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CASES ON MARKETING STRATEGIES
"Sagres Bohemia: from spotlight to a mere extension"

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Abstract (English)

The following dissertation accesses a common practice in the market, the parent brands' use of extensions. This work studies the relation between a parent brand, Sagres, and a line extension based on the case of Sagres Bohemia, a premium beer introduced in the Portuguese market in 2005. This case is worth of studying because it stresses not only this relationship but also how it can evolve. It also displays how a product that had such good acceptance in its introduction weakened so much few years after.

More recently, Sagres developed a strategy towards brand standardization, which is affecting all the extensions under this brand, and this point is also interesting of study.

The information provided in the case study, together with a survey ran to confirm consumers' perceptions about extension and parent brand, will support the key research questions of this dissertation.

From this analysis it was deduced that Bohemia's decline coincides with the decrease in both its communication and product development. The survey shows that parent brand association was not one of the characteristics consumers value the most in Bohemia and there are many consumers that do not associate Bohemia to Sagres. With Sagres' new strategy, explained further in this dissertation, it will be more difficult to enhance the extension's differentiation. Nevertheless, parent brand should be of major concern for the company and extensions should adapt to it.

Abstract (Português)

Esta dissertação aborda uma prática comum no mercado, o uso de extensões por parte de uma “marca mãe”. Este trabalho estuda esta relação entre “marca mãe”, Sagres, e extensão de marca baseado no caso da Sagres Bohemia, uma cerveja *premium* introduzida no mercado português em 2005. A relevância deste estudo reside no facto de tratar não só a relação mencionada, mas também a forma como esta pode evoluir. É também interessante o facto de como um produto que teve uma boa adesão aquando da sua introdução, veio a enfraquecer significativamente poucos anos mais tarde.

Recentemente, a Sagres desenvolveu uma estratégia direcionada para uma uniformização da marca, que afecta todas as extensões, tornando este caso ainda mais interessante.

A informação disponibilizada no caso de estudo, juntamente com um inquérito realizado de modo a confirmar as percepções dos consumidores relativamente à “marca mãe” e à respectiva extensão, serão a base para responder às questões centrais abordadas nesta dissertação.

Da análise efectuada foi possível concluir que a redução no consumo de Bohemia coincide com o decréscimo tanto na sua comunicação como no desenvolvimento do produto. De acordo com o inquérito, associação à “marca mãe” não é uma das características que os consumidores mais valorizam nesta cerveja, sendo que muitos destes consumidores não associam a Bohemia à marca Sagres, fazendo com que a estratégia recentemente adoptada torne mais difícil a diferenciação deste produto. No entanto, a “marca mãe” deverá ser a maior preocupação da empresa e as extensões deverão adaptar-se à mesma.

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Chapter 1: Introduction

Nowadays most markets are becoming saturated and differentiation becomes harder and a challenge to execute. In this sense, extensions are a way for some companies to create distinction and "*…helps them serve finer market segments, satisfying thus consumers' desire for 'something different'. At the same time, they utilize better their excess production capacity, achieve a quick increase in sales…*" (Kenny and Quelch, 1994). Thus, 95% of new products offered in the market are either line or brand extensions (Barrett, Lye and Venkateswarlu, 2001)

1.1 Focus and Purpose of Study

Sociedade Central de Cervejas e Bebidas, SA (SCC), founded in 1934, is a company that produces and commercializes beverages and is recognized mostly by one of its beer brands: Sagres. Although the company has a long history, this case study will focus mostly on its last decade, where Sagres has achieved leader position in Portugal (2008). Sagres as parent brand has several line extensions and one of them is Sagres Bohemia, which is a premium beer existing since 2005. This work strives to analyze the relationship between this product as an extension and its association with the parent brand. It is of particular interest because this product has a different relationship to the parent brand in comparison to other extensions, namely on its label strategy where it is given more focus on the word "Bohemia" rather than "Sagres". Consequently its recognition is different amongst consumers.

Sagres Bohemia was an innovation in the marketplace and defined a new category of beer. However, a few years after its launch the sales decreased significantly and it began losing market share. Despite the decline of this product, Sagres has kept its leading position mainly through Sagres lager.

More recently, the company has established a strategy, which intends to give full attention to the parent brand and enhance the brand values. In this regard, it is interesting to understand how the relation between Bohemia and parent brand evolved and how its sales were affected.

1.2 Problem Statement

Thus, the problem statement approached is:

Understand how Sagres Bohemia's relation with parent brand has evolved and how an extension that was a breakthrough in the marketplace and in which a significant investment was made, has been declining over the past years.

1.3 Key Research Questions

For this matter, the work strives to answer the following key research questions:

1. **What is Sagres Bohemia's position in the market and how has it evolved?**

In order to understand if this product had success it is important to explore what was Sagres Bohemia's position when it was first introduced in the market and its current situation. It will show the impact created by the product and if it brought value to the market as a first mover. Finally, the reasons why this beer has decreased so much in the past years should also explain the evolution of the product.

2. **How do consumers perceive Sagres Bohemia?**

Through this question it will be possible to understand what are consumers' perceptions towards the product and if they are in consonance with what Bohemia's communication intends to transmit. These questions also aim to validate the consumers' perceptions of this product compared to its direct competition. For this purpose, the survey will be an important tool.

3. **Why has Sagres Bohemia opted for enhancing the name Bohemia rather than the brand Sagres?**

When compared to other extensions, Sagres Bohemia displays a different label strategy. It is relevant to explore what were SCC's expectations of this product and why it intended to be different from other extensions.

4. **Is brand extension sustainable/effective in the long-term?**

Given Sagres' recent strategy of brand standardization it is significant to ask if this tactic is somehow related to a possible expected short lifetime of an extension, if it is because the product reached a maturity stage, if it is because it is damaging the parent brand's image or because it does not fit parent brand's image. This question support will be mainly by an Al Ries (2009) article.

Key Words: Line and Brand Extension, Positioning, Consumer Evaluations and Perceptions

To better understand this dissertation a survey was ran. This research will complement the case study and will reflect consumers' evaluations and perceptions regarding extension and parent brand relation. Yet, most of the information was provided by SCC either regarding products evolution, market share and where Sagres is heading.

Hence, this work will be valuable to study not only for students, but also for the company itself, which can have a different interpretation of this extension's evolution.

1.4 Structure

This dissertation is divided into six chapters. The following chapter explains the methodology used to gather all the necessary information for complementing the case study and to answer to the Key Research Questions.

Chapter three is dedicated to literature review that will be covering the relevant topics for exploring the subject related to this work: Extensions, Consumers' Evaluations on Extensions and Positioning.

Fourth chapter presents the case study, which will be the bulk of this work. It will include all information regarding SCC and Sagres Bohemia that will help understand the beer evolution and where it is heading. This chapter is complemented with fifth chapter, which includes the analysis to the survey ran.

The sixth chapter includes teaching notes, which will be a solid ground for the case analysis and class discussion.

Finally, the last chapter is devoted to the main conclusions of the dissertation, summarizing what was mentioned in the previous chapters. This chapter will also provide some work limitations that should try to be overcome in future research.

Chapter 2: Methodology

The methodology used includes the collection of both primary and secondary data. This chapter will approach primary data, which comprises a survey (physical and online) and also INCIM[1] data. Secondary data consists on information provided by Sociedade Central de Cervejas e Bebidas, SA (SCC), including market studies developed by marketing research companies.

2.1. Prices Data Collection

While SCC provided the average prices practiced in the beer market in Portugal, it was also necessary to gather the prices practiced specifically by Sagres Bohemia and its most direct competitor, Super Bock Abadia. For this matter, it was relevant going to two hypermarkets (Continente and Pingo Doce) and to some restaurants, to see which prices were practiced in INCIM channel. Since the price in restaurants may change more than the price practiced in hypermarkets and supermarkets, an average of four different restaurants was computed.

2.2. Sample Selection

The survey was designed in Portuguese and only Portuguese people were asked to answer it, where the contact with most respondents was done through social networks. Since Sagres Bohemia is a premium product and in theory purchased by people with substantial income and with enough age to know how to appreciate a beer and value it as a meal's accompaniment, it was important to collect a significant number of responses from these people. This segment was reached through direct e-mail or personally to have a higher accuracy. Besides age and income, it was also significant to gather answers from people who have already tried Bohemia and Abadia to understand their preferences of one over the other.

This survey approaches only a sample of the total population of beer consumers, but it is well distributed amongst age, gender and even income. The results of the survey count with 196 people, where 79% consume beer and 21% does not, and comprises a 95% confidence interval.

[1] INCIM = HORECA, term that refers to food and beverages' service in Hotels, Restaurants and Cafes

2.3. Survey Method

As mentioned before, the survey was elaborated and distributed both online and directly to respondents, where each answered individually to the questionnaire.

This survey had the goal of trying to understand consumers' patterns of Sagres Bohemia and to evaluate their perception of the beer's characteristics and notoriety. The use of this method also allowed relating consumers' associations of Sagres Bohemia and its competitor, Super Bock Abadia, to each parent brand respectively.

2.4. Survey Design

During the survey it was avoided the use of the words or symbols saying "Sagres Bohemia" and "Super Bock Abadia", so the respondent did not feel influenced when associating each product to its parent brand. Hence, in the survey the respondent is only exposed to the words "Bohemia" and "Abadia".

Broadly, the survey **(see Appendix 1)** was divided amongst three parts. The first part notes if the respondent is a beer consumer or not, and if so it approaches respondents' habits and preferences towards beer. The second part screens if the respondent recognizes and has ever consumed Bohemia or Abadia, which conditions the rest of the survey. Finally, the survey is concluded with some demographic questions, where income represents a significant variable to the analysis.

Types of Questions:

Dichotomous questions: were used few times and in most cases they provided straight answers about consumers' habits, such as "Do you consume beer?" or "Are you sensitive to promotions when buying beer?".

Forced preference ranking: from a range of 16 beers the respondent had to indicate the three beers he likes the most by order of preference.

Free response with pre-codes: used several times, it offers the respondent an answer option, such as "How do you perceive Bohemia?". Since the options given may be limiting, it was also proposed the option "Other".

Net promoter score: allows understanding how much the respondent liked Sagres Bohemia and how likely he would recommend it to a friend.

Demographic questions: they were easy to answer questions and allowed placing respondents into categories, regarding gender, age and income.

Chapter 3: Literature Review

This chapter presents the required knowledge to better understand the case study further explained. It stresses the topics of Extensions, Consumers' Evaluations on Extensions and Positioning. This analysis will address mostly the Line Extension topic, since it is the case of Sagres Bohemia and will be applied to the fast mover consumer goods, more specifically in the beverages and beer market. The concepts described above will also taper in Premium Products and Upscale Line Extensions.

"A good brand extension strategy is one where the brand name aids the extension, while a very good brand extension also enhances the brand name" (Aaker, 1991).

3.1 Extensions

3.1.1 Definition and Classification

Established brands in the market may become saturated with changes in both parent brands and market environment. The increase in distribution channels' competition, the high advertising costs (Aaker, 1991) and the high rate of product failures (Hauser and Urban, 1993) made more difficult the launch of new brands. Thus, the use of familiar brand names can be a mean to increase new products acceptance (Buday, 1989; Tauber, 1988).

