Marketing
Dissertation
C-Level
How does a company market all its brands?

Spring 2008
**Table of contents**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Background</td>
<td>3</td>
</tr>
<tr>
<td>Research purpose</td>
<td>4</td>
</tr>
<tr>
<td>Frame of references</td>
<td>5</td>
</tr>
<tr>
<td>Brand</td>
<td>5</td>
</tr>
<tr>
<td>Multibranding</td>
<td>7</td>
</tr>
<tr>
<td>Segmentation</td>
<td>10</td>
</tr>
<tr>
<td>Methodology</td>
<td>12</td>
</tr>
<tr>
<td>Research methods</td>
<td>12</td>
</tr>
<tr>
<td>Type of research</td>
<td>13</td>
</tr>
<tr>
<td>Population and sampling of the research</td>
<td>14</td>
</tr>
<tr>
<td>Instruments of data collection</td>
<td>16</td>
</tr>
<tr>
<td>Empirical Data and Analysis</td>
<td>18</td>
</tr>
<tr>
<td>A brief historic of the company</td>
<td>18</td>
</tr>
<tr>
<td>Few definitions</td>
<td>19</td>
</tr>
<tr>
<td>Competitors in the Young Adult Spirit segment</td>
<td>20</td>
</tr>
<tr>
<td>Segmentations</td>
<td>23</td>
</tr>
<tr>
<td>The product strategy</td>
<td>25</td>
</tr>
<tr>
<td>The place strategy</td>
<td>26</td>
</tr>
<tr>
<td>The price strategy</td>
<td>33</td>
</tr>
<tr>
<td>The promotion strategy</td>
<td>34</td>
</tr>
<tr>
<td>Conclusion</td>
<td>39</td>
</tr>
<tr>
<td>Bibliography</td>
<td>41</td>
</tr>
<tr>
<td>Annex</td>
<td>42</td>
</tr>
</tbody>
</table>
I - Background

Nowadays almost all the firms use a brand strategy. According to Kotler (2006, p.549), “a brand is a name, term, sign, symbol, design or a combination of these, that identifies the maker or seller of the product or service”. On the other hand, strategy is a set of actions done by the several parts of a firm to achieve a pre defined goal. So, a brand strategy is when the company uses the brand to achieve its goals. There are different types of brand strategy such as co-branding or corporate brand licensing, and one of them is the multibranding. A multibrand strategy is, according to Kotler (2005, p.566), “a brand strategy under which a seller, a company, develops two or more brands in the same product category”. Actually, multibranding offers the possibility to establish different features in the firm portfolio and to appeal new consumers as well. It also allows the company to win some more reseller shelf-place and thus win place in mind of consumers. Of course, the researchers have to take in account the financial reason of multibranding which is simply to make more benefits and so re-buy healthy brands to competitors. Besides, a company can decides to set up products on each price segments so the competitors will have fewer opportunities to gain market share on the global markets.

But there are some quite important drawbacks about this multibrand strategy. The first one is that each brand might obtain only a small market share and none of them may be very profitable. And so the company would spread its resources (money and time) over too much brand rather than focus on few brands with a highly profitable potential. Another risk is that the brands in the same market segment might cannibalize themselves, meaning one of the brand could win another company’s brand’s market share instead of competitors’ ones (Kotler, 2006). So, the question there is how big multibrand firm can market its products to avoid those problems.
II - Research purpose

Nowadays, small or big companies want to use a multibranding strategy. But what do these companies expect in using this strategy? This question is directly in relation with this dissertation whose the main topic is the phenomenon of “multibranding companies”. Indeed, the purpose of it is to know if a “multibranding company” adopts a particular strategy for each product of its range. This is what the researchers will study in this dissertation.

In order to better fulfill the above stated purpose, one research question has been outlined below to help the approach of the researchers to find the adequate and relevant knowledge to achieve their goal.

The research question is:

• How does a multibrand company market all its brands?
FRAME OF REFERENCES

More and more, small or big companies want to use a multibranding strategy. This strategy is directly in relation with the brands and brand strategy. Therefore to explain better this situation, this frame of references is going to focus on three different concepts which gravitate around: brand, multibranding and finally segmentation. They are the base for the entire dissertation.

I - Brand

What is a brand? According to Doyle and Stern (2006, p164), a brand “can be defined as a specific name, symbol, or design – or, more usually, some combination of these – that is used to distinguish a particular seller’s product”. In this way, the companies can choose to focus their brand building at various levels. It is in existence four different levels according to these authors: company brand, individual brand names, company with individual brand and finally range branding. These different choices are the bases for different brand strategies that companies can be used to create a value for the brand. Indeed according to Hart and Murphy (1998), the brand acts as a credible guarantee for that product or service, allowing the consumer clearly to identify and specify products which genuinely offer added value. It could be analyzed like a competitive advantage according to Hart and Murphy (1998 p2): “power brands are those brands which are particularly well adapted to the environment and which thus survive and flourish”. The same point of view can be noticed in the book of Paul Stobart (1994), which according to him, a power brand is characterized by the distinctive nature of its brand personality, by the appeal and relevance of its image, by the consistency of its communication, by the integrity of its identity and by the fact that it has stood the test of time.

