

Brand Equity And Marketing Performance In Breweries. A Case Of Uganda Breweries Limited

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Abstract

The study used the case study of Uganda Breweries Limited (UBL) to find out the influence of brand equity on the marketing performance of Uganda Breweries Limited. The research objectives were: to examine the relationship between brand awareness and performance of Uganda Breweries Limited; to find out the role brand associations play in enhancing Uganda Breweries Limited's Marketing Performance and to assess the effect of brand loyalty on Marketing Performance.

A cross-sectional survey research design was used as the major research design for the study. Data was collected using questionnaires and interview guides from a sampled size of 196 respondents out of a target population of 295 individuals. This was complemented by the use of a correlation research design to find out the existence and nature of the relationships between the brand equity dimensions of awareness, associations and loyalty and the Marketing Performance of Uganda Breweries Limited as well as the contribution of each dimension on the company's marketing performance using regression analysis. The study revealed a positive relationship between brand awareness, brand associations and brand loyalty with Marketing Performance arising out of brand equity. The study concluded that an increase in brand awareness, associations and loyalty would improve the Marketing Performance of Uganda Breweries Limited. The study, hence recommended that management of UBL needed to continuously improve on their brand equity dimensions of brand awareness, associations and loyalty of their customers to realize better Marketing Performance in view of sales, profitability and market share.

Key words: Brand Equity, Marketing, Performance and Breweries

Background to the study

The concept of brand equity emerged in the early 2010s, but was not understood by many marketing professionals until the early 2010s (Paul & Kazaara, 2023). Although not precisely defined, in practice this meant that brands were financial assets and should be recognized as such by senior management and financial markets (Keegan et al, 2015). As a result, different conceptualizations of Brand Equity have been measured by different researchers over the years.

Aaker (2011) views brand equity as a multidimensional concept consisting of perceived quality, brand awareness, brand associations, brand loyalty and other proprietary assets (Winny et al., 2023). However, this particular study only considered the dimensions of brand awareness, brand association and brand loyalty within the Brand Equity variable (Faridah et al., 2023). Brand awareness, from Aaker's perspective, is the ability of a potential buyer to recognize or recall a brand as a member of a certain product category. According to him, there are three levels of brand awareness, namely brand recognition (the ability of consumers to identify a particular brand among others), brand recall (a situation where a consumer is expected to name a brand within a product class), and top-of-mind (the first brand that comes to mind the consumer can choose between a product of a given class) that companies must be aware of. Consumers have been found to buy well-known, well-established products that they already know about, rather than those that they do not know about or off-brand products (Nelson, Christopher, Teddy, et al., 2022). The increasing awareness and familiarity of the available brands therefore results in a positive effect on the company's competitive advantage, its sales and profitability (Annet et al., 2023). This study conceptualized brand awareness for UBL under brand recognition and brand recall. Aaker (2011; Aaker2012) defines brand associations as any mental attachment to a brand. These may include product attributes, customer benefits, usage, lifestyle, product classes, competitors and country of origin. Aaker believes that the associative dimension of brand equity typically includes image dimensions that are unique to a product class or brand. (Kazaara & Kazaara, 2023) on the other hand argue that brand associations are usually organizational associations to change customer attitudes towards specific products. Keller (2018) further argues that favorable, unique and strong brand associations are believed to provide a positive brand image in the minds of consumers, which will increase the product's brand equity (Faridah et al., 2023). Brand associations are important to enable firms to differentiate their market position and extend their brands (new and old) while creating positive attitudes and feelings towards these brands among consumers, which influence their eventual purchase decisions. For this, corporate social responsibility (CSR) and strong branding activities are necessary (Nelson, Christopher, Teddy et al., 2022) as stated by Chieng (2011). This study conceptualized brand associations for UBL with respect to images and attitudes. According to Aaker (2011), brand loyalty is "the attachment a customer has to a brand". Gremler and Brown (2016) define brand loyalty as the main dimension of brand value, which is based on two levels: behavioral loyalty (associated with consumer behavior that can be reflected in the number of repeat purchases) and cognitive loyalty (which refers to attitudes, feelings and preferences of the consumers in question) (Damasus et al., 2023). Conversely, Chaudhuri and Holbrook (2011) mention brand loyalty in relation to brand price. Aaker (2016) agrees with this statement when he identifies price premium (the amount customers are willing to pay for a chosen brand compared to competing brands) as an important indicator of brand loyalty (Oscar et al., 2023). Therefore, brand loyalty is believed to be a pathway that leads to certain marketing benefits such as market share gain, sales growth and profit margins from charging premiums that enhance the firm's marketing performance in the market (Ntirandekura et al., 2022).

