



UNIVERSIDADE CATÓLICA PORTUGUESA

SUPER BOCK, striving for a stake in the Angolan beer market

A case on Brand Portfolio Management and International Marketing

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Abstract

In the western world the beer industry achieved a mature stage, which, aggravated by the economical depression, led many companies to internationalize their operations. Attracted by the fast paced growth that emerging economies are experiencing, most breweries developed long-term strategies in order to conquer those markets.

Unicer, a Portuguese beer producer, has since its creation a commercial relationship with Angola, representing nowadays its second strongest market, after Portugal, with enormous potential to expand. Marcos Pereira, head of the international operations in Angola, is being pressured by the top management back in Portugal, to increase the sales volume of Unicer compensating the losses felt in the domestic market.

Marcos and his colleague João Esteves, the marketing director of Unicer, will have to find a way to leverage both beer brands: Cristal and Super Bock, in order to increase the actual sales volume. They both know Cristal, despite being the market leader, does not have the potential to grow significantly, at least on the short run, and therefore they focus their strategies on Super Bock, a recently renovated product that Angolans start to accept quite well.

The challenge Marcos and Esteves face is how to develop a market penetration without damaging the actual sales of Cristal. Esteves believes the cannibalization of sales is a consequence they have to accept in order to increase the overall results of Unicer but Marcos has the hope that the product line extension can be a middle term solution, protecting the company from the cannibalization issue.

Resumo

No mundo ocidental, a indústria cervejeira alcançou um estágio de maturidade, que agravado com a depressão económica, levou muitas empresas a internacionalizar as suas operações. Atraídas pelo crescimento galopante registado pelos países emergentes, as cervejeiras desenvolveram estratégias por forma a se estabelecerem nos mesmos de forma duradoura.

Unicer, uma cervejeira Portuguesa, mantém, desde a sua fundação, uma relação comercial com Angola, constituindo este país o seu mercado mais forte depois de Portugal. Marcos Pereira, o chefe das operações em Angola, tem sido pressionado pelo conselho de administração da Unicer, para aumentar o volume de vendas da empresa com o intuito de compensar as perdas domésticas.

Marcos e o seu colega João Esteves, diretor de marketing da Unicer, terão que encontrar uma forma de gerir as duas marcas de cerveja: Cristal e Super Bock, por forma a aumentar o volume de vendas atual. Ambos sabem que apesar de ser líder de mercado, a Cristal não tem o potencial de crescimento da Super Bock, uma marca recentemente renovada com o objectivo de se adaptar ao mercado Angolano.

Para Marcos e Esteves o desafio reside em como desenvolver uma penetração de mercado sem arruinar as actuais vendas da Cristal. Esteves crê que a canibalização de vendas é uma consequência que estes tem que aceitar caso queiram impulsionar os resultados da Unicer, mas Marcos tem a esperança que uma extensão de linha de produto possa ser uma solução intermedia, protegendo a empresa da problemática da canibalização.



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Super Bock, striving for a stake of the Angolan beer market

A case on brand portfolio management and international marketing

Henrique Bacelar Barbosa wrote this case under the supervision of Professor João Borges de Assunção and Paulo Gonçalves Marcos as dissertation submitted in partial fulfillment of requirements for the degree of Master of Science in Business Administration, at the Universidade Católica Portuguesa, September 2013.

Although the case is based on real events, the data and history of it are disguised since the main purpose is the illustration of a management decision.

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1. Case Study

In November 2011, Marcos Carreira, the person responsible for the internationalization strategy of Unicer in Angola, was waiting in the executive lounge of Lisbon international airport for his flight back to Luanda. After another sip of his Super Bock Classic - the most recent introduction of Super Bock in the market - he recalled the meeting he had had that morning in Unicer Headquarters with António Pires de Lima, the CEO, and Manuel Violas, the President of the Board. "Marcos, we want to thank you for all that you have done so far for us in Angola", Pires de Lima continued, "the shareholders are really happy that Unicer can deliver such profits in these tough times and we both reckon this is a direct consequence of your performance in Angola".

Marcos joined Unicer in the early 2000s and rose rapidly through the ranks. He knew his team had done a great job, due to the fact that after Portugal, Angola was the most profitable market for Unicer and represented alone around 50% of the total exports of the company. Nevertheless, they wanted more from him. "We predict that national consumption will continue to decrease in the next few years", Violas pointed out, "and to leverage that, we need to increase our volume of sales in Angola by 10% to 15% over the next two years."

Marcos considered once again the Unicer portfolio. Cristal, the oldest beer present in the portfolio, was already the leader in the imported beer market in Angola and did not seem to have the room to grow significantly. On the other hand, the non-alcoholic beverages, such as Agua das Pedras, did not yet represent a strong product able to produce noticeable results in the short term. “The solution definitely had to come from the brand Super Bock”, he thought, “but how can we increase its market share?”

Earlier that year his team had conducted extensive market research and concluded that Super Bock was well accepted and recognized by the local population. “We have to run the extra mile and have two strong brands in order to have a sustainable presence in the market,” Marcos concluded.

A voice on the speakers finally called the passengers for the flight to Luanda. He stood up, picked up his luggage and walked in the direction of the boarding area. While reviewing some numbers mentally he found his seat and fastened the belt.

“If we take the decision to increase Super Bock sales we might face a cannibalization scenario”, he realized, “but either through market penetration or line extension, Super Bock is definitely the way to go.”

The company background

Unicer is a Portuguese beverage producer and distributor, with operations in more than 150 countries throughout the world. Widely known because of Super Bock and Água das Pedras, the company has several other brands in its portfolio (exhibit 1).

The story starts in 1890 with the merger of seven breweries from the North of Portugal giving rise to the *Companhia União Fabril Portuense das Fábricas de Cerveja e Bebidas Refrigerantes*, popularly known as CUF. Cristal, the oldest Portuguese beer still commercialized today, was the first product to be launched.

In 1927, the Super Bock brand is registered and the production of this new beer started by the end of the year. Over many decades the company kept its constant growth until it became one of the major players in the sixties.

With the democratic revolution in 1974, a socialist oriented government decided to nationalize many private companies, and CUF was merged with two more brewers creating Unicer – *União Cervejeira*.

At the time of the privatization in 1990, the company was in a terrible shape with negative net results and a market share of approximately 33%. The restructuration that occurred afterwards allowed Unicer to achieve market leadership in 1992 and stand out within the Portuguese economy.

During the 90's several actions were developed to maintain and strengthen the leadership of the beverages market, from the launch of new products to the sponsorship of several events such as Expo 98 (an International Trade Fair) or the Euro 96 (the European football tournament). The first edition of Super Bock Super Rock in 1995 was a success and since then it has become one of the most important music festivals in Portugal.

The company acquired *Vidago, Melgaço and Pedras Salgadas* (VMPS) in 2002, as part of the leadership strategy in the Iberian market. From that moment on, it was clear that Unicer was focused not only on the sales of beer but on all types of beverages.

With the appointment of António Pires de Lima as the new CEO in 2006, Unicer restructured the strategy and the goals for the next years. Shaping a result-oriented approach, the new management team gathered efforts around the simplification of the organizational structure, the focus on the beer and water businesses and the international consolidation.

In 2009, Unicer lost the market leadership that it had maintained for seventeen years but came out a stronger and more efficient company with better margins and an improved bottom line (exhibit 3).

The Angolan Market

Background

Angola had been under Portuguese rule until 1974, when the democratic revolution in Portugal initiated the independence process of the overseas colonies. In 1975, after a struggle against the colonial domination that had lasted for 15 years, Angola was finally a nation fully recognized as such. Due to the many guerrilla groups that had fought against the Portuguese, it was not easy to achieve political consensus. The result was a long civil war that tormented the country until 2002, when one of the guerrilla leaders, Jonas Savimbi, was killed in combat. Although devastated, Angola was finally achieving a climate of peace after forty years of war and destruction.

Since the country was rich in natural resources such as minerals, diamonds, oil and iron, growth and development opportunities were immense. Foreign investment in Angola had increased exponentially since 2002 and many western companies had started operations in the region in order to cover the losses caused by economic stagnation in their home countries. Nevertheless, the challenges and the barriers faced by these firms were numerous and the appearance of local and new foreign competitors tended to complicate the situation.

In recent years the Angolans have been developing not only a sense of nationalism but also a pride in being Angolan. The *Mawngolé* – nickname used to refer to an Angolan national – was confident about the future of his country and his economy and trusted the quality of the national products.

Despite recently having been a stable economy, Angola still had a long way to go to develop a friendly environment for external investors. As with many other developing countries, issues like bureaucracy, complex legislation or high levels of corruption, were undermining Angola's economic environment.

The beer industry

The major players in the beer industry in Angola were divided between local and international producers. This market accounted for a total consumption of roughly 9000 hectoliters of beer per year, around 80% of which was local while the remaining 20% belonged to foreign exporters (see exhibit 7).

Among the local brewers was CUCA – *Companhia União de Cervejeiras Angolanas*, with a 60% stake of the domestic sales. Originally created as a branch of a Portuguese brewer, after many transformations it was finally privatized in the early nineties when a French wine producer, *Groupe Castel*, acquired part of the equity.

CUCA was a fierce competitor of any beer brand that wanted to sell its product in Angola since it had a strong placement in all segments. Philippe Frederique, CUCA's administrator, a French expat businessman in Angola had defended several times a tax increase on imported beer to protect the national brewers.

