

BRAND MANAGEMENT

A Critical Situation Analysis and Business Justification – A Case Study of R White Lemonade

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1.1 Introduction

R White Lemonade is a carbonated lemonade brand manufactured by Britvic and mainly consumed in Great Britain. R White's Lemonade is available in the market for the past a hundred and fifty years and was first manufactured and sold by Husband and Wife Robert and Mary White in district south of the London known as Camberwell, in 1845. R White Lemonade is known for its iconic advert that featured a man in his pyjamas sneaking downstairs to snoop the R White Lemonade at midnight. This advert won the Best International Advertise Award in 1974.

R White Lemonade is planning on launching R White Chips in addition to the R White Lemonade. This strategy is termed as Brand Extension. According to Sichtmann and Diamantopoulos (2013; 567), Brand Extension is utilization of already renowned brand name to launch new products. The new products launched may or may not relate to the existing product category. This strategy helps in launching new products more easily into the market.

2.1 Critical Situation Analysis of the Market Performance

R. White & Sons Ltd. Was established in 1894 after they took over the H.D Rawlings Ltd. In 1891 who were selling the R White Lemonade at that time. However, Whitbread took over the R White & Sons Ltd. In 1960 and Britvic brought the R White Brand after the merger of Britvic and Canada Dry in 1986.

2.2 Current Market Trends of the UK Beverage Industry

The current market trends of the UK beverage industry have been stagnant over the past 5 years with a 17.8% reduction in the sugar intake. The entire Beverage Industry of the UK has remained stable as reported by (MacGregor and Hashem 2014; 929). The overall consumption of the UK Beverage Industry for the past five years has remained within 13000-14000 Million Litres. The figure is demonstrated in Table 1.

Table 1: Overall soft drinks consumption

	Volume M litres	YOY growth (%)	Litres per capita	Value M GBP	Value YOY growth (%)	Value per capita (£)
2010	13220	1.8	210.6	11905	4	190
2011	13422	1.5	212	12568	5.6	199
2012	13247	-1.3	208	12844	2.2	202
2013	13354	0.8	208.2	13320	3.7	208
2014	13279	-0.6	205.5	13624	2.3	211
2015	13253	-0.2	203.6	13986	2.7	215

Figure 1: Overall Consumption of Soft Drinks

Source: British Beverage Industry (2015)

According to Amienyo et al., (2013; 77), within the UK Beverage industry, the carbonated soft drinks occupy 38.1% of the total market share in 2015. This figure was decreased by 0.02% in 2016. The overall consumption of carbonates within the past 5 years in UK is illustrated in Table 2.

Table 2: Carbonates drinks consumption

	Volume M litres	YOY growth (%)	Litres per capita	Value M GBP	Value YOY growth (%)	Value per capita (£)	Share of total soft drinks (%)
2010	5243	0.9	83.5	5351	1.5	85.3	39.7
2011	5316	1.4	84	5591	4.5	88.4	39.6
2012	5222	-1.8	82	5696	1.9	89.4	39.4
2013	5207	-0.3	81.2	5825	2.3	90.9	39
2014	5092	-2.2	78.8	5825	0	90.2	38.3
2015	5051	-0.8	77.6	5892	1.1	90.5	38.1

Figure 2: Consumption of Carbonated Drinks

Source: British Beverage Industry (2015)

2.3 Vision of highlighting Brand Extension

The World Food market has experienced unexpected growth in the last few decades. This excellent growth rates in the food industry have diverted the attention of many brands to invest in the food industry as this industry is currently the most dynamic industry of all times as studied by (Lee, Monroe and Rosa 2015; 361). To overcome the competitive advantage of the beverage industry, R white Lemonade is preparing to set foot in the savoury snacks industry with a vision to invade the confectionary market real soon. The growing trend in the food industry is demonstrated in Table 3.

