

Brand audit of chang beer

Food & Diet



This report is about a brand audit of Chang Beer. It begins with an overview of the company and its marketing strategy before proceeding to an analysis of the global beer industry with a comprehensive profile on how Chang Beer sells and markets its products. A Customer Based Brand Equity (CBBE) forms the heart of the report, but this is descriptive in nature owing to time constraints. Recommendations are provided at the end of the report on how Chang Beer can strengthen its brand.

1. 1 Company Background

Chang Beer is a Thai brand of beer that is owned by the Thai Beverage Public Company Limited. Established in 1995, the company has grown by leaps and bounds to become the top selling beer brand in Thailand, commanding a respectable 60% of the market share and is sold in over 50 countries around the world. The company is listed on the Singapore Stock Exchange and has a market capitalization of over US\$4 billion (www.changbeer.com).

1. 2 Industry Profile

The international beer market can be divided into two major categories. The first is in terms of price while the second is in strength. Hence, beer makers fall along the continuum of premium versus budget and heavy versus light. The international beer market is highly fragmented. However, the top four producers account for more than 50% of the total sales volume in 2010 (Reuters, 2010). In 2010, world beer sales was 1, 825 hectorliters, which was an increase of 3% compared with 2009. Overall, the beer market in developed countries is highly saturated and it is only developing countries

that are spearheading international growth. China is currently the largest beer market in the world.

The international beer industry is also characterized by mega mergers between heavyweights who want to achieve economies of scale. However, there are many, many national and local breweries all of which cater to specific needs.

1. 3 Chang Beer's Market Share

In the UK, Chang Beer is a niche brand ([www. changbeer. com](http://www.changbeer.com)). It is relatively unknown by the general populace and is sold in specialty pubs and groceries. In contrast, Chang Beer has a commanding lead in the Thai market.

1. 4 Category Profitability

Chang Beer is a pale lager. It comes in two versions. The first is for export, with an alcoholic content of 5% and is made of malt, whereas the domestic version with an alcoholic content of 6. 4% has some rice. The company diversified its product line by introducing the Archa beer in 2004 with an alcohol content of 5. 4%, and the Chang Light and Chang Draught in bottles in 2006.

1. 5 Mergers and Acquisitions

To date, Chang Beer has pursued an organic growth strategy and has not made any acquisitions or merger with other companies.

1.6 Major Trends Affecting the Category

As mentioned earlier, beer sales have reached saturation in developed markets. Growth is primarily driven by the Chinese market and also by the Eastern European region. Therefore, the beer industry has to explore other avenues to achieve growth and profitability and these are influenced by trends in beer consumption.

In developed markets, there is a shift in consumer consumption for imported and premium beer made by small microbreweries instead of by major industry players (Euromonitor, 2010). This has come at the expense of traditional and standard beer whose market shares have declined.

Another trend is the rise of light beer which contains lower carbohydrate. Health conscious customers are aware of the high calorie content of normal beer and prefer a healthier alternative. This trend is most evident in the US where light lagers constituted one of five best selling beer brands in 2010 (Reuters, 2010).

Changing consumer patterns are evident in the types of new beer being offered. For instance, there is growing demand for flavoured beer, particularly among the younger generation (Euromonitor, 2010). There is also more demand for beers made from organic ingredients. Unexpectedly, there is now a trend for non-alcoholic beer in Muslim countries where alcohol consumption is prohibited.

1. 7 SWOT Analysis

Strengths

Domestic Market Leader.

Chang Beer has a considerable market share in Thailand and this means that the company has adequate reserves to finance foreign expansion.

Strong Brand Image.

Chang Beer was developed specifically to cater to the needs of the Thai beer market. Its image has strong cultural associations and is much respected at home. Nevertheless, the brand is proving to be flexible enough to enter the international market.

Aggressive Advertising.

The company has a very successful campaign in Thailand. Similarly, it uses some of the same marketing techniques to make inroads into foreign markets.

Quality

Chang Beer is known for its high quality in Thailand. In addition, its Archa Beer won an international award, the gold medal at the Australian International Beer Awards in 2007 (www.changbeer.com). While new to the beer industry, the company has established its reputation for quality and excellence.

Weaknesses

Long Development Cycle

While the time to brew beer is relatively short compared with wine or port, it takes Chang Beer a long time to develop new product lines. This is a competitive disadvantage because if it wants to establish itself as an innovator or leader, it must hasten its new product offering or risk losing out to competitors.

Relatively Static Market Growth

While Chang Beer's market share grew exponentially in its early years, once it settled to a market share of 60%, growth remained somewhat static. However, this may be symptomatic of the international trend where even major brewers face static growth.

Expensive Brand Management

Cultivating and nurturing a brand can be expensive and while Chang Beer has pursued an aggressive advertising strategy, it also means that brand management is very expensive.