Due to the fact that Angola is an emerging economy one might think that the beer consumers are less picky than the Europeans, but that could not be further from the truth. In fact, according to João Esteves – The beer marketing Director of Unicer - “ Beer plays an important role in the daily life of a *Mawngolé* not only as refreshment but also as a part of the diet since it is a natural product with plenty of nutrients, therefore they are quite demanding consumers”.

Market research done in the past had shown that one of the reasons why imported beers had such a strong acceptance in Angola, was because the international brewers are able to constantly maintain the high standards of consistency and quality impossible for local producers to keep to.

For many years Angolan brewers were not able to satisfy the annual demand in the territory, which justified the easy access foreign exporters had to the local beer market. According to Philippe Frederique those years were now over (Exhibit 8).

Angolan brewers today possess factories with the capacity to meet the national demand, and, in his opinion, the government should raise limitations to imports in order to support the brewers who were really committed to the development of the country.

The harassment of local producers was just another point to add to the long list of challenges Pereira had to deal with in order to increase the overall volume of sales of Unicer in Angola.

The challenges and opportunities for outsiders

Launching an overseas sales operation could not be a simple copy-paste of what had been done so far in Portugal. Different cultures, different tastes, different segments require an exhaustive analysis of the market and its tendencies in order to prepare a successful internationalization strategy.

In addition, due to bureaucracy and corruption there were numerous obstacles and complex processes that constantly delayed the transportation and delivery of the products to the selling points. Ultimately this would mean stock-outs, loss of sales and market share and a decrease in profits.

In accordance with Esteves there are many specific issues you have to consider when you internationalize any brand. "Since we are selling beer, many controversies arose. Top of the list of common concerns were the consumption of alcohol by teenagers or the issue of drinking and driving, just to name a few."

Besides the enormous potential as an economy of scale, the main advantage Portuguese companies had in internationalizing to Angola lay in their cultural proximities, mainly the fact that they share a common language. "Spreading our value proposition is far easier when the language is the same", stressed Esteves.

Unicer Beer Portfolio in Angola

Cristal

"I often tell my friends and acquaintances that Cristal is the Louis Vuitton of the beers, since it is that icon that never changes and never disappoints", said Marcos who believed that Cristal was the perfect product for the Angolan market. By 2011 Cristal was the best seller of Unicer in Angola without the need for big investments in promotions.

In Angola social status plays a very important role in people's daily lives and the name *Cristal* resembles not only the precious mineral but also the French brand of champagne of the same name. It was the perfect combination. In addition, the usual way to chill beer in Angola is in a big bowl with ice cubes. "Once the bottle is cold and they take it out, everything shines due to the wet glass and the golden label", said Marcos. "It is incredible because the name perfectly matches the visual image, creating a great brand communication at no extra cost".

Being a country with extremely high average temperatures and humidity rates of 70% during the raining season, the lightness of *Cristal* made it highly appreciated throughout Angola, especially by female consumers.

Super Bock

Super Bock was the strongest beer available in the Angolan market. Its high percentage of alcohol and its slightly bitter taste earned it the nickname of GTI – like a powerful car - among beer consumers. At first glance, having such recognition could seem like a good advertisement but it ended up being very limited.

"We realized that Super Bock was being perceived as a beer for very masculine and virile men, which in the end was a very small niche of the whole market", commented Esteves.

Although in Portugal Super Bock had an extensive portfolio of different beers (exhibit 9), in Angola it was a strategic decision to sell only the main product – *Super Bock Original* – available in bottle and can formats. The 33 centiliter bottle was usually called *média* – the Portuguese word for something of average size and the 25 centiliter bottle was called *mini* – since it was a smaller version of the first, the can did not have a significant expression in the market (Exhibit 10).

The placement strategy

The Supply Chain

"Planning and designing a distribution channel that starts in our factory in Leça do Balio and ultimately crosses the Atlantic ocean to Angola was quite a challenge", commented Marcos, when asked a couple of years ago about the placement strategy followed by Unicer. "Obviously there were a wide range of factors we had to consider at the time of the expansion", he continued, "but the most important of all questions, was how to develop and maintain a trustworthy supply chain network".

African markets are very price-sensitive in relation to the demand for the products, according to Marcos, “it is a pure mathematical example, like in Business School, if the demand goes up the price rises and if it goes down...you know the story”.

Therefore, for Unicer the priority was to provide its supply chain with the right quantities of beer in order to prevent stock-outs and overstocking. For a supplier or a distributor the most important thing was not to sell at a high price or too large quantities from time to time. What is essential is to achieve high rotation levels of products in order to maximize profits with a constant flow. “The lesson we learnt here in Angola is that the fundamental way to achieve success in distribution terms is to have everyone happy along the supply chain, from the final client to the importer”, affirmed Marcos, “and for that they need constant demand”.

The factory

Despite the good relations Unicer had with the importers and distributors, Marcos had lost count of the number of times the containers had remained for days, even weeks in the port waiting to be unloaded. “It is ludicrous! Sometimes I go there personally to check the containers and nothing. No movement. It takes ages to get approval from the harbor management in order to unload our goods, it really drives me crazy”, he confessed, “if there was a way to be less dependent on the Angolan authorities...”

The Angolan factory was an old dream of the successive Unicer administrations. From 2003 there had been concrete plans to construct a beer plant in the surroundings of Luanda. Unfortunately, the obstacles were immense. Production within the borders would allow Unicer to be more competitive locally since the products would be immediately available in the market without any legal issues. Additionally, they would be able to reuse beer bottles if the distributors wanted to return them, creating an opportunity for more competitive prices. Besides this, they would be able to sell beer in barrels and therefore compete in the draught beer segment.

Nonetheless, it had been hard to find investors to partner with since the joint-ventures were required for any foreign company that wanted to invest in the country. The factory would create the opportunity to produce, initially, 450 million liters of beer and 1050 million liters after expansion.

The creation of direct jobs for the Angolan community was an asset that could be used by Unicer. “If we show to the society we are committed to Angola and we are willing to produce here to generate more job opportunities, I’m sure it will have a positive impact on the brand image”, said Marcos in one of the recent meetings with Pires de Lima.

The Unicer top management also knew that the government looked favorably on the job creation and could lead to easier access to financing. For Marcos, teaming up with an Angolan state-owned company could be the best strategic alliance for Unicer interests (see exhibit 11).

Shaping the new identity of Super Bock

Sourcing local talent

In the early days of Unicer presence in Angola, the company had worked with a Portuguese advertising agency, mainly creating adapted versions of their national commercials and other communication strategies. Since 2010 a new identity for Super Bock has been developed in order to clean up the image of a potent yet too exclusive beer. To communicate this new value proposition, Super Bock partnered up with Agency Six, a local advertising company.

“We figured out that if we are already managing Angola as an independent market, we had better bring a local agency into the game and that was the best decision we ever made regarding communications strategy”, claimed Esteves, “We can have the best Portuguese guys available and they would still never bring us such precious insights about the Angolan market”.

The core message

Carla Maduro, an advertising executive from Agency six, who had been working with Super Bock for the mass media, explained the rationale behind the new commercials. “We picked all the irreverence and youthful exuberance present in the Super Bock message and shaped it into an Angolan style. Locals have to perceive Super Bock no longer as the *macho* beer, but instead as the beer of joyful moments. Obviously to empower that message everything was locally sourced: colloquial expressions, body language, actors, etc”, Maduro explained.

The commercials used by Super Bock in Angola promoted the spirit of adventure of youth, always pointing the way towards enjoyment with style and class. There was also a direct connection between Super Bock and sexuality and sensuality. The TV ads were always packed with beautiful Angolan models and one of the most famous commercials would suggest even a direct correlation between drinking Super Bock and being a stud (exhibit 12).

Website and Facebook

The recent release of the website and the upcoming launch of the Facebook page would allow Super Bock to achieve in the near future a new type of relationship with their clients. “Especially when we planned our Facebook profile, we were shooting directly at the interational marketing”, commented Esteves. “Our goal with the social networks”, he continued, “is to obtain the maximum amount of information from our Angolan costumer in order to design and deliver a better product through improved communication methods”. The website, on the other hand, was created mainly to show serious commitment to the Angolan market (exhibit 13).

The *Fácil* concept

Saca fácil, was a concept introduced in Angola recently (2010) but which has already become a huge success. It was an idea imported from the Portuguese strategy that consisted of a pull-off system that facilitated bottle opening – *fácil* stands for easy - and generated some interesting interaction between the user and the product. Angolan consumers found it very convenient and trendy and the phenomenon was so popular that the same system in Portugal – at the time called *Abertura Fácil*, the Portuguese expression for easy opening – adopted the Angolan term.

Along the same lines, the marketing team has been considering launching the *Gela Fácil* in the Angolan market by 2012. With the same simplification idea, this time the goal was to sell the Super Bock bottles in special boxes that when filled with ice cubes could function as real freezers and chill the beer in 30 minutes.

Super Bock Super Rock and Red Party

Event sponsorship has always been a strong activity within the promotions strategy of Super Bock. After the success with Super Bock Super Rock started in 1995 in Lisbon, the top management took the strategic decision of introducing the same concept in Angola in 2004. So far Super Bock has organized four editions of the festival, the last in 2008 with several international appearances. Usually the lineup included artists from different Portuguese-speaking countries, namely Portugal, Brasil, Angola and Cape Verde.