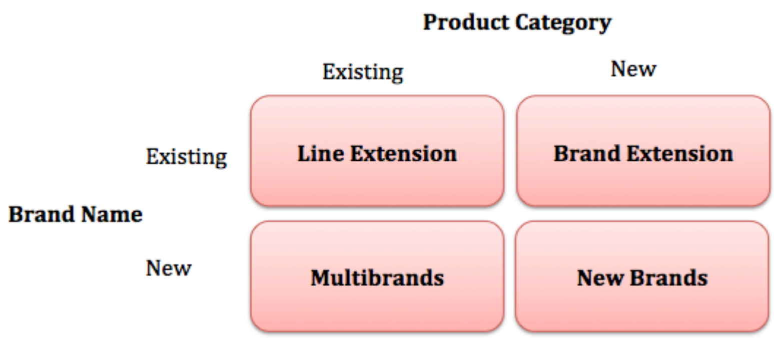


Figure 1: Brand development strategies, Armstrong, Kotler, Saunders and Wong, 2008

Aaker and Keller (1990) classify an extension in two types: brand and line extension. As it is visible in **Figure 1**, the former happens when an existing brand name is used to enter a completely different product class (ex: NCR photocopies). On the other hand, line extension happens when a current brand name is used to introduce a new market segment in its product class (ex: Diet Coke).

a) Brand extensions can be defined as the use of a current brand name on a new product in a new category. This product will benefit from the existing brand name's awareness and associations, and it leverages the investments a company made in its existing brand names and hedges against the risk of new product failures. This strategy is popular in the sense that by leveraging the awareness levels and association equities of the brand name, it is believed leading to higher consumer trial than the use of a new brand name (Keller, 2003).

b) Line extension on the other hand, happens through the use of new formats, colors, sizes, ingredients or flavors in existing product category. This type of extension allows a low-cost and low-risk introduction of a new product, and it goes towards new customers needs for variety or to get more shelf-space from resellers (Armstrong, Kotler, Saunders and Wong, 2008). "*The objective of a company for introducing a line extension may be not to generate extra sales and profits but to simply improve its strategic positioning by introducing an improved version of its current product (e.g. with a more functional type of packaging)*" (Nijssen 1999).

Furthermore, the use of line extensions can provide, on one hand a first mover advantage (Alpert, Graham, and Kamins 1992), and on the other, an interaction effect between brand strength and order of entry, where a later line extension with a strong brand name is more likely to succeed than a line extension introduced earlier under a weak brand name (Bhat, Holak and Reddy 1994). However, Sullivan (1990) defends that late extension entrants can benefit from consumers' reaction to the pioneer extension and position their products in a better way, profiting from a more thoughtful strategy.

Aaker and Joachimsthaler (2000) summarize line extensions as means to:

- Enable brands to expand through products or markets;

- Respond to different brand strategy needs;

- Leverage brand equity by preserving brand-building resources;

- Show a new and different offer avoiding deterioration of a brand due to over extension.

Kenny and Quelch (1994) also say that line extensions satisfy different consumers tastes, increase brand visibility and can even help a brand outselling its competitors and discourage the entrance of new ones.

3.1.2 Parent Brand and Line Extensions

There are three types of relationships between a parent brand and a line extension (Aaker, 1997):

- Parent brand is the endorser of the line extension. This strategy minimizes harm and also reduces cannibalization threat to the parent brand. An example is Mentadent P (parent brand) and Mentadent P Herbal (line extension);
- Parent brand and line extension are co-drivers that exercise equal influence on the consumer. VW Passat and VW Golf are two examples;
- Parent brand is a driver, and the line extension acts as the descriptor. A small indicator, like a word, shows consumers that the product they are being exposed to is only a small variation of the core product. The word “Vanilla” in Coke Vanilla works as the descriptor of the parent brand, Coke.

Moreover, some researchers such as Jun, Park and Shocker (1996) who suggest people view groups of concepts as composite identity, add another type of relationship between line extension and parent brand: a line extension that precedes the parent brand is defined as a header line extension and one that follows is defined as a modifier, where the former type may project more semantic attribute images than the latter.

Myung-Soo (2007) states that weak brands benefit more from quality line extension, but they also depend more on the choice of the line extension type (header or modifier). The author also says that strong brands should place the parent brand name first, followed by the line extension’s, and on the opposite, weak brands should place the line extension’s name after the parent brand’s.

Although the success of brand extensions is uncertain and failure rates in many fast-moving consumer good product categories are approximately 80% (Ernst & Young and ACNielsen 1999), Collins-Dodd and Louviere (1999) and Tauber (1988) state that extending brands both within and beyond the original product category is deemed to be profitable since brands that are already known and recognized require lower new product introduction expenses, such as advertising, trade deals, or price promotions. It is important, however, to take into consideration that brand's identity and strength may be compromised as the number of products associated with it increases (Aaker 1991; Farquhar 1993; Tauber 1981).

3.1.3 Upscale Extensions

A study carried by Fiske and Silverstein (2003) found that there has been a move towards premium brands, due to different demand-side factors such as rise in income, the cash windfall delivered by mass retailers, the change in role of women and in family structure, among others.

Value-driven categories, as beer, have seen an increase in high-end players that promote image and status through its brands. This stimulated an increase in product innovation and since product variations are targeted to new consumers, there has also been an increase in willingness to purchase of this last segment (Abratt, Bick and Munthree 2006). Furthermore, with the big differentiation that premium brands bring to the market, even value-conscious consumers are now willing to buy them (Mark and Vishwanath, 1999), and mature markets are providing opportunities to premium brands to justify their higher price to consumers.

Aaker (1997) provides three solutions to reduce the risk of upscale line extension:

- Position the line extension at the lower end of the premium category to have a vertical leap reasonable;

- Create a distinction between the upscale and mainstream brands by using some differentiation in the former;

- Assign the upscale line extension a role that provides an immediate solution and success.

According to Abratt et al. (2006), a three-step approach can be applied when using upscale line extensions in brand revitalization strategies, as it is visible in **Figure 2**.

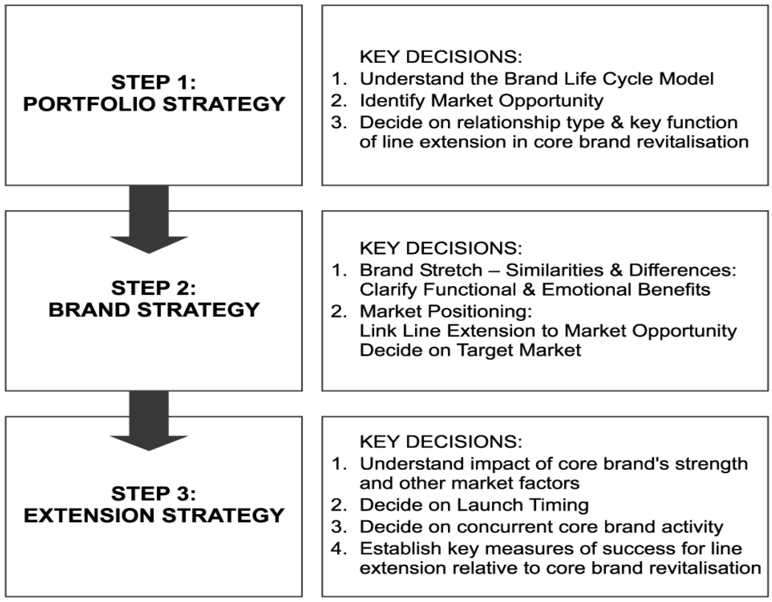


Figure 2: Three-step Approach, by Abratt, Bick and Munthree (2006)

Thus in step 3, it is important considering the use of line extension according to the situation. One possible use can be to adopt a short-term defensive strategy, just to counter attack competition (i.e. Coke Vanilla). Line extension can also be used to change consumers' tastes, thus this strategy will provide a much longer life cycle to the extension (i.e. Coke Light).

3.1.4 Extensions in the Long-term

According to Bell and Vincze (1988), brand extensions are good in the sense that different consumers have different necessities and this is a way to satisfy several different market segments. Nevertheless, there are some evidences that in the long-term this strategy may have implications to the brand's image, as it happened with Anheuser-Busch.

Al Ries (2009) describes a situation that happened in 1981 with Anheuser-Busch (Budweiser producer), when it introduced in the market Bud Light, which was a light version of its traditional beer. The brewer positioned the product against its competitors Miller Lite, Coors Light, Schlitz Light and other light beers in the market, and not against regular Budweiser, but in 1989 Budweiser's sales went down, traduced in a decrease of 50,6 million barrels in 1988 to 23,5 million in 2008. What drove Anheuser-Busch line-extension strategy was Miller Lite's success, which had even outsold Budweiser in 1979. Budweiser and Bud Light were not two brands with two different marketing strategies. Instead, they were one brand with two different flavors and two different marketing strategies, which many times confuse consumers, as it was the case. In the long-term an extension might undermine the parent brand's perception, as it also happened with Miller Lite and Miller High (company's traditional beer). This effect where an overextended brand loses its specific meaning is also called "line-extension trap" (Armstrong et al. 2008).

Al Ries (2009) defends that for nº 2 or nº 3 brands it is sometimes adequate to narrow their focus on the market to a segment, either demographically or in other way. However, for leading brands it is risky such strategy, since when exposed to a broad product portfolio, consumers might opt for something easier to avoid the confusion and frustration of having to choose between too many brand extension names.

3.2 Consumers' Evaluations on Extensions

3.2.1 Definition

Consumers' evaluations are important because they are believed to be a key element to indicate extension and parent brand success (Aaker and Keller, 1990; Boush and Loken, 1991) and also because positive consumer evaluations have an important role when developing brand's equity (Katsani and Pitta, 1995).

There have been developed several studies regarding consumers' evaluations towards brand extensions. Aaker and Keller's (1990) study on this matter measured consumer evaluations of extension quality and the likelihood of trying the extension. But there are some authors, including these two, who state brands have to satisfy consumers' needs at both functional (i.e. quality, reliability) and representational (i.e. emotional, symbolic) level (de Chernatony and McWilliam, 1990).

Brand name extension leads to brand associations' transfer, and this is heavily influenced by categorization judgments i.e. whether the consumer accepts the new extension as being a suitable member for the new category (Park and Srinivasan, 1989, 1991). In an extension process, consumers start to categorize the extension by evaluating its fitness in a category with a product or products that has a brand name as an identifiable label (Lawson, Milberg and Park 1991; Schmitt and Sheinin, 1994). This way, consumers perceive and accept extensions in a new category if the parent brand associations are transferred to the extensions (Chakravarti, MacInnis and Nakamoto, 1990; Lawson et al., 1991).

Nonetheless, attitudes are transferred from parent brands to extensions depending on the strength of the parent brand, if they are well known and with high-perceived quality, high conviction and high experience (Aaker and Keller 1990; Sattler and Völckner 2006).

3.2.2 Effect of Fit

When introducing a brand extension, it is very important to take into consideration consumers' perception of fit (Boush and Loken, 1991). The concept of perceived fit is "*when the consumer accepts the new product as logical and would expect it from the brand*" (Tauber 1988).

a) Consumers' Evaluation on Extension

A good fit makes it easier for brands to extend to new categories (Muroma and Saari, 1996) and consumers in general have a positive attitude towards brand extension if they have a perception of good fit (Aaker and Keller, 1990; Brodie and Sunde, 1993; Bottomley and Doyle, 1996).

Although there is little research on line extension evaluation, Diamantopoulos, Grime and Smith (2002) propose that fit between parent brand and either brand or line extension will have significant impact on consumer evaluations of the extension and the parent brand. Thus, it is the overall level of perceived fit that affects a brand evaluation.

