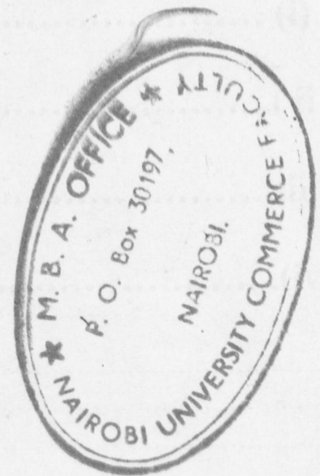
EFFECTIVE BRAND LEVERAGING STRATEGIES: A CASE STUDY OF KENYA BREWERIES LTD.



BY

MBURU S. K.

D/61/P/7904/99

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION (MBA)

FACULTY OF COMMERCE

UNIVERSITY OF NAIROBI

NOVEMBER 2003

TABLE OF CONTENTS

Declaration.. (i)

Dedication..(ii)

Acknowledgement..(iii)

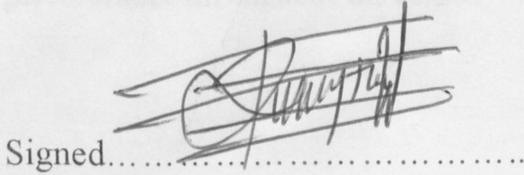
Abstract...(iv)

CHAPTER ONE 1
1.0 INTRODUCTION 1
1.1. BACKGROUND 1
1.2 STATEMENT OF PROBLEM 5
1.3 OBJECTIVES OF THE STUDY 7
1.4 IMPORTANCE OF THE STUDY 7
1.5 JUSTIFICATION OF THE STUDY 8
CHAPTER TWO 9
2.0 LITERATURE REVIEW 9
2.1. INTRODUCTION 9
2.2 BRAND EXTENSIONS 11
2.3 CO-BRANDING 22
2.4 REPOSITIONING 24
2.6 OVER BRANDING 25
2.7 AMALGAMATION 26
2.8 PARTITIONING 27
2.9 SCALING 27
CHAPTER THREE 29
3.0 RESEARCH METHODOLOGY 29
3.1. RESEARCH DESIGN 29
3.1. POPULATION 29
3.1. SAMPLE AND SAMPLE DESIGN 29
3.1. DATA COLLECTION 30
3.1. DATA ANALYSIS 30
CHAPTER FOUR 31
4.0 DATA ANALYSIS AND RESEARCH FINDINGS 31
4.1 INTRODUCTION 31
4.2 PROFILE OF THE BEER BRANDS 32
4.3 THE WORKING DURATION OF BRAND MANAGERS IN THE COMPANY. 34
4.4 INTRODUCTION OF NEW BRANDS 35
4.5 ANNUAL BRAND PLANS 35
4.6 BRAND LEVERAGING STRATEGIES USED IN KENYA BREWERIES LTD 35
4.7 IMPORTANCE OF THE LEVERAGING STRATEGIES 37
4.7.1 Co-branding 37
Table 4.5: Pruning 38
Table 4.6: Over branding 39
4.8 EFFECTIVENESS OF LEVERAGING 40
4.9 THE EFECT OF LEVERAGING STRATEGIES 41

4.10 COMPANY GOALS IN LEVERAGING BRANDS 44
4.11 ADVANTAGES OF USING THE BRAND LEVERAGING STRATEGIES ON THE BEER BRANDS. 45
4.12 LIMITATION OF LEVERAGING THE BRAND 45
CHAPTER FIVE 46
5.0 SUMMARY, DISCUSSIONS AND CONCLUSIONS 46
5.1 INTRODUCTION 46
5.2 SUMMARY 46
5.3 CONCLUSION 47
5.4 RECOMMENDATION 48
5.5 LIMITATION OF THE STUDY 48
5.6 SUGGESTION FOR FURTHER RESEARCH 49
REFERENCE 50

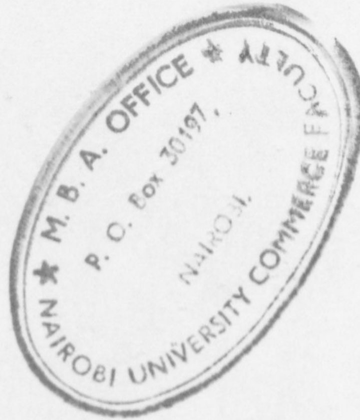
DECLARATION

This management research project is my own original work and as not been submitted for a degree at the University of Nairobi or any other university.

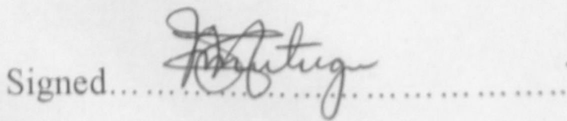


Signed.................................... Date...27th April 2004...

MBURU S.K.



This management research project has been submitted for examination with my approval as University supervisor.



Signed.................................... Date...27-4-04..........

MR. T. M. MUTUGU

Senior Lecturer

Department of Business Administration

University of Nairobi

DEDICATION

To my son, Allan and my wife Lydia for her encouragement, patience and perseverance throughout the course

ACKNOWLEDGEMENT

I am greatly indebted to my supervisor, Mr Mutugu for his relentless encouragement, suggestions and constructive criticism throughout the research project.

Particularly thanks goes to Kenya Breweries staff who were interviewed for their support, their spared time out there extremely bust schedule to respond to the questionnaires that provided data for the successful completion of this project

ABSTRACT

The study sought to investigate the effect of brand leveraging strategies and a case study of Kenya Breweries Ltd was done. It was carried out between October 2002 and December 2002. The sampling frame comprised brand managers of Kenya Breweries limited.

Many companies do not recognize the importance of brand leveraging strategies. For the companies that adopt these strategies, some do not know the impact of the strategies both positively as well as negatively. The researcher had a quest to identify if KBL adopts these strategies. The following objectives were investigated.

- Brand-leveraging strategies used for effective brand reinforcement and revitalization in the beer industry in Kenya.
- Identifying and categorizing the range of brand extensions.
- Identifying key issues to these types of strategies: benefit, risks and solutions

Both primary and secondary data was used. The data was analyzed descriptive statistics and frequencies and percentages were used.

It was deduced from the study that KBL some of the leveraging strategies. The company uses the following strategies:

- Brand extensions
- Pruning
- Positioning
- Co-branding

It also found that in brand extension the company adopts line extension.

CHAPTER ONE

1.0 INTRODUCTION

1.1. BACKGROUND

Alcohol has always been widespread in history. Drinking is, in effect, a universal language. The surviving recipe in the world is for beer. It can be found on a 3,800- year-old clay tablet, as part of a hymn to Ninkasi, the Sumerian goddess of brewing. Sumerian documents, including the legal code drawn up during the reign of King Hammurabi around 1720BC, show that beer played an important role in Mesopotamian rituals, myths and medical practices. It is believed that the original motivation for domesticating cereal crops (and thus switching from nomadic to settled lifestyle) might had been to make beer, rather than bread (McGovern, 2000).

According to Market Intelligence (1999) the bottled beer market in Kenya was started by Kenya Breweries Ltd. It had a production driven operation with a monopoly in the country for over 60 years. In 1922 Kenya Breweries LTD (KBL) was formally incorporated as a private company. In 1924 Ruaraka brewery got a power line and production rose to 20,000 gallons a month. In 1929 Malted barley was first used in the production process. Today KBL has a total brewing capacity of 2.2 million hectoliters (Market Intelligence, 1999).

In 1999 Castle Brewing was opened in Kenya. It became the second bottled beer manufacturer in Kenya. The brewery was built at the Greenfield site in Thika, with a capacity of 800 000 hectoliters per annum. Today, It claims 12 % of the total beer market share. (Castle Brewing Website, 2000). It was taken over by Kenya Breweries in April 2001.

The beer industry in Kenya has always been a formidable and growing industry. According to financial results published in daily newspapers the Kenya Breweries Ltd. volumes have dropped

over the year but the turnover and profits continue to grow despite the adverse operating environment with declining GDP growth and decreasing purchasing power, mainly due to cost cutting measures. According to Economic Survey (2000) the total contribution of beer and spirits industry in excise taxes in 1999 was over Kshs 7 billion about 53.92% of all excise revenue collected and 27% of all import duty collection or 3.8% of all central government receipts on recurrent account. The industry employees about 2000 people (Economic Survey, 2000).

Kenya breweries core brands include - Tusker the first beer in Kenya. Other members of the KBL family include: Tusker Malt Lager, Tusker Export, Pilsner, Pilsner Ice, Pilsner Ice Light, White Cap, Citizen Special and Citizen Original, Guinness and the recently introduced Smirnoff Ice. Former Castle brewing core brands include – Castle lager, Castle Milk Stout, Rangers, Trophy and Premium Reds Cold. (Market Intelligence, 2000). Kenya breweries under lincense now market these brands.