Nevertheless, organizing such a massive event like Super Bock Super Rock can be quite demanding and uses up resources that could be used elsewhere. “Although we loved the experience, currently we cannot pipeline the necessary attention this type of event requires”, commented Ricardo Assunção - a lead marketer from the Angolan team –

“and the opportunity cost is huge”. Besides, they also had to find a partner with the willingness to invest and negotiate with the bands and so on.

With the goal of promoting the image of the brand, lately Super Bock has replaced the old festival with the Red Party, an event organized to create a buzz around the brand and provide an unforgettable experience for the participants. In The first Red Party the *Saca Fácil* concept was launched. With two editions successfully organized, there was a third one coming soon (exhibit 14).

Leveraging the two brands

In Portugal Cristal was considered to be a first price product. It was a beer of unquestionable quality but for positioning reasons was placed among the most affordable beers. On the other hand, Super Bock was very well marketed and was positioned in a higher segment, the so-called mainstream segment still easily accessible for most of consumers as the price was a result of its image and promotions strategy.

In Angola the story was a bit different. In terms of pricing and placement both brands had similar strategies. The target segment of Unicer beers in the market was a medium-high income segment and therefore the marketers had priced both products as mainstream premium, sold at a price above its competitors, like CUCA or N’GOLA (exhibit 15). In its turn, the placement model was in theory the same. They would sell both beers to the same importers and the later would put the products on the market. One could easily go to a restaurant or a supermarket and find both options without any distinction.

With the same positioning, pricing and placement there were few points on which the brands could be differentiated. There were the obvious differences in terms of the product itself, since Cristal was a lighter beer, more appealing to Angolan tastes and quite popular among women, but on the other hand Super Bock could attract new customers with the new value proposition shaped by the intense communication strategy.

Marcos was quite worried that many of the male consumers of Cristal would shift to Super Bock over the next few years. “With this amount of money we are spending on Super Bock promotions I can’t see how Cristal can maintain its leadership position”, he realized. But what scared him the most was the idea of damaging the overall profit margin of Unicer.

In a meeting Marcos and Esteves had earlier that autumn, the latter presented valid arguments in favor of a big investment in a second strong brand. So far, Cristal has

been leading the market of the imported beers but for Esteves there was an opportunity that could not be missed. “In a market like Angola, it’s important for us to have two strong brands and we had been shaping the brand Super Bock towards that goal”.

It was crystal-clear for Marcos that Esteves would primarily support the portfolio diversification. Nonetheless he was worried that Cristal could lose important sales due to a shift in local consumption. There was a huge potential for Super Bock growth but that could mean a harmful decrease in Cristal sales.

Line Extension in Super Bock

Super Bock in Angola was available only in its original form, recently baptized as Super Bock Original. Despite some individual cases like the considerable sales volume of Super Bock Stout – a strong malt flavored beer – in the Cabinda region, the product strategy had been so far to limit the offerings to the basic product. Esteves justified this choice with the fact that beer consumption in Angola was still in a primary phase. “Whereas in the western economies the beer industry is in a mature stage and line extension was necessary to reach other segments and satisfy those demands, the majority of Angolan consumers although *connoisseurs*, did not demand that type of extension as those in the mature markets. Therefore such extensions are not required at a first moment”. In other words, the addition of complex products in this type of market could result in a decrease in consumption.

For Esteves extending the product line could ultimately mean the ruin of the brand as a whole and the risks undertaken would not be financially justifiable at the present time. “Keep it simple and protect the demand”, was his mantra.

Marcos had a different opinion regarding which products to offer in Angola. For him, there was no point in limiting such a potential market to those two bottles of the same product. “We can’t base our Angolan strategy on what we did previously in Portugal, at least not exclusively”, he continued, “We started to sell Super Bock in 1927 with a different value proposition. Nowadays, we have the know-how and the technology to understand the market and offer different products from the primary stage of our expansion”.

For Marcos by offering the different extensions that they already sold in Portugal, Super Bock marketeers would be reaching more segments, would develop more brand awareness and acquire stronger presence in the daily life of Angolans.

Seeking 10% growth

The airplane landed in the International Airport of Luanda. While picking up his luggage, Marcos recalled what Pires de Lima had told him that morning. The challenge was ambitious and he knew that if he were successful, a seat on the management board back in Portugal would be waiting for him.

But Marcos also knew that the current operations were running smoothly and that was exactly what he wanted. “Everything is rolling accordingly to the projections”, he reasoned, “and now with all this pressure from the board, we could bring the entire marketing strategy down”.

He knew his old time friend Esteves, would support him on the intensification of Super Bock sales and that this could be really important in the future if anything did not go according to plan, but he really believed in an extension of the Super Bock line as an alternative to avoid damaging the market share of Cristal, at least in an initial phase.

He knew he was paid to take the tough calls but he could not forget what was at stake there. “Was it worth increasing Super Bock’s market share at all costs?”, he thought, “After all, with the extra expenses involved and the possible drop in Cristal consumption, the profit margin could be seriously damaged”.

EXHIBITS

Exhibit 1 – Brand Portfolio of Unicer

Beers



Waters



Wines

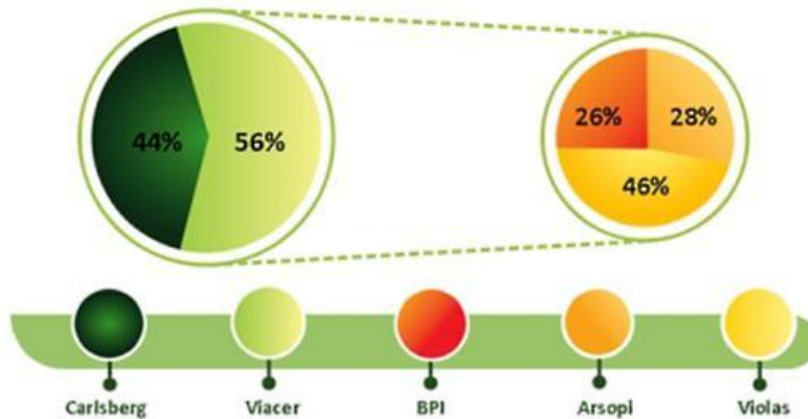


Juices and Soft drinks



Source: Unicer's website – www.unicer.pt

Exhibit 2 – Unicer’s current ownership structure



Source: Unicer’s website – www.unicer.pt

Exhibit 3 – Unicer’s Financial Indicators

Income Statement	2006	2007	2008	2009	2010
Sales	479.758	495.315	510.597	485.690	496.775
Gross Margin	209.563	221.027	215.201	198.422	216.407
Ebitda	75.184	92.053	84.248	85.970	92.104
EBIT Operating Results	43.564	60.923	52.314	49.300	57.926
Operating Results	17.776	35.727	27.382	30.740	43.535
Net Operating Income after Tax	12.645	27.934	19.118	20.914	31.058
Net Income excluding Minority Interests	12.254	27.397	18.238	20.200	30.357
EPS	€ 0.25	€ 0.55	€ 0.36	€ 0.40	€ 0.61
Cash Flow (Net Treasury Flows)	38.078	48.834	-7.715	34.963	42.732

Indicators	2006	2007	2008	2009	2010
ROI	8,6%	12,1%	10,1%	9,4%	11,3%
ROE	8,9%	21,1%	14,2%	15,9%	23,7%
Gearing	191,2%	168,5%	200,2%	183,7%	182,0%

Human Resources	2006	2007	2008	2009	2010
Average Number of Employees	2.330	2.085	1.816	1.678	1.625
Sales Productivity	206	238	281	289	306
GVA Productivity	66	73	82	87	95
Staff + Temporary Workers Costs	69.764	64.035	59.969	55.695	57.855

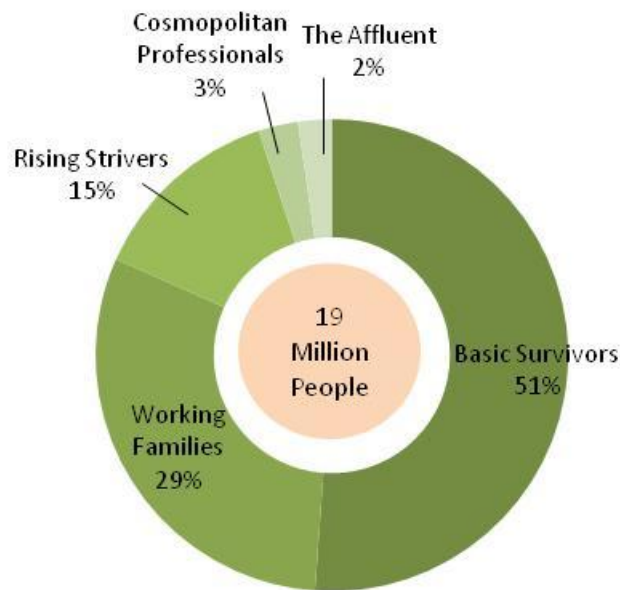
Source: Unicer’s website – www.unicer.pt