According to Runkel and E.Brymer (1997, p4), “a brand is the means by which a business differentiates its goods and services from those of its competitors”. Indeed at the simplest level, brands according to Kotler (2006) are a means of identifying and distinguishing one item or service from the next. Therefore, main purpose for a brand (concept of branding) is to create a benefit for both brand owner and brand
purchaser. Indeed according to Runkel and E.Brymer (1997 p4), “for the brand owner, a brand identifies property and provides a certain level of legal protection” and “for the consumer, brands also provide important functional benefits […]. Brand served as a guarantee of homogeneity and as a signal of product quality”.

To make a summary of the concept of brand, the best definition could be that brands facilitate product or service specification, and allow customers and potential customers to simplify choice and ultimately, their selection. This is the point of view that the authors, Runkel and E.Brymer (1997), expose on their book.
II - Multibranding

The concept of “multibranding” is on the middle way between individual brand names and company with individual brand according to Doyle and Stern (2006). Indeed, according to them, “multibrands are brands in the same product category, but with different brand identities. For example, Procter and Gamble pursues a multibranding strategy on detergents with its Tide, Bold, Dash, Cheer and Oxydol brand.” But what are the reasons for the development of a multibranding? According to Doyle and Stern (2006 p 180), “there are two reasons for the development of multibranding and line extensions. The first is the increasing segmentation of markets. In the earliest stage of the development of a market, a single product will often be sufficient. Demand is normally homogeneous and too small to warrant a company employing a range of products. Then, as the market develops new segments are added, consumer requirements fragment and new branding opportunities occur.”

The concept of multibranding introduces also a new kind of strategy called multibranding strategy. The points of view are completely different between the authors as some of them agree on the benefit of using a “multibranding strategy” and some others disagree with it. Thereby to be as clear as possible, this part of multibranding of the frame of references is going to focus on two case studies of the same company YUM! Brands. Indeed in the first following case study (“Multibranding strategy: the case of YUM! Brands”), the author Cathy A. Enz agrees with the strategy that YUM! Brands uses. However in the second case study (“The case study against the multibranding strategy”), the authors (DiPietro and Robin B) think in another way, they are more critical about this strategy.

First of all as these two case studies speak about YUM! Brands, it could be better to make a summary about this company to repeat the same information in all this part. Yum! Brands is a specialist of the quick service restaurant (=QSR), in other words, of fast food. This company is the leader in “multibranding” with more than 15% of market share in United States. This is the second fast food brand in this country.
YUM! Brands is the owner of KFC (Kentucky Fried Chicken), Pizza Hut, Taco Bell, Long John Silvers and A&W. This is the company which established the first “multibranding concept”. At least, it is not really a “multibranding concept” but much more “cobranding concept” in the way we have explained before. This last concept is more useful in the condition of QSR.

The first concept, that YUM! Brands invented, was to create a restaurant where the consumer can find different brands of the company YUM! Brands. In real facts, this is just a common area where the consumer can find different fast foods like a Pizza Hut with a Taco Bell… etc This Company was the first to launch this concept but the points of views for the case studies are different especially about the use or benefit of this strategy.

According to the first article (“Multibranding strategy: the case of YUM! Brands”), it looks that “multibranding strategy” are good for the company on three aspects: the mentality of firms, to satisfy everybody on the same place, to retain the customers. All these aspects can allow finally earning more money for the firm. Therefore, “multibranding strategy” constitutes a comparative advantage.

According to the second article (“The case study against the multibranding strategy”), “cobranding strategy” or “multibranding strategy” may confuse consumers with regard to what a restaurant is offering. And for these authors, it is almost impossible to create a good “multibranding strategy” because it is every times bad for one of brands especially on the fast food market. And retention of last customers same than catch of new ones are the bases for a durable business. But it is not the case in this kind of strategy. Moreover, according to the authors, it is impossible for “multibranding strategy” to take a costly example. The best example for these authors is this one of Mac Donald’s which would like to launch the same strategy. However they gave up thinking about it because it was not profitable.

For the main conclusion of multibranding part, the success or the failure of “multibranding strategy” depend on the market of the firms and depend also directly on which kind of firm is it. Indeed for a company like YUM! Brands, it looks working
good to use “multibranding strategy”. But according for some searchers, it should not be a good strategy. The points of views are really opposite on this topic. However, this strategy should be used only if this strategy is good for the business in a long run. This strategy should be in relation with a long term strategy to have some positive effects on the company.
III - Segmentation

What is the concept of “segmentation”?

The phenomenon of “segmentation” is quite similar to the brand positioning strategy. It takes into consideration that it is essentially the identification of subsets of buyers within a market who share similar needs and who demonstrate similar buyer behavior. Indeed according to Mc Donald (1995 p 10), “Market segmentation is the process of splitting customers into different groups or segments, within which customers with similar characteristics have similar needs. By doing this, each one can be targeted and reached with a distinct marketing mix”. The same point of view is developed by Weinstein. Indeed according to him(1994, p 2) “Segmentation is the process of partitioning markets into groups of potential customers with similar needs and/or characteristic who are likely to exhibit similar purchase behavior.”