According to Market Intelligence (2000) in the past 5 years, with the entry of a second player in the marketplace the competitive arena had been overhauled with great changes in beer marketing characterized by brand reinforcements and revitalization. During this period more than 6 new brands have been introduced by KBL and five introduced by former Castle Brewing Ltd. There are many other players who manufacture local brews and other forms of alcoholic beverages in both formal and informal sectors, we have not considered then because of either low market share less than 10 % of total market share and brand usage is insignificant or not applicable. (Market Intelligence, 2000). This is an example of multi-brand marketing aimed at satisfying all segments.

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. Keller (1998) quotes the American Marketing Association, as defining a

brand as a “name, term, sign symbol or design or combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”. Thus the key to creating, developing and maintaining a brand is to develop attributes that identify the product and distinguish it from others (Keller, 1998).

Brands can reduce risks in product purchase decisions for consumers. There are many different types of risks that consumers may perceive in buying and consuming a product. Fundamentally they serve an identification purpose to simplify product handling or tracing for the firm (Keller, 1998).

In the past 20 years the sophisticated brand management systems implemented by so many firms were highly successful in creating powerful franchises and corporate images (Keller, 1998). The price premium paid for companies products is often clearly justified on the basis of assumptions of the extra profits that could be extracted and sustained from their brands, as well as the tremendous difficulty and expense of creating similar brands by competition. Homer (2001) defines leveraging brand as capturing the value in a brand through using its intangible assets to extend its worth.

Although there has been growing recognition of the value of brands and need to build on equity of various brands, a number of developments have occurred in recent years that have significantly complicated marketing practices and pose challenges to brand development. Perhaps the most important change is the proliferation of new brands and products, in part spurred by rise in line and brand extensions. As a result a brand name can now be identified with a number of different products of varying degrees of similarity (Keller, 1998).

One of the biggest successes of brands in the World has been in building of multibillion corporations with strong base of loyal customers e.g. Coca-Cola which is a brand worth $68.9 billion (Kapferer, 1997).

Brands have proven to shape the marketplace. She also notes that underlying this value is the recognition that brands continue to play important roles in shaping marketplace decisions. Her research shows that brands shape customer purchase and loyalty decisions. In fact, 1998 McKinsey research in U.S.A. results show that 77% of consumers would find it very difficult to change brands once they find one they like, up from 72% in 1993. She continues to say that as strong brands shape customer and employee decisions in the marketplace, they in turn shape the growth of the company. In the quest for shareholder value, growth is still the No. 1 driver, with the rate of growth explaining more than a third of the variance in the total return to shareholders. Many companies evolve their brands to help drive growth (Homer, 2001).

Not every attempt to leverage the brand or extend its reach has been successful. As an example of brand leverage gone wrong, consider what happened when Cadillac tried to extend its brand down market with the Cimarron, or when Gucci allowed the brand to over-extend into too many products. Recognizing this gap between winners and losers, companies need to spend more time thinking about how to leverage what may be their most important intangible assets-brands (Homer, 2001).

1.2 STATEMENT OF PROBLEM

One recipe for strategic success is to create and leverage assets. With its awareness, perceived quality, associations and customer loyalty, a brand is usually the most powerful asset that a firm owns (David Aiker, 1996). A strategic question, then, is how can the brand be leveraged to create larger and stronger business entities?

Maintaining brand health is a difficult task for brand managers. He asserts that brands exists for the long term and establish trust in consumers' minds. They are a company's most valued assets and they should be treated very carefully. Every change to the brand should be viewed in terms of its long-term impact on consumers. A well-managed brand will still be there long after its "guidians" have moved on (Payne, 1999).

The art of marketing is not choosing a good brand name, advertising it widely and making a fortune. Many steps are involved in developing a strong brand. They are categorized under two main areas: developing the value proposition and building the brands (Kotler, 1999).

For years firms have tended to follow the lead of Proctor & Gamble, Coco-Cola, and other major consumer goods marketers who essentially avoided introducing any new products using existing brand names (Keller, 1998). Over time, tight economic conditions, a need for growth and other factors forced firms to rethink their "one brand-one product" policies. Recognizing that one of their most valued assets is their brands, many firms have decided to leverage that asset by introducing a host of new products under some of their strongest brand names. Any launch of a new products is usually costly and risky, incase of any failures the impact further affects the parent brand (Taubler, 1988).

Managers need a new toolkit to manage at the portfolio level. He continues to state that some are very new; others may look familiar. To create new value with a brand portfolio approach it is

necessary to use some of these familiar tools in unfamiliar ways. It is like using a hammer in space – It won't be felt or look the same as when you use it on the ground (Hill, 2001).

Vigorous discussions about brands and branding has taken place in various boardrooms in large corporations. Perhaps most important, CEOs recognize the market value of companies is increasingly tied to intangible assets. Homer(2001) quotes a McKinsey Company analysis of consumer companies in the fortune 250 estimates roughly half of their value was tied to intangible assets (like brands); some of the most valuable companies have valuations where better than three-quarters of the value is tied to intangibles (Homer, 2001).

Managers are at a dilemma in deciding whether to extend brands or leverage brands. She further states that there are a lot of risks involved when one extends brands which include brand dilution, confusing customer, retailer resistance etc. On the other side an extension can provide entry into new market segment, grow brand equity and increase market share. It is therefore difficult to determine what would be the long-term strategic direction to take. There is no single agreement or rule that would guide managers on whether to extend or not (Hongo, 2001). This study will identify the practices used in the marketplace and how efficient and effective the practices are.

Managers have a task of deciding how they will introduce new products under existing brand names, this may involve moving brands down, up or sideways with its inherent risks including diluting brand image, hurting parent brand and confusing customers (Aaker, 1996). Leveraging the brands hence is a crucial strategic move to ensure longtime survival of the brand. To the best of my knowledge there is only one study by Hongo (2001) that studied "An Empirical Investigation Into The Practice Of Brand Extensions: The Case Of Fast Moving Consumer

Goods in Kenya" that shade some light on that sector of the market. This study will focus on beer industry where heavy investments are done on brand development and brand building particularly through marketing communications. It will study prioritization as far as strategies for leveraging brands are concerned in the said industry. The main problem of the study can be summarized as a critical examination of brand leveraging strategies used in Kenyan beer market. In other words, beer industry is used as a case study of brand leveraging strategies.

1.3 OBJECTIVES OF THE STUDY

- To investigate brand-leveraging strategies used for effective brand reinforcement and revitalization in the beer industry in Kenya.
- To identify and categorize the range of brand extensions
- To identify key issues to these types of new products: benefit, risks and solutions.

1.4 IMPORTANCE OF THE STUDY

The study is expected to generate knowledge and deep understanding of brand management practices that will be beneficial to the following areas:

- To the beer industry – various players in the industry are constantly seeking new ways to build stronger relationship with their customers. They seek better methods and strategies to manage their brands in order to effectively remain competitive.
- Academicians and scholars – The study will enable other researchers to improve and develop a better understanding of brands as market based assets and methods that are used to leverage brands for sustainable competitive and strategies advantage
- Marketing communication professional, brand managers and corporate & public relations managers

- It will provide some insight and knowledge on techniques used to build and grow brands, strategies and tools used for revitalization and reinforcement of brands

1.5 JUSTIFICATION OF THE STUDY

The study will investigate the various leveraging strategies adopted by these players in order to gain comparative strategic advantage. These two are the only ones who practice aggressive strategic marketing and brand management in that industry i.e. they are the only players who practice multi-brand marketing aiming at different segments. Hence they are only source of in depth knowledge and practices used in leveraging brands in the beer industry.

