market of miners in Johannesburg, but then it was relocated to Johannesburg from London in 1950. South African Breweries specializes in brewing and selling consumer goods (alcoholic and refreshing drinks) such as Castle lager, Castle milk stout, Carling Black label and Flying fish to name a few, its sales and marketing

strategies include posting adverts on the television and print media for the public to easily access it. On the 10 October 2016 the rights of South African Breweries were sold to Anheuser-Busch InBev, who is now a parent organization (South African Breweries, 2019).

SAB is now a subsidiary of AB InBev, which prides itself in producing a variety of beer in SA and abroad including the beer that unites the crowd (castle lager) in the sporting industry and the entire entertainment industry. In this regard, most of the beer products produced by SAB play a vital role in sponsoring South African events both in sports and entertainment.

Objectives

The main objective behind this topic is to ascertain the effects of the marketing strategies employed by South African Breweries in East London, the specific objectives are as follows:

- To determine whether the marketing strategies employed by SAB state the health issues, crime and other dangers involved with alcohol consumption;
- To assess the impact marketing strategies have on consumer behavior; and
- To recommend ways in which SAB can revise its marketing strategies to improve and protect consumer's health.

Research Questions

- Do marketing strategies employed by SAB state the health issues, crime and other dangers involved with alcohol consumption?
- What impact does marketing strategies have on consumer behavior?
- In which way can SAB marketing strategies be revised to improve consumer's health?

Review of Related Literature

The literature review is a stage of a research proposal whereby the researcher outlines points that are related to their research proposals from previous works of other researchers. In light of the topic at hand, the researcher will focus on the following points:-

Marketing of alcoholic goods

Marketing always gets an assumption that is a selling process, but in actual fact, it is a collective of efforts and concepts in producing a product and trying to get the product information to the potential buyers. SAB uses advertising, sales promotions, direct marketing and other means to market their product offerings such as Castle lite, Castle lager, Castle milk stout and other beers.

The advertising techniques of alcoholic beverages used by SAB plays a vital role in influencing the customers' decision to buy or not to buy. Advertising has been an outstanding source of awareness and maintaining customers' interest throughout the media and social media platforms. This has been known as a communication tool between the producers and the end-users of a product.

Even though, SAB might state that advertising is just their marketing tool, but it has an indirect influence and link between the repetition of TV commercials (especially towards seasonal holidays), excessive drinking and crime during those seasons. SAB tends to promote more during seasonal holidays, and in result of that people drink and drive and end up causing accidents and violent behavior [1].

SAB makes use of the four elements of the marketing mix (which are known as the 4p's) in their marketing of the alcoholic beverages.

- Identification, selection and development of a product;
- Determination of its price;
- Selection of a distribution channel to reach the customer's place;
- Development and implementation of a promotional strategy.

The listed points below give a detailed narration in the context of South African Breweries.

Identification, selection and development of a product

One of SAB's product is Castle Lite, this is one of the product offerings that consumers are looking to buy and consume at a given time of need. This kind of beer is meant to refresh and quench the consumers' thirst.

A product has to have certain attributes, have physical feel and be able to satisfy a need or want. Products are the main reason why people exercise the art of marketing.

Determination of its price

The ultimate goal of pricing is to set up a standard of prices that a company set for its products [2,3]. The difference between the price and the total cost of the product is the

revenue. If a business wants to revise the price taking to consideration the customer characteristics, product attributes, market status etc., the pricing strategy optimization framework defines the ways to achieve this set goal [4].

A price is said to be the amount of money paid in acquiring a product [5,6], for example the amount of money sacrificed in place of getting a product is a price, R20 for quart of castle lite beer. Sometimes a price of a product can determine the value of that particular product, from the amount a producer pays for a product and other additional values.

In the case of SAB, the final price of goods (beer) sold is inclusive of the cost price and the mark-up.

Selection of a distribution channel to reach the customers' place

Once a product has a price attached to it, this mean it now has a value and therefore it needs to be exchanged for money. But where will it be exchanged? Of course at a market place. A market place refers to where the product is made available to the consumer, for example a store where beer is sold is a place where the customer and the seller meet in exchange of the actual product (beer) to satisfy consumer needs and wants [7].