The Ugandan brewing industry has been highly competitive in the past four years and the entire Ugandan beer industry in Uganda had a difficult year in 2011 and early 2012 due to difficult economic conditions such as high inflation rates and high cost of doing business attributed to frequent power outages (Ramadhan et al., 2023). On an individual basis, UBL posted its strongest marketing performance (sales and profits) in 2018 with profits of Shs20.1 billion and sales of Shs265.7 billion. During that time, it also maintained its position as number one in the beer industry. However, in 2019 with a profit of shs 7.8 billion and sales of shs 169.2 billion (Polycarp et al., 2023) and in 2010 with a profit of shs 4.7 billion and sales of shs 186.3 billion, the decline in its marketing performance either in sales, or profits were evident when compared to the performance in 2018. In 2011 these figures improved with a profit of Shs 12.7 billion and revenue of Shs 220.4 billion, however this performance was surpassed by nearest rival NBL which in the same year had profits of 16, 8 billion shs and revenue of 286.9 billion shs (CEO Magazine Uganda, March 2012) (Micheal et al., 2023). As a result, UBL's market share was subsequently affected by these declines, causing the company to lose its number one position to hold a 46% market share by the end of 2011, which held more than a 52% market share for NBL. All this despite an annual increase in their advertising and promotion budgets of Shs 2 billion every year since 2018, which is seen as a strong component of increasing brand equity towards eventual marketing performance.

Problem statement

Brand equity is a key marketing strategy that, if well managed, brings a firm high marketing performance in the form of resistance to industry competitors, sales growth, market share growth, and premium price profit growth (Frank et al., 2023).

Over the last four years since 2018, UBL has continuously strived to improve its brand equity through increased spending on advertising, online marketing (website), corporate social responsibility (CSR), sponsorship, improved bottling design and Public Relations. UBL recorded its strongest ever performance in sales and profitability in 2018 and maintained its position as the number one market (Tasha et al., 2023). However, in 2019 and 2020, despite all the promotional efforts mentioned above, the company saw a decline in sales and profits, leading it to lose 4% market share (to 54%) to its closest competitor in the industry, Nile Breweries Limited. (NBL), which had a 46% market share at the end of 2021. Ehrenberg (2013) argues that market share is the best measure of a firm's brand equity because it combines the individual efforts of all dimensions of brand equity (Isaac et al., 2023).

Specific objectives

1. To examine the relationship between brand awareness and Marketing Performance of Uganda Breweries Limited.
2. To analyze the relationship between brand associations and the marketing performance of Uganda Breweries Limited.
3. To assess the relationship between brand loyalty and marketing performance of Uganda Breweries Limited.

Hypotheses of the study

H1: Brand awareness has a positive relationship with the marketing performance of Uganda Breweries Limited.

H2: Brand associations have a positive relationship with the marketing performance of Uganda Breweries Limited.

H2: Brand loyalty has a positive relationship with the marketing performance of Uganda Breweries Limited.

Methodology

The researcher used both qualitative and quantitative approaches also known as the mixed methods approach so as to capture both numeric and non-numeric data from the respondents. This method was believed to be useful to exhausting the research questions. The major research design for the study was a cross-sectional survey research design (quantitative). This method according to Amin (2015) is useful in gathering data from a sample of a population at a particular time by selecting samples to analyze and discover occurrences.

According to UBL Human Resource office, there are two hundred employees in the marketing and sales department. These constituted the study population internally and externally, the study involved wholesalers and distributors (10), retail outlets (10), bars (10) and 20 customers. The accessible population was two hundred and fifty (250) participants. The researcher believes these provided suitable insight into the company operations centered on the research topic. The sample size was 250 and was determined using statistical tables of Krejcie & Morgan (1970) cited in Amin (2005). The parent population and corresponding sample size is summarized in Table 1 with the sampling technique for each category of population.

Table 1: Accessible Population and sample size for the study

Population Category	Population	Sample Size	Sampling Method
UBL Marketing and Sales Employees	200	132	Purposive sampling
Wholesalers and retailers	20	9	Simple Random sampling
Bars and Customers	30	11	Simple Random sampling
Total	250	152	

Source: Developed & Modified by researcher, (2023) from Krejcie & Morgan (1970) as cited in Amin (2005). The above table shows the total study population by category, the applied sample sizes and the sampling methods used for each category of respondents. According to Oso and Onen (2019), these are a collection of items (questions) related to the topic to which a respondent is expected to react, in writing. These was useful to collect quantitative information, over a short period of time. These was preferred among the literate population and where the information needed could be described in writing. These were used on the consumer respondents. In this method, the questionnaires were dropped off by the researcher at selected points and collected after a week and through the use of a trained data collector that the researcher hand-picked to assist him move the questionnaires around. The Statistical Package for Social Scientists (SPSS)-Version 16.0 was employed (Nelson, Christopher, & Milton, 2022). Different statistical

techniques under it were used namely: descriptive analysis, correlation analysis and regression analysis. The upper level of statistical significance for hypothesis testing was at 5% (0.05). Simple descriptive statistics such as frequencies and percentages obtained from the information given in the questionnaires was computed to document the demographic information of the respondents. The mean and standard deviation was also used to document respondent's opinion on the dimensions under brand equity.