CHAPTER TWO

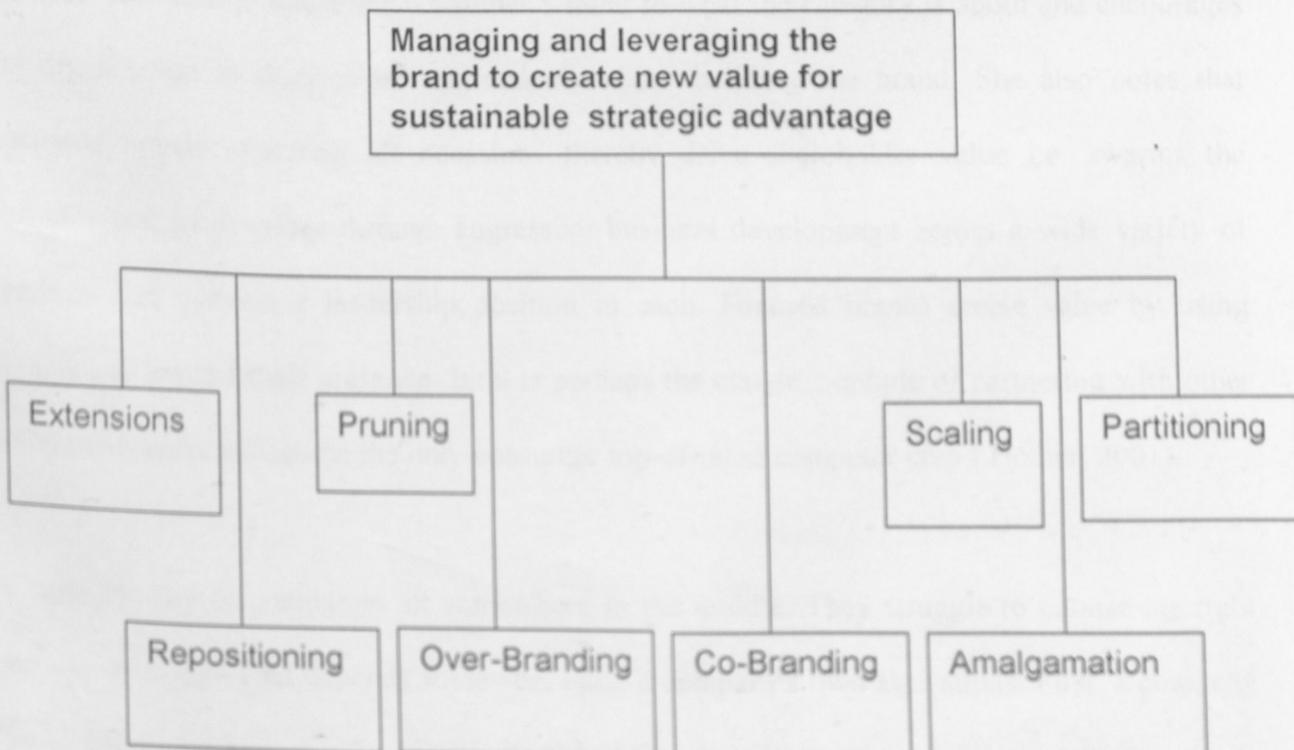
2.0 LITERATURE REVIEW

2.1. INTRODUCTION

The recipe for strategic success is to create and leverage assets. With its awareness, perceived quality, associations and customer loyalty, a brand is usually the most powerful asset that a firm owns. A strategic question, then, is how that brand can be leveraged to create larger and stronger business entities (Aaker, 1997).

Managers need a new toolkit to manage at the portfolio level. Some are very new; others may look familiar. To create new value with a brand portfolio approach it is necessary to use some of these familiar tools in unfamiliar ways. Also in the same article, he further notes that there are eight tools that are used to leverage the brand to create new value, as shown in the figure below (Hill, 2001).

MANAGING & LEVERAGING THE BRAND



Homer(2001) says that winners go further than just creating and sustaining strong brands: they leverage their brands into other businesses. Just as brands are built faster, they seem to be leveraged faster. She continues to classify brands into two: Focussed brands and diversified brands. Focussed brands are those that have narrow historical and future potential. They need to focus primarily on their core categories while seeking to capture close –in leveraging opportunities. Diversified brands are those that have broad historical and future leverage potential They have opportunities to build a much broader base across multiple products and categories (Homer, 2001).

Focussed brands have tended to succeed by adhering to three major themes: owning and broadening the category capturing all occasions and using alliances. Owning and broadening the category, showed that these brands had 6 major personality characteristics: youthful, fun, adventurous, outdoorsy, exclusive and romantic. This was very important in creating distinctiveness and the advertising imagery of these brands emphasized on these strong personality elements. Focussed brands continuously seek to broaden the definition category. Category redefinition opens the consumer's mind to what the category is about and encourages the organization to think more aggressively about building the brand. She also notes that Focussed brands capturing all occasions thereby drive shareholder value i.e. swarms the channels and geographies through aggressive business development across a wide variety of channels and pursued a leadership position in each. Focused brands create value by using alliances to expand their presence. Intel is perhaps the classic example of partnering with other computer leaders to become the only consumer top-of-mind computer chip (Homer, 2001).

A large number of companies sit somewhere in the middle. They struggle to choose the right leverage strategy? That depends somewhat upon a company's own aspirations. First, a company has to determine how many underdeveloped or low brand intensity businesses are close to its

own business and how well its brand could compete in these businesses. She continues to say that secondly, brand personality can affect your choice of direction: broader messages that communicate the high-credibility with more confidence and trustworthiness probably have more leverage potential outside the core category (Tauber, 1988).

If the brand is more focused on lifestyle themes, a more focused brand leverage strategy may make more sense. Shifting from a focused brand to a high-credibility personality has risks and might dilute core equities. It may be more appropriate to maintain focus on the core lifestyle personality elements such as Secret has held with its romantic core personality (Homer, 2001).

The game for many companies is shifting from a world of brand building to a world of brand leverage, as brand leverage can be an important source of shareholder value. As such, its planning belongs both in the brand manager's office and in the boardroom if a company wants to capture that value. A Company must make a conscious choice on its high-level brand leverage strategy because the business development choices and the organizational support can be quite different depending on that choice (Kapferer, 1997).

2.2 BRAND EXTENSIONS

Brand extensions is the use of a brand name established in one product class to enter another brand class. It has been the core of strategic growth for a variety of firms, especially in the last 20 years (Aaker, 1991).

Lender (1998) notes that extensions are the simplest, oldest, and most common approach to boosting portfolio returns. The key to using extensions strategically is to recognize that there are two different types of extensions that can be applied to each brand portfolio. For less dense portfolios, extension opportunities exist in the open spaces of the molecule. We call these

opportunities interstitial extensions because they fill the gaps between the strategic brands in a portfolio. The second type is the boundary extension. They create new brands on the outer edges of an existing brand molecule.

2.2.1. LINE EXTENSIONS

A line extension as a new version of the product within the same product class i.e. could be new flavors, new packaging options, or new sizes are all line extensions. He further notes line extensions can increase costs without compensating increases in volume and make the brand less focused and more difficult to communicate. However, line extensions can also expand the user base, provide variety, energize the brand, manage innovation, and block or inhibit competitors of its established lines (Aaker, 1996).

The power to a brand to extend itself depends on the breadth of product lines that can be related to the core brand identity in terms of the latter's value proposition and basis of relationship. He further states frightened competitors nervously reexamined their brand offerings and product class profile to see if they were vulnerable; the answer was usually yes (Keller, 1998).

Aaker (1996) notes that line extensions can be used by organization for the following;

1. **Expanding the user base -** To Brand-loyal customers may view a brand as serving their particular unique needs, a strong brand may foster loyalty, but in an exclusionary way. A line extension can basically expand the brand's appeal. A line can also be extended by adding a functional benefit to a product. The result of an on-target line extension can be a new but highly loyal segment that is resistant to competitive offerings.
2. **Providing variety -** A line extension can also give loyal users a way to enjoy variety without switching brands.

3. Energizing a brand - A line extension can energize a brand, making it more relevant, interesting, and visible. In doing so it can create a basis for differentiation, make communication efforts more effective, and stimulate sales.

4. Managing true innovation -Line extensions provide an explicit channel for product innovations that can be a powerful vehicle for obtaining competitive advantage. Product innovations can create differentiation, enhance a brand's value proposition, expand usage contexts, and block competitors. When there is no clear outlet for innovation within a brand management organization, creative thinking is often stifled. Conversely, when members of a brand management team know that their brand is open to innovative line extensions, then team members are likely to rise to the challenge.

5. Blocking or inhibiting competitors - A line extension does not have to be a financial blockbuster in order to provide value for the firm. Especially for leading brands, line extensions can be strategically worthwhile even when they do not achieve high rates of return.

2.2.2 MOVING THE BRAND DOWN

From tires to clothes to computers, brands are becoming increasingly value centered. He further notes that more and more buyers are turning from prestige and luxury to lower-cost brands that deliver acceptable quality and features. To combat this trend (or to take advantage of it, if you prefer), firms are offering lesser versions of their traditional brand-product package. What is behind this consumer trend toward value? How can firms adopt a branding strategy that will accommodate downscale versions without weakening the brand?(Kapferer, 1988).

The basic force behind the increased sensitivity to value and price is inner capacity created by the combination of new competitors and fairly static markets. The new competitors come in part from brands other markets extending from adjacent product classes, brands entering from other

markets (notably from other countries), and new or revitalized brands that are now often competitive in quality. Because they introduce parity products without innovative, distinctive value positions, the new entrants, as well as the struggling third-or fourth place brands, are forced to emphasize price promotions and brand events instead of product. He also states that as a result, customers come to believe that the brands are not very different; brand loyalty erodes, and customers focus on features and price. As fewer and fewer customers are willing to pay the historical brand premium, market share starts falling (sometimes dramatically) for those who maintain their price levels (Aaker, 1996).

Park et al (1991) notes that a second driving force is the retail environment created by new channels that typically have a lower cost structure, engage in aggressive price competition, and freely use private-label goods. Direct marketing has exploded in the past decade, often providing considerable cost savings to participants.

A third driving force is technologies change. A new market for a product can be introduced because of new technology. Technological change can also influence the cost structure, as brands emerge that are simpler and cheaper, creating new price points (Aaker, 1996).

When moving brands down several considerations are made, like mountain bikers discover that going down, while much easier the going up usually creates a challenge of recapturing the vertical. Like mountain bikers, brands move down easily (if sometimes inadvertently), and they find that there are problems and challenges created by getting to the bottom. The biggest challenge is to avoid harming the brand, particularly in terms of its perceived quality associations (Keller, 1998).