Exhibit 4 - Brief Description of the five market segments

Market Segments*	Description
Basic Survivors	<ul style="list-style-type: none"> ✓ Living in rural areas and urban settlements, Basic Survivors pay cash for essentials: food, shelter, and clothing. Basic Survivors also spend money on alcohol and tobacco, telecom products and services, and public transportation. ✓ Basic Survivors' cash flow are unpredictable; they might visit markets several times each week when they have enough cash on hand to purchase the essentials. ✓ While the challenges of reaching these Basic Survivors and profitably doing business with them are many, the size of the opportunity makes this segment worth the effort. To exploit the opportunity at the bottom of the pyramid, numerous companies have managed to adapt their products to Basic Survivors' low incomes by reducing pack sizes, for example, selling smaller tubes of toothpaste or packets of washing powder.
Working Families	<ul style="list-style-type: none"> ✓ Compared with Basic Survivors, Working Families are also driven by basic needs, but they are focused on the needs of the family rather than the individual, and are strongly driven by African cultural values involving the nuclear family. ✓ They pay cash for groceries, clothing and footwear, toys and games, and educational products. Because Working Families generally consist of more than one salaried individual their income is more stable than that of Basic Survivors. ✓ However, the demands of family and work make time precious and increase the value of processed and conveniently packaged food for themselves and their children.
Rising Strivers	<ul style="list-style-type: none"> ✓ Typically either successful migrants to urban areas or rural workers who have benefited from booming commodities industries (for example, mining), Rising Strivers represent Africa's emergence from low-income to middle-income economies and are the primary drivers behind Sub-Saharan Africa's consumer growth. ✓ Most Rising Strivers have recent direct experience with a lower-income existence and, as such, value durable products and transactions based on personal trust. ✓ Members of this segment strive to continue their upward mobility, and will invest in their children's education as a means to do so.
Cosmopolitan Professionals	<ul style="list-style-type: none"> ✓ Working and living in the city, Cosmopolitan Professionals spend their money (using cash, credit cards and, increasingly, mobile services) at supermarkets and shopping malls. Cosmopolitan Professionals often reach these retail locations using their own cars and motorcycles. ✓ Cosmopolitan Professionals often have worked or studied abroad and have a high awareness of global brands. ✓ Driven by the need for convenient, fashionable, high-quality products that complement their busy, work-driven lives, Cosmopolitan Professionals spend money on things that reinforce their professional image.
The Affluent	<ul style="list-style-type: none"> ✓ They mainly live in cities, have studied or worked abroad, prefer malls and upscale retail stores, access a wide variety of global media, and use credit cards to a greater extent than other Africans. ✓ Their income is substantially higher than the Cosmopolitan Professionals segment, typically more than \$1,200 per month. They have a pronounced preference for luxury brands such as BMW, Mercedes & Gucci. ✓ Vacations, hotels and flights absorb a large proportion of their spending and they also spend money on clothing, cosmetics, cars, and household goods, seeking items that are fashionable and prestigious.

Source: Accenture - The Dynamic African Consumer Market: Exploring Growth Opportunities in Sub-Saharan Africa by Grant Hatch, Pieter Becker and Michelle van Zyl

Exhibit 5 – Market Segmentation of Angola



Source: Accenture - The Dynamic African Consumer Market: Exploring Growth Opportunities in Sub-Saharan Africa by Grant Hatch, Pieter Becker and Michelle van Zyl.

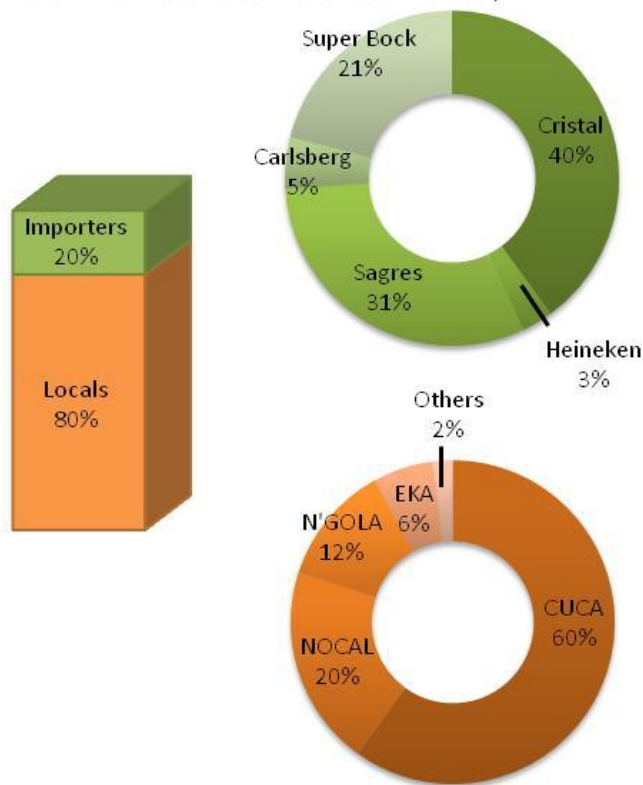
Exhibit 6 – Annual beer consumption per capita

Market Segments	Annual consumption per capita in liters
Basic Survivors	25,3
Working Families	71,7
Rising Strivers	73,2
Cosmopolitan Professionals	85,9
The Affluent	21,2

Source: Primary data from INE Angola analyzed and prepared by the thesis author.

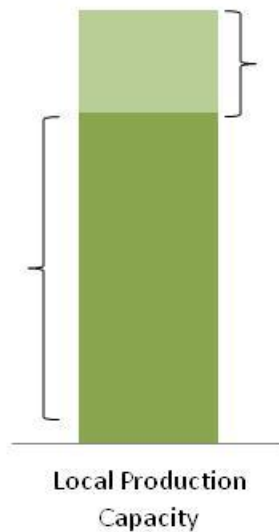
Super Bock, striving for a stake of the Angolan beer market

Exhibit 7 – Market Shares in the Beer Industry



Source: Exame Angola Magazine's article "Importadas: qual delas saca mais fácil, afinal?"

Exhibit 8 – Local Production Capacity



Source: Exame Angola Magazine's article "Importadas: qual delas saca mais fácil, afinal?"

Exhibit 9 – Super Bock Portfolio



CHARACTERISTICS

One can distinguish **SUPER BOCK Classic** by its soft and lasting foam along with its strong body and a lasting flavour. A stronger recipe improved with the finest varieties of hops, to please the more mature and demanding connoisseurs.

Aroma | Rich and intense, with notes of malt and hops.

Appearance | Bright golden, with creamy and smooth foam.

Flavour | Good consistency, bitterness followed by a malty sweetness to balance the flavor.

Alcohol | 5,8% v/v

Suggestions | Drink at a temperature between 8° and 9°C.



CHARACTERISTICS

The young and irreverent **SUPER BOCK Green** has a sweet taste and is enriched with 1% of lemon natural juice, which makes it a completely different experience. A light and very refreshing beer, ideal for every occasion.

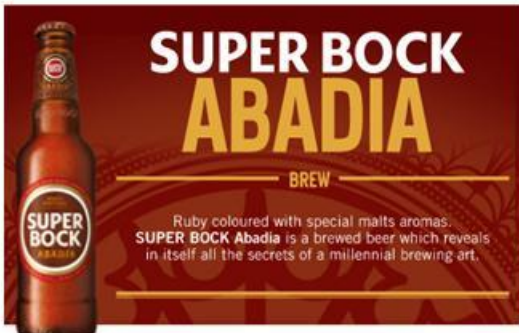
AROMA | the beer lemon aroma stands out.

APPEARANCE | cloudy, white creamy and abundant foam.

FLAVOUR | slightly sweet with a bit of lemon.

ALCOHOL | 4,0% v/v

SUGGESTIONS | Drink at the temperature of 5°C.



CHARACTERISTICS

SUPER BOCK Abadia is a voyage to the brewing flavour of the finest beers which were produced in the middle ages. A beer with an outstanding quality, produced with a wide variety of special malts and spices, which give it an unmistakable ruby colour.

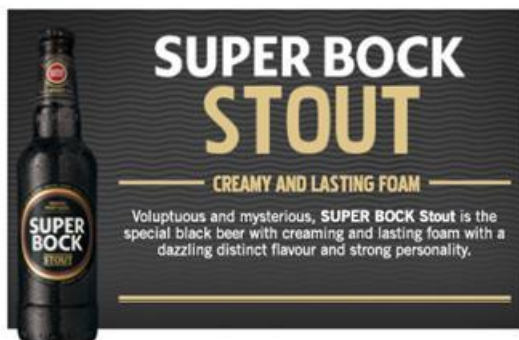
AROMA | Rich, stronger and malt and caramel full bodied.

APPEARANCE | Ruby coloured, creamy and abundant foam.

FLAVOUR | Slightly bitter and sweet.

ALCOHOL | 6,4% v/v

SUGGESTIONS | Drink at a temperature between 4° and 6°C.



CHARACTERISTICS

A surprising combination of special malts, which result in a common black beer with distinct aroma and taste, crowned by a creamy and lasting foam. **SUPER BOCK Stout** reveals a unique balance between sweetness and bitterness, which makes it genuinely special.

AROMA | Soft, caramelized and with a slight fruit aroma.

APPEARANCE | Dark colour with a dark and abundant foam.

FLAVOUR | Slightly toasted malt, balance between bitterness and sweetness.

ALCOHOL | 5,0% v/v

SUGGESTIONS | Drink at a temperature between 5° and 8° C.



CHARACTERISTICS

The complete pleasure of drinking an exceptional beer without restrictions. **SUPER BOCK Non-Alcoholic Pilsener** is produced from a unique dealcoholisation process which keeps the genuine flavour of an authentic beer.

Aroma | The full aroma of a non-alcoholic beer.

Appearance | Golden colour with a white, creamy, abundant and consistent foam.

Flavour | Soft and slightly bitter.

Alcohol | 0,5%

Suggestions | Drink at a temperature between 4° and 6° C.