2.4 Macro factors influencing the Beverage Industry in UK

In order to cope with the fluctuating environment within the beverage industry of the UK, R White Lemonade makes use of the PEST analysis tool to enrich and expand the existing product category market. The macro factors of the beverage industry as suggested by (Chhabra and Kiran 2015; 121) include:

2.4.1 Political Factors

- Taxation
- Monitoring of the regulatory bodies
- Changes within the government
- Government rules and regulations pertaining to employment

2.4.2 Economic Factors

- Economic growth of UK
- Exchange Rate Policy
- Salaries of the employees

2.4.3 Social Factors

- Health conscious society pertaining to low sugar intake
- Age factor of the Consumers
- Lifestyle

2.4.4 Technological Factors

- Online Advertising
- Use of Plastic bottles and Cans instead of Glass bottles.
- Efficient production by new machinery technology

4.1 Proposed Brand Extension

The strategy of R White Lemonade to penetrate the Savoury chips industry within the UK is to broaden the horizons of product advancement in order to cope up with the not so stable yet stagnant growth within the beverage industry in the UK. The idea was put forward with the notion that the young generation preference was increasing enormously over potato chips along with the consumption of soft drinks. This concept led to the manufacturing and marketing of the potato chips by R White Lemonade brand. The success of R White Chips can be determined by studying the PRESTCOM analysis of the British Chips industry.

4.1.1 Political

The Government of Great Britain has initiated a campaign for the promotion of consumption of healthy products among its people. Hence, the chips industry is working on promoting vegetable chips to reduce the health concerns of the people as studied by (Frattini 2014).

4.1.2 Regulatory

The manufacturing and acquisition of both the raw materials and the finish goods is regulated by the British food standard Agency so in order to enter the savoury chips market any alteration within the standard policies and procedures would hinder the brand extension phenomenon as proposed by (Charlton, Webster and Kowal 2014; 3672)

4.1.3 Economic

UK has observed a 12.2% rise in the chips market in the last five years as reported by (Dubois, Griffith and O'Connell 2014). To overcome the excessive demand of the savoury chips in the recession period, the industries focused on reducing the cost of their products and relied heavily on local producers and potato farms after the Brexit.

4.1.4 Social

According to Jacobs (2015; 34), the World Health Organization has limited the carbohydrate intake to 130 grams per day. Keeping in view this limitation, the savoury industries are focusing upon producing baked non fatty chips instead of potato chips fried in vegetable oils to promote the interest of people towards consuming natural and healthy products.

4.1.5 Technological

The savoury industry is focusing on promoting their products via online advertisements on the social networks to stand out from the competitors. The innovation is being brought in using the reformulation techniques which is supported by lean supply chain as pertained by (Oluwole et al 2014; 3419)

4.1.6 Competitors

The main competitors would be Tyrell's English Chips, Walkers and Pringles. To outshine in the savoury chips industry, R White Chips would focus upon introducing 100% fat-free chips baked at 400 degrees to ensure lightness and crispness for longer periods of time as proposed by (Rossolatos 2013).

4.1.7 Organizational

R White Lemonade would hire a complete new team for the new production unit of R White Chips who would be professionally competent in food industry. As proposed by Warde and Yates (2016; 1), the organizational hierarchy would follow the democratic leadership style where the opinions and ideas of every employee would be given utmost consideration.

4.1.8 Market

The savoury chips industry in the UK is witnessing deflation as high volume sales are observed with reputable brands such as Doritos and Pringles hence the other manufacturers and retailers are offering discounts to fight this price surging war as pertained by (Boyland et al., 2013; 339).

4.2 Brand Heritage

Brand heritage plays a significant role by solidification of the emotional linkage within the target audience by re-strengthening the linkage from the past experiences as proposed by

(Merchant and Rose 2013; 2619). R White Chips tend to gain the focus of the target customers by reinforcing the same principles adopted for the R White Lemonade. The Logo and colour scheme of the packaging of the R White Chips would showcase the same pattern followed by R White Lemonade and the R White Chips team is planning on advertising this product with the same actors used for the iconic R White Lemonade advert 40 years ago.