SAB products (beers and ciders) are often found in the retail stores such as Shoprite liquor stores, Tops at Spar and other liquor shops in the retail industry. Retail shops serve as the distribution points between the production and the consumers, the aim for the retail shops is to get the product available and accessible for consumers.

A place includes a chain of distribution channels involved in making a product available to the end user.

Manufacturer: A Manufacturer is a company or someone who produces the core product for consumers to buy, consume and satisfy their needs. Manufacturers normally use raw materials to produce finished goods, they manufacture goods with the intention to exchange them.

South African Breweries, in this case, is a beer manufacturer which produces beer and ciders for consumers need satisfaction. They produce beer by mixing ingredients such as barley and hops and other ingredients like wheat and sugar depending on the beer product being manufactured at the time [8].

Wholesaler: A wholesaler is a link between a manufacturer and a retailer or a consumer, but generally wholesalers are defined by their ability to sell products in bulks or big quantities. Wholesalers normally play the role of getting the product a bit closer to the consumer, depending on the distance between the manufacturer and the end user of a product. For example Big daddy's is playing a wholesaler's role because they sell cases of alcohol to business consumers who then sell the products to consumers.

Retailer: The channel at which the wholesaler reaches the consumer is a retailer, sometimes retailers can also be wholesalers if consumers decide to purchase and consume the product in bulks. Tops at spar is playing a role of retailer in selling alcohol in the Spar premises. By doing that consumers

get their refreshing beers from Tops at Spar and other retail companies who deal with selling alcohol.

Consumer: Goods and services are produced to satisfy needs and wants, therefore people must have a need that needs to be satisfied for them to consume products. Beer drinkers are the consumers in the alcohol industry and SAB is the manufacturer therefore the process in-between is then a distribution chain.

Development and implementation of a promotional strategy

Types of promotional strategies include media advertising, product displays and tasting, discounted sales and coupon [9]. The advertising and promotions result to an increased consumption on alcohol, because the research shows that the more the consumers are exposed to adverts, they tend to increase their alcohol intake [10]

Media advertising as a promotional strategy

This type of a promotional strategy is the most useful and yet the most expensive type of advertising. Media advertising include but not limited to Television media, Radio, newspapers and magazines and social media platforms. For any company that is serious about selling its products, advertising is very much important because it does not only give the consumers knowledge but it also spreads the awareness about the product offerings and unique attributes that products contain [11].

Back in the day the world had only a few types of advertising but today there is also what is called social media, this type of media is the most affordable and most accessible and easy to get feedback immediately from, because a person can inquire and actually get a prompt response through social media platforms like Facebook, Twitter, Instagram and WhatsApp. SAB products such as Castle lite, Castle lager and other beers and ciders tend to pop up on the social media as an advertisement and therefore it is also easy for a consumer to access information on the internet by just visit the brewer's homepage. It has been argued that the more alcohol adverts are playing on any platform, the more people consume alcoholic beverage [12].

Except for media advertising, another promotional strategy could be product displays in the retail liquor stores where the sellers and marketers display alcohol beverages for customers to see and taste the beers for future reference and future consumption or in hope of winning new clients [13]. As much as social media is a key field of expansion of advertising, there is a fear that advertising messages might get lost in the mix of messages on the social media of which that result in advertisers use a very intense style of advertising that might turn off the interest of social media users because they do not take them seriously, therefore, it only depend on individuals mental state and understand whether to pay attention to adverts or not on the social media [14].

Advertising plays a very important role in increasing the sales of alcohol and generating income for SAB, therefore the

influence the media has on consumer leads to consumer spending.

Consumer spending on alcohol in East London

Consumer spending as a result of advertising relates to the amount of money spent on consumption by households to satisfy their needs and wants. Most households in the East London region tend to spend more on alcohol than on groceries, and that result in households suffering consequences of not having enough basic needs due to alcohol consumption.

East London alcohol consumers then create tendencies and preferences as a result of the spending patterns they developed along the way of spending and consuming alcohol, and these tendencies are evidence in how then the consumers behave as a matter of facts affecting the consumers' attitudes and decisions.