According to Mc Donald (1995), the world is made up from billions of buyers with their own sets of needs and behavior. Segmentation aims to match groups of purchasers with the same set of needs and buyer behavior. Such a group is known as a 'segment'. The segments can be short or long. It depends only on what they are focused. Segmentation is a form of critical evaluation rather than a prescribed process or system, and hence no two markets are defined and segmented in the same way. However according to Mc Donald (1995, p15), a good segmentation must have to answer the following questions:

- “How should you segment the market?
- How detail should your segmentation be?
How do you define segments in the best possible way?
Which segments are the most attractive?"

They are many ways that a segment can be considered. For example, the auto market could be segmented by: driver age, engine size, model type, cost, and so on. However the more general bases according to Weinstein (1994) include:

- By geography - such as where in the world was the product bought.
- By psychographics - such as lifestyle or beliefs.
- By socio-cultural factors - such as class.
- By demography - such as age, sex, and so on.
- By benefits – such as specific factors that a firm has to focus. They are the specific benefits for customers.

A company will evaluate each segment based upon potential business success. Opportunities will depend upon factors such as: the potential growth of the segment the state of competitive rivalry within the segment how much profit the segment will deliver how big the segment is how the segment fits with the current direction of the company and its vision.

In fact to conclude this part, the market segmentation can be directly in relationship with the concept of brand. Indeed, each brand in order to work on the same market should have its own positioning. This is the brand positioning strategy. According to Doyle and Stern (2006, p 169), "a brand positioning strategy is a plan of what image the brand should cultivate".
The methodology is an important part of the dissertation making process. Actually, it allows the researchers to organize our whole dissertation, data gathering in a more efficient way, but it also allows the readers to follow and understand how these researchers did manage to do this dissertation.

I - Research methods

Qualitative research is a field of inquiry that crosscuts disciplines and subject matters (Denzin, 2005). Qualitative researchers aim to acquire an in-depth understanding of human/firm behavior and the reasons that govern human/firm behavior. Qualitative research relies on reasons behind various aspects of behavior. Simply put, it investigates the why and how of decision making, not just what, where, and when. Hence, the need is for smaller but focused samples rather than large random samples, which qualitative research categorizes data into patterns as the primary basis for organizing and reporting results. Qualitative researchers typically rely on four methods for gathering information:

- Participation in the setting,
- Direct observation,
- In depth interviews,
- Analysis of documents and materials (Marshall and Rossman, 2005).

For this dissertation, the researchers will actually, mainly use the analysis of documents and materials that they could have had between their hands. There will be as well one informal interview of a top executive of the company chosen.
II - Type of research

In *Marketing Research* (2006) Aaker, Kumar and Day explain that there are 3 types of research:

- Exploratory;
- Descriptive;
- Causal.

Exploratory researches can be used to have an idea of the general nature of a problem, the possible decision alternatives and the relevant variables that need to be considered. Those methods are flexible, qualitative and unstructured, and so it is easier to pursue ideas and clues. However, this kind of research fits if the researchers begin without firm preconceptions as to what will be found.

Descriptive researches are used to give an instant picture of some aspects of the market environment. It can provide both qualitative and quantitative results, it is possible to use interviews, test results or questionnaires, to confirm or ruin a hypothesis which could have been speculative.

As their names tell it, causal researches are used to demonstrate when one variable causes or determines the value of other variables.

Here the research is mainly an exploratory one. Indeed the exploratory research fits the best to the present subject. This kind of research allows the researchers to learn more about a subject the researchers didn’t know that well before (Yin 1994) as it’s the case here. Exploratory research often relies on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with executives (Hammel 1993) like it will be the case in this dissertation.

The researchers will also do a descriptive research through their primary data that are the questionnaire and the informal talks with the consumers in different stores.
III - Population and sampling of the research

There are two main types of sampling techniques: probability and no probability sampling.

In probability sampling, “sampling units are selected by chance. It is possible to pre-specify every potential sample of a given size that could be drawn from a population, as well as the probability of selecting each sample.” (Malhorta, 1999, p.334). This kind of technique allows the researcher to make inferences or projections about the target population for which the sample was made.

For Malhorta (1996), a no probability sampling “relies on the personal judgment of the researcher rather than chance to select sample elements. The researcher can arbitrary or consciously decide what elements to include in the sample” (p.364). For the author, the problem with this technique is that the estimates obtained can’t be projectable to the population because “there is no way of determining the probability of selecting any particular elements for inclusion in the sample” (p.365).

The nonprobability sampling, still according to Malharta (1999), includes convenience, judgmental, quota and snowball sampling.

For this dissertation, the nonprobability convenience sampling technique will be used. The “convenience sampling attempts to obtain a sample of convenient elements” (Malharta, 1999, p.335). The researcher is the one who primarily selects the sampling units. By the way, “often, the respondents happen to be in the right place at the right time” (p.335). In the case of this dissertation, the criteria for choosing the sample were more that the companies chosen fits perfectly to the subject and, most of all, the researchers have a contact inside this company.
This convenience technique is the least expensive and the least time-consuming of all sampling techniques. But even if the sampling units are accessible, cooperative and easy to measure, there are also important drawbacks (Malhorta, 1996):

- Many potential sources are biased
- Sample is not representative of any population
- Hence can’t really be generalizable to any population.