The Pearson Product-Moment Correlation analysis was also used to determine the nature of the relationships between the independent and dependent variables.

Results

Brand Awareness and Marketing Performance at Uganda Breweries Limited

Table 2: Respondents' opinion on brand awareness

	N	Mean	Std. Deviation
I am aware of at least 3 UBL brands	152	4.21	1.040
UBL has clear advertising programmes	152	4.10	.919
UBL products are familiar to me	152	4.12	.969
I can easily distinguish UBL brands	152	3.97	1.057
I know what UBL brand logo looks like	152	3.69	1.164
I can identify at least 3 UBL brands	152	4.14	1.112
UBL brands come first to mind	152	3.38	1.307
I can easily recall any UBL brands if asked	152	4.22	1.016

Source: **Field Data**, 2023

The results in the table 2 indicate that the majority of respondents were aware of at least three brands of UBL represented by a mean value of (4.2); Respondents also agreed to the claim that UBL has clear advertising programmes (mean value of 4.1), a pointer towards effective advertising by UBL. As one brand manager stated, *"We try our level best to keep our customers aware of all our products, both new and old"*; The table further indicated that at UBL, products are familiar to many consumers (mean value of 4.1) which stems out of clear and effective advertising by UBL; The table went on to indicate that majority of the consumers could easily distinguish UBL brands shown by a

mean value of (3.9), indicating clear brand recognition of individual UBL brands; The table also indicates that many beer consumers knew what the UBL brand logo looks like (mean value of 3.6) (Wegulo et al., 2023). This may lead to brand recall among consumers, eventually leading to preference of UBL brands over rival brands; The table also reveals that UBL consumers could identify at least three UBL brands (mean value of 4.1); Findings from the table also show that a majority of respondents were not sure as to whether UBL brands come first to mind (mean value of 3.3) implying that many respondents when asked of what beer comes to mind first, they could not readily confirm UBL brands as their first choice. Results continue to indicate that many beer consumers could easily recall UBL brands if asked (mean=4.2), a clear indication that UBL brand promotion and awareness strategies are effective enough to prompt easy remembrance over competitors. For further details on these results, please see Appendix 6.

Brand Associations and Marketing Performance at Uganda Breweries Limited

Table 3: Respondents' opinion on brand associations

	N	Mean	Std. Deviation
My attitude to UBL has always been positive	152	3.68	1.248
my attitude to UBL has always been negative	152	2.16	1.292
I would recommend UBL brands to others	151	3.81	1.048
I am proud to consume UBL brands	152	3.57	1.274
UBL brands make me feel good	152	3.55	1.184
UBL carries a good brand image	152	4.05	.836
I am aware of UBL is CSR programme	152	3.30	1.167
I believe UBL is contributing to society	152	3.93	.870
I believe UBL and the people who stand behind it are socially responsible	152	3.82	.931

Source: **Field Data**, 2023

Table 3 indicates that majority of respondents agreed with the statement that their attitude towards UBL brands is always positive shown by a mean value of (3.6); on the other hand, they disagreed with the statement that their attitude towards UBL brands is always negative represented by a mean value of (2.1); Respondents agreed to the claim that they would recommend UBL brands to others (mean value of 3.8); respondents also agreed that they were proud to

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consume UBL brands (mean value of 3.5); Respondents further agreed that they felt good consuming UBL brands shown by a mean value of (3.5) (Emmanuel et al., 2023); It also emerged that UBL was seen to carry a good brand image shown by a mean value of (4.0). One respondent went ahead to state *“I have never heard any bad story about them if any”*; Respondents could neither agree nor disagree to the claim that they were aware of UBL CSR programmes (mean value of 3.3), a pointer towards limited awareness of UBL’s CSR activities. One of the respondents argued, *“I do not see them during City cleaning campaigns or other responsible causes”*; Respondents however agreed that they believed UBL was contributing to society (mean=3.9) and that they believed UBL and the people who stand behind it were socially responsible (mean value of 3.8). One respondent clearly articulated that *“I believe they are contributing; in that they pay their taxes and are creating employment to a number of people”*. For further details on these results, please see Appendix 6.