4.3 STP Model

A STP model demonstrates the market segmentation, target audience and positioning of the product as studied by (Hollensen 2015). The proposed STP model for R White Chips include:

4.3.1 Segmentation

R White Chips Segmentation would be geographical as they intend to introduce this product within UK.

4.3.2 Target

R White Chips intends to target people of all age groups that include youth, women children and men.

4.3.3 Positioning

R White Chips would be the ideal alternate to unhygienic potato chips dipping in oil. These fat –free chips would be packed with flavours that would be hard to resist.

4.4 Consumer Lifestyles

In today's lifestyle, people are always in a hassle and lack enough time to sit and eat healthy food hence the preference is growing over the packed foods products that are cheap and provide instantaneous energy. The target audience of R White Chips include people from all age groups hence the focus relies upon manufacturing healthy potato chips that are convenient for consumption by all ages which is equally tasty and enriched with proteins and essential minerals to energize the mind and body.

5.1 Conclusion

The carbonated lemonade industry within the UK is moving at a steady rate. The R White Lemonade is the second most popular soft drink in the UK. The competition within the beverage industry is surging at a very high level and whereas the beverage industry is not witnessing any remarkable growth. This phase provided a brand motivation and an opportunity for brand extension for the R White Lemonade. The main idea behind this brand innovation was the fact

that the savoury food industry is on its verge of success with almost 4.8% growth increase every year. Critical analysis regarding the savoury food industry was done using the PRESTCOM analysis tool that suggested invasion within this industry would be highly profitable and lucrative for the R White Lemonade.

