

The Impact of Advertising of Brand Equity, Nutriplus Beverage, On the Performance of the Manufacturing Company.

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Abstract

The research explored the impact of advertising of brand equity, Nutriplus beverage, on the performance of the manufacturing company in Manicaland Province in Zimbabwe from 2007-2012. The ultimate drive was to establish if advertising could improve brand equity, Nutriplus beverage, using the advantages of the relationship between advertising and branding, to the benefit of the manufacturing company. In this study, five top managers, five supervisors and a hundred customers were used as research subjects. The descriptive survey, using quantitative and qualitative methods, was used as research methodology. The following tools were used to solicit data: questionnaire, interview and observation. The study was prompted by stiff competition among beverages. Major findings were that Nutriplus was not well positioned in customers' minds and there was a relationship between advertising and branding from a customers' perspective. The company should incorporate deliberate strategies to promote Nutriplus brand equity and employees should be trained in this regard. Further research on brand equity enhancing strategies and its measurement are recommended.

Key words: Brand equity, Advertising, Beverage, Branding, Positioning, Customer.

Introduction and Background

Chivandikwa (2002: 101) defines advertising as, "any paid form of non- personal presentation and promotion of goods and services by an identified sponsor to a specific target audience with the objective of informing and persuading." The definition emphasizes that, advertising is not free and therefore, has to be budgeted for. This means that, the Dairibord Zimbabwe Limited has to set aside money as to advertise its Nutriplus beverage.

In 2007, Dairibord Zimbabwe Limited allocated an extra advertising budget to the Marketing Department to cater for the launching of Nutriplus beverage. According to the Dairibord Zimbabwe Limited Management, advertising of Nutriplus beverage was aggressive and initially influenced many customers to buy the product. The advertising of Nutriplus beverage used to be done regularly. To date the product is advertised once a year, since management feels satisfied with the market share. This infrequency in advertising the beverage has resulted in the reduction of sales volumes.

According to Belch and Belch (1995), measuring performance based on sales only as goal of branding or promotion, and using only sales as the determinant of performance ignores other elements of the promotional mix: price, product, place, people, process and physical evidence. There are other environmental factors that affect sales, making it difficult to measure the power of a brand or brand equity. The Dairibord Zimbabwe Limited could have neglected other environmental factors that affected

sales, resulting in poor performance of the product. Dairibord Zimbabwe Limited during an interview with the researcher confirmed that the advertising budget during the year when the product was launched was very high and when the product promised high sales, they had to reduce the budget until now when the product is advertised once a year.

Smith and Malaka, (2001), say that the impact of advertising on brand equity is a controversial issue, especially in third world countries like, Zimbabwe. The third world countries advertise mainly to boost sales and forgetting their environmental factors, this appears to be a short term objective. The importance of advertising in the long run should target at determining whether the brand is strong and has an everlasting effect on customers over the following years. The high sales figures in the first few years of the launching of Nutriplus beverage could have been a signal of a successful product in the market and requiring more advertising of the product.

In the first few years of launching, Nutriplus beverage gained more market share, basing on what management said during an interview, but at present the beverage is facing stiff competition from other beverages like, Revive and Minute Maid. Since Nutriplus beverage achieved high sales from the day of its launch, researchers sought to establish the source of the anomaly in the beverage market by finding out whether advertising of Nutriplus brand equity has an impact.

It is the above anomaly which made researchers to want to find out whether advertising of brand equity of Nutriplus had an impact on the performance of Dairibord Zimbabwe Nutriplus beverage. There could be a relationship between advertising and branding which Dairibord Zimbabwe Limited was not capitalizing on in marketing its Nutriplus beverage.

Statement of the problem.

Lack of adequate advertising of Nutriplus beverage inhibits the performance of Dairibord Zimbabwe Limited. For the past years Nutriplus beverage has been facing stiff competition from other beverages such as, Revive and Minute Maid. There has been an over reliance on sales figures, in determining if the brand was strong and everlasting, that was, over reliance on the benefits of extension branding, resulting in reducing the advertising budget of Nutriplus beverage.

Purpose of the study.