Affection is also important in consumers' evaluation of extensions and the bigger the similarity between the original brand and the extension products, the more likely it is to occur affection transferability between the parent brand and extension (Boush and Loken 1991).

b) Consumers' Evaluation on Parent Brand

Core brand is subject of positive consumer evaluations (enhancement), when a good fit happens (Aaker and Keller, 1992). In this sense, enhancement means more positive evaluation of the parent brand after an extension is introduced (Aaker and Keller, 1992; Gurhan-Canli and Maheswaran, 1998). Nevertheless, Aaker (1990) proposes that a parent brand can be enhanced as a whole if besides a good fit the extension is targeted at the right consumer segments and is extended to the most relevant categories.

Bond and Yentis (1995) noticed that communication for line extension is difficult, more concretely when there is high physical similarity between the new product and brand extension, as consumers may pay less attention to the advertising if they think the new product already exists in the market, thus ignoring continuous efforts of awareness creation. Nevertheless, recent studies verified that advertising stimulates consumers to try both line and brand extensions and that it influences positively extensions' success (Martínez, Montaner and Pina, 2008; Sattler and Völckner, 2006). Some theory suggests that as perceived fit between parent brand and extension decreases, perceived parent brand's quality on extension also decreases and extensions' own connotations become the primal mean for consumers to make their judgments (Nan, 2006).

A wrong extension can create negative associations that can be expensive or impossible to reverse (Ries and Trout 1981). Such can be verified in a study carried by Abratt et al. (2006), where a brand extension failed due to its positioning. The example regards to Guinness UK and the introduction of a beer called Guinness Enigma, in 1993/1994, where this extension was not in consonance with the brand's positioning and it shows the limit to which a brand can be stretched. Guinness has always been seen as a rich, dark, with a sophisticated brewing process and introducing a lighter beer with a new brewing process was a mistake, since consumers did not see the bond between the extension and the parent brand.

3.3 Positioning

3.3.1 Definition and Types

Positioning can be defined as consumers' perceptions of a brand as compared with that of competitors' brands, or in other words, the mental image that a brand, or a company as a whole evokes (Bell and Vincze 1988). In order for a brand to meet specific needs of certain consumer segments, it has to be well positioned, thus delivering a differential advantage/value (Keller, 1993; Wind, 1982), or a reason why the target should buy the product (Kotler, 2003). A strong positioning also helps shaping consumers' preferences, increases consumer loyalty, consumer-derived brand equity and a disposition for looking for a precise brand (e.g. Goodstein and Kalra, 1998; Keller, 2003; Kanuk, and Schiffman 2007).

There are several types of positioning, and even though a brand can be positioned according to different set of positioning bases, in general brands try to incur in one dominant positioning base (Bridges, Keller and Sood 2000; Crawford, 1985), whereas below Aaker (1982) explains a possible set of positioning bases:

a) Positioning by Attribute

The most usual way of positioning is by emphasizing an attribute, a product feature or even a consumer benefit. For instances while Volkswagen stresses the "value for the money" BMW highlights engineering efficiency. It is also possible to position along two or more attributes, but it is more difficult.

b) Positioning by Price/Quality

Higher price is often used to indicate the consumer a brand is offering more either in service, features or performance.

c) Positioning with Respect to Use or Application

Campbell's Soup fits this positioning, where for many years its use for lunchtime was advertised during noontime on radio. This strategy is often used for companies trying to expand the market through second or third position. Gatorade, which was introduced as a summer beverage for athletes needing to replace body fluids, has tried to position itself as the beverage recommended by doctors to drink plenty of fluids.

d) Positioning by the Product User

An example of this strategy is cosmetic companies who use a model or personality to position their products. In 1970, Miller High Life was seen as the "champagne of bottled beer", thus purchased by upper class and had the image of being a woman's beer.

e) Positioning with Respect to a Product Class

Some margarine brands are positioned with respect to butter. Another example is 7-Up, which was for a long time positioned as a "fresh clean taste" and then changed to a soft drink with a better taste than the "colas" positioning. This change is due to the fact that most people saw 7-Up as a mix rather than a soft drink.

f) Positioning with Respect to a Competitor

This strategy is used for instance by liquor products, which are difficult to evaluate, hence it is easier to be compared to an established competitor. This can be a good way to position a product concerning an attribute, especially price/quality.

3.3.2 Premium Positioning

Brand extensions' premium price is based on the assumption that consumers' willingness to pay additional money would be higher for these products than for a private label or unbranded product offering the exact same benefits (Aaker, 1991; Ailawadi, Lehmann, and Neslin, 2003).

Riediger, Ringle, Sattler and Völckner (2010) state: "*…brand investments that increase perceptions of parent brand quality by one unit (seven-point scale) tend to enhance the brand extension price premium of typical fast-moving consumer goods (average price of €2.04 in the study sample) by €0.208, all else being equal*". However, the same authors noticed that perceived advertising creates positive consumers' attitudes toward the brand extension's product, but its premium price magnitude is not directly affected. In this sense, it is more reasonable for managers to shift their investments from advertising to retail marketing, as perceived advertising is only good when creating awareness.

An example of a premium positioning failure is Fosters Gold, a premium line extension of the traditional Fosters. This new product had a combination of elements that in a whole jeopardized its success as a premium beer. Regarding price, Fosters Gold was well bellow what is considered a premium beer, such as Heineken; the beer itself had an alcohol percentage (4,8%) that was below the 5% average of the premium beer market; its packaging was very close to the one of traditional Fosters. It only differentiated itself through the word "Gold", but the rest of the graphics were very look alike; the ad campaign did not reveal the true spirit of a premium product, where the main characters were two surf dudes, who do not represent what the product is (Taylor, 2006).

3.4 Net Promoter Score

According to Jones and Sasser (1995), customers can be classified into three groups: Completely Satisfied, Satisfied and Dissatisfied, where the first group represents the real loyal customers.

Reichheld (2003) discovered that by asking people "How likely are you to recommend our company to a friend or colleague?", on a scale from 0 to 10, it would establish a good indicator of loyalty. From here, the author created the Net Promoter Score, which is composed by:

- **Promoters (9-10 rating):** Customers that are loyal and recommend the company;

- **Passives (7-8 rating):** Customers with a neutral attitude to the company;

- **Detractors (0-6 rating):** Customers whom are dissatisfied and damage the company's image.

Net Promoter Score measures the difference (ratio) between satisfied (Promoters) and unsatisfied (Detractors) customers.

Chapter 4: Case Study

"Sagres Bohemia: from spotlight to a mere extension"

4.1 Introduction

In April 2011, António had one of his toughest evenings at work. He was looking forward to a relaxing time and he decided to go to the bar right beneath his office building, to take a deep breath and to slow down a moment. As he enters the bar he promptly says to the barman: "*It's a Bohemia please!*". The barman was not careless and in an effort to be certain of what the client was ordering, he asks António if he wanted a *Sagres Bohemia*.

António did not know what the barman was talking about… he had never seen or heard of this beer until his friend advised him to try it. Whether Bohemia related to Sagres or not, António did not know.

4.2 Sociedade Central de Cervejas e Bebidas' Background

Sociedade Central de Cervejas e Bebidas, SA (SCC) is a Portuguese company founded in 1934 with the aim of commercializing beers by traditional producers of malt and beer. This company was public in the 1970's and was fully privatized in 1990.

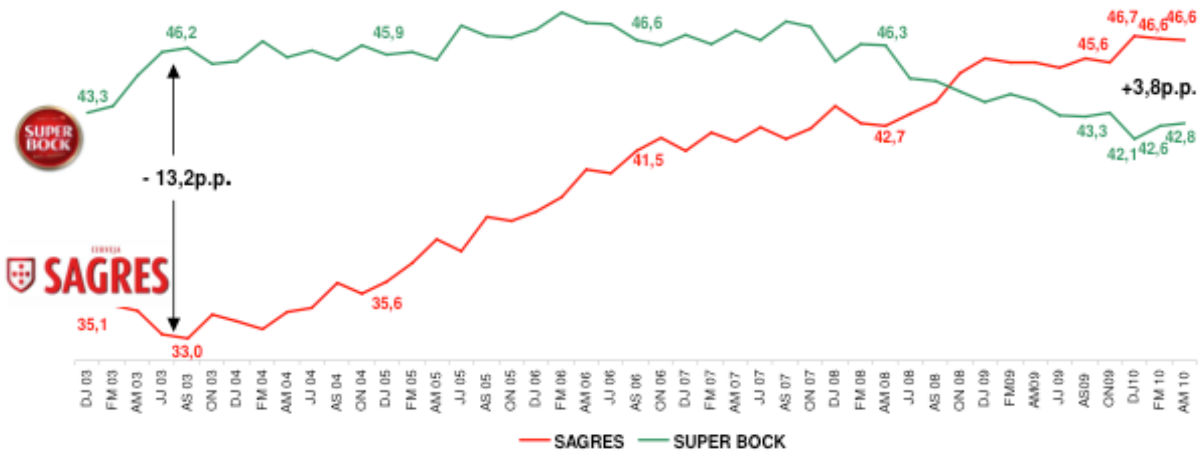
Naturally, some changes occurred in the company's shareholder structure since then, and in 2003 Scottish & Newcastle assumed full control of it. In April 2007 the eternal rivals Carlsberg and Heineken formed a consortium to acquire the Group Scottish & Newcastle, and in April 29th 2008 Heineken assumed full participation in Sociedade Central de Cervejas e Bebidas. After the acquisition, the consortium disbanded and both Heineken and Carlsberg returned to the traditional and healthy competition they had before.

4.3 Beer Market in Portugal

Several different players compose the Portuguese beer market and they can be distributed into five segments **(Exhibit 1)**. However, this market can be outlined as a duopoly constituted by two brands that together detain more than 80% of market share: Sagres and Super Bock, commercialized by SCC and Unicer – Bebidas de Portugal, S.A., respectively. Super Bock has always been the market leader, but in late 2008 Sagres achieved leader position with 45,6% of total market share and it has been able to maintain it since then.

Value Share (%) vs Total Market , 2003 – 2010

Sagres vs Super Bock



Source: AC Nielsen

Regarding beer consumption, there was a decrease in the last years in INA[2] and INCIM[3] channels, mainly in the latter, whereas in 2010 this channel represented 69% of the market, while the remaining 31% corresponded to the "take-home" market. This fact is in part associated to the economic crisis that is also affecting the entire beer market and is worrying several beer producers such as SCC and Unicer. According to António Pires de Lima, President of APCV[4] and President of the Executive Committee of Unicer, there was a

[2] Term that includes distribution networks such as Supermarkets and Hypermarkets
[3] INCIM = HORECA, term that refers to food and beverages' service in Hotels, Restaurants and Cafes
[4] APCV: Associação Portuguesa dos Produtores de Cerveja

decrease in consumption of 10% in INCIM in 2011[5] and it is foreseen that the same will happen in 2012.

Beer Market Data Evolution

Portugal

Variable	2004	2005	2006	2007	2008	2009	2010
Total Production (1.000 hl)	7.436	7.442	8.358	8.191	8.208	7.833	8.312
Total Consumption (1.000 hl)	6.200	6.224	6.277	6.205	6.200	6.100	5.900
Consumption by inhabitant (liters)	61,7	61,3	61,9	61,1	61,0	60,0	59,0
INCIM:Take-Home (%)	66:34	n.a.	63:37	62,5:37,5	62,5:37,5	70:30	69:31
Exports (1.000 hl)	1.261	1.307	2.040	1.955	2.000	1.730	2.481
Imports (1.000 hl)	119	n.a.	140	46	36	83	238

Source: APCV

Total beer consumption has been decreasing over the past years, except in 2005 and 2006. Nevertheless, beer exports, which are becoming an attractive alternative for beer producers to expand their markets, have grown approximately 43% between 2009 and 2010.