Opportunities

Penetrating New Markets

Chang Beer has a strong domestic presence but it is generally unknown in most parts of the world. This represents a tremendous opportunity for the brand to grow in an untapped global marketplace.

Changing Consumer Tastes

As mentioned earlier, beer consumption in the West is veering towards the novel and exotic. Chang Beer fits this category and it is also of high quality. Therefore, it is much easier now to enter Western markets than in the past when consumers only drank American or European beer.

Threats

New Competitors

There are many players in the international beer market. In Thailand, Chang Beer overtook the former leader Singha so it is possible that a new rival could overtake it in future if the company is not careful.

Increasing Affluence

It must be admitted that beer, no matter how good or expensive falls under the category of low end alcohol. As consumers become more affluent, particularly in developing markets, they will opt for higher end liquor like wine, brandy, whisky or port. This could shrink the beer market.

Growth in Substitutes

Similarly, beer can be substituted by other alcoholic beverages like rum, gin or local spirits like rice wine. Hence, if customers are offered substitute products, they may shift away from beer consumption.

2. 0 BRAND PROFILE

2. 1 Brand Name

Chang is the Thai word for elephant. This animal has immense historical and cultural significance in Thailand.

2. 2 Brand Logo

Chang beer's logo shows two elephants facing each other, as seen below:

Figure 1: Chang Beer Logo

2. 3 Slogans

The company has no memorable slogan in English, though it often uses the slogan "Changover". However, it has periodically employed some slogans in its Thai commercials.

2. 4 Advertisements

Chang Beer's domestic advertisements are patriotic in nature. A song in one of its commercials has the words, "With pride we drink Chang, the Thai beer". However, its advertisements in the international market are different and serve to promote the brand as a premium imported beer.

2. 5 Brand Positioning

2. 5. 1 Key Marketing Activities that have Contributed to Brand Positioning

In 2010, Chang Beer earned US\$250 million revenue from its international business, small compared to its Thai revenue of US\$3 billion. However, the company points out that in the UK, sales grow by 50% on average and its expansion goals are towards organic growth. Nevertheless, the company is open to the idea of mergers and acquisitions. Its strategic target is to become one of the top five Asian beer brands by 2015.

Chang Beer positions itself in the international market as a premium beer brand. To do this, it has embarked on an ambitious media blitz to create

brand awareness among international customers. This is done through corporate sponsorship of activities such as music, golf and especially football. Thai Beverage (the parent company of Chang Beer) currently has a shirt sponsorship deal with Everton Football Club (Rungfapisarn, 2010). The rationale behind it is that the English Premier League is broadcast to 580 million households in 211 territories across the globe so it has enormous potential for brand positioning.

The company is employing similar tactics in other regions such as America, Australia and Europe. Apart from that, the company has a presence at international beer conferences and in 2009 it even had a beer garden at Central World (Rungfapisarn, 2010). It has also established connections with Thai restaurants around the world to sell its brand. All these activities have contributed to brand positioning in the international market.

2. 5. 2 Opportunities to Enhance Brand Positioning

There are many opportunities for Chang Beer to strengthen its brand positioning. Since it is a small player in the international market, the company's market share has the potential to grow exponentially.

2. 6 Comparison between Chang, Tiger and Kingfisher Beer

A comparison is made between Chang, Tiger and Kingfisher Beer. The other two companies were chosen because they represent successful Asian beer companies that have a presence in the international market. The following table is a summary between the branding and marketing efforts of the three companies.

3. CUSTOMER BASED BRAND EQUITY (CBBE)

Brand equity is defined as the part of the value of a product that can be attributed to the brand name and therefore can be regarded as “ added value” to a product. It can also be a set of brand assets and liabilities that are connected to a brand (Farquhar, 1989). Understanding brand equity is important because there is a correlation between a brand’s performance in the market and how it is perceived by consumers. One way to examine this cause and effect relationship is through customer based brand equity (CBBE).

CBBE is the differential effect that brand knowledge has on consumer response to the marketing of the brand. Consequently, a brand has positive CBBE when customers react favourably to a brand from its marketing activities, whereas negative CBBE has the opposite effect (Dolbow, 2000).

There are a number of key dimensions in CBBE and how they relate to Chang Beer is explained in this section.

3. 1 Brand Awareness

Brand awareness can be expressed as the impression the brand makes in the consumer’s mind (Kotler et al, 2005). Brand awareness is the first step in consumer decision making so it is extremely important. When customers are able to remember a brand or recognize it, then the brand has strong brand awareness among customers.

The first challenge of marketing is to create awareness of a brand which in turn leads to good advertising. Awareness can also be increased when

advertising is combined with suitable promotion to call attention to the brand name in order to get people to try the product (Duncan and Moriarty, 1997).