The study seeks to explore the impact of advertising of brand equity of Nutriplus beverage on the performance of Dairibord Zimbabwe Limited. This was in a bid to use the relationship between advertising and branding, in improving the market share and profitability of Dairibord Zimbabwe Limited's Nutriplus beverage, and the performance of the whole company.

Research objectives

This study wants to achieve the following objectives:-

To determine the influence of advertising on the performance of Dairibord Zimbabwe Limited's Nutriplus beverage and the performance of the company.

To establish if any relationship exists between the advertising and brand equity that can be used to improve the market share and profitability of Dairibord Zimbabwe Limited's Nutriplus beverage, in face of competition from other brands.

To suggest brand strategies that can be used to improve the performance of Dairibord Zimbabwe Limited, in marketing its Nutriplus beverage.

Research questions

This study wants to answer the following sub-problems, before answering the main problem:

What is the perception of the Dairibord Zimbabwe Limited management and customers on advertising and branding?

What contributions can advertising of brand equity of Nutriplus beverage bring to the performance of Dairibord Zimbabwe Limited?

Are there challenges Dairibord Zimbabwe Limited face in advertising Nutriplus beverage?

Delimitations of the study

This research study was carried out in Mutare, in Manicaland Province, where the majority of the population was located and where most people from different locations in the province, like Chipinge, Rusape, Nyanga and Chimanmani visited.

The study was limited to Mutare Dairibord Zimbabwe Limited outlet because of financial constraints. The research was based on primary data collected from Dairibord Zimbabwe Limited Nutriplus beverage customers and the company's personnel.

REVIEW OF RELATED LITERATURE

Advertising in relation to branding

Advertising can be viewed as a communication process, a marketing process, an economic process and a social process and a public relations process depending on one's point of view (Gunduza, 2003). Advertising is costly and its effects are uncertain (Gunduza, 2003). It is for these reasons that many companies think it appropriate to eliminate advertising entirely.

Marketing managers and marketing communications personnel sometimes concur that advertising is unnecessary since; their brands are already enjoying success (Shimp, 2003). The statistical figures quoted by management of Dairibord Zimbabwe Limited shows that management considers advertising not necessary once the product or service seem to enjoy its success. In this case, management forgets about Porters rivalry on the market, as a result of restrictions to entry, bargaining powers of buyers, customers and substitutes. There is always competition on the market.

Since advertising is an activity of marketing, it is to a great extent related to branding. In the branding process, products are made to be different from competitor's brands. The brand name creates awareness of the product or service to potential customers. This means that lack of personal interaction can be a disadvantage, since there could be lack of feedback. An identified sponsor refers to a person or business which pays the cost of advertising the brand. This implies that, Dairibord Zimbabwe Limited, should come up with a budget for advertising.

The definition of advertising emphasizes that, advertising is not free, but paid for. A cost is paid for using various media or people who advertise the brands or the products or services. In most cases the seller does not get in touch with the potential customers (non- personal). There is a lot to be done to improve on advertising than selling the company's

brands. The sales force should possess three fundamentals that can enable them to interact with customers; to be responsive to current needs of customers and to be flexible (Stanton et al, 1997). Dairibord Zimbabwe limited needs to assess its sales force contribution in advertising the brand equity of Nutriplus, so as to improve the company's performance. There could be a need to train and develop the sales force on both the content and practice of branding.

Measuring the effectiveness of advertising brand equity in relation to advertising

According to marketing the effects and outcomes that accrue to a product with its brand name need to be measured. Aaker (1996) views brand equity as a set of assets linked to a brand's name and symbol that adds to or subtract from the value provided by a product or service to the customer. Keller (1993) defines brand equity as a set of assets and liabilities which can either add or subtract value from the brand. These assets and liabilities in brand equity need to be measured in relation to the performance of the company. Many organisations refrain from measuring the effectiveness of promotional elements (Belch and Belch, 1995). Companies give a number of reasons such as, measuring is costly, there are research problems, disagreements on what to test, the objections of creativity and time consuming. These problems can be solved through proper planning (Belch and Belch, 1995)

Measuring performance avoids costly mistakes, evaluation of alternative strategies and increasing the efficiency of promotional elements such as, advertising. Many companies use only sales as a way of measuring performance of promotional elements and advertising. This disregards that poor sales or good sales can be a result of other promotional elements such as, product design, quality packing, distribution or pricing. Sales are not only determined by branding and promotion but by other things such as; brand awareness; brand loyalty; and brand attributes.