Aaker (1996) states the problem is that moving down affects perceptions of the brand perhaps more significantly than any other brand management option. He also notes that Psychologists have documented the fact that people are influenced much more by unfavorable information than by favorable information. He also notes that the Initial negative information about a person, for example, is very resistant to subsequent positive information, whereas an initial good is not different from any other brand, and is therefore of average quality.

Sub brands such as Kodak's Furniture film have the potential to permit entry in an emerging low end without threatening the parent brand's equity in the higher ranges of the market. He further notes that there are two problems, though, with adding sub brand offerings that use the premium brand name at a lower price point. The first is possible cannibalization; in that buyers will shift to the cheaper version; the second is the risk that extending the brand down will taint the brand name (Keller, 1998).

The job of the sub brand is to reduce these risks by distinguishing the downscale sub brand from the parent brand. Of course, there is still cannibalization; being able to buy a lower-priced product with the endorser name is attractive and will certainly appeal to some who would have bought the original brand instead. Further, the distinction between the economy lines and the other lines is sometimes fuzzy. He also notes that the sub brand signals, however, that it does not possess the features and quality of the lines positioned above it. Moreover, those who move from the premium brand to the sub brand might otherwise have been attracted to the value brand of another manufacturer, so that what seems like cannibalization is actually strategic brand protection (Aaker, 1996).

One concern is whether the brand has an identity that can span the vertical line definition or whether the identity is compromised by new entries at the low end. BMW's 300 series (the

smallest and least expensive). 500 series and 700 series reflect very different sizes and price points. Each of them, however, still have the same identity-'the ultimate driving machine' (Aaker, 1996).

Because of the identity problems that can result when a brand moves down, it may be useful to use the sub brand's personality as a way to differentiate the new, lower-priced entry. If it is given a strong personality, which is different from that of the original brand, the risks of cannibalization and image tarnishing are reduced (Tauber, 1988).

Since family relationships are so familiar to consumers, they offer a clear and rich opportunity for creating distinct but related sub brand personalities. The sub brand could be a child (either son or daughter) of the original brand (the father or mother), one who cannot yet afford or appreciate the better version. Or it could be the grandparent of the original, one who appreciates good value more than premium quality (Aaker, 1996).

Aaker (1991) notes that the product itself is one way to separate the sub brand from the parent brand. If the product is clearly different in terms of features, applications, and users, the risk to the core brand is reduced. Even a different logo and color can help to provide the necessary separation.

Aiming at a different market will not only provide a point of distinction but also reduce the image-tarnishing risk, because customers of the parent brand will be less likely to be exposed to the new offering. He also states that the downscale offering of an upscale health chain, for example, could be for a younger clientele (say, in their twenties or thirties) or could focus on a small-city market, leaving the large cities for the parent brand. The parent brand can also be managed in a way that accentuates the distinction between it and a sub brand (Aaker, 1991).

2.2.3 MOVING A BRAND UP

Keller (1998) states that a brand maybe a leader in volume and market share, with the enviable advantages of economies of scale and retail clout. It is on the store shelf, in the pantry, and in the customer's mind. However, its price has been squeezed by retailers and consumers, especially from below by both price brands and store brands.

In this context, an attractive growth segment often emerges at the very high end of the market. This segment enjoys much higher margins, and it also provides interest and even newsworthy developments in what might be a somewhat tired category. How can brands "move up" to take advantage of this growth and vitality and get out from under oppressive margin pressures? (Aaker, 1996).

A core brand - which signaled economy and simplicity rather than an extension which signaled prestige, handling, and comfort - has the potential of preventing the new product from credibly occupying the upscale position. However, the option of successfully introducing a new brand is often either too costly or simply not feasible, especially when the task is to become the third or fourth brand in the mind and on the shelf. An alternative is to use a sub brand of an existing brand to create an upscale entry (Hill, 2001).

Using a sub brand, to penetrate the high end of a market has several advantages (Aaker, 1991).

- It avoids much of the expense of creating visibility and associations for a new brand name. It is potentially easier to associate parent brands with a super-premium brand than to start with a new name.

- The applicable assets of the brand can help provide a value proposition. Thus customers of parent brand know that they can access. The sub-brand customers recognize that their product is connected to the parent brand.
- The sub brands can provide a perceived quality lift to the core brand names.

There are some risks of damaging the core brand when moving up, although much less than when moving down. There is the possibility that the premium version can, by comparison, make the core brand look more ordinary than it was previously perceived to be. There is much more serious risk, though, is that the core brand will keep the premium brand from achieving its full prestige. In the worst case, the premium brand becomes an object of ridicule like someone with a financial windfall who has purchased the trappings of nobility and developed pretensions of grandeur. The key to reducing this risk is to make the sub brand distinct from the rest of the offerings under the brand umbrella (Aaker, 1996).

The basic problem with using a sub brand to move up is that the brand often lacks credibility at the higher end. How can a believable claim be made that a sub brand under the sponsorship of a middle-tier brand can really meet the standards of a high-end market? He further states one key to making it happen is to have a silver bullet within the higher-end line that demonstrates the sub brand's ability to deliver-a visible flagship parent brand. A sub brand that is upscale will often employ a descriptor such as "special edition", "premium", "professional," "gold" (Coors Gold, Kodak Gold, Kodak Royal Gold), or "platinum" (the Platinum card). (Keller, 1998)

Another key motivation for creating an upscale version of the brand is to affect the original brand identity positively. The aid an upscale (or upstream) brand provides be enhancing the core (or downstream) brand's identity is termed downstream enhancement. In such cases, the

potential profitability of the new brand may be of secondary importance, or even nonexistent (Kapferer, 1997).

2.2.4 BRAND EXTENSION DECISIONS

Another way to leverage a brand with extensions is to use it to enter and create advantage in another product category. The good, bad, and ugly issues involved in making a brand extension decision are as follows (Kapferer, 1997).

Good - The brand's associations, perceived quality, and awareness/pressure help the extension.

More Good - The extension reinforces the associations and awareness of the brand.

Ugly - The core brand name is damaged or diluted by the extension, or the brand franchise is cannibalized.

More ugly - The opportunity to develop another brand name is forgone. (Kapferer, 1997)

The 1990s saw the emergence of a brand concept that has caused some firms to look at their business very differently. A range brand creates an identity that works across product classes. A range brand can also be conceived as a spanning symbol that assists customers in seeing relationships between products-relationships that they might have missed. By thus breaking through consumers' existing categorization structures, range brands can extend a brand in new ways. He also notes a range brand is sometimes called a mega brand, but the mega brand term can also apply to a strong brand with high market share (such as Budweiser of Coke) that does not span product classes (Aaker, 1996).

The 1980s were the era of brand extensions: A strong brand was identified, and there was a search for product classes in which it would fit. One rationale was to exploit the assets of the firm by applying them to new business areas; another was to reduce the cost and risk of entering such areas. Extension decisions ere thus made incrementally. How can the brand name be used

2. The product needs to fit and reinforce the identity.

The range brand will be applied to several product lines. Each of these product lines will have its own product line identity, which will usually be an augmentation of the basic brand identity. To compete in a product class setting will usually require additional associations (Keller, 1998). A range brand strategy requires a dynamic brand vision. What is the ultimate brand identity? How should the brand evolve toward that identity? A key part of the plan is to determine in what order the product classes should be entered, as the order can affect the ability of the brand to evolve. (Park, 1991)

When a brand's identity moves beyond product associations to organizational associations, brand personality, and (in general) more abstract associations, it will travel farther. Some bases for identity may not associated with a specific product class and will be capable of casting a wider shadow than an attribute that is tied to a specific product (Aaker, 1996).

Keys to success in use of brand and line extensions	
•	Be a first mover or at least a fast responder.
•	Don't clutter the portfolio.
•	Create boundary extensions along the grain, not across it.
•	Stay true to the overall brand promise, that is, make sure the positioning of the extension is consistent with the overall positioning of the portfolio.

Source: Adopted from Hill (2001)

2.3 CO-BRANDING

Co-brands, leveraged well, can help bring a brand to your target consumers in ways not afforded by the immediate business of your current portfolio. Linking brand portfolios can create bridges

to dynamic new growth areas. It can reduce the risk of boundary brand extensions and put unused brand equity to work. Often the risk is more manageable than with other tools (Hill, 2001).

One form of co-branding is to become a branded ingredient in another brand. Hershey's for example, might have trouble extending into cake or cookie mixes, because such products require different manufacturing processes and because consumers might question Hershey's ability to deliver high quality in those areas. With little risk, however, Hershey's could become a branded ingredient in a Betty Crocker cake mix. The strength of the brand name thus would be exploited without Hershey's becoming involved in a running a new business. Such co-branding provides many of the advantages of an extension with less risk (Aaker, 1991).

Keller (1998) notes that an already introduced brand can also leverage associations by linking itself to other existing brands from the same or different company. Co-branding also called brand bundling or brand alliances occurs when two or more existing brands are combined into a joint product and/or marketed together in some fashion.

The main advantage to co-branding is that a product may be more uniquely and convincingly positioned by virtue of the multiple brands involved. Co-branding can create more compelling points of difference and/or points of points of parity for the brand than might have been otherwise feasible. As a result, co-branding can generate greater sales from the existing target market as well as open additional opportunities with new consumers and channels. Co-branding can reduce the cost of product introduction because two well-known images are combined, accelerating potential adoption (Keller, 1998).