Exhibit 10 – Super Bock formats available in Angola



Source: Super Bock Angola website – www.superbockangola.com

Exhibit 11 – Unicer Factory Plans

Factory Plans	
Investment	100.000.000 USD
Initial Capacity	450.000.000 liters
Potential extension	600.000.000 liters
Potential capacity	1.050.000.000 liters
Job Creation	150 slots

Source: Exame Angola Magazine's article *"Importadas: qual delas saca mais fácil, afinal?"*

Exhibit 12 – New promotion techniques



Source: Super Bock Angola website – www.superbockangola.com

Exhibit 13 – Website Layout



Source: Super Bock Angola website – www.superbockangola.com

Exhibit 14 – Red party advertisement



Source: Super Bock Angola website – www.superbockangola.com

Exhibit 15 – Comparison between different market offerings

Product	Origin	Price/Unit	Liter/Unit	Type of Product	Consumer's Perception
Carlsberg	Imported	115kz	0,25	Super Premium	4,5
Cristal	Imported	85kz	0,33	Mainstream Premium	3,6
Cuca	Local	70kz	0,31	Mainstream	2
EKA	Local	51kz	0,31	First Price	1,3
Heineken	Imported	115kz	0,25	Super Premium	4,8
N'Gola	Local	55kz	0,33	First Price	1,5
NOCAL	Local	53kz	0,31	First Price	1,2
Sagres	Imported	80kz	0,25	Mainstream Premium	3,2
Super Bock	Imported	85kz	0,25	Mainstream Premium	2,6

1 euro = 127 Kwanza

1 USD = 96 Kwanza

The fifth column describes the type of product according with the pricing.

The sixth column includes the average perception angolan consumers had when asked to rate the beer from 1 to 5, whereas 1 stands for vulgar and 5 for very special.

Source: Information from on-line articles organized and prepared by the author.

Exhibit 16 – Consumption distribution among Angolan market segments

Market Segments	First Price	Mainstream	Mainstream Premium	Super Premium
Basic Survivors	90,7%	8,8%	0,49%	0,01%
Working Families	11,6%	72,1%	15,5%	0,32%
Rising Strivers	1,3%	63,1%	33,7%	1,11%
Cosmopolitan Professionals	0,2%	7,71%	80%	11,47%
The Affluent	0,06%	2,86%	33,05%	64,37%

Source: Primary data from INE-Angola analyzed and prepared by the thesis author.

Exhibit 17 – Average ratings on Product line extension

Market Segments	Classic	Stout	Abadia	Green	No Alcohol
Basic Survivors	2,4	4,3	4,1	1,3	0,5
Working Families	4,1	1,9	1,5	1,3	3,5
Rising Strivers	2,2	3,9	4,5	0,7	3,1
Cosmopolitan Professionals	1,5	2,2	1,9	4,7	3,9
The Affluent	2,3	2,7	1,2	3,1	4,2

Source: Unicer data obtained on focus-groups conducted earlier in 2011, where participants were asked to rate the product extensions of Super Bock from poor quality (0) to excellent quality (5).

2. Teaching Notes

Introduction

Henrique Bacelar Barbosa wrote this Teaching Note under the supervision of Professor João Borges de Assunção and Paulo Gonçalves Marcos as a dissertation submitted in partial fulfillment of requirements for the degree of MSc in Business Administration, at the Universidade Católica Portuguesa, September 2013. This case is based on real events. However, both the data and the story presented in this article are not to be taken as a fact, as the main purpose is to illustrate a management decision.

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Synopsis

Unicer, a Portuguese producer of beverages, is facing a decrease in beer consumption in the national market justified by the economic crisis that plagues the Eurozone. In order to maintain a sustainable growth level, the company is now pipelining efforts towards other markets, namely Angola.

Marcos Pereira, the commercial director of Unicer in Angola and the person in charge for the expansion strategy, has been pushed by the board to increase the beer sales volume by 10% to 15% overseas to compensate the losses in the domestic market.

So far the beer brand Cristal is the best sell of Unicer in Angola and the market leader among the imported beers, but the other beer brand – Super Bock – is reappearing, after a transformation in its brand identity, stronger than ever.

During the unroll of the case's course, Marcos and the Unicer Beer Marketing director, João Esteves, will assess together the possibilities of increasing the total beer sales of Unicer in Angola without damaging the overall operation and the profit margins. They will analyze the brand possible positionings, the marketing mixes and potential issues that can arise from selling two brands with apparent similar value propositions.

In the end Marcos will face a dilemma regarding the brand portfolio wherein he has to choose between a stronger market penetration with Super Bock original or an extension of Super Bock line diversifying the offerings. For the first option he has the support of his friend and coworker Esteves but his intuition tells him to go for the second alternative.

Assignment Questions

1. Identify the challenges and opportunities an international beer producer like Unicer could find in a market like Angola.
2. What is the importance of a good placement strategy in a Developing Economy like Angola? In which way could the factory solve the distribution problems faced by Unicer?
3. Regarding the marketing strategy of Super Bock, do you think it is clever to copy the domestic strategy, develop a local strategy adapted to the Angolan market or invest on a global strategy that could be used by the brand everywhere in the world?
4. What are the potential risks and benefits of having just one strong brand in the portfolio? And of a dual brand portfolio?
5. Marcos is afraid Cristal could lose its leadership position. Could the line extension of Super Bock be a middle term solution for the overall issue? Which line extensions do you consider more interesting for the Angolan market?
6. Imagine you are one of the members of Marco's team. In your opinion, which choice would be more effective in the pursuit of the 10% growth.

Teaching Objectives

The teaching objectives of the cases are:

1. To sense the challenges and opportunities of Brand internationalization
2. To get an overview of the different internationalization models
3. To grasp concepts related with operational and strategic marketing
4. To develop helpful tools for brand identity reshaping
5. To highlight the components of the Marketing Mix
6. To elucidate the importance of communication plans
7. To get familiar with different methods to increase the sales volume
8. To assess the Pros and Cons of a multi brand portfolio vs. single brand portfolio
9. Illustrate the concepts of brand management along the line of products

(Extensions)

Use of the Case

This teaching case can be used as a learning tool to study several topics at a beginner's level. Primarily written with a marketing focus, this case could be used in courses like Marketing management, Brand Management, Marketing Planning or International Marketing both in undergraduate and graduate programs. At a MBA level, this case study would suit very well any Marketing Management courses.

Lecturers can use the assignment questions to confront the students with a real business scenario, pushing them into strategic decision-making on topics like marketing mix, portfolio management or international management based on the information and data available on the case. An overview of the macro and micro environments might be helpful in the perception of an emerging economy market.

Although the main objective of this case is to convey useful approaches and techniques related with marketing, it could be a good starting point for a discussion in any class of International management.

Analysis and discussion

The goal of this case study is to generate a discussion among students, guided by the lecturer, about some relevant marketing topics in a 90 minutes class. Here is the suggested time line for teaching this case given that the purposed questions are followed:

Question 1 – Macro and Micro Analysis 15 minutes

Question 2 – Placement Strategy 10 minutes

Question 3 – Internationalization Strategy 15 minutes

Question 4 – Brand Portfolio 20 minutes

Question 5 – Line Extension 10 minutes

Question 6 – Final Decision 15 minutes

Question 1 Macro and Micro Analysis 15 minutes

Identify the challenges and opportunities an international beer producer like Unicer could find in a market like Angola.

An initial exposition of the topic should be done, introducing the students to the reality of Africa and its emerging economies.

Due to the slowdown in the Western economies, many companies turn themselves to international opportunities, mostly emerging markets, looking for profitable synergies between their products or services and the consumers.

Most of these countries are in an early stage of economical development with high growth rates and immense business opportunities. Seeking an international expansion, many companies from mature economies see these emerging areas as potential new destinations for their business operations, either for manufacturing, where they can source raw materials or labor cheaply, or for sales where they can benefit from economies of scale with fewer competitors, or at least less competitive alternatives.

A market like Angola has certain characteristics that are very attractive for a firm looking for international expansion. The country is currently living a massive economic growth and the capital Luanda had become one of the most important African business centers. Hundreds of multinational companies operate locally on a daily basis generating an enormous transaction volume.

On the other hand, due to the typical weaknesses of a developing country, Angola still possesses many obstacles for entrepreneurs and companies looking for successful businesses.

Apart from the specificities of such business environment, there are also certain internal characteristics, inherent to Unicer that we have to analyze since they could have a positive or negative impact on the results.

To help assessing this topic, the instructor should require the students to answer the question with the help of a SWOT analysis or another managerial tool with a similar objective. Afterwards, the instructor could build on the most relevant factors.

Positive Internal Factors

Quality of the product

The beer sold by Unicer is recognized overseas as a high quality product, with several awards received on international competitions. The brand image generated is extremely important to be successful, namely in markets where consumers demand quality. The competitive advantage achieved by the brands Cristal and Super Bock, among the other competitors in Angola market, allow Unicer to achieve a sustainable growth.

Distribution network

The success of an internationalization operation is quite dependent on the effectiveness of the distribution network. Unicer was able to find the right partnerships among importers, distributors and sellers, creating the opportunity to have its products widely available across the country with a special focus on Luanda.

Communications strategy

Benefiting from some synergies between the Portuguese and Angolan economies, Unicer was able to communicate the value proposition of its brands in a way that had shown to be attractive to local consumers. Nonetheless, this result was not a fortunate coincidence. In fact, finding the right way to spread the message required the company to work closely with local marketeers in the assessment and planning of promotions.