However, convenience samples can be used in exploratory research to “generate ideas, insights or hypotheses” (Malhorta, 1996, 366).

So finally, the example chosen is the company Bacardi Martini which actually has a multibranding approach and in which a contact was quickly established.

Since 1992, after Bacardi and Martini companies being sealed, the group has developed a portfolio of about 20 brand names to which we can add the extension range of product like Eristoff or Martini. Thus the company is nowadays present on the pre and after dinner drinks, sparkling wines and liquor markets. And if we took a look at each market, we would realize that on each of them Bacardi-Martini offers a lot of product.

That’s why this firm is typically interesting for this case study about multibranding. A lot of brands belong to the multinational firm but nevertheless, it seems that the latter doesn’t really suffer of the backsides which were talked about earlier, in the introduction.

So it appears that it needs more than premium quality products with a devise like “Our savoir-faire samples itself wisely” and a pretty good communication and promotion strategy or a good relationship with the customers and a large range of services offer so a firm can apparently really succeed a tricky strategy such as the multibranding one.
IV - Instruments of data collection

For this dissertation, both primary and secondary data will be used but all of them are qualitative research. Actually, the only primary data will be an interview of a top executive of the company chosen and little informal talks with customers in stores.

Interviews are one of the most useful techniques to collect data in a qualitative research (Aaker 2001). That’s why, so they and the readers can better understand the price strategy of the company chosen (Bacardi Martini), the researcher have decided to interview one of the top executives of the firm. This interview is actually a set of oral questions (both open and close questions).

The researchers also have the opportunity to make informal talks in the super and hypermarkets with consumers just by asking them if they know another brand like Get 27. Those talks will be used for the product strategy part.

For the other parts, only secondary data will be used. According to Malhorta (1999, p. 112), “secondary data have already been collected for purposes other than the problem at hand”. Those data are easily accessible, relatively inexpensive and quickly obtained. It can help to identify or better define a problem, develop an approach to the problem… and in the case of this dissertation answer certain research questions and test some hypotheses. The disadvantages of secondary data (Malhorta, 1999) are that they may be limited in accuracy and relevance for example, as it had been collecting for another purpose before.

Yin (1994) and Stake (1995) have identified 2 sources of secondary data:

- Documents
- Archival records

For this dissertation, only documents will be used. Documents could be letters, memoranda, agendas, administrative documents, newspaper articles, or any document that is germane to the research. The researchers have to always check the accuracy and the sources of those documents so it won’t false the research. Actually,
in this dissertation, the researchers will only use the latest official documents of the Bacardi Martini Company.

For the first part about the history of the company, the researchers will use an article on the official website of the company, relating the whole history of the firm.

For the part about the competitors, they will use an official table dealing with this subject.

For the parts about the segmentation and the place strategy, they will use official PowerPoint and documents from the business meetings of the firm.

Finally, to explain the product and the communication strategy, they will use a document from Bacardi Martini’s internal website.

Here is a table remembering all the instruments of data collection, according to each part of the dissertation:

<table>
<thead>
<tr>
<th>Part</th>
<th>Type of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brief history</td>
<td>Document (official French website): details about the history of the company</td>
</tr>
<tr>
<td>Competitors</td>
<td>Document (official table): all the products that belong to the different companies</td>
</tr>
<tr>
<td>Segmentation</td>
<td>Document (official PowerPoint): geographical segmentation, demographic segmentation,</td>
</tr>
<tr>
<td></td>
<td>psychographic segmentation</td>
</tr>
<tr>
<td>Product strategy</td>
<td>Document (internal BM’s website): on what the product strategy is based</td>
</tr>
<tr>
<td>Place strategy</td>
<td>Document (from business meetings): channels’ choices, organization in store and</td>
</tr>
<tr>
<td></td>
<td>explanations</td>
</tr>
<tr>
<td>Price strategy</td>
<td>Interview</td>
</tr>
<tr>
<td>Communication strategy</td>
<td>Document (internal BM’s website): information about the different communication tools used.</td>
</tr>
</tbody>
</table>
I - A brief history of Bacardi-Martini’s company

Source: official French website http://www.bacardi-martini.fr/

So the reader can have an idea of how did the company come to what it is now, a brief historic of the company Bacardi Martini is related in this part. This was made through a summary of what everyone can find on company’s official websites.

Bacardi Martini is a group which has 117 subsidiary companies all around the world (in 40 different countries). This company is the owner of famous pre-dinner drinks, liquors, after-dinner drinks and sparkling wines. Besides Martini Vermouth and different types of Bacardi’s rum, Bacardi Martini group also possesses whiskies, vodkas and cognacs. Therefore, this is a gathering of drinks which have a story and age-long traditions. And “tradition” is justly one of values that Bacardi Martini has preached for years. However, this company preaches with a lot of convictions the new trends as well. This part can be illustrated by the success of Martini Fiero, Bacardi Breezer and the famous vodka Eristoff. If these brands due their success for one part to their premium quality, communication strategies and promotion have contributed to their fame as well. Moreover, Bacardi Martini wants to give every time exceptional furnishing of services and also it wants to have durable relationship with its consumers in supply. Therefore, the devise of Bacardi Martini is: “Our savoir-faire samples itself wisely”.