Regarding the present year, it is forecasted that the consumption will contract. Despite this, SCC will increase its prices approximately 5% to offset the increase of production costs, such as raw material's cost, packaging and energy. Besides this, it is also predicted that SCC will maintain its leading position in the market and increase exports by 20%. Although the beer market in Portugal overall decreased in the last year, Sagres' sales grew 6,6%[6].

[5] http://www.portugalglobal.pt/PT/PortugalNews/Paginas/NewDetail.aspx?newId=%7B3A586D12-4529-4C14-917C-D5EAA2F74A07%7D

[6] http://mobile.economico.pt/noticias/central-de-cervejas-aumenta-preco-das-bebidas-em-5_111350.html

4.4 Sagres

Nowadays, SCC commercializes beers, ciders, waters and sodas. Regarding the beer category, the company's most recognized brand in the Portuguese market is undoubtedly Sagres. This beer brand was launched in the market few years after SCC inauguration (1940) and since then, it has been thriving, especially in the past decade.

Sagres incorporates and consolidates the values of celebration, conviviality, the exciting relationship with soccer and above of all, Portuguese nationalistic spirit ("Portugalidade"[7]). This brand has been the most important mean for SCC in anticipating and facing its competition, mostly through product innovation. Thus, its portfolio comprises the following products:

Sagres	Sagres Bohemia	Sagres Zero (Non-alcoholic)	Internationals
•Lager	•Bohemia	•Lager	•Heineken
•Preta	•Bohemia Reserva 1835	•Preta	•Guinness
•Panaché		•Limalight	•Guinness Original
•Puro Malte			•Kilkenny
			•John Smith's
			•Fosters
			•Bud
			•Desperados

Source: SCC

While Sagres lager[8] is SCC's most known beer, leader in the company portfolio and represents very well the brand's values, Sagres Bohemia represents the craft beer segment.

Comparing against the first group of beers, craft and non-alcoholic beer segments have a slightly different label strategy. These two groups emphasize "Bohemia" and "Zero" in the label thus giving less focus to the word "Sagres". On the contrary, the first group of beers calls for attention on the Sagres brand **(Exhibit 2).** Both Sagres Bohemia and Zero were two types of beer that since their first introduction in the market had the potential to

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[7] In English: "Portugality"

[8] Most common beer consumed (usually golden colored). In Portugal the term is "branca", or "white" in English

define a category of beer. SCC designed this strategy with the purpose of portraying both beers as products so pertinent to the market that consumers would order for a "Bohemia" and a "Zero" ignoring the word "Sagres". It is worth noticing that although in line extension category Sagres Bohemia is considered a modifier, its label gives more emphasis in the line extension name rather than the parent brand.

4.5 Sagres Bohemia

Sagres Bohemia is a pilsner, robust, intense, creamy, with fruity aroma, sweet and velvety bitterness, with a balanced flavor and a red amber color beer. These characteristics, together with the high alcohol level (6,2%) and superior taste that it manifests, helped positioning this product as premium and differentiating it from the rest of the beer market in Portugal, since it was the first red beer in this marketplace. Nevertheless, its creation and development took inspiration from other red beers that already existed, particularly Grimbergen.

4.5.1 Concept

Sagres Bohemia is a Sagres' line extension, commercialized by SCC and produced only in SCC's factory in Vialonga, Portugal. Although Sagres Bohemia was heavily communicated and mass distributed in 2005, accounting for 20%[9] of Sagres' total budget, it exists in the Portuguese market since 2001. This product was initially commercialized in some restaurants, and its great acceptability led SCC to consider developing the brand, concept and positioning behind Sagres Bohemia. At the same time, the market was revealing an increase in alcohol consumption during meals, especially lunch and dinner, and the brewer saw in this an opportunity to increase Sagres' market share, by reinforcing its image as beer specialist and generating incremental revenues by attracting new consumers.

This beer was now supposed to be consumed during G*ourmet* meals, or in other words, elaborated meals with unusual features including hunting, and also at intimate moments and outdoors meals. The flavor of this beer helped enhancing food's taste.

The distribution of this product in the market had a clearly defined goal: to complete

[9] Information provided by SCC

Sagres' portfolio, thus offering a broader range of choice to its customers, with a beer that would be consumed in specific and identified occasions, especially those previously mentioned, where this beer had "room to grow". It was also meant to attract new consumers, through the use of this niche product.

4.5.2 Sagres Bohemia's evolution

The increment of beer consumption in 2005 would not have been possible without Sagres Bohemia, which in fact did not cannibalize other beers' market, but instead attracted new consumers. In its short lifetime, this beer has already won several awards that enhance the quality of this product. Only in Monde Selection,[10] the beer raised two International High Quality Trophy medals (2008 and 2011) and four Gold medals (2006, 2007, 2009 and 2010). It also received a Quality Medal in 2006 by International Taste Quality Institute, Masters of Distribution in 2006 in the category of alcoholic beverages, Grand Prize in 2006 and it was elected flavor of the year in 2009.

Sagres Bohemia was introduced in the market as a line extension of Sagres with the intention of complementing the portfolio of the parent brand, by the fulfillment or creation of consumers' needs. This product was a pioneer in the red beer market in Portugal and the success it achieved after its launch allowed it to define this new beers category.

According to SCC Portuguese people like to experiment, but in the long run they tend to go back to traditional products, however the good adoption of the product **(Exhibit 3)** led the company to create line extensions of Sagres Bohemia such as Sagres Bohemia 1835, a limited edition that was launched in 2006 to commemorate the 170th anniversary of "Cervejaria Trindade". In March that year, SCC explored its market share in the mini beers segment, which was ten times superior to the one of its most direct competitor (11,8% vs 1%) and began commercializing Sagres Bohemia Mini (20 cl bottle that had an intensive communication campaign summing an investment of 2 million Euros[11]) and Sagres Bohemia 0,75 cl, which would extend the range of options for Sagres' consumers. In 2008 Sagres Bohemia was already consumers' first choice red beer for meals and Portugueses' favorite for the past three years, so in May it was launched re-branded. This new brand

10 "International Institute for Quality Selections". Exists for 50 years and gives an internationally renowned quality awards for consumer goods all over the world.

11 http://www.meiosepublicidade.pt/2006/02/03/Sagres_Bohemia_tamb_m_Mini/

included the traditional Sagres Bohemia and two new products of this line extension: Sagres Bohemia De Ouro (launched in 2007) and a new Sagres Bohemia Reserva 1835, where the latter, unlike all the other products, is still commercialized and represents a more expensive segment of the traditional Sagres Bohemia. One of SCC's priorities was to increase its market share in the north of the country and Sagres Bohemia De Ouro was a mean to achieve this goal, as 40% of its distribution was done only in Oporto (city located in the north of Portugal).

Moreover, to commemorate the three years marking its launch, Sagres Bohemia introduced a new packaging, stimulating the senses through vision. This packaging was composed of a four-beer pack, lined with gold, compounding a premium look, providing a sense of irresistibility for the excellent flavor of this beer.

In 2009, Sagres Bohemia introduced in its packaging the "Casa Real Portuguesa" symbol, which was considered an exclusive novelty in the panorama of Portuguese brewer brands and would stress the brand position in the premium segment of Portuguese beers.

4.5.3 Promotion

Whilst parent brand communication continued, in March 2005, Sagres Bohemia campaign kicked-off by introducing teasers to stimulate consumers' curiosity. The communication campaign, which totaled more than 1.145.000€[12] in its launch, had different stages over its lifetime **(Exhibit 4)** as well as different means, either TV, print media, outdoors (Above the line), in point of sale marketing and brand activation (Bellow the line). Roughly, the investment focused mainly on TV advertising and was complemented with communication pieces for point of sale to reinforce the proposed purchase.

Above the line communication was always concentrated on Sagres Bohemia's main attribute - superior taste, suitable for real tasting moments, including during meals **(Exhibit 5)**. Other values that communication conveyed were its *premiumness* and the experience of drinking Sagres Bohemia in comparison to any other lager beer that typically characterizes the Portuguese market.

This positioning was sharpened through celebrity endorsement, such as Pierce Brosnan

[12] MediaMonitor analysis

(Exhibit 6), who added onto the appeal of sophistication connected to the product or famous Portuguese cuisine chefs (i.e. Vítor Sobral) that incited the consumption of this beer during meals.

4.5.4 Price

Sagres Bohemia's positioning strategy was meant to be perceived as premium, thus with a good price/quality ratio. In this sense, Sagres Bohemia's price **(Exhibits 7 and 8)** is significantly superior to lager beers', in the different distribution channels where it is commercialized.

Therefore price became a sign of quality and it can be a decision variable for consumers when choosing a beer.

4.5.5 Distribution

Regarding distribution in INCIM, Sagres Bohemia counted on the support of intermediaries within the distribution chain, the distributors and partners of SCC, thus benefiting from the existing channels of Sagres. These distributors vary according to geographic area and do all the selling, delivering and charging in INCIM. Concerning INA, SCC has done both selling and charging directly to Hypermarkets and Supermarkets, and delivered only the logistics to a partner through the payment of a fee.

Since its entrance in the market, Sagres Bohemia assumed leadership in the segment of gourmet beers and in 2007 it achieved a market share of 73%[13] in INA.

4.6 Competition Move

Before SCC introduced Sagres Bohemia in the market, it did not exist a beer that could compete with this novelty by working as an accompaniment to meals. Wine was seen as the most direct competitor to this new product, since it has a strong tradition and is well implemented in the Portuguese market. Hence, this introduction was not going to be as easy as it initially seemed, and it could even be considered an invitation to competition.

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[13] http://www.hipersuper.pt/2008/05/19/sagres-com-nova-versao-bohemia/

In 2006 SCC saw a producer located in north of the country and its most direct competitor, Unicer – Bebidas de Portugal, S.A., launching a product for same category. It was called Super Bock Abadia **(Exhibit 9)** and also aiming for a premium segment, standing for a craft beer tasting with a red ruby color, aromatically richer and with a slightly higher percentage of alcohol than Sagres Bohemia (6,4%). Super Bock Abadia was a line extension of Super Bock, which at the time was the leader of the Portuguese lager beer market and a visiting card to the company. Just as Sagres Bohemia, this beer is a line extension that while maintaining the quality associated to its parent brand it also has its own identity.

The introduction of this beer gave Super Bock's fans a way to consume a premium beer without having to turn themselves to Sagres. In 2008, Unicer tried to increase consumers' range of choice by introducing Super Bock Abadia Gourmet with values, such as pleasure, quality and sophistication. Initially this beer was sub divided in Super Bock Abadia Rubi and Super Bock Abadia Gold, where the first beer was intended to accompanied meat meals or traditional dishes, whereas the other would be consumed during meals with fish or seafood. Nonetheless, in 2011 Unicer discontinued Super Bock Abadia Rubi and Super Bock Abadia Gold, and inspired in the latter created Super Bock Abadia Gourmet.

4.7 Sagres Bohemia and the Consumer

Sagres Bohemia instills different motivations to its consumers, but generally it is an element that composes refinement and sophistication to a meal. Although appreciated by both men and women, women seem to be Bohemia's perceptive target, so in this sense it is a safe purchase when this group preferences are unknown. On the other hand, some features of this beer, such as high price, flavor or its dense constitution, turn the mass consumption of the product more difficult (e.g. in soccer games or concerts).