Negative Internal Factors

Price

The price of the products sold by Unicer in Angola is significantly higher than the other competitors' offers. Principally among the average consumer, both Super Bock and Cristal cannot achieve the sales volume of local brands since the consumer is unable to afford this product.

Transaction costs

Since the products are brewed in the north of Portugal and then shipped all the way to Angola, the transaction costs are considerable and significantly higher than the local competition.

Absence of an Angolan shaped product

Although Unicer struggled, with a great success, to develop an effective communication strategy in Angola, they never consider designing a product specially shaped for the country. In such market, with immense opportunities, and having already a huge importance for the company, the offer of an Angolan product could have a very positive impact on sales.

Positive External Factors

Portuguese language and culture

Despite the fact the Portuguese ruler had left almost forty years ago, the five centuries connection between both countries left strong tails. Sharing the same culture and specially the same language is a huge competitive advantage for Unicer when fighting for a share among the imported beer.

Perceived quality on imported beer

The lack of appropriate resources among national brewers, such as qualified human capital, raw materials and proper infrastructures had led several times to an inefficient production of beer with significant alterations in taste and in components. Therefore, the imported beer achieved naturally a status of top quality product. In fact, for the locals, the type of mistake previously mentioned and common among Angolan brewers, would not happen to the products of the international players.

19 million inhabitants

Angola is a country that practically doubles Portugal in the population number. This represents a unique opportunity not only to sell the primary product but also all the line extensions currently available.

Negative External Factors

Legislation and taxes

The Angolan Customs Law was vague and commonly led to legal issues. Besides that, the law imposed tax on imported goods had a direct impact on the price, which effectively restrained/restricted Unicer, as well as any international company, ability to adopt a competitive pricing strategy, as the costs had to be covered.

Bureaucracy and complexity of the market

Common to many emerging economies, the economical growth is not a synonym of development. There were many issues faced by foreign companies shared by Unicer. The processes were sluggish and the requirements to have things done were immense. On top of all, corruption was always a problem companies had to deal with.

Lack of infrastructures

Angola did not have the appropriate business environment for international companies to implement their projects. There were numerous challenges to overcome regarding transportation routes, trustable contacts and partners, proper facilities and storehouses and so on.

Question 2 Placement Strategy 10 minutes

What is the importance of a good placement strategy in a Developing Economy like Angola? In which way could the factory solve the distribution problems faced by Unicer?

In the Fast Moving Consumers Goods (FMCG) sector the distribution channels play a central role in the success of the internationalization initiative. From the moment it leaves the factory until it reaches the hands of the final consumer, the product has to travel thousands of kilometers, thus creating numerous challenges.

Therefore, the relationships developed with all distribution partners, namely with the local distributors, were fundamental to achieve the goal.

Regarding imported goods, business in Angola has a slightly different *modus operandi* when compared to the western world economies norm.

Big importers buy containers of all kinds of products such as milk, diapers, fruit, beer, frozen meat, packaged water, cereals, etc.

Afterwards, local entrepreneurs called “second grossists” buy from those big importers the categories they focus their business on and thus, the later take the products to the final consumer.

Although there is a formal market in Angola, it accounted for a very small share of the overall picture. While the formal market owns 10% percentage share, the remaining 90% are done informally in the famous Angolan “open-window sales”.

An “open-window sale” was nothing more than someone displaying the products bought from the big importers on his window. People would come to their favorite “windows” and buy the products they want. In the case of the beer, the seller would keep the different bottles available in the window of his house and the clients could pass by and pick the brand they are most interested in.

There are also some highly skilled distributors, which daily organize a capillary distribution where they have specialized teams that make sure the beer reaches every client, but they represent a very small percentage of the whole sales volume.

For the open-window seller, the business focus is not on margins but on rotation levels that the products can achieve. They do not have any long-term strategy planned; they are just interested in selling and perceive that clients come back again to buy more. Therefore, for these entrepreneurs, what is important is to sell products that are in constant demand and widely available on the necessary amount to satisfy the customers without generating too many leftovers.

In conclusion, the key for an effective distribution strategy lies on the maintenance of a constant flow, avoiding both overstock and stock-outs. This is only possible with trustful relationships with the business partners.

After some discussion on the above, the instructor should introduce the factory topic and develop around the following aspects

Unicer had planned since 2003 an investment in the construction of a brewery within national boards, 50 km outside of Luanda, in order to achieve better efficiency levels.

With an initial production capacity of 450 million liters with a possible expansion of 600 million liters extra the factory could be the asset that would change the whole dynamics of Unicer in Angola.

A factory would mean a reduction in the dependence of the Portuguese production. Being able to produce in Angola, would allow Unicer to send its products immediately to the market, cutting out the big importers for example.

There would be less legal barriers and taxes, the transportation costs would be reduced, and ultimately it would be easier to manage stocks and supply correctly and on time the local sellers.

From a product perspective, it would be possible to sell barrels and to do bottle recycling raising the opportunities to sell more with better margins. Lastly, the factory would also have a social impact in the community due to the job creation.

Question 3 International Marketing Strategy 15 minutes

Regarding the marketing strategy of Super Bock, do you think it is clever to copy the domestic strategy, develop a local strategy adapted to the Angolan market or invest on a global strategy that could be used by the brand everywhere in the world?

In this question the instructor should start by analyzing the theory of the global marketing, providing one or two examples for each situation.

Marketing Strategy	Description	Examples
Domestic Marketing	Of small relevance in this case, refers to a company which does not have any international operations, therefore it designs the whole marketing strategy focused within borders.	Local sellers
Export Marketing	A company that follows the Exporting marketing strategy is considered to be ethnocentric. In fact, the overseas operations are of little importance and most of the times what is done locally is copied and replaced somewhere else. There is not any focus on trying to understand the different markets or on shaping the modifications required by a different culture or language.	Texas Instruments
International Marketing	Companies that engage on international marketing strategies opt to treat each market/country differently. Being polycentric, the parent company will provide the subsidiaries with the necessary autonomy to assess the local market and develop independent marketing strategies. This will result with adaptations for each market with different marketing mixes being put in place.	Four Seasons
Multinational Marketing	Half way between the International Marketing and the Global Marketing, the regional marketing strategy is looking for similarities between markets in order to generate clusters where the same strategies could be followed. Thus, the adaptation process still happens but now it impacts on regions of countries with similar requirements. In this case companies decide on a more geocentric approach, where they look for synergies to develop regional marketing techniques.	LEGO
Global Marketing	Totally geocentric, the marketing mix on a global marketing strategy is done in way that satisfies consumers all over the world. By selling a global product, companies do not have the problem to assess the local needs or requirements since the product was thought to be global and used everywhere.	Apple

Afterwards, the instructor will brainstorm with the students in order to find the best option in the Unicer case.

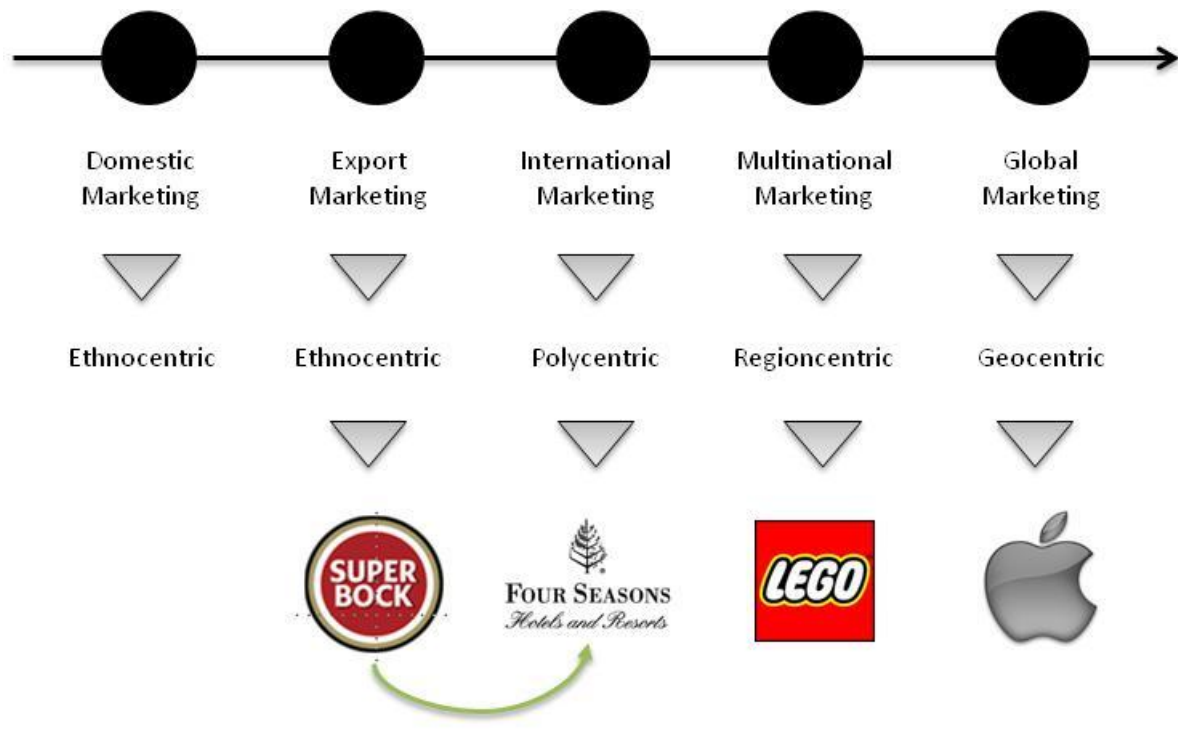
In a first stage, Unicer followed an export marketing strategy in which the marketing mix was brought from Portugal and replicated in Angola. The company partnered up with Portuguese advertisers and developed a communication strategy inspired on the same message and values.