Ingredient Branding – as a special case of co-branding is ingredient branding, which involves creating brand equity for materials, components, and parts that are necessarily contained within other branded products. Some well-known ingredient brands include Teflon nonstick coatings. Ingredient brands attempt to create sufficient awareness and preference for their product Clearly, consumers inferred certain quality characteristics is a result of the branded ingredient. The uniformity and predictability of ingredient brands can reduce risk and reassure consumers. As a result, ingredient brands can become industry standards to consumers such that they would not buy a product that did not contain the ingredient. Consumers do not necessarily have to know exactly how the ingredient works just that it adds value (Keller, 1998).

Keys to success in use of co-brands	
•	Effective matchmaking.
•	Keep the messaging simple. The joint message should be clear and intuitively obvious.
•	Get what you pay for. The co-branding relationship should reflect the underlying business logic.
•	Manage risks proactively. Put very explicit and careful guidelines in place about what is and isn't OK.

Source : Adopted from Hill (2001)

2.4 REPOSITIONING

Positioning requires consumers to learn what a brand portfolio stands for. Repositioning requires they first unlearn what it no longer stands for. Of all the tools, none comes with a higher risk/reward ratio than repositioning. Three components play a role in a repositioning: a new communications campaign, the launch of new products or services that signal the new direction of the portfolio, and alliances with companies or brand portfolios whose positioning lies close to where you want to take your brand portfolio (Hill, 2001).

Keys to success in use of brand repositioning tactics	
•	Reposition portfolios, not brands
•	Be patient.
•	Use all the tools available.
•	Before taking the high-risk tack of repositioning, make sure to exhaust the option of revitalizing the brand by taking it back to its roots.

Source: Adopted from Hill (2001)

2.5 PRUNING

Pruning brands in a portfolio should occur periodically, in times of strong and weak performance alike. Managers can also improve the chances of success by using the brand molecule to decide which brands can be cut at minimal risk. Finally, the brands that are cut should be cleanly severed from the portfolio (Hill, 2001).

Keys to success in use of pruning on brands	
•	Be decisive. Cut; don't let brands simply atrophy.
•	Choose the brands to be cut carefully. Pay attention to the role the brand plays in the portfolio.
•	Cut cleanly.

Source: Adopted from Hill (2001)

2.6 OVER BRANDING

Over-brands or umbrellas can provide scale opportunities to sub-scale portfolios. They make sense when they provide an additional trust mark on branded products in categories where existing brands are weak and when they help launch new products or put them in new geographies. Over-branding works when it ties together portfolios with similar customer bases, distribution channels, and price points (Hill, 2001).

Keys to success in use of over branding on brands	
•	Over-brand for the right reasons.
•	Think like a customer. No clever and sufficiently broad tagline can tie together two brand portfolios that never should have been linked in the first place.
•	Be conservative. The risks in over-branding are significant.
•	Do your homework. Take the time to understand the differences and similarities between brands.

Source: Adopted from Hill (2001)

2.7 AMALGAMATION

Amalgamation consists of merging two brand portfolios and eliminating one of more of the existing brand names in the process. It is one of the most powerful tools for managing the brand portfolio. Of all the moves to the brand portfolio, amalgamation is the most difficult to reverse. Therefore, it requires careful planning (Hill, 2001).

Keller (1998) also notes that it is similar to co-branding as it is having a composite brand the bundling of two brands to provide an enhanced consumer benefit or reduced cost. For example, the Yoplait subsidiary of General Mills used the Trix brand to introduce Trix Yoplait yogurt, a product geared for children. No additional television advertising expenditures were applied to the new product beyond the 12 to 15 million dollars already spent on Trix cereal; the company capitalized on the high awareness level of Trix cereal and its identity among children.

Keys to success in use of amalgamation on brands	
•	No shotgun marriages..
•	Choose the amalgamated brand wisely.
•	Have a clear plan.
•	Do everything deliberately.
•	Ruthlessly rationalize superfluous brands.

Source: Adopted from Hill (2001)

2.8 PARTITIONING

Partitioning is an underutilized tool. Over time brand portfolios grow, and there comes a point when their size and breadth becomes dysfunctional. When that time comes, it's time to partition. Brand portfolio managers are often naturally reluctant to partition, concerned that costs will rise, as scale is lost. Learn a lesson from financially driven positioning, the benefits of focus often outweigh the lost scale (Hill, 2001).

Keys to success in use of partitioning on brands	
•	Think like a consumer.
•	Don't emulate Solomon by cutting the brand in half.
•	Create some distance between the two portfolios.
•	Do everything deliberately.
•	Ruthlessly rationalize superfluous brands.

Source: Adopted from Hill (2001)

2.9 SCALING

Scaling is a two-part strategy that can drive real growth for a brand portfolio. First, it allows a brand portfolio to follow its natural market, then it fills the up-market or downmarket void with another

portfolio. To make this work, a new customer base must exist for the moved brand. Also, the upscaled or downscaled brand should be distinctive but complementary to its brethren (Hill, 2001).

Keys to success in use of scaling on brands	
•	Create tight and discrete positioning for the upscaled and downscaled brands, distinct from the existing portfolio.
•	Allow the new portfolio to succeed.
•	Be preemptive, begin developing the new portfolio well before the segmenting market requires it.

Source: Adopted from Hill (2001)

Leverage Secondary Brand Associations

Brand extensions will often leverage the same secondary associations as the parent brand, although there may be instances where competing in the extension category requires some additional fortification such that linking to other entities may be desirable. A brand extension differs in that, by definition, there is always some leveraging of another brand or company. The extent to which these other associations become linked to the extension, however, depends on the branding strategy that is adopted and how the extension is branded. As noted above, the more common are the brand elements and the more prominence they receive, the more likely it is that parent brand associations will transfer (Keller, 1998).

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1. RESEARCH DESIGN

The current study aims at conducting a study of the main or key brands in the beer industry. They determine the shape and direction of that market and contribute to more than 90% combined of the market share. The study will investigate the various leveraging strategies adopted by the brand managers in order to gain comparative strategic advantage.

3.1. POPULATION

This is a case study and the population of interest here, consist of all brand management staff of Kenya breweries. The term brand management staff refers to the people/staff who are involved in the process of planning, development, management and implementation of brand management strategies i.e. the managers under study articulate the organization's policies on leveraging brands. They would also be in a position to know what kind of obstacles faced by the beer industry in its attempt to implement various strategies in their operations. The respondents can be located in at the headquarters of Kenya Breweries in Ruaraka, Nairobi.

3.1. SAMPLE AND SAMPLE DESIGN

This study is a single organization case study. The sampling frame consists of all managers associated with management of brands in question: a total of 8 respondents were interviewed out of the total 12 brand manages that head the different brands.

3.1. DATA COLLECTION

The study used both primary and secondary data. The primary data was collected using questionnaires. The questionnaires contained both structured and unstructured questions. They

had both opened ended and closed-ended questions. The questionnaire was developed after a thorough review of the objectives of the study. The questionnaire was administered through personal interviews conducted by the researcher and the assistant. The unstructured interview provided an opportunity to probe in an in-depth manner the organization under the study. The secondary data was collected through publications and the Internet.

The respondents for the study were persons vested with responsibility of marketing and brand management for the firms under study i.e. brand managers. The rationale behind the selections was that these persons were directly involved with brand leveraging strategies for their respective organizations. Letters of introduction were sent and appointments booked prior to the research. The managers were assured that the research would be treated with utmost confidentiality.

3.1. DATA ANALYSIS

The data was analyzed using descriptive statistics. This included tables and percentages. The closed-ended questions were tabulated to reflect their frequencies. Descriptive statistics was used to describe the sample data in a way that reveals the general patterns of responses for each of the strategies.

CHAPTER FOUR

4.0 DATA ANALYSIS AND RESEARCH FINDINGS

4.1 INTRODUCTION

The scope of this study was "effective brand leveraging strategies" and dealt with East African Breweries Limited (E.A.B.L) as a case study. It further narrowed down to Kenya Breweries Limited, a division of E.A.B.L. It is notable that E.A.B.L is the sole brewer and distributor of malted beer in Kenya, after the subsequent withdrawal of South African Breweries (S.A.B). This come about after the signing of an agreement between these two mighty beer produces, where SAB sold its Kenyan affiliate in exchange to EABL'S affiliate in Tanzania.

The study therefore touched on products brewed and sold by Kenya Breweries Limited.The respondents were brand managers of the various brands in Kenya Breweries Limited. Of the total twelve brand manages, eight responded. This shows a 66.5% response rate. In comparison with other researchers done, this is an appropriate figure to work with.

The chapter is divided into three sections. The first section presents a portfolio of the key brands by Kenya Breweries LTD. It also presents findings on the bio-data of the respondents. Although this section will not give a direct link to the objectives, it will be used to deduct some conclusive information from the research findings in order to achieve the objectives of this study.