Nevertheless, the results of Sagres Bohemia's communication were truly significant and visible. Initially, when purchasing a Sagres Bohemia many consumers associated it to Sagres, and felt the need to consume this product just because it was a Sagres' extension. However a portion of consumers did not associate Bohemia to Sagres and in the same situation these consumers would say: "*It's a Bohemia please*" (omitting Sagres brand in the order), which by itself shows the great awareness and power that this line extension was having in the market[14]. Proudly, for SCC, this fact was placing Sagres Bohemia in the market as a line extension that maybe could live by itself as in some cases it was being recognized by its positioning and value delivered and not only as a Sagres' extension.

A study carried by AC Nielsen in 2011 revealed a consumers' spontaneous notoriety of 83% to Sagres and 4,9% to Sagres Bohemia, which represents the decrease in notoriety that this line extension is recently expressing. Regarding brand usage, the same agency disclosed that Bohemia is an *incidental trialist*, since 37,5% of consumers declared they have tried this beer once or twice.

4.8 Disinvestment in Sagres Bohemia

Sagres Bohemia concept was strongly developed and had massive investment in its introduction year (2005) and indeed it was well defined in the market. Consumers and potential consumers became highly aware of this beer, even before it was massively distributed, with some teasers spread across Portuguese streets.

However, in the last few years, SCC has been focusing more on the development of its main brand, Sagres. TV advertising was used in the first three years after the extension's launch and since then it has "fallen asleep", which is the result of the relocation of budget to other areas considered more strategic to the company.

In this sense, the investment in Sagres Bohemia between 2006 and 2008 has been gradually reduced as years go by, representing approximately between 2% and 6% of Sagres' total investment[15]. The table below represents Bohemia's sales evolution since its introduction and it is visible the decrease in consumption over the last years, probably due to the shrinkage in its investment.

[14] Information provided by SCC
[15] Information provided by SCC

Sagres Bohemia's Sales in Quantities
Portugal INA+INCIM

Variable	2005	2006	2007	2008	2009	2010	2011
Liters Sold	6.290.083	7.691.894	8.380.719	3.752.834	2.124.657	1.488.877	1.203.256
Evolution in Liters Sold	-	+22%	+9%	-55%	-43%	-30%	-19%

Source: AC Nielsen

This decrease is in part associated from the power that Sagres has gained in the Portuguese market, mostly derived from the association of the brand with soccer. Soccer is the most practiced sport in Portugal and the brand sponsors the professional soccer 1st Division in the country, and even the name of this league (Liga ZON Sagres) represents the great focus Sagres has been allocating to this sport. Besides also being the official sponsor of large soccer clubs, Sagres has recently taken action to reinforce its image in this sport with the sponsorship of three new smaller clubs (Beira Mar, Paços de Ferreira and Rio Ave). "*With this new sponsorships we strengthen our association to soccer through Sagres, which is the Portuguese brand more connected with this modality that, by its social transversally and conviviality, identifies itself clearly with the positioning of Sagres…*" said the former president of SCC's Executive Committee, Alberto da Ponte. In this sense, the brand is combining all its efforts in building and consolidating an image towards this theme, having all its latest communication campaigns based on it.

Sagres also sponsors the Portuguese National soccer Team, reinforcing the alliance this brand has with the sport. The study BrandScore, carried by Grupo Consultores[16] in 2010, revealed that Sagres is the Portuguese brand most associated to soccer (33%), which justifies the investments by SCC to increase the brand's awareness in this sport.

Being Sagres Bohemia a premium product with a refined taste and target, the fit between this product and Sagres' focus on soccer was hard to conciliate. Sagres Bohemia image is not in line with the one of Sagres, thus the investment on the premium beer has gradually been reduced and today it is almost inexistent to consumers. In this sense, Bohemia's

[16] http://www.meiosepublicidade.pt/2010/02/03/super-bock-e-sagres-mais-associadas-a-musica-e-ao-futebol/

position in the market has been decreasing in the past few years, as shown below.

Sagres' Market Share Evolution in Volume

Portugal INA+INCIM

Beer	2009	2010	2011
Bohemia	0,5%	0,3%	0,3%
Zero	1,4%	1,5%	1,3%
Preta	2,0%	2,3%	2,4%
Lager	39,7%	39,2%	39,4%
Total Sagres	43,7%	43,3%	43,3%

Source: AC Nielsen

4.8.1 Recent change

Notwithstanding, this change has been affecting not only Sagres Bohemia but also all the remaining extensions, and another recent sign of this change took place in March 2012, when SCC renewed Sagres' image. This new image gives more emphasis to the brand DNA and the concept of "Portugalidade", denoting a modern framework and a greater proximity to consumers and also by reaffirming pride of being the true beer of all Portuguese, either living in Portugal or elsewhere in the world. This way, and due to generalized consumption decreasing in Portugal, SCC will have the possibility to establish means that allow exporting its products. Consequently, Sagres will approach consumers as being a bonding link between them, their culture and nationalistic values.

This strategy's had already been adjusted since 2011 with the launch of a new brand signature "Sagres Somos Nós[17]". With this image, Sagres focalizes its proximity to consumers and the pride of being Portuguese.

Along with this strategy, Sagres products will start giving full notoriety to the brand and overwhelm the extensions' names. Beers such as Sagres Bohemia or Sagres Zero will see their labels changed, where the stronger and most recognized word in every beer label will be "Sagres" **(Exhibit 10)**.

[17] In English: "We Are Sagres"

António ordered a Bohemia because his friend recommended it. His friend created a bond with the product that overwhelms the parent brand and it may be due to all the history and influence that the product and line extension has had in his life to date. But how is António going to perceive Bohemia, giving that he is not familiarized with the product and will be exposed to a new communication strategy?

Where is this brand heading to and is it portraying a different image to different consumers?

4.9. Exhibits

Exhibit 1 – Segmentation of the Different Players in the Market (Source: SCC)

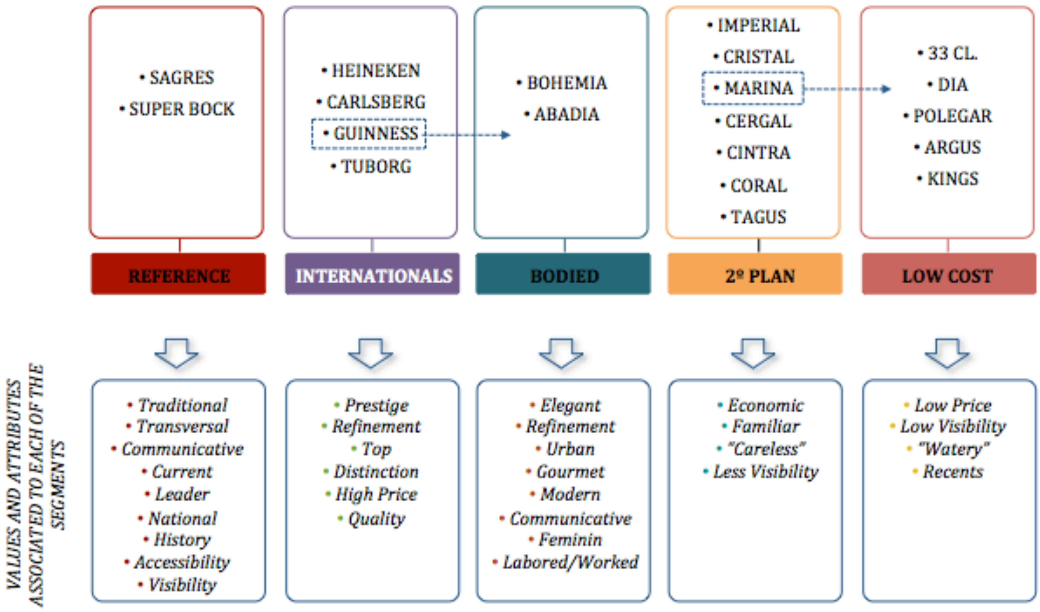

Exhibit 2 – Label Strategy for Sagres lager, Sagres Bohemia and Sagres Preta (Source: SCC)

Exhibit 3 –Evolution of Some Beer Extensions in INA till their 10th Month (Source: AC Nielsen)

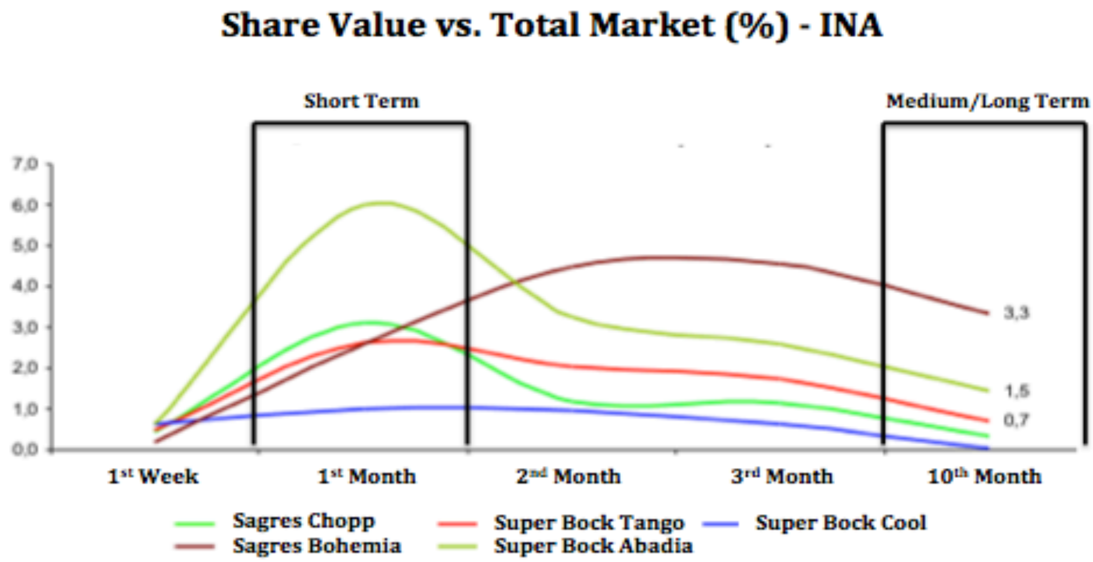

Exhibit 4 – Sagres Bohemia's Above the Line History (Source: SCC)

Exhibit 5 – Sagres Bohemia's Outdoor, Translation to English: "Turns Mushrooms into Champignons" (Source: SCC)

Exhibit 6 – Sagres Bohemia's Outdoor with Pierce Brosnan, Translation to English: "Evertyhing for a Sagres Bohemia" (Source: SCC)

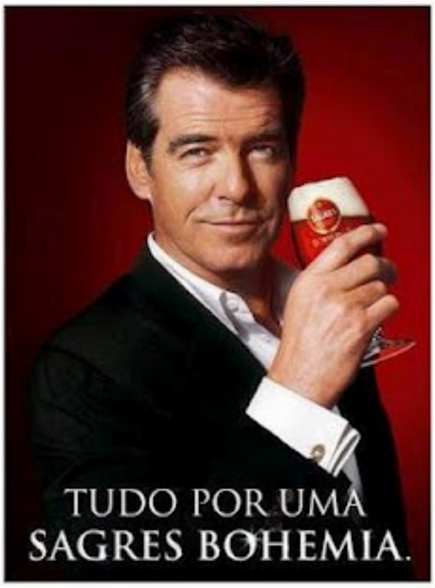

Exhibit 7 – Average Price (Comparison to Lager Beer) in Portugal, INA+INCIM (Source: AC Nielsen)

Beer Type	2009	2010	2011
Lager (€)	2,23	2,37	2,45
Special[18] (€)	2,45 (+9,8%)	2,54 (+7,2%)	2,62 (+6,9%)
Black (€)	2,60 (+16,6%)	2,73 (+15,19%)	2,88 (+17,6%)

Exhibit 8 – Sagres and Super Bock Prices in INA (Continente and Pingo Doce) and Restaurants' (Average)

Beer	Continente		Pingo Doce		Average Restaurants
	Bottle (33cl)	**6 Pack (33cl)**	**Bottle (33cl)**	**6 Pack (33cl)**	**Bottle (33cl)**
Sagres	0,66 €	3,89 €	0,65 €	3,89 €	1 €
Super Bock	0,67 €	3,89 €	0,65 €	3,89 €	1 €
Sagres Bohemia	0,75 €	3,99 €	0,67 €	3,99 €	1,20 €
Super Bock Abadia	0,66 €	3,89 €	0,65 €	3,89 €	1,20 €

18 Includes Sagres Bohemia

Exhibit 9 – Super Bock Abadia Packaging When First Launched (Source: www.superbock.pt)

Exhibit 10 – New Label Strategy for Sagres lager, Sagres Bohemia and Sagres Preta (Source: SCC)

Chapter 5: Market Research Analysis

The following analysis was obtained through a survey that was ran to explore some questions approached in the case study and to complement the Teaching Notes' chapter.