Bacardi Martini has a long story. Indeed a penchant for elegance, a passion for the taste, a nose for the businesses. Here are the solid foundations for the creation of two main companies: Bacardi and Martini.

In September 1992, the union of Bacardi and Martini are sealed. The Bacardi group then acquires a majority stake in the holding GBC, which hoists the Bacardi-Martini group on the rank of the six greater world groups of wines and spirits. Within its wallet there are many brands which belong right now to the history...
Bacardi Martini group owns the following brands: Aberfeldy, Bacardi, Barcardi Flavours, Bacardi Breezer, Bénédictine, Bombay Saphire, Camino Real, Dewar’s, Eristoff: (Nature, Red, Black), Get 27, Get 31, Grey Goose, Jack Daniel’s, Martini Rosso, Martini Bianco, Martini Rosato, Mateus, Noilly Prat, Offley, Otard, Southern Comfort, Versus, William Lawson’s.

II - Few definitions

This part is about defining the main expressions/ notions that the reader will find all along this dissertation. The definitions were given during an informal meeting with one of the Bacardi-Martini top executives.

- « Aperitifs d’origine »: French (e.g.: Byrrh, Dubonnet…), Portuguese (e.g.: Porto, Malaga), Spanish (Sangria), Italian (Martini, Cinzano).

- Natural sweet wine (NSW): principally the riversaltes’ wines and the “muscats de riversaltes”.

- Wine of liquor (WOL): e.g.: Porto

- Wine base aperitifs (WBA - > 15° of alcohol) and Wine base aperitif drinks (WBAD - <15° of alcohol).

- Gentians : gentian’s base aperitif (Suze)

- Fruits base: cream and liquor fruits’ base use principally to mix with wine or champagne (Kir).

- Modern liquors (young and trendy): Malibu, Soho, Bailey’s, Get 27 (even if it has been existing for 200 years, it’s a really trendy which main target group is the youth)…
• Traditional liquors (older liquor): Benedictine, Cointreau, Grand Marnier…

• Blends: basic, few-aged whiskies.

• TGV: Tequila, Vodka, Gin.

• Young Adult Spirit (YAS): alcohols consumed by young adults = TGV + Rums + Modern liquors.

III - Competitors in the young adult spirit segment

Source: table from Bacardi-Martini meetings

To illustrate the numerous competitors that Bacardi Martini deals with on the alcohol market, it is interesting to take one of the most important segments of this market: the young adult spirit segment. This segment gathers the following type of alcohol: Tequila, Vodka, Gin, Rums, Imported Rum, Modern Liquors and some others (column “other”).

The following table shows all the products of all the alcohol companies that are presents on the French market.

Recently (April 2008), it is important to notice that the French firm Pernod bought Lixir, a Swedish groups which did own, among others, the famous Absolut Vodka.
<table>
<thead>
<tr>
<th></th>
<th>Tequilas</th>
<th>Vodkas</th>
<th>Gins</th>
<th>Rums</th>
<th>Imported Rums</th>
<th>Modern Liquors</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bacardi-Martini</strong></td>
<td>Camino Réal</td>
<td>Eristoff Black/Red Grey Goose</td>
<td>Bombay Saphire</td>
<td>Bacardi superior</td>
<td></td>
<td>Get 27 Get 31</td>
<td></td>
</tr>
<tr>
<td><strong>Ricard</strong></td>
<td>Wyborowa Altaï</td>
<td>Lario’s</td>
<td>Vana</td>
<td></td>
<td>Malibu Kahlua</td>
<td>Tia Maria</td>
<td>Tia Lusso</td>
</tr>
<tr>
<td><strong>Pernod</strong></td>
<td>Absolut Zubrowka Stoïchnaya</td>
<td>Grant’s</td>
<td></td>
<td>Havana Club</td>
<td>Soho</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MHD UDV</strong></td>
<td>Jose Cuervo Margarita Mix Sauza</td>
<td>Smirnoff Red / Black Smirnoff</td>
<td>Gordon’s Gilbey’s Tanqueray Beefeater</td>
<td>Captain Morgan</td>
<td>Bailey’s Pimm’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bardinet</strong></td>
<td></td>
<td>Old Nick Dillon Negrita Mon Rhum</td>
<td>Old Nick Ron de Cuba</td>
<td>Old Nick Ron de Cuba</td>
<td></td>
<td>Manzana Verde</td>
<td></td>
</tr>
<tr>
<td><strong>La Martiniquaise</strong></td>
<td>Poliakov</td>
<td>Gibson’s Chicanos</td>
<td></td>
<td>Chicanos Mon Rhum Palmier Creole Club</td>
<td>Aromatized Poliakov</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This table represents the main groups and their products in the Young Adult Spirit market in France. It shows that multibranding seems to be the strategy operated by all of them. Some of them even have a great number of brands in a same segment like Marie Brizard on the modern liquors segment and as we have seen it can drive the brands to cannibalize each other market share. And through this we can highlight that Bacardi Martini almost don’t have several product on the same alcohol segment. When it’s the case, we will see that the products are actually sold in different distribution channels.