In Thailand, Chang Beer has very strong brand awareness. Customers associate beer with the brand name and most have no problem recalling or identifying the brand logo. This is the outcome of a massive promotion campaign in the 1990s to create brand awareness. Competitions were held offering lucrative prizes such as cash rewards, gold jewellery and motorcycles. The efforts paid off.

To create brand awareness in the international market, the company has become a sponsor of music and sports events. This is also a strategy pursued in the Thai market. For instance, by providing jerseys for the Everton Football team, the company's logo is projected to over 500 million viewers who watch EPL. This creates awareness among consumers who previously never heard of the brand.

3. 2 Brand Identity

A brand identity must be distinctive. In other words, it only represents one particular product within a category and it must be recognizable and therefore memorable. Recognizing the brand means that the consumer knows the brand's identification markers - name, logo, colour, typeface, design, slogan - and can connect those marks with a memory of a message about the brand or a past experience using it (Candotte et al, 1987).

Chang Beer's brand identity is distinctly Thai in its logo image, name and design. This can be both an advantage and a disadvantage in the international market. On the flipside, it is perceived as exotic whereas some

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may regard it as an inferior foreign imitation of a Western staple. Therefore, the company's marketing activities must strengthen the former and minimize the latter.

3.3 Brand Position

Understanding the brand requires the consumer to learn what the brand is and what it stands for relative to its category and its competition (Hume, 1990). The brand position states what the brand is all about, its essence. However, in many cases, brand position, or essence, moves beyond the category link to include the values the brand represents.

Like most beer brands, Chang Beer positions itself as a key component in having a good time. For example, in Thailand, it positions itself in such a way that no occasion that calls for beer consumption is complete without it.

3.4 Brand Image

Understanding brand meaning involves understanding the symbolism and associations that create brand image, the mental impression consumers construct for a product (Kardes, 2002). Meaning is created for a brand by creating associations that connect the brand to lifestyles, types of people who use the product and other qualities, such as values and status (Keller et al, 1998). The richness of the brand image determines the quality of the relationship and the emotional connections that link a customer to a brand.

Chang Beer's brand image means different things to different people. To Thais, it is the quintessential beer whereas to international consumers, it is an exotic premium beer. These differences in image are due to the way the company positions the brand in different markets.

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3. 6 Brand Knowledge

Brand knowledge is a vital component to achieving brand equity. Brand knowledge is characterized by brand awareness and brand identity. In a nutshell, brand knowledge is the customer's awareness of the product, its features, the availability, the maker of the product, why and what it is used for and what is so good about it (Lane, 1993).

Since Chang beer is relatively unknown in the international market, it must start from scratch to cultivate brand knowledge among its customers. This is done through its advertising and also by winning international competitions that bolster the brand and make people want to know more about it.

3. 7 Brand Loyalty

A personal experience with a brand can develop into a brand relationship, which is a connection over time that results in brand loyalty (Raj, 1985).

People have unique relationships with the brands they buy and use regularly and this is what makes them brand loyal.

If the customer continues to stick to one brand in spite of being offered alternative products that may be superior, cheaper or more convenient to buy, then the company has a loyal customer (Reinartz and Kumar, 2003).

Brand loyalty is closely related to repeat purchase because a customer who has never purchased a brand before cannot be regarded as a loyal customer, and it is also connected to brand equity.

In Thailand, the customers of Chang Beer have strong brand loyalty. Even though there are other brands that offer quality products at competitive prices, they are still loyal to the brand. This demonstrates that customers are <https://assignbuster.com/brand-audit-of-chang-beer/>

highly satisfied with the brand and would not consider rival products. Such a brand loyalty is not yet cultivated in the international market, but the company is working towards this goal.

4. 0 RECOMMENDATIONS

Based on the CBBE findings, the following recommendations are made for Chang Beer to improve its brand:

4. 1 Awareness

The company has done much to create awareness among international customers. It can go further by increasing brand availability and visibility. To do this, it must enhance its relationships with its supply chain and distributors (Lindgree and Wynstra, 2005). It can also increase consumption occasions for its products to attract more customers.

4. 2 Image

A company's brand image can always be improved. Chang Beer must take steps to enhance its standing among international customers. However, initiatives must not damage the actual positioning of brand equity (Weitz et al, 2009). The brand image can also be enhanced by highlighting the tastes and attributes of the brand. This will help improve brand perception about its performance.

4. 3 Loyalty

The company should create campaigns to increase customer loyalty. Different approaches are needed for different markets and the company must increase its commitment towards this end.

5.0 CONCLUSION

Chang Beer is a good Thai brand with the potential to become a major international beer brand if it pursues the right strategy. This brand audit revealed the key areas of this brand and how it can be enhanced through brand awareness, image and loyalty campaigns. By strengthening its brand, the company is poised to achieve competitive advantage and succeed in the long term.