When respondents were asked to rank the top three beers of their preference by order, naturally Sagres (31%) and Super Bock (39%) assumed the top positions in respondents' choices **(Appendix 2, Question 2)**. After these two, Heineken, Bohemia and Carlsberg were the most preferred beers for the respondents, and Bohemia was first choice mostly in high-income respondents **(Appendix 3, Table 3.10)**.

Nearly 60% of beer consumers, including a significant number of respondents with a high income are sensitive to promotions, which shows there are still a lot of price sensitive consumers **(Appendix 3, Table 3.1)**.

When asked if they stopped consuming lager[19] beer and began consuming a different type, only 12% said yes, which reveals the Portuguese in general are faithful to traditional beers and rarely change their habits. After seven years of Bohemia's introduction in the market and with a reduced communication strategy, most consumers keep lager beers as their top choice. From the sample, it is demonstrated that as income increases it becomes more likely that a respondent changes to a different type of beer **(Appendix 3, Table 3.2)**.

Both beer and non-beer consumers indicated flavor as the most important attribute for them in Sagres Bohemia. This is in consonance with the product initial communication strategy, where the flavor enhancement of the food was strongly advertised and influenced consumers' perception. Beer consumers, besides flavor, also value other features such as alcohol percentage. On the other hand, parent brand association has little relevance for the whole sample (7%), and it is important only for beer consumers **(Appendix 3, Table 3.3)**.

Appendix 3, Table 3.4 shows 28% of the people who do not consume beer have already tried just Bohemia (15%) or both Bohemia and Abadia (13%), which might have happened when both products were novelties, thus had high awareness. Of these respondents, none

[19] Most common beer consumed (usually golden colored). In Portugal the term is "branca", or "white" in English

has ever tried just Abadia. Regarding correlation between income and beer trial, it is significant to observe that the segment with income above 60.000€ is the one with highest percentage of trial of at least Bohemia or Abadia **(Appendix 3, Table 3.5)**.

Appendix 3, Table 3.6 represents the answer to the question "Do you know any of these beer brands?". From the results it can be deduced that almost every beer consumer knows at least one of both brands and that in general respondents know Bohemia better than they know Abadia (this is also visible in respondents who do not consume beer, meaning Bohemia has higher notoriety for them than Abadia).

As it is visible in **Appendix 3, Table 3.7** and **3.8** only approximately 60% of respondents who know both brands associate correctly Bohemia and Abadia to Sagres and Super Bock, respectively. Thus, the remaining 40%, which is still significant, does not associate both line extensions to the right brand. It is worth noticing that respondents who have only tried one of these two beers are, naturally, less accurate identifying the beers to the right parent brand than the ones who have tried both. Moreover, respondents who have only tried Bohemia are more precise than the ones who have only tried Abadia, which may show that these consumers became more attached to the product than the others.

When asked about Bohemia's recent visibility **(Appendix 2, Question 12)**, 38% of respondents said it has decreased and 42% said they did not know. This is a sign that Bohemia's awareness has been slowly disappearing and both beer and non-beer consumers share the same opinion.

Regarding Sagres Bohemia recommendation to a friend, there was a consistency in answers, traduced in a negative Net Promoter Score with negative implications for the product **(Appendix 3, Table 3.9)**.

From this survey it can be concluded that comparably to Abadia, Bohemia is more recognizable and has a higher percentage of trial. It is also extrapolated that high-income respondents are more likely to try both beers and in comparison to the other income segments, they are also more probable of having Bohemia as their top preferred beer **(Appendix 3, Table 3.10)**. Finally, it can be seen that the values and image transmitted by Bohemia are perceived by the sample hereby analyzed.

Chapter 6: Teaching Notes

6.1 Synopsis

This case study regards Sagres Bohemia's position in the Portuguese market, and more specifically it approaches this beer as Sagres' line extension.

Sagres Bohemia is a premium and sophisticated beer that enhances the taste of food and is particularly used in *Gourmet* meals. It is produced and commercialized by SCC since 2005 and as it was the first red beer in the Portuguese market it defined this new category.

Since its introduction this beer counted with its own communication strategy and identity, emphasizing the word "Bohemia" in its label and giving less notoriety to the parent name "Sagres", as opposed to other extensions such as Sagres Preta.

Nevertheless, in the past few years Sagres Bohemia has been losing its visibility in the market, traduced by a sales decrease. This reduction has been accompanied by a lack of investment in this beer, when compared to its first three years of existence.

Recently, SCC renewed Sagres' image giving less notoriety to extensions and strengthening parent brand position in the market, communicating in a unique brand way.

6.2 Teaching Objectives

Students will have the opportunity to:

- Approach a real case that advances the relation between a line extension with some "autonomy" and its parent brand as well as how it evolved.

- Analyze how the beer market in Portugal is divided and how Sagres and Super Bock benefit from their image to constantly introduce new products in the market.

- Understand the concepts of Brand and Line Extensions, Consumers' Evaluations of Brand and Line Extensions and Positioning, specifically premium.

- Compare if the image and values conveyed by the extension fit the ones shared by the parent brand. They will also evaluate consumers' perceptions on extension and notice the level of association to the parent brand.

- Reflect on the reasons why a product that had renowned awareness and acceptability by the market saw its consumption decrease significantly a few years after.

- Given the information provided both in the case and in the survey results, they will have to discuss the case study. At the end, they should reflect on the recent strategy adopted by Sagres and decide if Bohemia would be able to survive on its own, if it was re-launched.

6.3 Relevant Theory

In order to assess their answers, students should take into consideration not only the case study and survey information, but also the following articles that should be given before class:

- Abratt, R. Bick, G. and Munthree, S. (2006) "A Framework for Brand Revitalization Through an Upscale Line Extension", *Journal of Product & Brand Management*, pp. 157-167;

- Myung-Soo Jo (2007) "Should a Quality Sub-brand be Located Before or After the Parent Brand? An Application of Composite Concept Theory", *Journal of the Academic Marketing Science*, pp. 184-196;

- Diamantopoulos, A. Grime, I. Smith, G. (2002) "Consumer Evaluations of Extensions and Their Effects on The Core Brand: Key Issues and Research Propositions", *European Journal of Marketing*, Vol. 36, pp. 1415-1438.

6.4 In Class

1. **Based on "Three-step Approach", mainly the third step, evaluate Sagres Bohemia impact on Sagres.**

Sagres Bohemia was introduced in the market to complement Sagres' portfolio and offer a broader range of choices to its consumers. It was a way to attract new consumers and generate incremental revenues. This beer was the first red beer in the Portuguese market, defining a new beer category. Bohemia detains a set of characteristics that distinguishes it from the other beers in the market. The flavor enhancement it provides, combined with physical aspects, such as color, makes it a product valuable in consumers' meals. Thus, the image created around Sagres Bohemia since its introduction inspires a set of moments where this beer's consumption is valued, generating distinction to consumers.

Considering the "Three-step Approach", suggested by Abratt, Bick and Munthree and taking into consideration what was mentioned above, we can say that the impact of core brand's strength was significant, since Sagres was one of the market dominant brands when Bohemia was introduced. Thus, the power of this brand allowed it to introduce a beer that was considered a breakthrough and that defined a new category in the market, with less risk than it would take if was introduced without this parent brand support.

The launch timing chosen for Sagres Bohemia was at a moment where there was no direct competition to such a product, creating differentiation to consumers and allowing it to benefit from a first mover advantage.

With the introduction of Bohemia, the concurrent core brand activity remained the same. In fact, Sagres kept its overall strategy and the extension offered a broader range of choices to consumers through differentiation.

Hence, it can be seen that SCC positioned Sagres Bohemia as an extension that had an impact in the short-term, by contributing to the parent brand sales increase and consequently to a market share reinforcement. The extension's sales growth until 2007 helped Sagres achieving leader position in 2008. However, this extension also changed some consumers' tastes, defining a new category of beer and allowing it to have a longer life cycle than other extensions. Thus, Sagres Bohemia could also have been used as a long-term strategy.

2. **Were Sagres associations transferred to Sagres Bohemia? What are the implications of that to the line extension?**

There were a lot of associations that were not transferred to the line extension. While the parent brand defends the concepts of conviviality and excitement with soccer, for instance, Sagres Bohemia has created a set of different images over its communication campaigns, always grasping taste enhancement and intimate moments. The fit between parent brand and extension may also be difficult to execute, in the sense that, while parent brand tries to reach every consumer through mass consumption, the extension is a premium product that might be restrained to high-income consumers.

The line extension and parent brand's images intersect in the sense that they both enrich the concept of "Portugalidade": Sagres with its association to soccer and packaging strategy, which includes Portuguese's flag colors; and Sagres Bohemia through the use of "Casa Real Portuguesa" symbol, which also enriches distinctiveness.

In this regard, the fit between Sagres and Sagres Bohemia may be difficult to perceive and may not allow sharing positive attitudes to consumers. For consumers to have positive evaluations it is important that the overall fit between line extension and parent brand is coherent and makes sense to them. Similarity is critical in consumers' evaluation of extensions and the more similar, the more likely it is that affection is generated towards the extension and consequently to the brand (Diamantopoulos, Grime and Smith, 2002). The fact that the parent brand name has little focus in Bohemia's label can turn this fit even harder to perceive.

3. **Make an evaluation on why Bohemia's consumption and share have decreased over the past years. What do you expect that will happen to Bohemia and other extensions with the recent strategy adopted by SCC?**

In 2005, Sagres Bohemia's introduction relied on a strong marketing mix that facilitated the entrance of the product into the market. The fact that this beer had already been tested before, with its commercialization in some restaurants, also simplified the introduction since it certified consumers acceptance.

Sagres Bohemia entrance in the market was strong not only in communication but also in the variety of formats this beer launched during its life cycle, which were later on removed (e.g. Sagres Bohemia De Ouro and Sagres Bohemia mini), always reinforcing its *premiumness* in the market. Regarding communication the survey shows consumers are aware of its decline.

Another fact that contributed to Sagres Bohemia's decrease in sales was the appearance of Super Bock Abadia in the market, which gave Super Bock consumers a broader range of choice.