Brand awareness

Brand awareness is a perceptual construction in what is referred to as the impact of the brand in the consumer's minds. Brand awareness is the foundation and first key measure of brand equity (Elliot and Percy, 2006). Awareness comes from frequent exposure from advertising, publicity, event sponsorship, store fronts and signage, email campaigns, packaging, websites, banner advertisements. Brand awareness provides the familiarity to a brand and a signal of substantiality and promise, if the customer knows the brand. The various

sources of creating awareness apply to Dairibord Zimbabwe Limited. It is important therefore, to find out, if the company is using any of or all of the sources to create awareness for Nutriplus beverage.

Brand loyalty

According to Keller (2003), loyalty comes through positive interaction with the brand. The more positive the experience, the deeper consumer loyalty becomes. It is a long term commitment, not a short-term initiative. A positive experience can be developed through product design employee training, creating a great shopping experience and customer friendly branding and corporate policies. Building brand loyalty is a long term commitment by an organisation hence, Dairibord Zimbabwe Limited should not expect stand loyal customers. It should measure frequencies of the exposure of Nutriplus to customers, so as to build strong customer loyalty.

Brand attributes

Keller (1993) postulates that, brand attributes portray a company's brand characteristics. This signifies the basic nature of a brand. Brand attributes are a bundle of features that highlight the physical and personality aspects of the brand. The attributes can be developed through image, actions or presumptions.

Brand attributes must have the following elements (Keller, 1993); relevance (meeting and persuading customer's expectations); consistency (not allocating from the brand proposition); proper positioning (sticking in customer's minds); sustainability (endures competition); credibility (always delivering a promise); and inspirational (always attracting customers). These elements constitute a strong brand that needs to be advertised. An assessment of Nutriplus beverage has to be under these elements to find out if Dairibord Zimbabwe Limited's brand, Nutriplus, possesses the elements for easy advertising.

RESEARCH METHODOLOGY

In this study researchers employed the descriptive survey methodology, using quantitative and qualitative methods, in investigating the impact of advertising on the performance of Dairibord Zimbabwe Limited's Nutriplus beverage. Descriptive survey methodology is based on quantitative and qualitative data. The survey approach according to White (2000) and Leedy (1989), is deductive in the sense that it reports on a particular and specific aspect and then tries to relate that to the general picture. This methodology is relevant to the topic under study since the research needed to find out the relationship advertising had on brand equity Nutriplus

Sample and sampling procedures

Three managers out of 5 were sampled, while three supervisors out of 5 were also sampled, five out of 10 sales persons were selected. Others were left out due to the cost limitations, in terms of time and money. The chosen were representative enough of the population. Representativeness was observed in the number of categories included in the sample.

Researchers also sampled 100 Dairibord Zimbabwe Limited customers out of a total of 2000 in Mutare Urban. Purposive and convenience sampling were used to select the 100 customers. From the records of the company 50 customers were taken from the company's list of key customers; 25 were customers

who bought Nutriplus beverage during a week set aside to visit OK Bazaars, Spar and T.N supermarkets, and the other 25 were the oldest employees of Zimbabwe Dairibord Company. The number of respondents was represented enough of all characteristics that were to be captured.

The sample was comprised of customers of various age groups, from below 20 up to 65, the working class, students and the elderly. The researchers used the questionnaire, observation and interview, as research instruments to collect data. These instruments were useful in the descriptive survey for they were able to collect relevant data for this type of research.