Because of the lack of know-how about the market and the copy-paste decisions, Unicer paid a big price with losses on Super Bock sales. Without understanding the locals, Super Bock was being placed as a premium beer but perceived as a niche product. On the other hand, fortunate events led Cristal to achieve a leadership position in the Angolan market without any considerable efforts. Both situations, although different, happened as a direct consequence of the export marketing option, i.e., treating the local economy as an extension of the Portuguese market.

At a certain moment, due to the relevance assumed by the Angolan market and the necessity to expand internationally, it was required not only to change the promotion techniques but to reshape and refine the marketing mix as a whole.

Unicer could think of a globalization of the brand, turning Super Bock in a global product with a positioning and a marketing mix able to fit the new concept. In other words, the marketeers would have to reorganizing the concept evolving Super Bock in order to create a product and a brand with global acceptance.

Although attractive, an entrance in a global marketing strategy could represent more than Unicer can handle. Normally, companies would start with a shift from export marketing into international marketing, with specific planning for each market.



Thus, the best decision on marketing mix would be to design and apply a customized model for Angola. In fact, that was the way chosen by Unicer for the Super Bock brand.

The company partnered up with local agencies, identified the target segments, established the proper commercial relations with the adequate distributors and advertised the product appropriately.

As a result Unicer potentiated a positive growth on Super Bock sales, achieving a great acceptance of the product, even with a premium price, regardless the previous recognition as a tough, virile beer.

Question 4 Brand Portfolio 15 minutes

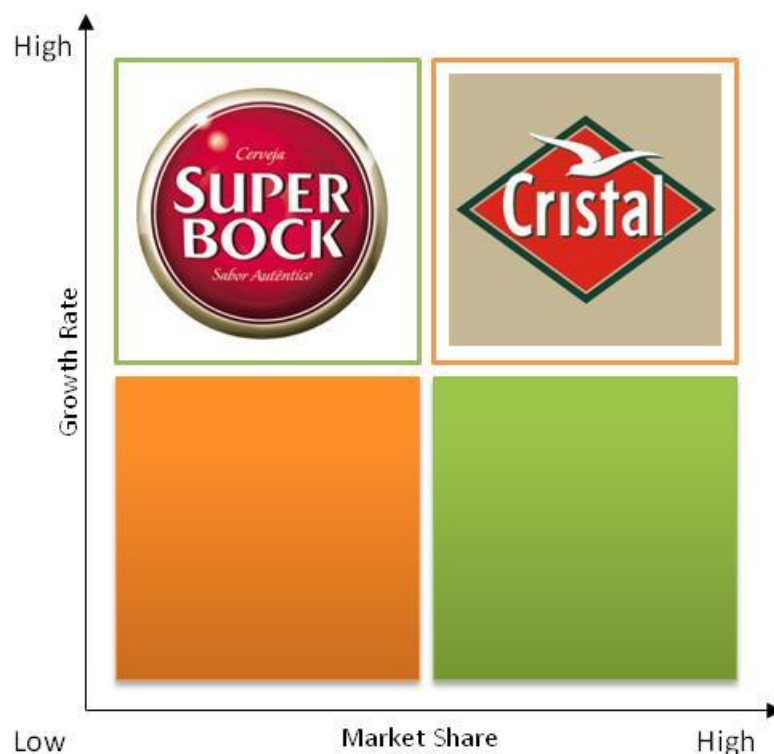
What are the potential risks and benefits of having just one strong brand in the product portfolio? And of a dual brand portfolio?

This is the first time the central dilemma is assessed. To analyze this topic, the instructor should start grasping a comparison – Pros and Cons - between the risks and benefits of both options. The initial line of thought should be complemented with opinions from the class. The elaboration of a table could be a simple way to approximate the dilemma solution.

During the story the brand Cristal is the market leader in Angola, among the imported beer products. On the other hand, Super Bock had conquered its market share and holds a second position. As a result, Unicer owns the two most sold imported brands in the local economy.

With the help of a BCG Matrix we can frame the current situation:

BCG Matrix



Nevertheless, one have to bear in mind the Unicer corporate strategy, highly focused on margins and sustainable growth, in order to achieve market leadership without neglecting those principles.

At the time there is a clear shift in the corporate strategy. With all the efforts taken around Super Bock, one could easily figure that Cristal achieved its maturity stage in the market, at least that is the feeling Unicer marketeers have.

But even if that is true, the company cannot let the brand go, hoping that Super Bock sales increase will compensate the losses or stagnation of Cristal. Thus, the challenge is to find the right combination for the positioning of these brands.

Pros and Cons of the alternative scenarios

Single Strong Brand Portfolio – Efforts on Cristal

Pros	Cons
Marketing strategy is already established	Defend the leadership position
Lower operational costs	Brand achieved a maturity level
Product with high acceptance in Angola	Lack of opportunities to extend the brand

Single Strong Brand Portfolio – Efforts on Super Bock

Pros	Cons
New positioning of the Brand	Planning of the marketing mix
Opportunity to increase sales volume	Risks undertaken by the new strategy
Brand extensions	Local and International competitors

2 strong brands Portfolio – Cristal and Super Bock

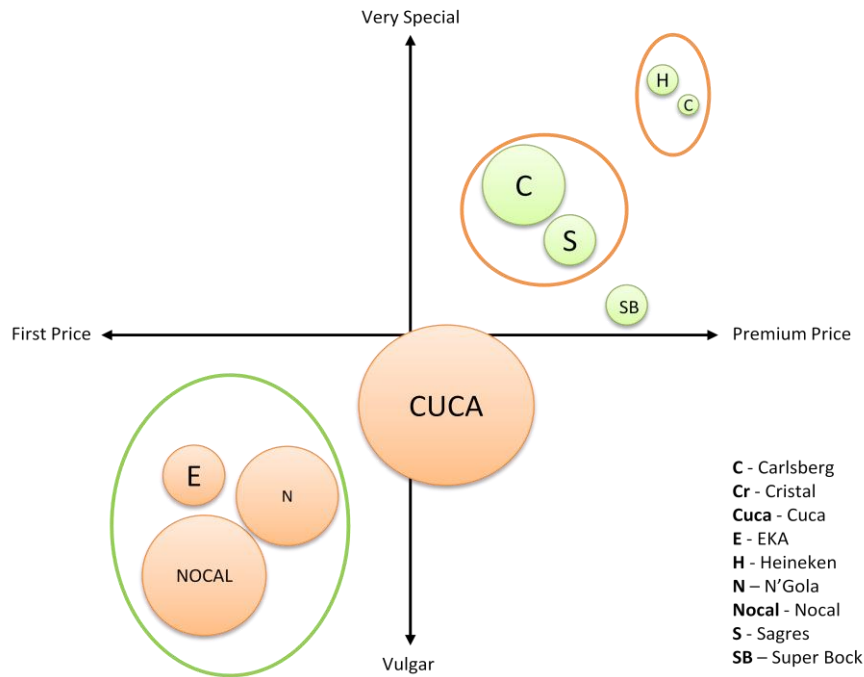
Pros	Cons
Risk Diversification	Sales cannibalization
Increase of the total volume of sales	Higher operational costs
More competitive company	Dispersion of Marketing efforts

How to do the positioning?

Following the hints from the exhibits we can draft a perceptual map about the current scenario.

Super Bock, striving for a stake of the Angolan beer market

Current situation



The problem of sales cannibalization

When referred to sales or marketing strategy, the sales cannibalization refers to a reduction in sales volume, sales revenue or market share as consequence of the introduction of a new product which belongs to the same producer.

In the current case, Unicer is facing a cannibalization scenario generated by the rising in Super Bock consumption threatening the overall sales of Cristal.

Nevertheless, the cannibalization can be provoked, that is properly planned as a management decision. The so-called cannibalization strategy occurs when a company deliberately decides to introduce a new product or brand in the market that could cause a potential loss of sales on existent products or brands.