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Appendices

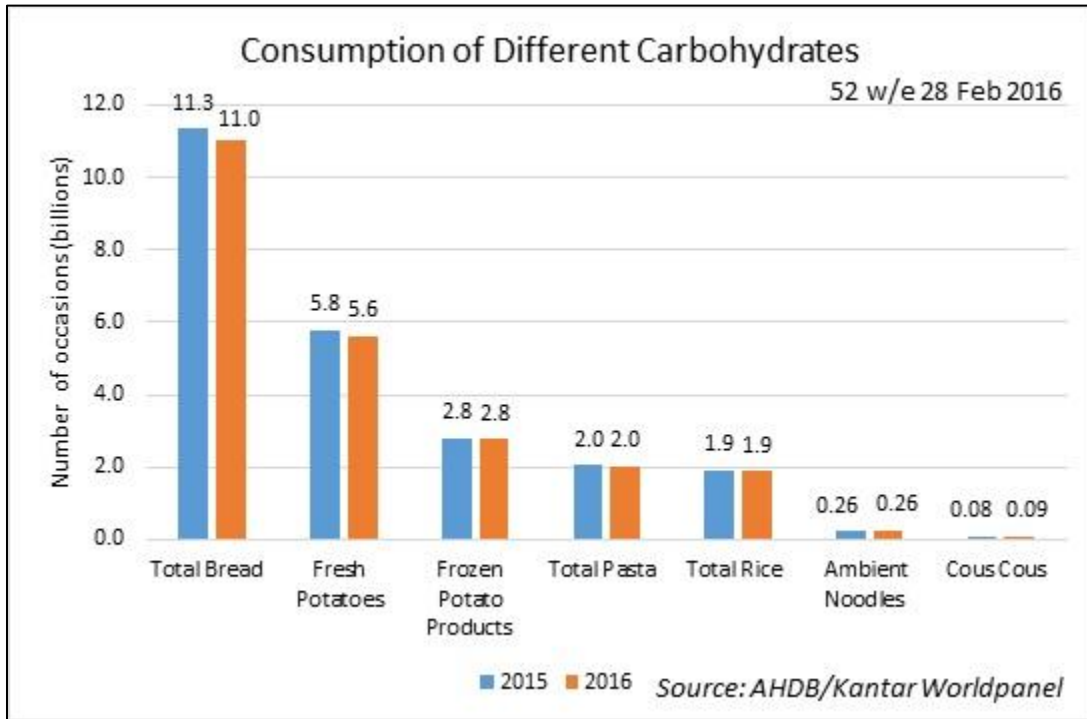


Figure 3: Carbohydrate Consumption in UK

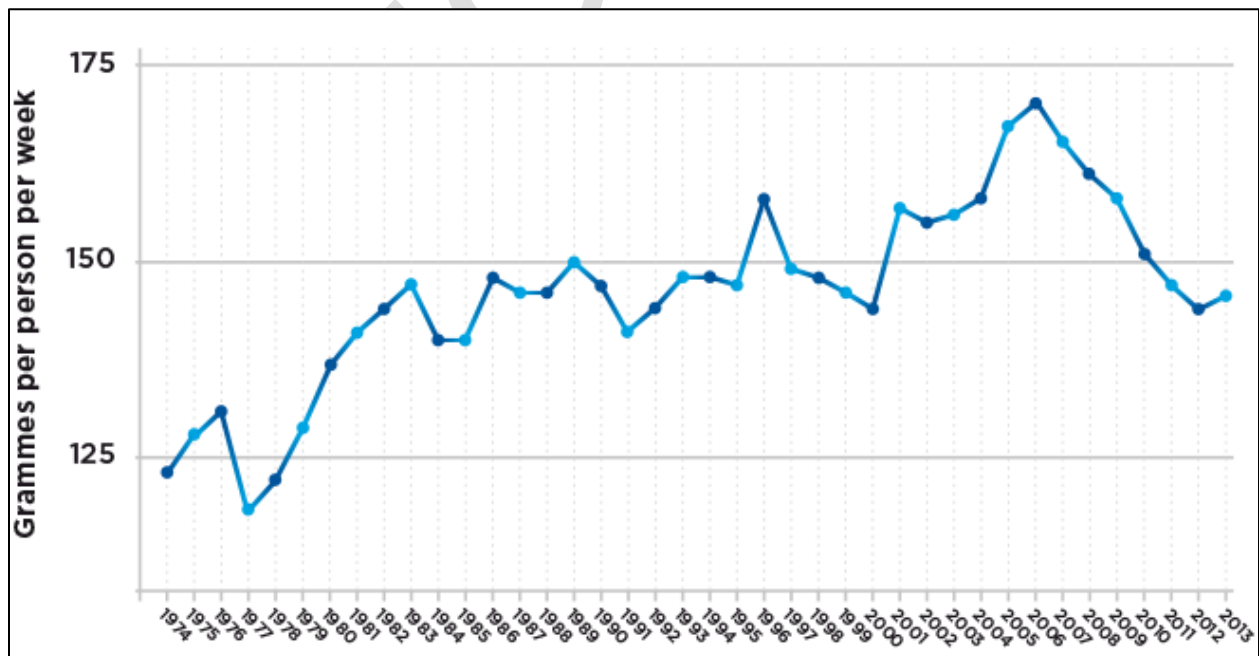


Figure 4: Gramm’s per week consumption of Carbohydrate Source: www.who.org

Overall soft drinks consumption

Definition

Carbonated drinks, still and juice drinks, dilutables, fruit juices, bottled waters, sports and energy drinks.

	2010	2011	2012	2013	2014	2015
Volume M litres	13220	13422	13247	13354	13279	13253
YOY growth (%)	1.8	1.5	-1.3	0.8	-0.6	-0.2
Litres per capita	210.6	212.0	208.0	208.2	205.5	203.6
Value M GBP	11905	12568	12844	13320	13624	13986
Value YOY growth (%)	4.0	5.6	2.2	3.7	2.3	2.7
Value per capita (£)	190	199	202	208	211	215

Source: Canadean

Figure 5: Soft Drink Consumption by UK in 2016

Source: BDSA Annual Report 2016