The second sections will identity the brand leveraging strategies that are used by the company for effective brand reinforcement and also the extent of their importance. It will show the reaction of the brand managers on the use of brand leveraging strategies.

The third section will determine the effect of these brand-leveraging strategies. It will highlight what the company intent to achieve in leveraging the brands. It also gives an insight on the benefit and risk involved in adopting these strategies.

In all the three sections percents and frequencies were used to analyze the data. This mode of data analysis was chosen due to the nature of data collected and the ease of use.

4.2 PROFILE OF THE BEER BRANDS

East Africa Breweries produces and markets seven beer brands. It's core brands include the country's leading brand, Tusker, which is the flagship brand and Kenyans icon. Other members of the KBL family include: Tusker Malt, Pilsner, Pilsner Ice, PilsnerIce Light, White Cap, Citizen Special and original, Guinness, Alsops and the recently introduced Smirnoff ice.

Kenya Breweries Limited, KBL, a division of East Africa Breweries Limited has been the dominant brewer in Kenya since 1922. The KBL, Brewery is located in Ruaraka, near the capital Nairobi. It has a total brewing capacity of 2.2 million hectoliters. KBL brews and sells five key brands. These are outlined below.

1. Tusker

i) Tusker Lager

This is the company's flagship brand and has been brewed in Kenya since 1922. It is a medium alcohol beer that is a favorite choice for many occasions. It has a 4.2 % alcohol by volume (ABV) and bottled in a 500 ml bottle. It is the highest selling beer in Kenya.

ii) Tusker Export

It was first brewed in 1959 mainly by the airlines operating in East Africa. It has been rebottled in a new looking 500ml and trendier 300ml bottle.

iii) Tusker Malt

It is bottled in a 300 ml long necked bottle. This brand is brewed from 100% malt and barley. It has been an international award winning beer.

2. Citizen

i) Citizen Original

This brand is bottled in 500ml bottle and is brewed using malted barley. It is brewed for beer consumers who need a greater value for their money. It is targeted at the lower end of the market, that is those who intend to spend less money per bottle bought. The brand has 5.0% ABV.

3. Pilsner

i) Pilsner Lager

This brand has a distinct bitter taste. It is Kenya's number two selling beer after Tusker. It is available in a 500ml bottle and 330ml can. It has a 4.7 % ABV

ii) Pilsner Ice Light

This brand is a unique type of beer. It is cooled to 3 degrees centigrade until ice crystal form. It is then stored in that form until filtration stage. It is Kenya's only light beer and has 38 % less calories compared to other beers. It is bottled in both 300ml and 500ml bottles and has a 3.8 % ABV. People who seek lighter beers and weight watchers mostly take it.

iii) Pilsner Ice

This brand is bottled in both 300ml and 500ml bottles. The beer, like Pilsner light, is cooled to three degrees centigrade until ice crystals form. It is then stored in that form until filtration stage. Finally, it is ice purified to give it unique smoothness and crispy clean taste.

4. Whitecap

White cap is one of the oldest brands in the KBL portfolio. It has an alcoholic content of 4.2 % and comes in 500ml bottles. The beer boasts of very high and consistent quality. It represents

Kenya breweries Limited's rich heritage. White Cap does not enjoy any advertising unlike brands like Tusker and Pilsner. It is mostly targeted to consumers, who have a long history of drinking. It also has its loyal customers, who do not have to be influenced into changing brands. White Cap is the connoisseur's beer.

5. Alsops

Alsops is brewed with extra roasted equatorial barley, which gives it a very unique taste and colour. It has an alcoholic content of 5.5% ABV and comes in 500ml bottles.

4.3 THE WORKING DURATION OF BRAND MANAGERS IN THE COMPANY.

The duration (in years) of working for the respective brand managers was categorized into three; a period of between two and five years, a period of six to ten years and a period of more than 10 years. It was found out that there were almost an equal proportion of brand managers who had worked for the three periods. The study found that 37.5% of managers worked for two to five years. The same percentage worked for six to ten years. The remaining 25 % had worked for more than ten years. This is show in table 4.1.

Table 4.1: Duration of working years

Years	Frequency	Percent
2 to 5 years	3	37.5
6 to 10 years	3	37.5
M ore than 10 years	2	25
Total	8	100

4.4 INTRODUCTION OF NEW BRANDS

Kenya breweries limited introduce new brands from time to time. Data extracted from the findings indicate that the marketing department introduced new brands from time to time. Those who felt that the introduction of new brands was not specific were 37.5 %. They indicated that it was not clear after what duration the company introduced new brands.

The remaining 62.5 % indicated that the company introduced brands after duration of less than one year. This is shown in table 4.2 below. Some of the introduced brands were: Pilsner ice light, Smirnoff Ice, Allsops.

Table 4.2: Duration of Introduction of new brands

Years	Frequency	Percent
Less than 1 year	5	62.5
Not specific	3	37.5
Total	8	100

4.5 ANNUAL BRAND PLANS

All the brand managers who responded indicated that the company prepares annual brand plans. This is important for the good brand management. Brand plans ensures that a company's portfolio is managed well and that it achieves its marketing objectives, which leads to a company achieving its vision.

4.6 BRAND LEVERAGING STRATEGIES USED IN KENYA BREWERIES LTD

There are eight strategies used to leverage the brands to create new value. The strategies include: Brand extension; Pruning; Over branding; Co-branding; Scaling; Amalgamation; Partitioning and Repositioning. Many companies are shifting from a world of brand building to that of brand leveraging. Brand leveraging can be an important source of shareholder's value.

It was extracted from the data findings that Kenya Breweries Limited uses some of these brand-leveraging strategies. These are listed below:

- Brand extensions
- Repositioning
- Pruning
- Co-branding

4.6.1 Brand Extensions

This is the name established in one product class to enter another brand class. It was established that some of the brands that have had extension are Tusker, Pilsner and Citizen. Originally, the company commenced operation with the introduction of Tusker Lager. This was way back in 1922. This also happens to be the company's flagship brand. It latter extended with the introduction of brands such as Tusker Kubwa and then Tusker malt.

Pilsner, which is one of the key brands in Kenya Breweries Limited portfolio of brands, extended its portfolio with the emergent of such brands as Pilsner ice light and Pilsner ice. The original Pilsner has retained its credibility among the youth from the ages of 19 to 30 years. Pilsner ice and Pilsner ice light are brewed using a unique formulae whereby they are cooled at 3 degrees centigrade until the formation of the filtration stage. Unlike the parent brand, Pilsner normal, which is the bitter and has a strong stench, these brands have a unique smoothness.

The last brand in this category is Citizen brand. Originally, there was the brewing of citizen brand. It latter extended its portfolio with the introduction of citizen special. This beer is targeted to the lower end of the market, that is those who want to spend less money for their drink.

4.6.2 Repositioning

When a beer brand is repositioned the beer drinkers must learn what a brand portfolio stands for. Repositioning requires that the users first unlearn what it no longer stands for. Kenya breweries Limited included this strategy in one of their brands, the Tusker Kubwa brand. This brand was earlier sold in small (300ml) and brown bottles. It was later repositioned and introduced in a new and bigger 500ml. The company achieved this by launching a new product and a new communication campaign that signaled a new direction for the brand.

4.6.3 Pruning

This occurs when a brand portfolio is eliminated or cut from the existing portfolio of brands. This occurs in times of strong and weak performance. The brand eliminated should be clearly severed from the portfolio. An example of a brand that was pruned is Kenbrew. Another brand in which this strategy was used was Tusker premium. It was also eliminated in Kenya Breweries Ltd. portfolio of brands.

4.6.4 Co-branding

Co-branding occurs when there is a linking of two brand portfolios and then sharing of these combined brands to the target consumers in ways not affordable by the immediate business of the current portfolio. Kenya Breweries Ltd. entered into an agreement with United Distillers LTD, who manufacture spirits. KBL and UDL come with a shared brand and called it Smirnoff ice. Smirnoff is a flagship brand name in UDL while ice is extracted from Pilsner ice in one of KBL key brands. This brand (Smirnoff ice) was targeted for the higher end of the market i.e. those who can spend more for a drink.

4.7 IMPORTANCE OF THE LEVERAGING STRATEGIES

4.7.1 Co-branding

Fifty percent of the managers interviewed felt that co–branding was an important strategy of leveraging brands. Twenty five percent were indifferent to this leveraging strategy while the remaining twenty-five felt that it was not important. This is shown in the table 4.3 next page.

Table 4.3: Co-branding

Importance	Frequency	Percent
Important	4	50.0
Indifferent	2	25.0
Not important	2	25.0
Total	8	100

4.7.2 Repositioning

All the managers interviewed felt that repositioning was an important leveraging strategy. Sixty two percent felt that it was very important while the remaining thirty-eight percent felt it was only important as shown in table 4.4.

Table 4.4: Repositioning

Importance	Frequency	Percent
Important	3	37.5
Very important	5	62.5
Total	8	100.0

4.7.3 Pruning

There was a mixed response to this leveraging strategy. Fifty percent thought that this was an important strategy; thirty eight percent felt it was not important while twelve percent were different to the strategy. This is shown in table 4.5.