FINDINGS

Relationship between branding and market growth

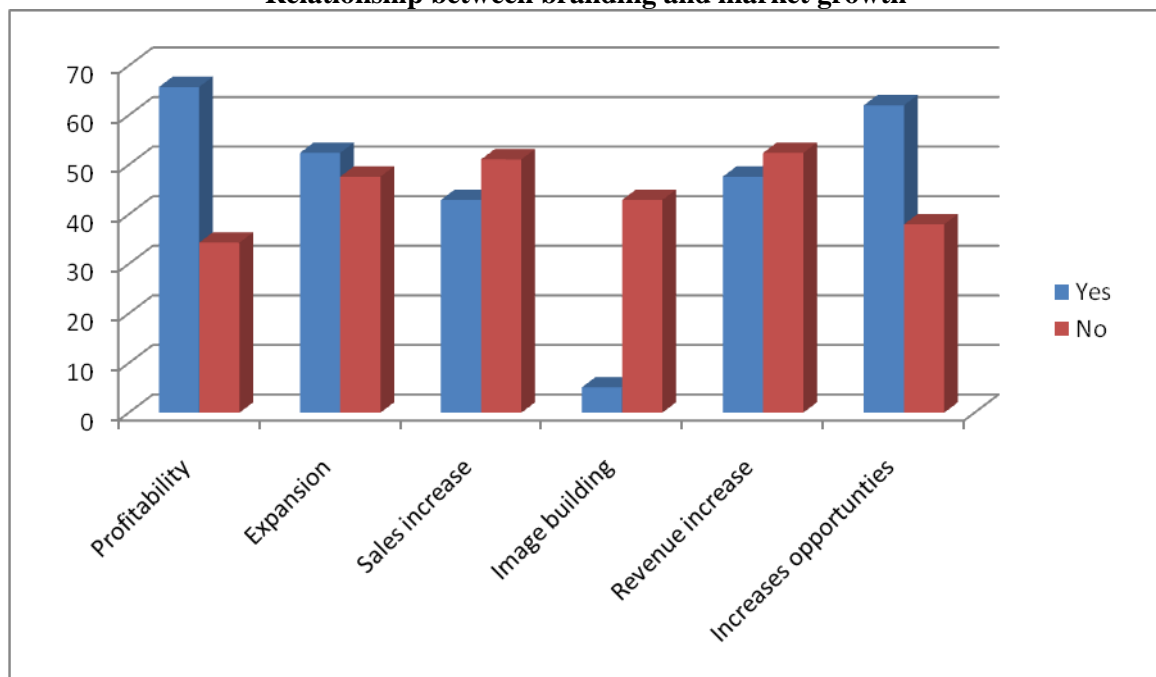


Figure 1: Relationship between branding and market growth N= 105

Fig 1 reflects that, almost all stated variables were related to branding and market growth. Variable one (70 out of 105) admitted that profitability and branding were related, (55 out of 105) said yes for variable two, (60 out of 105) disagreed for variable three, 60 out of 105 of the respondents admitted, that a relationship exists between branding and market growth, 50 out of 105 said there was a relationship and 70 out of 105 disagreed that there was no relationship between branding and market growth.

The above findings imply that there was a relationship between branding and market growth. Dairibord Zimbabwe Limited could therefore use this relationship to make the Nutriplus prominent on the market. Branding could increase profitability, sales volumes and build the company's image, leading to increases in opportunities for Nutriplus beverage.

Effects of branding

Table 1 Effects of branding N= 105

Effects	Yes	%	No	%	Total No	Total %
Attention	70	66.6	35	33.3	105	100
Interest	75	71.4	30	28.6	105	100
Desire	65	61.9	40	38	105	100
Security	50	47.6	55	52.4	105	100
Action	65	61.9	40	38	105	100
Repeat buying	40	38	65	61.9	105	100
Breaks monotony	50	47.6	55	52.3	105	100

The findings above shows that, 66.6%, 71.4%, 61.9%, and 61.9% of the respondents admitted that, branding had the Aida (attention, interest, desire and action) effects to customers 52.4%, 61.9% and 52.3% disagreed on security, repeat buying and breaking of monotony.

Branding and positioning.

Table 2 : Branding and Positioning N= 105

Item	Yes	%	No	%	Total No	Total %
Superior	45	42.8	60	57.2	105	100
Number one beverage brand	50	47.6	55	52.4	105	100
Brand perception in relation to attributes	50	47.6	55	52.4	105	100
Brand associations	52	49.5	53	50.5	105	100

Table 2 shows that, 42, 8% (45 out of 105) of the respondents, doubted Nutriplus superiority. Forty- seven comma seven six percent (50 out of 105), of the respondents perceived Nutriplus as number one beverage in the market. The same applied to 47.6% and 49, 5% who perceived the beverage in relation to its attributes and brand associations respectively.