Brand loyalty and Marketing Performance at Uganda Breweries

Table 4: Respondents’ opinion on brand loyalty

	N	Mean	Std. Deviation
I will only buy UBL brands	152	2.97	1.409
I will not change to other brands	152	2.61	1.313
UBL product brands are always available	152	4.29	.889
I regularly buy UBL brands	152	2.94	1.439
I consider myself loyal to UBL brands available	152	3.00	1.400
I will not buy other beer brands if UBL brands are available	152	2.94	1.406
UBL prices match product quality	152	3.71	1.065
I am willing to buy UBL brands even if they are priced higher	152	2.62	1.286

Source: **Field Data**, 2023

Table 4 indicates that many respondents were not sure as to whether they would only buy UBL brands (mean value of 2.9), a pointer towards beer consumers’ free-spiritedness. As one bar owner put it, *“Customers are funny, today they ask for UBL brands, tomorrow they ask for a rival brand. Beer customers are hard to comprehend”*. This implied that beer consumers were willing to try out other brands on the market; Respondents were also not sure as to whether they would not change to other beer brands as shown by a mean value of (2.6). This meant that many respondents could not make a firm commitment to staying on only UBL brands; Majority of the respondents further agreed that UBL

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products were always available as represented by a mean value of (4.2) (Christopher et al., 2022); Respondents also were not sure as to the claim that they regularly bought UBL brands shown by a mean value of (2.9); Respondents could neither agree nor disagree as to whether they considered themselves loyal to UBL brands (mean value of 3.0); Respondents were further not sure as to whether they would not buy other brands if UBL brands were available shown by a mean value of (2.9); However, the respondents agreed that UBL prices match product quality (mean value of 3.7); Respondents could not commit to buying UBL brands even if they were priced higher as shown by a mean value of (2.6). This was a pointer to low loyalty, as customers were not willing to buy their preferred UBL brands even at a higher price. For further details on these results, please see Appendix 6.

Marketing Performance

Table 5: Respondents' opinion on Marketing Performance

	N	Mean	Std. Deviation
UBL brand awareness programmes increase their sales	152	3.30	1.167
UBL has better marketing programmes over their rivals	152	3.97	1.057
UBL marketing programmes enhance their market share	152	4.02	1.038
UBL loyalty programmes have increased their profits	152	2.51	1.456
UBL prices are more competitive than for their rivals	152	2.31	2.021

Source: **Field Data**, 2023

Results from the above table indicate that majority of respondents were not sure as to whether UBL brand awareness programmes increased the company sales shown by a mean value of (3.3). The results also go on to show that respondents agreed to the claim of UBL having better marketing programmes over their rivals (mean value of 3.9). The table further indicates that a majority of respondents believe UBL marketing programmes enhance their market share (mean value of 4.0). The table goes on to show that respondents disagree that UBL loyalty programmes have increased the company's profits (mean value of 2.5), an indicator to poor loyalty strategies by the company. The table results further show that respondents disagree that "UBL prices are more competitive than for their rivals shown by a mean value of (2.3) (Oscar et al., 2023). This implies that the loyalty of UBL customers may be compromised by prices of their different products. Three respondents separately agreed to this finding by stating *"We don't understand why Tusker is more expensive, it tastes just the same as Bell Lager"*. In the words of another respondent who was a wholesaler, she clearly states *"Our customers are price sensitive sometimes, especially on big days such as Christmas and any increase in price sends them to buying other cheaper rival company products"*.

Conclusions

Brand awareness and Marketing Performance

Findings showed a positive relationship between brand awareness and Marketing Performance at UBL. Hence, this suggests that any increase in brand awareness at UBL leads to corresponding improvements in Marketing Performance.

Brand associations and Marketing Performance

The study showed a positive relationship between brand associations and Marketing Performance at UBL. Hence any increase in brand associations to UBL products leads to corresponding improvements in Marketing Performance.

Brand loyalty and Marketing Performance

Findings revealed a positive relationship between brand loyalty of customers and Marketing Performance at UBL. This meant that any increase in customer brand loyalty increased the company's Marketing Performance by guaranteeing customers' life-time value.

Recommendations

With regard to brand awareness, the study identified that UBL's brand awareness made the least contribution to its marketing performance compared to the other brand equity dimensions namely brand associations and brand loyalty. This implied that awareness did not contribute much to the Marketing Performance of UBL but it did not mean that it was less important, considering that many respondents showed awareness of UBL brands. This was a serious problem to the company considering that the other two dimensions of brand associations and loyalty were highly reliant on awareness. This means that the company needs to strengthen its advertising and brand promotion strategies so as to aid brand recognition and recall of their customers to their brands. This can be done through signage for all UBL dealerships, vehicles, employee dressing, billboards placed at strategic points and improved bottling designs for different brands to make them attractive yet easy to recognize.

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