Regarding price, it is worth noticing that this is also a way for Sagres Bohemia to reflect its premium image. However, taking into consideration the average price of the "Special" beer segment, where Bohemia is included, it is possible to see the difference in price of these beers to the "Lager" segment. This fact is also contributing to Sagres Bohemia's decrease in consumption, since the product's price is significantly high in a market experiencing an economic crisis. Whilst Portuguese beer market has been suffering a decrease in total consumption since 2006, it is expected that high priced goods such as premium beer see their consumption reduced. As the survey also shows, income influences Bohemia's consumption.

The enriching association between Sagres and soccer also contributes to Bohemia's consumption decrease, since the positioning of the latter does not conciliate with such image.

The recent tactic of Sagres will lie on increasing the parent brand image with its values and also the link to soccer. This strategy will provide less focus on extensions, including Sagres Bohemia, which will see its label changed, as it is possible to see by comparing **Exhibit 2** with **10**. Sagres' extensions will see their investment reduced, including Bohemia that has been facing shrinkage in communication and position in the market since 2008.

Hence, with the recent strategy Sagres Bohemia will lose part of its *premiumness*, since some consumers will not see it as a brand but as Sagres' extension, which may reduce its attractiveness. At the same time, with the lack of communication it will be difficult for extensions to attract new consumers, meaning that it is expected most consumers will be the already loyal ones.

4. **Is it a good strategy to gather all the efforts and budget to strengthen parent brand's image? Split the class in six groups, where in each group three people will work in favor and the others against this strategy.**

In this question students should debate in two groups the recent strategy of focalizing all the efforts on increasing parent brand's image.

First it is important to mention the decrease in beer consumption, already discussed in previous questions, and the effect of economic crisis on beer. Portugal has a strong culture regarding lager beer and overall decrease in consumption would traduce in negative consequences for other types of beer, as red or black that have higher price.

As mentioned in **question 2**, Sagres strategy has been oriented towards an increase of its DNA, namely "Portugalidade" and conviviality, which creates a greater proximity to and within consumers. Strengthening the parent brand will also bring consumers closer to the theme of soccer. This is the most famous sport in Portugal and this strategy has been showing positive results, since Sagres sponsors the Portuguese 1st Division it became the most associated brand with soccer, according BrandScore study.

The recent strategy also creates a stronger composite concept, since more emphasis relies on Sagres, which is a strong brand (Myung-Soo Jo 2007). Along with this, the cost of strategy is smaller, since extensions are not heavily advertised.

In the case of internationalization, the image standardization allows an easier recognition of products and, in general, line extensions gain strength that would not exist without this similarity.

On the other hand, some products, namely Sagres Bohemia, might lose part of its identity that was created with some independency degree from the parent brand. The survey ran showed that there is still a significant number of consumers that do not associate Bohemia to Sagres (40%), which reveals the position Bohemia has in the market created by its own communication and not by association to parent brand. With the recent label strategy, Bohemia will lose some focus and work completely as a modifier.

It is also worth considering that with this recent strategy Bohemia will not have exclusive communication of its own. Previously, this had helped the product succeed in its introduction. The lack of communication does not allow Bohemia to explore the clear advantage it has over Abadia, as the survey showed. Thus, students should debate about re-creating the extensions' communication.

That said, and taking also into consideration the fit between line extension and parent brand that was mentioned in the previous question, students should argue which arguments are more relevant for answering the question and come up to an agreement.

5. **Do you think Bohemia would have enough power to live by itself if it was re-launched now as an independent beer brand, without any association to Sagres in its name or packaging? Explain.**

To answer this question the best approach would be creating a "Pros" and "Cons" board to understand Sagres Bohemia position in the market. It is important to take into consideration the relation with the parent brand that was mentioned in the previous answers.

Pros:

- Some consumers do not associate Sagres Bohemia to Sagres (as it was visible in the survey). This would be positive in creating an independent brand as it means consumers value the product itself and not the association with Sagres. Despite all the communication includes the brand Sagres in it, there are still many consumers that do not connect the extension to the parent brand (in the survey 40% of people who are familiarized with the brand did not make this association).

- This would not undermine the parent brand, avoiding consumers' confusion when deciding for a Sagres beer.

- The product had its own communication strategy with a value proposition different from the one traditionally offered by Sagres. This creates value to the product and distinguishes from other extensions that did not have such an investment.

- Sagres Bohemia had its own extensions, such as Sagres Bohemia De Ouro, Sagres Bohemia mini or Sagres Bohemia Reserva 1835. For some consumers this increased their attachment with the extension and not with the parent brand.

Cons:

- Some consumers would only try such a novelty product due to its association to Sagres. Although having its own communication, it always included the parent brand name, nearing the product to Sagres' loyal consumers.

- Sagres lager is the actual leader in the market and all the efforts towards company's growth have been done around this product. Therefore, if there were a need to reduce marketing expenses, Bohemia or other extension would be the first ones to see their investment reduced.

- The price practiced by the product is above lager beers' average, since Bohemia is a premium product. The economic crisis that Portugal lives would difficult the survival of a premium product, and the association to a strong parent brand, as Sagres, might help the extension to have the necessary support it needs to sustain in the market.

- It would require a share of the budget only to invest in Bohemia and to maintain its position in the market.

6.5 Additional Areas of Discussion

There are some additional topics that could be covered:

- Sagres Bohemia exports: was not approached because the interest of the case is to analyze the relation of the product with the parent brand and consumers' perceptions, and approaching exports would imply reaching consumers from other countries. Moreover, the bulk of Sagres distribution is in Portugal.

- Compare Sagres Bohemia's new image with the previous one. It would not be relevant to approach by the time the case study was written, since the new strategy is very recent and consumers are still not very familiarized with it.

- Compare wine consumption with Sagres Bohemia, how one substitutes the other.

Chapter 7: Main Conclusions and Limitations

In the beginning of this dissertation there were some key research questions that were going to be approached:

1. **What is Sagres Bohemia's position in the market and how has it evolved?**
2. **How do consumers perceive Sagres Bohemia?**
3. **Why has Sagres Bohemia opted for enhancing the name Bohemia rather than the brand Sagres?**
4. **Is brand extension sustainable/effective in the long-term?**

Now, with the help of all the previous chapters, the answers to these questions can be tackled and can help formulating the respective conclusions about the topic analyzed.

7.1 Main Conclusions

The first key research question addresses what is the position Sagres Bohemia has in the market and how it has evolved. Bohemia's entrance in the market defined a new category of red beers, since there was no competition to this beer, besides wine. This was the way the product created differentiation in the market and is one of the solutions provided by Aaker (1997) to reduce the risk of an extension. Consumers saw Bohemia as novelty and this stimulated the trial and fast product consumption, through a well-structured communication. The beer was positioned both on Price/Quality and on Attribute, this last one through the new flavor enhancement it brought. Nevertheless, the investment on Bohemia has decreased and its consumption has accompanied this shrinkage. The economic crisis the country has been facing over the last years is another explanatory variable for Bohemia's position cutback, since this product is considered premium and not an essential good. Therefore, although it is not possible to precise the exact reasons for this evolution, lack of communication, which was seen having an important role in consumers trial of extensions (Martínez et al., 2008; Sattler and Völckner, 2006), and the economic crisis can justify part of it.

The second key research question intended to explore consumers' perceptions of the product and if they confirmed what the brand tried to convey. Through the survey it was possible to see that the market perceives the sophisticated and *gourmet* image of Sagres

Bohemia, confirming consumers' perceptions are similar with the ones the brand has been trying to transmit since its introduction. It was also evident that in comparison to Abadia, Bohemia has a higher level of recognition and trial.

Regarding the third key research question, it was possible to conclude that the extension's name was enhanced since this product was seen by the company as having great potential. These expectations were confirmed to an extent where some consumers asked for a "Bohemia" instead of a "Sagres Bohemia". All communication done around the product led to this and generated independency, considering it was an extension. It may be said that Bohemia outpaced parent brand's name for some consumers, which turns out to be a positive result. Nevertheless, although with less notoriety, parent brand name was always placed first in labels since it is very strong in the market, in accordance to Myung-Soo (2007).

Finally, the dissertation tried to address if brand extension, in this case Bohemia, is sustainable in the long run. In literature review, Al Ries explains that overextension might lead brands to become undermined, hence losing their specific meaning and causing confusion in consumers' minds. When Bohemia was introduced, Sagres was not leader in the market, but a few years later it achieved this aspired position. Since this achievement, Sagres started disinvesting in extensions, namely Bohemia, and focusing its attention on parent brand exploring its values and clarifying consumers' minds.

That said, the recent change of image by the brand boosts the parent brand's image as a whole and approximates its extensions. Although continuing to have different beer segments, this image standardization will dilute part of consumers' confusion. Thus, Bohemia will represent a smaller role than it previously did, and Sagres lager, the most consumed product of Sagres portfolio, will be the most enriched product by the brand. This way, it can be concluded that for SCC parent brand was more important than its extensions' and it should be the company's first concern. Hence, extension will work in the long term depending on consumers and the goals parent brand aims for. Regarding Bohemia as an extension, it will be less likely that it attracts new consumers, since it will not be as communicated as initially. According to the survey, parent brand association is not one of the characteristics consumers value the most in Bohemia.

Furthermore, with the new strategy, SCC can focalize all communication costs on Sagres as main brand and avoid part of the extensions' expenses.

Nevertheless, a possible way to increase Bohemia's awareness without reducing its image and keeping the recent strategy adopted by SCC on Sagres, would be commercializing it as an independent brand (Multibrand strategy, according to brand development strategies **Figure 1** of Armstrong et al., 2008), although it would imply additional costs for the company.

Sagres Bohemia was a mean for the parent brand to attract new consumers. Although having some "autonomy" in its first years in the market, the way the product was introduced allowed Sagres to readjust it in an easy and subtle way when it started to show weakness, allowing it to stay in the market.

It is relevant to ask where this extension is heading and who is going to be its consumers in the future, if with the current strategy no distinction from the other extensions is accomplished. From where it stands today, it will be difficult to attract new consumers.

7.2 Limitations

During the dissertation there were some limitations that could influence results, mostly on the sample of the survey ran. The first limitation was the fact that sample was small. Furthermore, despite efforts to have a sample equally distributed among age groups, since the survey was shared mostly through social networks there were a higher number of responses by people between 16 and 24 years old, which is limitative in premium product consumption.

Another limitation related to the survey was the fact that most respondents were from Lisbon area. This point influences results in the sense that it may not represent the general consumption habits of Portuguese population.

8. Appendices

Appendix 1 - Survey

Dear Participant,

This questionnaire is part of a research for Catolica-Lisbon School of Business & Economics and it aims to explore the perceptions and consumption habits towards Bohemia.

There are not right or wrong answers, the questionnaire is anonymous and all the answers will be confidential. It will not take more than 3 minutes.

I appreciate your time.

1) **Are you a beer consumer?**

( ) Yes
( ) No ***(Pass to Question 6)***

2) **Indicate by order your three favorite beers:**

( ) Sagres
( ) Super Bock
( ) Heineken
( ) Bohemia
( ) Tagus
( ) Super Bock Green
( ) Cristal
( ) Bohemia Reserva 1835
( ) Super Bock Stout
( ) Sagres Zero
( ) Carlsberg
( ) Abadia
( ) Sagres Preta
( ) Super Bock Sem Álcool
( ) Sagres Panaché
( ) Abadia Gourmet

3) **Where do you use to buy the beer you consume? (you may indicate more than one option)**

( ) Supermarket
( ) Neighborhood store
( ) Restaurant
( ) Bar
( ) Other: ___________

4) Are you sensitive to punctual promotions when purchasing beer?

( ) Yes
( ) No
( ) Do not know

5) Did you stop consuming any lager beer to start drinking other type of beer?