The findings show that, the respondents did not rank Nutriplus highly thus the brand was not popular and not positioned in customers' minds.

Respondents' suggested branding strategies

Table 3 : Respondents suggested branding strategies N= 105

Strategy	Yes	%	No	%	Total No	Total %
Price and affordability	65	61.9	40	38.1	105	100
Safety and durability	60	57.1	45	42.9	105	100
Luxury and prestige	70	66.6	35	33.4	105	100
Quality and smartness	55	52.4	50	47.6	105	100
Organised and personality	60	57.1	45	42.9	105	100
Efficiency and effectiveness	70	66.6	35	33.4	105	100

Table shows that, 61.9%, 57, 1%, 66,6%, 52,4%, 57,1 %and 66,6% suggested price and affordability; safety and durability; luxury and prestige; quality and smartness, organised and personality, efficiency and effectiveness, respectively, as strategies for branding Nutriplus beverage. They suggested that, Zimbabwe Dairibord Limited could use these strategies to influence customers to buy Nutriplus beverage.

: Measuring the effectiveness of advertising brand equity.

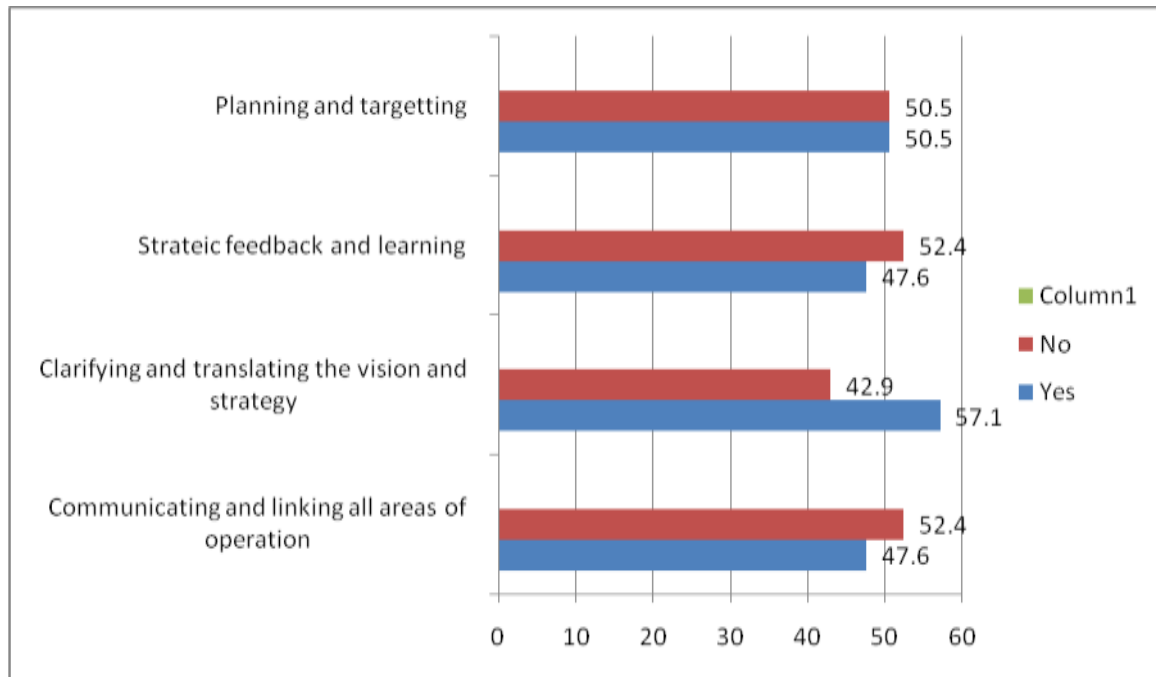


Figure : Measuring effectiveness of advertising Nutriplus brand equity N = 105

Fig shows that, 57.1% (60 out of 105) and 50.5% (53 out of 105) admitted that, Dairibord Zimbabwe Limited could clarify and transact its vision and strategy and plan and target advertising its branded products in measuring the effectiveness of advertising Nutriplus brand equity. Other elements: communicating and linking all areas of operation and strategic feedback and learning scored less than 50% as elements to measure the effectiveness of advertisements of Nutriplus brand equity.