Methodology

An exploratory type of study approach was used in order to get in depth findings on the research problem. To explore findings on the marketing strategies employed by South African Breweries to market its alcohol beverages, questionnaire was pilot tested and self-administered by the researcher to the respondents in order to ensure accurate responses. The researcher used a quantitative technique on gathering information through the usage of close-ended questions in the questionnaire to ensure accurate and easy-to-analyze findings so that it is easy for the researcher to get quantities.

The target population of this research comprised of people from the age of 18 years and above in East London who are allowed by law to consume and comment on information about alcoholic beverages offered by South African Breweries, the population of people from 18 years of age and above in East London is approximately 300 000. Therefore due to time and cost convenience to collect data from the population, a sampling method has been used to carry out the research. A non-probability sampling method was used to select a group of participants to take part in the survey. Non probability sampling involves selecting participants based on the convenience, researcher's knowledge and subjective judgment.

It is very much important to ensure that the sample size used in the survey is enough to produce findings that can represent the population on a generalized perspective. The sample size of this study was 20 respondents who were selected and willingly available to take part in answering the questionnaire at the time the survey was conducted, this is due to the cost and time constraints.

Questionnaires were used to collect primary data in this research. Questionnaires were used in this research because they are easy to administer and they help the researcher saving time by providing a platform for answering all the questions in one piece of paper. With questionnaires, the

findings are mostly accurate and reliable because the respondents have their identities withheld therefore they will not be judged. The questionnaire was designed into a funnel approach to an extent that it begins with the broader questions then it narrows as it is getting into deep questions, closed ended type of questions were used to ensure clear responses for questions.

The questionnaire was pre-tested on a few students in class so as to identify and avoid questions that might have ambiguous meaning and those which might not be clearly asked. This was to ensure that the information gathered from through the questionnaire meets the interest and expectations of the researcher.

Analysis and Reporting of Findings

Twenty (20) questionnaires were administered for the purpose of gathering information for this research study and all questionnaires were validly completed, therefore the response rate of 100% has been achieved.

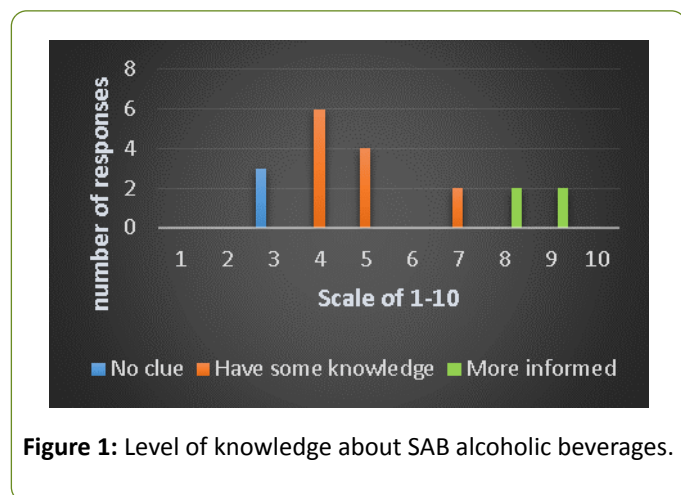


Figure 1: Level of knowledge about SAB alcoholic beverages.

Figure 1 shows how much knowledge the respondents have about SAB alcoholic beverages. On the scale of 1-10, respondents have indicated their level of knowledge on SAB

alcoholic beverages. 1-3 represents no clue; 4-7 represents having some knowledge and 8-10 represents being more informed, therefore 3 respondents have indicated not having a clue at point 3, 6 respondents have indicated having some knowledge at point 4, 4 respondents have indicated their answers as having some knowledge at point , 2 respondents have indicated having some knowledge at point 7, 2 respondents have indicated being more informed at point 8, and another 2 respondents have indicated having more knowledge at point 9. Therefore most of the respondents have some knowledge but not more informed about the alcoholic beverages offered by SAB.