( ) Yes*
( ) No *(Pass to Question 6)*

***Which brand and type of beer did you change for?**

Answer: ___________

6) Do you know any of these beer brands? (indicate only one option)

( ) Bohemia
( ) Abadia
( ) Both
( ) None *(Pass to Question 15)*

7) Do you consume or have ever consumed Bohemia or Abadia? (indicate only one option)

( ) Bohemia
( ) Abadia
( ) Both
( ) None *(Pass to Question 10)*

8) Which attributes do you value the most in Bohemia? (choose the two you value the most)

( ) Flavor
( ) Lustiness
( ) % Alcohol
( ) Color
( ) Packaging
( ) Parent brand association
( ) Enhances food flavor

9) In which situations do you consume or have ever consumed Bohemia? (you may indicate more than one option)

( ) Meals
( ) Bars/discos/clubs
( ) Other: ___________

10) You perceive Bohemia as:

( ) Having good relationship price/quality
( ) Gourmet (exquisite taste)
( ) Similar to the other beers in the market
( ) Other:______________

11) You associate Bohemia to:

( ) Sagres
( ) Super Bock
( ) None
( ) Do not know

You associate Abadia to:

( ) Sagres
( ) Super Bock
( ) None
( ) Do not know

12) How do you evaluate Bohemia's recent visibility?

( ) Increased
( ) Decreased
( ) Maintained
( ) Do not know

13) You consider that, comparing to a regular beer, Bohemia is:

( ) Cheaper
( ) Expensive
( ) Same price
( ) Do not know

14) Would you recommend Bohemia to a friend?

Less likely									Highly Likely	
0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**

15) Age:

( ) 16-24
( ) 25-35
( ) 36-50
( ) Over 50

16) Gender: [ ] M [ ] F

17) Gross Average annual income:

[ ] Less than 5.000€ [ ]5.001€ to 15.000€ [ ] 15.001€ to 30.000€
[ ] 30.001€ to 60.000€ [ ] Superior to 60.000€ [ ] Prefer not to answer

Thank you for your help!

Appendix 2 - Survey Results

Question 1

Answer	Frequency	%
Yes	154	79%
No	42	21%
Total	196	100%

Question 2

Answer	1st Choice Frequency	1st Choice %	2nd Choice Frequency	2nd Choice %	3rd Choice Frequency	3rd Choice %
Abadia	2	1%	2	1%	7	5%
Abadia Gourmet	1	1%	2	1%	1	1%
Bohemia	5	3%	11	7%	14	9%
Bohemia Reserva 1835	2	1%	1	1%	1	1%
Carlsberg	4	3%	13	8%	34	22%
Cristal	3	2%	2	1%	6	4%
Heineken	18	12%	24	16%	35	23%
Sagres	47	31%	40	26%	23	15%
Sagres Panaché	3	2%	0	0%	2	1%
Sagres Preta	2	1%	4	3%	6	4%
Sagres Zero	0	0%	0	0%	0	0%
Super Bock	60	39%	49	32%	16	10%
Super Bock Green	2	1%	2	1%	3	2%
Super Bock s/ Álcool	1	1%	1	1%	1	1%
Super Bock Stout	4	3%	2	1%	2	1%
Tagus	0	0%	1	1%	3	2%
Total	154	100%	154	100%	154	100%

Question 3

Answer	Frequency	%
Supermarket	128	39%
Neighborhood store	26	8%
Restaurant	70	21%
Bar	105	32%
Other	3	1%
Total	**332**	**100%**

Question 4

Answer	Frequency	%
Yes	91	59%
No	50	32%
Do not know	13	8%
Total	**154**	**100%**

Question 5

Answer	Frequency	%
Yes	18	12%
No	136	88%
Total	**154**	**100%**

Question 6

Answer	Frequency	%
Bohemia	32	16%
Abadia	7	4%
Both	147	75%
None	10	5%
Total	**196**	**100%**

Question 7

Answer	Frequency	%
Bohemia	52	28%
Abadia	3	2%
Both	74	40%
None	57	31%
Total	**186**	**100%**

Question 8

Answer	Frequency	%
Flavor	104	50%
Lustiness	38	18%
% Alcohol	16	8%
Color	19	9%
Packaging	11	5%
Parent Brand Association	14	7%
Enhances Food Flavor	7	3%
Total	**209**	**100%**

Question 9

Answer	Frequency	%
Meals	83	57%
Bars/discos	48	33%
Other	14	10%
Total	**145**	**100%**

Question 10

Answer	Frequency	%
Having good relationship price/quality	17	9%
Gourmet (exquisite taste)	123	69%
Similar to the other beers in the market	29	16%
Other	10	6%
Total	**179**	**100%**

Question 11

	Bohemia		Abadia	
Answer	Frequency	%	Frequency	%
Sagres	113	61%	26	14%
Super Bock	31	17%	112	60%
Both	14	8%	16	9%
None	28	15%	32	17%
Total	**186**	**100%**	**186**	**100%**

Question 12

Answer	Frequency	%
Increased	13	7%
Decreased	68	38%
Maintained	23	13%
Do not know	75	42%
Total	**179**	**100%**

Question 13

Answer	Frequency	%
Cheaper	3	2%
Expensive	124	69%
Same price	8	4%
Do not know	44	25%
Total	**179**	**100%**

Question 14

Answer	Frequency	%
0	6	5%
1	6	5%
2	9	7%
3	12	10%
4	9	7%
5	23	18%
6	15	12%
7	17	13%
8	22	17%
9	3	2%
10	4	3%
Total	**126**	**100%**

Question 15

Answer	Frequency	%
16-24	82	42%
25-35	39	20%
36-50	37	19%
Over 50	38	19%
Total	**196**	**100%**

Question 16

Answer	Frequency	%
Male	119	61%
Female	77	39%
Total	**196**	**100%**

Question 17

Answer	Frequency	%
Less than 5.000€	57	29%
5.001€ to 15.000€	28	14%
15.001€ to 30.000€	25	13%
30.001€ to 60.000€	24	12%
Superior to 60.000€	33	17%
Prefer not to answer	29	15%
Total	**196**	**100%**

Appendix 3 – Cross Tabulation

Table 3.1 - Promotions Sensitivity Table vs Income

Are You Sensitive to Promotions?							
	Income						
	Overall	Less than 5.000€	5.001€ to 15.000€	15.001€ to 30.000€	30.001€ to 60.000€	More than 60.000€	Prefer not to answer
Yes	59%	80%	60%	68%	59%	36%	41%
No	32%	13%	30%	32%	41%	58%	32%
Do not know	8%	7%	10%	0%	0%	6%	27%

Table 3.2 - Changed Lager Beer for Other Type vs Income

Did you stop consuming any lager beer to start drinking other type of beer?							
	Income						
	Overall	Less than 5.000€	5.001€ to 15.000€	15.001€ to 30.000€	30.001€ to 60.000€	More than 60.000 €	Prefer not to answer
Yes	12%	2%	10%	21%	24%	16%	9%
No	88%	98%	90%	79%	76%	84%	91%

Table 3.3 - Attributes Most Valued in Bohemia vs Beer Consumer or Not

Which attributes do you value the most in Bohemia (choose the two you value the most)			
		Beer consumer	
	Overall	**Yes**	**No**
Flavor	50%	48%	69%
Lustiness	18%	19%	19%
% Alcohol	8%	8%	8%
Color	9%	9%	9%
Packaging	5%	6%	6%
Parent Brand Association	7%	7%	7%
Enhance Food Flavor	3%	5%	5%

Table 3.4 - Bohemia and Abadia Trial vs Beer Consumer or Not

Do you consume or have ever consumed Bohemia or Abadia?			
		Beer Consumer	
	Overall	Yes	No
Bohemia	28%	32%	15%
Abadia	2%	2%	0%
Both	40%	45%	13%
None	31%	21%	73%

Table 3.5 - Bohemia and Abadia Trial vs Income

Do you consume or have ever consumed Bohemia or Abadia?							
	Income						
	Overall	Less than 5.000€	5.001€ to 15.000€	15.001€ to 30.000€	30.001€ to 60.000€	More than 60.000€	Prefer not to answer
Bohemia	28%	18%	31%	39%	17%	41%	30%
Abadia	2%	0%	0%	0%	4%	3%	4%
Both	40%	36%	31%	43%	52%	41%	41%
None	31%	45%	38%	17%	26%	16%	26%

Table 3.6 - Bohemia and Abadia Recognition vs Beer Consumer or Not

Do you know any of these beer brands?			
	Beer Consumer		
	Overall	Yes	No
Bohemia	16%	14%	26%
Abadia	4%	4%	4%
Both	75%	79%	57%
None	5%	2%	13%

Table 3.7 - Bohemia's Association to Parent Brand (Sagres) vs Beer Consumer or Not and Bohemia and Abadia Trial

Bohemia's Association							
		Beer consumer		**Have tried one of the following beers**			
	Overall	Yes	No	Bohemia	Abadia	Both	None
Sagres	**61%**	**64%**	**43%**	**54%**	**33%**	**72%**	**50%**
Super Bock	17%	16%	19%	19%	33%	13%	22%
None	8%	8%	8%	17%	0%	3%	8%
Does not know	15%	11%	30%	11%	33%	12%	20%

Table 3.8 - Abadia's Association to Parent Brand (Super Bock) vs Beer Consumer or Not and Bohemia and Abadia Trial

Abadia's Association							
		Beer consumer		**Have tried one of the following beers**			
	Overall	Yes	No	Bohemia	Abadia	Both	None
Sagres	14%	16%	8%	15%	33%	9%	20%
Super Bock	**60%**	**62%**	**54%**	**52%**	**33%**	**75%**	**51%**
None	9%	9%	8%	15%	0%	4%	10%
Does not now	17%	14%	30%	19%	33%	12%	20%

Table 3.9 - Sagres Bohemia's Net Promoter Score

Recommendation to a friend (1 to 10)							
		Beer consumer		**Have tried one of the following beers**			
	Overall	Yes	No	Bohemia	Abadia	Both	None
Net Promoter Score (% Promoters - % Detractors)	-58%	-61%	-56%	-59%	-	-59%	-

Table 3.10 - First Beer Choice vs Income

First Beer Choice							
	Income						
Answer	**Overall**	Less than 5.000€	5.001€ to 15.000€	15.001€ to 30.000€	30.001€ to 60.000€	More than 60.000€	Prefer not to answer
Abadia	1%	0%	5%	0%	0%	0%	5%
Abadia Gourmet	1%	0%	0%	5%	0%	0%	0%
Bohemia	3%	2%	0%	0%	6%	10%	0%
Bohemia Reserva 1835	1%	0%	5%	0%	0%	3%	0%
Carlsberg	3%	4%	0%	0%	6%	3%	0%
Cristal	2%	0%	0%	5%	0%	3%	5%
Heineken	12%	16%	15%	5%	12%	6%	14%
Sagres	31%	38%	35%	32%	29%	16%	32%
Sagres Panaché	2%	4%	0%	0%	6%	0%	0%
Sagres Preta	1%	0%	0%	11%	0%	0%	0%
Sagres Zero	0%	0%	0%	0%	0%	0%	0%
Super Bock	39%	33%	35%	42%	24%	52%	45%
Super Bock Green	1%	2%	0%	0%	0%	3%	0%
Super Bock S/ Álcool	1%	0%	5%	0%	0%	0%	0%
Super Bock Stout	3%	0%	0%	0%	18%	3%	0%
Tagus	0%	0%	0%	0%	0%	0%	0%

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