Table 4.5: Pruning

Importance	Frequency	Percent
Important	4	50.0
Indifferent	1	12.5
Not important	3	37.5
Total	8	100.0

4.7.4 Over Branding

All the managers interviewed felt that this leveraging strategy was not important for KBL's group of brands. Sixty two percent felt that it was not important while the remaining thirty eight percent felt it was not important at all as shown in table 4.6.

Table 4.6: Over branding

Importance	Frequency	Percent
Not important at all	5	62.5
Not important	3	37.5
Total	8	100.0

4.7.5 Amalgamation

This strategy is also not favorable among the brand managers interviewed. All the brand managers felt that it was not important in managing the company brands. Half percent felt it was not important while the remaining half percent felt that it was not important at all as shown in table 4.7 below.

Table 4.7: Amalgamation

Importance	Frequency	Percent
Not important	4	50.0
Not important	4	50.0
Total	8	100.0

4.7.6 Partitioning

A bigger percentage of the brand managers thought that this method was not favorable for the company. Only twelve percent thought it was important, while eighty percent felt it was not important. From this latter group, fifty percent felt that it was not important at all while thirty seven percent felt it was not important. This is shown in table 4.8

Table 4.8: Partitioning

Importance	Frequency	Percent
Important	1	12.5
Not important at all	4	50.0
Not important	3	37.5
Total	8	100.0

4.8 EFFECTIVENESS OF LEVERAGING

All the brand managers indicated that the brand leveraging strategies used by the companies were very effective in managing the family of brand portfolios. It is important in managing true innovations.

One recipe for strategic success is to create and leverage assets. With its awareness, perceived quality, associations and customer loyalty, a brand is usually the most powerful asset that a firm owns. The strategic question is how these brands can be leveraged to create large and stronger business entity.

The most common strategies used were co-branding, brand extensions, repositioning and pruning of brands. Among them the most used and had a bigger backing among the brand managers was brand extensions.

In this category of brand extensions there was: line extensions, moving a brand up and moving a brand down. A line extension is a new version of the product within the same product class; generally this could be new flavors, new packaging options or new sizes.

Line extensions have been used by KBL in almost all its beer brands. Pilsner ice extended its portfolio and included such brands as Pilsner ice and Pilsner ice light. There was also the introduction of canned beers, which appeared in 300ml tin containers. The remaining beer brands have had new labeling options.

4.9 THE EFECT OF LEVERAGING STRATEGIES

The majority of the managers interviewed indicated that some of these brands leveraging strategies had a positive impact on the beer brands. For brand extensions, a number of factors come up. These are shown below.

4.9.1 Expanding the user base.

Seventy five percent of the managers felt that brand expand the user base of the beer drinkers. Only twenty five percent felt that this strategy did not expand the user base as shown in table 4.9.

For those who thought it was important, they felt that the brand loyal customers would view the brand as serving a unique need. For those who feel that brands do not belong to them, a line extension can overcome this obstacle by expanding the brand appeal.

Pilsner ice light come into the market to reach and satisfy those people who care about their health. It is a less calories beer and because of this added benefit it attracts a certain type of customers.

Table 4.9: Expanding the user base

Importance	Frequency	Percent
Important	6	75.0
Not important	2	25.0
Total	8	100.0

4.9.2 Providing Variety

A line extension can give users a way to enjoy variety without switching brands. Eighty seven percent of the brand managers felt that line extension can provide variety among beer drinkers as shown in table 4.10. The remaining twelve percent felt that it did not provide variety. Pilsner ice light, Pilsner ice, Tusker malt, and Citizen special gave customers the chance to try a new beer craze without buying a new brand.

Table 4.10: Providing variety

Importance	Frequency	Percent
Important	7	87.5
Not important	1	12.5
Total	8	100.0

4.9.3 Energizing a brand.

A line extension can energize a brand, making it more relevant, interesting, trendy and visible. In so doing, it can create a basis for differentiation, making communication more effective and stimulating sales.

Pilsner was able to add youth and vitality to the Pilsner image. In an advertisement involving a Masai moran, who faces a lion in the jungle. A concerned beer drinker could associate courage to this beer brand. Tusker also was once viewed as a beer for everyone after the advertisement showing people from different professions, who after a hard day's work relax themselves with Tusker.

Eighty seven percent of the managers felt that line extension energizes the beer brands as shown in table 4.11. In general, line extensions will create energies that can substantially strengthen brand equity. In energizing a brand both old and new customers will have a reason to use the brand.

Table 4.11: Energizing a brand

Importance	Frequency	Percent
Important	8	87.5
Not important	1	12.5
Total	8	100.0

4.9.4 Managing a true innovation

Line extensions provide an explicit channel for product innovations that can be a powerful vehicle for obtaining a competitive advantage. True innovation has enabled KBL come with a brand like Smirnoff ice brand. This brand could facilitate differentiation and block competitors. When there is no clear outlet for innovation within a brand management organization creative thinking is often stifled.

Half percent of the managers felt that line extension was able to manage true innovation in this beer industry. The remaining percent thought it did not as shown in table 4.12.

Table 4.12: Managing true innovation

Importance	Frequency	Percent
Important	4	50.0
Not important	4	50.0
Total	8	100.0

4.9.5 Blocking or Inhibiting Competitors

A line extension does not have to be a financial blockbuster in order to provide value for the firm. For leading brands, line extension can be strategically worthwhile even when they do not achieve high rates of return.

Seventy five percent of the respondents felt that line extensions blocked competition as shown in table 4.13. This was notable when East African Breweries extended its brands to inhibit competition from South African Breweries. In so doing it was able to compete with the former. The introductory of Pilsner ice, Pilsner ice light, citizen (normal and special) and Smirnoff ice was to try and beat competition.

Table 4.13: Blocking competition

Importance	Frequency	Percent
Important	6	75.0
Not important	2	25.0
Total	8	100.0

4.10 COMPANY GOALS IN LEVERAGING BRANDS

The respondents were asked what the company intended to achieve in leveraging the brands. They come up with varying responses. For the eight brand managers who responded, eighty seven percent felt that the company was using leveraging strategies to exploit commonalties. The remaining twelve percent felt otherwise.

Fifty percent of the respondent felt the brand leveraging strategies reduced brand identity damage. Twenty five percent were not sure while the remaining percent (twenty five) thought the strategies do not reduce brand identity damage.

Sixty seven percent of the respondents felt that the leveraging strategies enabled the company classify its brand offering. Thirteen percent were indifferent while twenty percent felt it did not.

There was positive response for the effect of these strategies on competition. All the brand managers felt that the strategies gave the company a competitive edge better than that of competitors.

Only twenty five percent felt that these leveraging strategies facilitated change and adoption. Twenty five percent were indifferent while fifty percent thought it would not facilitate change and adoption.

None of the respondents felt that the leveraging strategies would be used to allocate the resources of the company. Seventy five percent felt that by adopting the strategies the brands would be able to survive in the market.

4.11 ADVANTAGES OF USING THE BRAND LEVERAGING STRATEGIES ON THE BEER BRANDS.

None of the managers interviewed felt that the leveraging strategies would reduce risk perceived by customers. Twenty percent thought that it increases the probability of distribution and trial and the remaining percent were negative about it.

All the managers felt that the leveraging strategies did not increase the offering of promotion expenditure, nor did it reduce the cost of introductory and follow-up of marketing programes.

Fifty percent felt that the brand leveraging strategies permitted consumers variety seeking, brought new customers into the brand franchise and increased the market coverage.

Thirteen percent felt that the strategies enhanced the brand image while thirty-eight percent felt that it neutralizes the brand. Fifty percent felt that the strategy clarifies the brand meaning.

4.12 LIMITATION OF LEVERAGING THE BRAND

Twenty five percent of the brand manages felt that leveraging brands brought about channel resistance in addition to disturbing the parent brand image. All the mangers felt that it can cannibalize sales of parent brands. Fifty percent felt that they could confuse and frustrate customers.

All the managers felt that their strategies cannot do either of the following:

- Cannot inflate promotion expenditure.
- Can cause resistance from top management for emphasizing short-term goals.
- Management did not seek expenditure as an investment.
- The management was too risking a verse.

CHAPTER FIVE

5.0 SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 INTRODUCTION

This chapter presents discussions and the conclusive deductions derived from chapter four. The greatest thing in this world is not so much where we are, but in what direction we are moving. It is therefore important that companies know how they can leverage their brands to create large and stronger business entities. It is the responsibility of brand managers to ask themselves the strategic question of how they can leverage the brands.

5.2 SUMMARY

East African Breweries in which the study was done produces and markets seven beer brands. This includes the country's leading brand, Tusker, which is the flagship brand in the company. Kenya Breweries Limited, a division of East African Breweries has been the dominant brewer in Kenya since 1922.

The study found that Kenya Breweries limited introduces new brands from time to time. The duration of introduction of these brands was one year or less. The company prepares annual plans. This is important for good brand management.

There are eight strategies used to leverage brand by companies. These include brand extensions, pruning, overbranding, co-branding, scaling, amalgamation, partitioning and repositioning. Brand extension is the most commonly used strategy in the company.