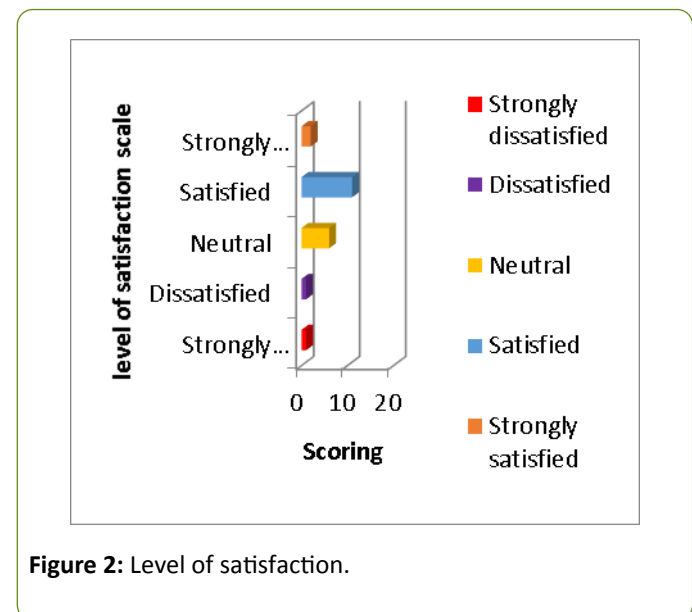


Figure 2: Level of satisfaction.

Figure 2 shows how satisfied are the respondents by the way SAB is marketing its alcoholic beverages, 11 respondents are satisfied whereas 1 is strongly dissatisfied and another 1 is dissatisfied. Only 2 out of 20 respondents are strongly satisfied. Basically the majority of the respondents are satisfied with how SAB markets its alcoholic beverages. Therefore the marketing can only get better from here and as a result of their satisfaction, they stay loyal to their brands.

Table 1: Whether there are dangers or not in alcohol consumption.

Are there any dangers in alcohol consumption?	Scoring of answers
Yes	10
No	10

Table 1 gives answers if there are any dangers involved or not with alcohol consumption. It shows how the respondents answered the question of any dangers involved with alcohol consumption, out of 20 responses, half of the respondents answered no and half answered yes. It can be concluded that some do not see any dangers whereas other respondents see and highlighted the dangers involved in consuming alcohol. Figure 3 answers the question if SAB marketing has an impact on consumer behavior or not.

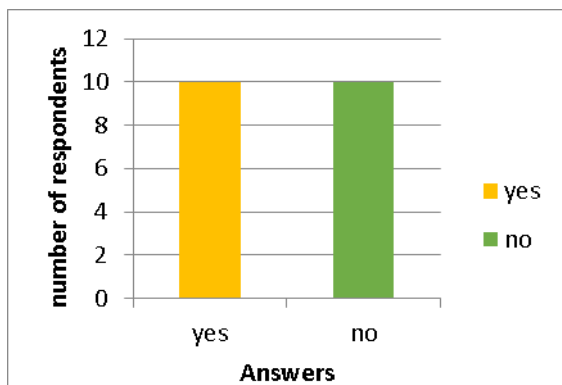


Figure 3: SAB marketing impact on consumer behavior.

Conclusion

The above information shows that out of 20 respondents, 10 of them feels like there is no impact caused by the SAB marketing strategies on consumer behavior, whereas another 10 of respondents believe that the marketing strategies of SAB play a vital role in consumer behavior, with the following specific impacts mention by the respondents:

- SAB marketing strategies spark interest for people to consume alcoholic beverages more.
- There is no buying limit.
- They make alcohol appealing to the eye.
- Although they stopped advertising on bill boards that did not stop alcohol consumption.
- The way they advertise they make it look cool to drink alcohol.
- Repetitive advertisement has an impact on consumer spending.
- People tend to think alcohol is the best way to have fun.
- Mass advertising make it accessible also to underage children.
- More brands to explore.

Recommendations

- It is recommended that advertising should be more honest to the alcohol users and drinkers so that they can be able to realize what alcohol is going to do to them after.
- The liquor board to put stricter laws on liquor stores which sell alcohol to underage kids and laws should be put in place to punish underage drinkers when found intoxicated.

- SAB should ensure that throughout the year there are consistent messages through media platforms which warn the public about the extreme dangers involved with drinking alcohol and getting wasted.
- The brewer should reduce the alcoholic volume on alcohol so that consumers do not exceed the limit and end up getting drunk irresponsibly.

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