So it’s obvious that the firm doesn’t widespread its resources on launching different product on the same alcohol segment and thus it allows the company to avoid the cannibalization that is so dread in the multibranding strategy.
IV - Segmentations

Source: PowerPoint from a Bacardi-Martini’s meeting

Just to make the future presentation of the segmentation made by Bacardi Martini clearer, it is important to notice that the general segmentation of the market in France is made through the different types of alcohol like vodkas, rums, wines, tequilas and so on.

To make the Bacardi Martini’s segmentation as clear as possible, here is a recap table of how the company does divide the market it wants to reach through all its products.

But before, let’s define the several part of this table, made thanks to Bacardi Martini official meetings’ documents:

- The first column represents different brands owned by the company;
- The second column matches the type of alcohol of each brand, according to the general segmentation of the alcohol market (as seen before);
- The third column is the age of the target group which means the age range usually noticed for the brand.
- Then you have the level of life which is an indicator of how good do the consumers of the product usually live (top executives or more middle class earnings).
- The column sex simply indicates the sex of the target group.
- The last column, typically living place of the target group, do the consumers live more in big cities like Paris or Lyon, in smaller towns or in the South or North of France.
<table>
<thead>
<tr>
<th>Brand</th>
<th>Type of alcohol</th>
<th>Age of the target group</th>
<th>Level of life</th>
<th>Sex</th>
<th>Typically living place</th>
</tr>
</thead>
<tbody>
<tr>
<td>William Lawson’s</td>
<td>Blended drink (12y.o. and +)</td>
<td>35 years old and more</td>
<td>Good / executives</td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Bombay Sapphire</td>
<td>Gin</td>
<td>25 – 45 years old</td>
<td>Top executives</td>
<td>Both</td>
<td>Cities of more than 100 000 inhabitants</td>
</tr>
<tr>
<td>Glen Deveron</td>
<td>Malt</td>
<td>35 years old and more</td>
<td>Good / executives</td>
<td>Male</td>
<td>X</td>
</tr>
<tr>
<td>Get 27 / 31</td>
<td>Modern liquor</td>
<td>25 – 35 years old</td>
<td>X</td>
<td>Both</td>
<td>X</td>
</tr>
<tr>
<td>Bacardi</td>
<td>Rum</td>
<td>25 – 35 years old</td>
<td>Good</td>
<td>Both</td>
<td>Main town and “côte d’Azur” (south)</td>
</tr>
<tr>
<td>Camino Real</td>
<td>Tequila</td>
<td>30 – 40 years old</td>
<td>Good / executives</td>
<td>Both</td>
<td>Paris</td>
</tr>
<tr>
<td>Eristoff</td>
<td>Vodka</td>
<td>20 – 40 years old</td>
<td>Young adult spirit</td>
<td>Both</td>
<td>X</td>
</tr>
<tr>
<td>Martini Rosso</td>
<td>Wine Based Drink</td>
<td>50 and more years old</td>
<td>Ease / superior</td>
<td>Both, 2-peopled household</td>
<td>Main towns and Paris</td>
</tr>
<tr>
<td>Martini Rosato and Bianco</td>
<td>Wine Based Drink</td>
<td>18-34 years old</td>
<td>Good / superior</td>
<td>Both, 2/3-peopled household</td>
<td>Cities -20 000 inhab. and Paris</td>
</tr>
</tbody>
</table>

Through this clear table, the researchers show that the segmentation made by the firm is clear and there is only one brand, most of the time, for each alcohol segment. Besides, there are some group profiles that are quite close (Malt and Blended drinks, Modern Liquor and 2 of the 3 Wine Based Drinks, Rum and Modern Liquor). This is important to notice because it will have an impact on the place strategy. As a matter of fact, the firm will put the drinks with the closest consumer profiles, as close as possible from each other in the shelves.
V - The product strategy

Source: internal website, and informal discussions with consumers.

All the products marketed by Bacardi-Martini, are high premium quality ones. Thus, the firm has decided that all the products will give a good image, a quality image so it can justify the price strategy and make the products be leaders on their market segment.

For examples products like Eristoff and Bacardi are leaders on their market (Vodka and Rum) in the mass distribution channel. They both have price higher than their challengers. Actually, Eristoff is approximately 4€ more expensive than its main challenger on the French market: Poliakov. They can afford this higher price because they have a quality image, and reducing the prices would mean detract this image.

Another good example is Get 27 which name is actually used all the time like for Coca Cola for the Coke segments. This proves that the brand is the most important criteria, because the consumer will buy it because it’s called Get 27. By the way, when asked, consumers are enabled to quote another brand of alcohol which tastes menthol like Get 27 does, actually they don’t even know if it exists (it exists but they are mainly distributors brands).

On the outside home consumption channel, the vodka Grey Goose is known for its premium quality, a quality that you can compare to Absolut Vodka. Actually, in the USA, Grey Goose is the leader of its market.
VI - The place strategy

*Sources: several documents from Bacardi-Martini’s meeting*

In this part the researcher explain which distribution channels Bacardi Martini has chosen in a first part, and then how the company wants the shelves to be organized in the hyper and supermarkets, and why.