Discussion of the findings

It was established that, many respondents were the active group, those who were still productive in the sectors of the economy, and students constituted a larger number of beverage customers. In the average market where Nutriplus was facing stiff competition from Cascade, Revive and Minute Maid, it could be through advertising that Nutriplus beverage could compete with other beverages. Advertising could make Nutriplus beverage to be known to various potential customers as put across by Barker (1996) who says that advertising is a means of spreading information to customers. Observations and interviews supported that, Cascade was on the lead in terms of brand preference by beverage customers, since a Lyons sales person for Cascade could sell 400 packs per day.

The facts provided by management on the issue of advertising the product, during an interview, supports the findings that, lack of product knowledge by customers caused Nutriplus beverage to lag behind its competitive products, since customers showed that they had little knowledge about the brand Nutriplus. There could be a need for Dairibord Zimbabwe Limited to redefine its promotional mix for the product. This supports Barker (1996) who says that, “if a promotion is run it will normally work better as a part of the whole, fitting in with the advertising, product development, packaging, trade incentives and salesmen’s incentives as a logical development of the marketing strategy.” This could mean that, Dairibord Zimbabwe Limited should integrate its promotional mix with advertising for the competitiveness of Nutriplus beverage.

Instead of advertising the product once a year, more slots could be opted for, to keep reminding the consumers of the nutritious beverage. It was established that, this could create awareness to potential customers. It was however found out that, the nutritional value of the product could also be over emphasized through advertising. This supports Jonathan (2009) who says that, in the context of marketing, the objectives of advertising should be to gain attention, understood, believed and be remembered that is to inform, persuade, compare and remind. It was established, that Dairibord Zimbabwe Limited was not focusing their attention on the objectives cited above, which could improve Nutriplus performance.

Evidence on erosion of brand loyalty was reflected on table 4.7, where the majority of respondents indicated that, the brand Nutriplus had low brand loyalty, emanating from inadequate advertising of the brand. This made customers forgetting the brand's existence. This supports Jonathan (2009) who says that, investing in the quality of a brand builds up a brand image to which consumers would respond by asking the product by its brand name and by their willingness to pay a premium for the product.

Recommendations

From the above conclusions the following recommendations could be made:-

Dairibord Zimbabwe Limited company should increase its efforts in advertising and promotional efforts for Nutriplus beverage. Advertising and promotion create brand awareness and brand loyalty.

Dairibord Zimbabwe Limited Company should use effective communication tools: advertising, sales promotion, direct marketing, public relations and personal selling to aggressively market Nutriplus beverage. The combination of all communication mixes could increase brand awareness. A budget needs to be set aside for promoting Nutriplus beverage.

Dairibord Zimbabwe Limited should use the distinctive features of Nutriplus beverage such as, its nutritional value, flavours, and unique package, so as to position the beverage in customer's mind. These attributes will make customers prefer Nutriplus beverage over competitor's beverages.

Dairibord Zimbabwe Limited should use the following branding strategies: price and affordability, luxury and prestige, quality and smartness, efficiency and effectiveness in marketing Nutriplus beverage. These strategies will result in integrated efforts towards marketing the Nutriplus brand.

Dairibord Zimbabwe Limited should use the integrated communication mixes approach, so as to closely link advertising, service marketing and branding. Service providers for Dairibord Zimbabwe Limited should aim at selling Nutriplus beverage in its totality. This will influence the attention, interest, desire and action of the customers to buy Nutriplus beverage.

Dairibord Zimbabwe Limited should measure the performance of Nutriplus beverage and its own performance by not only using sales, but also using the balanced scorecard and benchmarking. These methods can provide the overall performance measure for the company and its brands and also offer a platform for comparing its brands with competitor's brands.

Further studies should be undertaken to establish the impact of advertising on brand equity of Nutriplus beverage in other Dairibord Zimbabwe limited branches around the country. These further studies will make it possible for generalizing the findings more authentically

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