Some of the brands that have enjoyed brand extension are Tusker, Pilsner and Citizen. Repositioning was used by the company when they re-launched Tusker Kubwa brand. The company used pruning to eliminate two beer brands. This was used in Kenbrew and Tusker Premium brands. The company also leveraged their brand by entering another product class. This happened when Pilsner ice and Smirnoff came with a co-brand. It was named Smirnoff ice. This brand was mainly targeted to the higher end of the market.

The managers felt that the most important leveraging strategies were brand extensions, pruning and co-branding. Repositioning was slightly important. The leveraging strategies that were not favourable in the company were scaling, amalgamation and over branding. They were not used in the company.

The managers felt that brand leveraging strategies used by the companies were very effective in managing the brand of brand portfolios. All the brand managers who responded indicated that theses strategies facilitated proper management of brands. This is because the brand is usually the most powerful asset that a firm owns.

Among the brand extension strategies (line extension, moving a brand up and moving a brand down), line extension was the most used strategy. Some of the brands that used line extension were Tusker larger and Pilsner.

Leveraging of the brands had an impact to the company. The most felt impact was that it provided variety to beer consumers, it energized the brand, it expands the user base and that it blocked or inhibited competition. Therefore the importance of leveraging brands was supported by more than eighty percent of the respondents.

5.3 CONCLUSION

From the discussion above it is apparent that Kenya Breweries Limited uses some of the strategies. This is salient for the current organization, which has to win more customer loyalty and operate better than the competitor.

It is notable that among the various brand leveraging strategies in practice, the company uses brand extensions, pruning, co-branding and repositioning. These strategies are most important to the company. The leveraging strategies facilitate effective management of brands. Among them brand extension was very effective in managing the portfolio of brands in KBL. Brand extension generally facilitated new product acceptance as well as provided feedback benefits to the parent brand and the company. In facilitating new product acceptance it mostly permitted consumer variety seeking as well as reduced the risk perceived by customers. In providing feedback

benefits to the parent brand meaning, it enhanced the parent brand franchise and increased market coverage. It also revitalized the brands.

Leveraging of brands is important since it inhibits competition, provides variety to beer consumers, energizes the brand and expands the users base. It could also enable the management manage a true innovation.

In leveraging the brands the company intends to fight competition, enable the brand survive in the market and reduce the identity damage. It can also be noted that these strategies can de determined by the company. They can confuse and frustrate the customers. In addition to this they can cannibalize sales of the parent brands.

5.4 RECOMMENDATION

Leveraging of brands is an important marketing tool that has been covered in this research. It is the prerogative of the brand managers to identify the necessary leveraging strategies that suit their companies. Their strategies should then be applied but caution should be taken so as not to damage the parent brands.

When choosing which strategies to use it is important to analyze both the pros and cons of any strategy. Only those that the advantages override the disadvantages should be applied. Brands have become the barriers to entry, but also the means to entry.

5.5 LIMITATION OF THE STUDY

Although the research was successfully done, it did not go without some limitations. From the total number of respondents targeted only eight manages responded. With a hundred percent response rate the study would have given a better insight of the true picture of what actually happening in the company.

5.6 SUGGESTION FOR FURTHER RESEARCH

Leveraging of brands is an important area in marketing. It is also important for companies that recognize the importance of brands. Further research would be done on the food and soft drinks industry and try and identify whether their strategies are applied in those industries.

REFERENCE

Aaker [illegible] Building Strong Brands. "The Free Press," New York.

Aaker D. [illegible] K. L. [illegible] "Consumer Evaluations of Brand Extensions" Journal of Marketing [illegible] pp27-41.

Aaker D. [illegible] Brand Equity: Capitalizing on the value of a Brand Name. The Free [illegible] York.

[illegible] (1990) "Consumer Evaluations of Brand Extensions" [illegible] pp27-41.

[illegible] E. (2000) Brand Leadership. The Free Press, New [illegible]

Aaker D. A. and [illegible] (199[illegible]) Brand Equity and Advertising: Advertising's Role [illegible] Building Strong Brands. Lawrence Erlbaum Associates, New Jersey.

[illegible] and Aaker [illegible] (199[illegible]) "The Importance of the Brand in Brand [illegible]" Journal of Marketing Research May, Vol 31, pp 214-228.

[illegible] M. (1998) Creating Powerful Brands: In Consumer [illegible] Markets. [illegible] Butterworth-Heinemann, Oxford, U.K.

[illegible] (200[illegible]) "Economic Survey 2002". Government Press, Nairobi.

[illegible] "An Empirical Investigation Into The Practice Of Brand Extensions [illegible] Fast Moving Consumer Goods In Kenya" Unpublished MBA [illegible] University of Nairobi.

[illegible] Strategic Brand Management: Creating and Sustaining Brand [illegible] Kogan Page, London.

[illegible] Strategic Brand Management. Prentice-Hall, [illegible]

[illegible] (1993) "Conceptualizing, Measuring and Managing Customer-Based Brand Equity" Journal of Marketing Jan, Vol. 57, pp 1-22.

REFERENCE

Aaker D.A (1996) **Building Strong Brands**, The Free Press, New York,

Aaker, D.A and Keller, K.L. (1990) **"Consumer Evaluations of Brand Extensions"** Journal of Marketing, Jan, Vol.54, pp27-41.

Aaker D.A (1991) **Managing Brand Equity: Capitalizing on the value of a Brand Name**. The Free York.

Aaker, D.A and Keller, K.L. (1990) **"Consumer Evaluations of Brand Extensions"** Journal of Marketing, Jan, Vol.54, pp27-41.

Aaker, D.A. and Joachimsthaler, E (2000) **Brand Leadership**. The Free Press, New York.

Aaker D.A and Biel, A.L. (1993) **Brand Equity and Advertising: Advertising's Role in Building Strong Brands.** Lawrence Erlbaum Associates, New Jersey.

Broniarczyk,, S.M. and Alba, J.W. (1994) **"The Importance of the Brand in Brand Extension"**. Journal of Marketing Reaserch May, Vol. 31, pp 214-228.

Chernary, L. and McDolnald, M (1998) **Creating Powerful Brands: In Consumer, Services and Industrial Markets**, 2nd Ed. Butterworth – Heinemann, Oxford, U.K.

Central Bureau of Statistics (2000) **"Economic Survey 2000"** Governemnt Press, Nairobi.

Hongo A. P. (2001) **"An Empirical Investigation Into The Practice Of Brand Extension: The Case Of Fast-Moving Consumer Goods In Kenya**. Unpublished MBA project, University of Nairobi

Kapferer, J.N. (1997) **Strategic Brand Management: Creating and Sustaining Brand Equity Long-term** 2nd Ed, Kogan Page, London.

Keller, K.L. (1998) **Strategic Brand Management**. Prentice hall Inc. New York.
Keller, K.L. (1993) **"Conceptualising, Measuring and Managing Consumer Based Brand Equity"** Journal of Marketing Jan, Vol. 57, pp 40-58.

Maina Muriuki. (2001) **"An Empirical Investigation of aspects of culture and their influence on marketing strategies in the beverage industry in Kenya**. Unpublished MBA project, University of Nairobi

Park, C.W; Jaworski, B.J. and Maclnnis, D.J. (1986) **"Strategic Brand Concept image Management"** Journal of Marketing, Oct, Vol. 50, pp 621-635.

Park, C.W: Milberg, S and Lawson R. (1991) **"Evaluation of Brand Extensions: The Role of Product Level Similarity and Brand Concept Consistency"** Journal of Consumer Research. Sept, Vol. 18, pp 31-48.

Ries, Al and Trout, J. (1986) **Positioning: The Battle for your Mind**. McGraw Hill Inc. New York.

Sullivan, M.W. (1989) **"Brand Extension and Order of Entry"** Working paper, University of Chicago, Feb.

Tauber E.M. (1988) **"Brand Leverage: Strategy for Growth in a Cost-Controlled World"** Journal of Advertising Research , Aug-Sep, Vol. 4, pp 45-60.

Tom Peters, (1988), **"Thriving on Chaos:"** Pan Books, Ltd. London.

Aaker D.A (1991) **Managing Brand Equity: Capitalizing on the value of a Brand Name**. The Free York.

Aaker, D.A and Keller, K.L. (1990) **"Consumer Evaluations of Brand Extensions"** Journal of Marketing, Jan,Vol.54,pp27-41.

Aaker, D.A. and Joachimsthaler, E (2000) **Brand Leadership**. The Free Press, New York.

Aaker D.A and Biel, A.L. (1993) **Brand Equity and Advertising: Advertising's Role in Building Strong Brands.** Lawrence Erlbaum Associates, New Jersey.

Philip Kotler (1999) **Marketing Management The Millennium Edition.** Prentice Hall, New Dehli.

Sam Hill and Chris Lederer (2001). **The Infinite Asset: Managing Brands to Build New Value**, Harvard Business School Press, Boston.

Mbau E. P. (2000) **"An Empirical Investigation of Creation and Application of Brand Equity in Kenya: The Case of the Pharmaceutical Sector**. Unpublished MBA project, University of Nairobi