6.1 - The distribution channels’ choice of Bacardi Martini

- The group has chosen to market its products on only 2 distribution channels: Sales force in mass distribution who visit the super and hypermarket and the proximity store.

- A traditional sales force (Outside Home Consumption) who visit the wholesalers, cellarman, certain targeted bars, discos, prestiges’ firm, casinos, hostels channels.

- There are some brands which are only sale in the OHC channel:
  - Vodkas : Grey Goose, 42 Below, Finlandia (bientôt lance en gms pour contrer absolute et pernod)
  - Gin: Bosford
  - Top-of-the-range black currant cream “Chambord” only sales in the prestige’s firm …

- There are also some sizes that are rather sale in OHC like the magnums (2l) of whiskies, vodkas, gins for the discos or the 35cl's bottles like Jack Daniel’s one not sales in the mass distribution.

By choosing different distribution channels, Bacardi Martini shows once again that the company is aware of the risk of cannibalization and clearly the way it has chosen to avoid this is that if the firm has got several brands on a same alcohol, it sells them on different distribution networks.
6.2 - General organization of the alcohol department in the super and hypermarket by Bacardi-Martini

6.2.1 - General presentation

- Heart of the alcohol department is dedicated to the innovating and developing category (Young Adult Spirit, Rums and Digestives).
- 3 bridges structured the liquor division (see following representation):
  - Proximity pure Malt / Digestives:
    - Same way of consumption: pure with or without ice cubes
    - Gift purchase
    - High alcohol content and specificity of the taste.
  - Proximity Digestives / Rums:
    - Rum buyers buy a lot of digestives as well
  - Proximity Modern Liquor and Italian aperitifs:
    - Same or very close buyer’s profile
    - A gathering whished by the shopper
    - Martini is a trendy and modern brand which ensure the link to the YAS section

The following representation is actually a representation of how Bacardi Martini wants the alcohol department to be organized in the hyper and supermarkets.
6.2.2 - Organization concept of the festive moment

- This part of the alcohol department gathers 3 clear segments:
  - Rums and Punchs & Cocktails
  - White Alcohol
  - Modern and traditional liquors

The following illustration made by Bacardi Martini shows how the firm wants those shelves to be organized:
6.2.3 - Organization concept of the degustation moment

Another representation made by the company to illustrate, this time, the wanted degustation moment shelves which gather the digestives and the whiskies for their tastes and their good quality status and the blends more used for the parties.
6.2.4 - Organization concept of the aperitif moment

This part of the alcohol department gathers the drinks the French usually drink before meals ("aperitif") and the alcohol are classified in a first type per nationalities and then per type of alcohol (kir, portos…).

- An organization by cultural origins
- Comment : Kir bases belong to the aperitifs section but they also be implanted between the Champagnes and the Bubblies
6.2.5 - A division of the department in the supermarket and hypermarket which answers to the shoppers expectations through a clarification of the offer and a logical gathering:

In this part, the illustrations show how the firm wants the shelves to be organized first in the supermarkets with a main direction of circulation of the shoppers from the left to the right, and then in the hypermarkets (direction of circulation from the right to the left).

6.2.5.1 – In the supermarkets

- An entry through the aperitifs which translates the new “aperitifs moment”.
- An adapted Whisky pole even if the assortment is shorter than in the hypermarket.
6.2.5.2 - In the hypermarkets

- An entry with the whiskies blends -12 year-old
- An strengthened expert pole

6.2.6 - Conclusion

This part about the place strategy shows us different drawbacks that Bacardi Martini avoids:

- The cannibalization on a same distribution channel
- The company mixes the answer to the customer needs to a presentation which fits the best to the different customer profiles. As a matter of fact, several products can have similar target group profile. Here the firms managed to put those products nearby in the shelves to push customers to multiple purchases.
VII - The price strategy

Source: interview of a B-M's top executives

In order to determine the price strategy of the company Bacardi-Martini, it has been decided to make a questionnaire. This questionnaire could be closer to the price mentality of this firm as well as easier to analyze. It was submitted directly to the company Bacardi-Martini in France. The questionnaire was composed by 11 questions, opened and closed. And it finishes by a small summary about the criteria which can influence the price strategy of Bacardi-Martini. This summary is formulated under form of Likert scale (cf. the questionnaire in the annex part). A Likert scale, according to Likert (1932), is a scale which measures the point of view of someone during a questionnaire. The format of a normal Likert scale is:

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

As it is noticed in the summary at the end of the questionnaire, the price strategy for the company Bacardi-Martini depends on 5 criteria more or less important. The main criteria are the range and the brand image. Indeed, a company cannot sell its products at the price that it wants. The main frame is not to be too high and neither to be too cheap. Moreover, an alcohol company as Bacardi-Martini has to take care of the positioning of its products because this is the reference of the brand image for the customers. Then 3 other criteria less important can modify the price strategy: the position on the market, offer and demand market and the launching of a new product. These criteria are less important because they influence the price strategy only on a short run. Indeed, the main idea is on a long run that the price of a bottle of alcohol for the company Bacardi-Martini is final. Therefore for the topic of multibranding strategy, the price is not a sustainable variable which can influence the cannibalization of products and so on be something on opposition at the use of a multibranding strategy.
VIII - The promotion strategy

Sources: documents of the internal firm's website and from B-M's meeting

To make this part about the promotion strategy, it will be divided in two parts. The first one explaining the laws about the promotion of alcohol in France and in the second part, how Bacardi Martini deals with this laws to make a promotion strategy as efficient as possible.