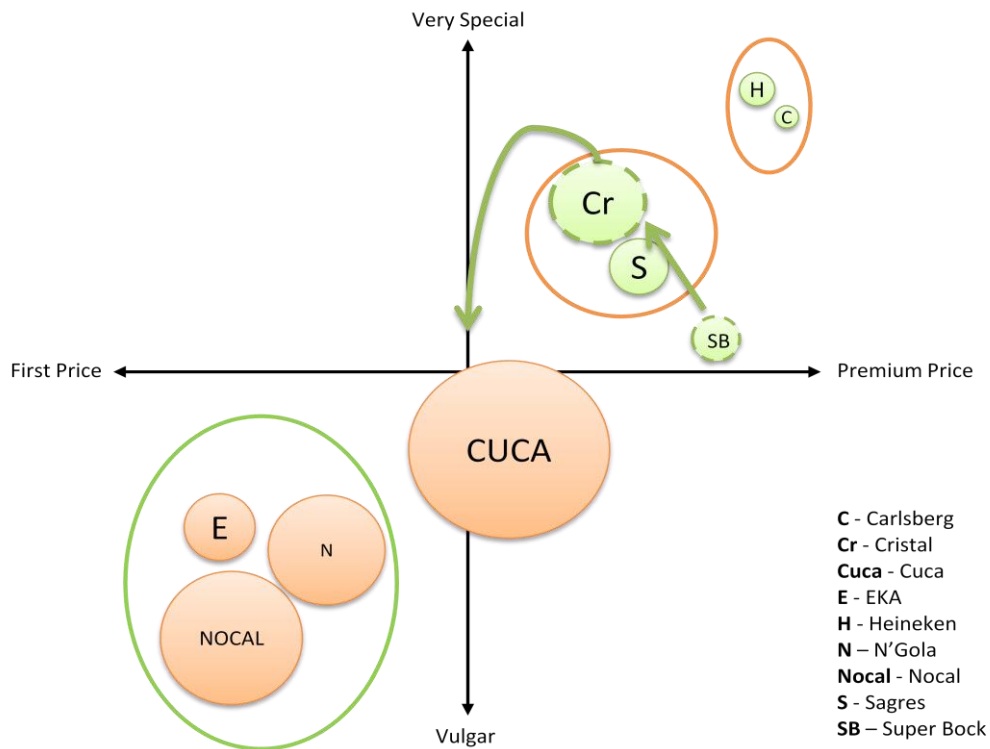
This corporate sales cannibalization usually is driven by one of two reasons. Firstly, companies believe that with this type move the harming created to its competitors is higher than to the company itself. The other reason lies in the fact, at least in theory, that the entrance of this new brand or product will compensate the losses with an overall increase of the total market share or revenues.

Thus, companies should always consider the impact caused by the launch of new product or brand to the other offerings already available in the market. If the benefit taken by this strategy compensates the loss potentiated, then the cannibalization is the way to go.

Super Bock, striving for a stake of the Angolan beer market

A possible outcome for the positioning dilemma would lie on the shift of Cristal to the mainstream sector, competing now directly with CUCA and moving Super Bock to Cristal's place, creating a new positioning for both brands.

Possible outcome



Therefore, two new value propositions could be shaped. The below is a suggestion, that could be changed by the lecturer.

Brand	Target Customers	Key Benefits	Price	Value Proposition
Cristal	<ul style="list-style-type: none"> ✓ Working Families ✓ Rising Strivers 	<ul style="list-style-type: none"> ✓ Quality ✓ Reliability 	Mainstream	More quality than the usual Angolan competitor
Super Bock	<ul style="list-style-type: none"> ✓ Rising Strivers ✓ Cosmopolitan Professionals 	<ul style="list-style-type: none"> ✓ Trendiness ✓ Status 	20% Premium	A top quality beer differentiated through taste and status

Question 5 Line Extension 15 minutes

Marcos is afraid Cristal could lose its leadership position. Could the product line extension of Super Bock be a middle term solution for the overall issue? Which line extensions you consider more interesting for the Angolan market?

In this question, the instructor should bring the line extension topic as third option beyond the monobrand vs. multibrand portfolio dilemma.

The beer sector in Angola is quite limited to the basic offerings. This situation is common to local brands, which did not yet develop their offerings extensively, and also to international players that opt on a first stage of expansion to sell just the most known products, the ones that generate brand awareness.

In the specific situation of Super Bock, despite the relevant number of sales of Super Bock Stout in Cabinda region, the overall weight of Super Bock line extensions in both Angolan and other International markets were not considerable.

Nevertheless, the topic should be at least analyzed by companies. The previous results on Super Bock sales and even the curious reaction Angolans shown with Cristal had proven that things are not perceived in the same way all over the world.

Thus, the line extensions of Super Bock could be a marketing strategy to reach super Bock clients, Cristal clients, other brands consumers and even non-drinks of beer, or at least, non-drinkers of this kind of beer.

Vantages and Disadvantages of Brand Extensions

Vantages	Improved odds of new-product success Positive feedback effects
Disadvantages	Brand Dilution Avoidance the creation of a new whole brand

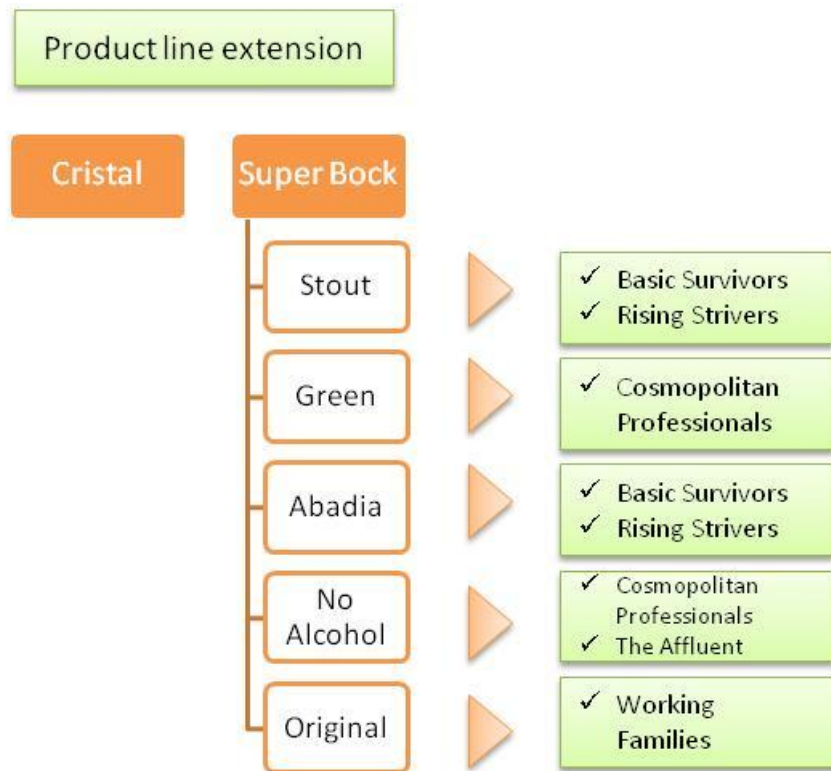
Unicer marketers have to judge, namely the ones working with Super Bock, if the potential brand extensions (that already exist in Portugal) would contribute effectively for the overall brand equity of Super Bock.

Some questions should be brought:

- Does the parent brand have a strong equity?
- Is there any room in the market to introduce the brand extensions?
- Are the brand extensions contributing for Super Bock's equity?

Following the segmentation used during the case it is quite evident that this type of extension due, not only to the degree of sophistication, but also to the production costs could be more easily achievable on the higher segments since: cosmopolitan professionals and the affluent, since its price would be considerable high.

Super Bock, striving for a stake of the Angolan beer market



Market Segments	Classic	Stout	Abadia	Green	No Alcohol
Basic Survivors	2,4	4,3	4,1	1,3	0,5
Working Families	4,1	1,9	1,5	1,3	3,5
Rising Strivers	2,2	3,9	4,5	0,7	3,1
Cosmopolitan Professionals	1,5	2,2	1,9	4,7	3,9
The Affluent	2,3	2,7	1,2	3,1	4,2

The best option regarding product line extensions would be the Super Bock Green or Super Bock no alcohol, since those are the most appealing products to the segments that could afford that kind of pricing.

Question 6 Final decision 20 minutes

Alternatives to achieve 10% growth

On a first glance, our targets/market segments seem to be the ones that drink more beer – Working Families. It is the second highest group in terms of population but by far the first one, in terms of beer consumption.

Market Segment Numbers			Annual Consumption	
Basic Survivors	51%	9690000	Basic Survivors	245157000 liters
Working Families	29%	5510000	Working Families	367517000 liters
Rising Strivers	15%	2850000	Rising Strivers	208620000 liters
Cosmopolitan Professionals	3%	570000	Cosmopolitan Professionals	48963000 liters
The Affluent	2%	380000	The Affluent	8056000 liters

Nevertheless, if one analyzes the consumption distribution among the different types of beer, it will reach a different conclusion.

Market Segments	First price	Mainstream	Mainstream Premium	Super Premium
Basic Survivors	222357399 liters	21573816 liters	1201269,3 liters	24515,7 liters
Working Families	42631972 liters	264979757 liters	56965135 liters	1176054,4 liters
Rising Strivers	2712060 liters	131639220 liters	70304940 liters	2315682 liters
Cosmopolitan Professionals	97926 liters	3775047,3 liters	39170400 liters	5616056,1 liters
The Affluent	4833,6 liters	230401,6 liters	2662508 liters	5185647,2 liters

In fact, working families do not purchase mainstream premium products as much as rising strivers.

On the top of this, an extension could be considered with a market penetration of Super Bock Green and Super Bock as super premium products, complementing the existing offerings.

My personal suggestion for the conclusion of the case would be:

Repositioning both brands:

- Cristal as a mainstream product
- Super Bock as mainstream premium product

The factory would be of immense help to decrease production costs and allow a different pricing strategy to Cristal.

Regarding brand extensions, I would consider Super Bock Green and Super Bock no alcohol as long as it is financially cost-effective to do the market penetration.

What really happened?

By the end of 2011, the strategic decision had been made. The Marketing team of Unicer had reach an agreement regarding what to do to increase the sales volume of beer as well as to expand the market share in Angola.

Despite some discordance, the team decided on strength the Super Bock position in the Angolan market, neglecting the sales of Cristal. In the end, the product line extension planned for Super Bock has left back and Unicer concentrated efforts on the market penetration of the basic product – Super Bock Original.

The result was very positive, regardless fact Cristal lost its market leadership, since the overall sales of Unicer achieved the growth projected by the management board.