8.1 - The problem of the communication around alcohol in France :

8.1.1 - Limitation of the communication tools for alcohol drinks advertising:

In France, there is a special law (Evin) which deals with the promotion of alcohol, among others. This law actually says what is allowed, and only the communication tools that are named in this law can be used to promote alcohol.

The January 10th 1991 law Evin allows thus the advertising:

- In the written press (except for the press targeting the youth);
- At the radio (during defined time slots);
- Through displays;
- Through booklets;
- In the oenological exhibitions, museums, internships.

So it is forbidden to communicate on TV or at the cinema and officially on Internet but the law is quite old and we can find a lot of alcohol brands' website. It’s also forbidden to do any kind of sponsoring if it has the purpose of do propaganda or advertising for alcohol.

8.1.2 - Strict definition of the content allowed in the advertising message:

The only things allow in the message are as follow:

- Indication of the of alcohol degree per volume
- The origin
• The denomination
• The composition
• The production tools
• Way of consuming the product
• Name and address of the producer
• Objective description of the product: color, taste and flavor.

8.2 - The communication tools of Bacardi Martini

Before talking to you about the different communication used by Bacardi Martini in its communication strategy, it is important to notice that the marketing service of the company is divided in several parts in each country. As a matter of fact, each chief of products is responsible of 2 or 3 products of the firm portfolio. Thus it allows a much more efficient marketing strategy and avoids the loss of information and the lack of time when too much people work on too much product at the same time. Besides, it offers a clearer vision of each product and its individual strategy.

Let’s now talk about all the communication tools that Bacardi Martini uses.

8.2.1 - Advertising

As we have seen before, media through which a firm can make advertising for alcohol are under a strict law. In accordance with this law, Bacardi Martini has chosen the following Medias for its advertising campaigns:

• Newspapers and specialized magazines.
• Urban displays (4x4 in targeted town)
• Radios like currently the “Bacardi Mojito” campaign
• Internet websites (one has just opened for the “Bacardi Mojito” campaign with columns like “find the nearest Bacardi Mojito bar” “recipes” and so on).

• Hyper and supermarkets newspapers where the products of the firm are present.

8.2.2 - Sales promotion

Even if sometimes glasses, shot glasses or small bottles of alcohol are offered with the bottles in the hyper and supermarkets, those are not the main sales promotion.

Thus the company prefers to offer immediate discount or cocktails booklets. You can often find a double immediate discount which means that you have to buy two different bottles to access to the discount.

8.2.3 - Events and sales force support

We can enumerate 3 main kinds of occasions that lead to an event organized by Bacardi Martini:

• Important moments of the year: end of the year, father-day, end of the student year, music-day, summer in touristic cities…

• Important moment for the distribution brand name: anniversaries, trade marketing operations (negotiate in the central buying groups).

• Special operations negotiate directly with the store.
  
  o E.g.: a cocktail operation in Leclerc Bourgoin in July with a bar, production and degustation of cocktails made by a professional barman, demonstration of Flair (juggling with the bottles while doing the cocktails) and a sales animator.

  o We can count more of those events during the summer during which there is a high sales period of products like Martini or Get 27. Besides
there are more moments of conviviality during this period of the year which is more favorable to cocktails.

The main goals of those events are the following:

- Make some small surveys to the customers to evaluate their needs and oriented them to the BM products.
- Get the customers know the product that offers the firm with an eventual degustation.
- Offer some immediate discount
- Those goals differs according to the type of event/animation:
  - On the whole range of products
  - Cocktails event with degustation
  - Only on Martini’s products with degustation.

8.2.4 - Public relations

At the exit of the disco or even in store, Bacardi Martini encourages to a responsible consumption of alcohol. Of course the firm has to communicate on it at the end of each advertising spot on the radio and some legal mentions have to be written on all the displays and advertisings in the newspapers and so on. Nevertheless the company has chosen to integrate itself a little more in this important campaign of the French government by reminding to all its customers that alcohol is to drink with moderation.
8.2.5 - Endomarketing

Like in most of the multinational company, big annual seminars are organized to gather all the employees of the company. For the French branch of Bacardi Martini, the last one was in March 2008 in Porto Rico. It allows everyone to keep in touch and to remind to all the coworkers the spirit of the company, the newness and the main actions to come. Thanks to those big gathering all the employees will keep in mind that they belong to a big family and that they have to work for the synergy of the company by remembering all the other actions of the other services and do according to it.

8.2.6 - Conclusion

Through this part we have seen that Bacardi Martini, after sharing equally its product in different sub marketing services so it won’t widespread its resources for nothing, does have a real message synergy and through all its actions take care of the customer needs and often does some small survey so the sales person can answer best to what each of the customers really wants.
To summarize this analysis, it’s interesting to remind the advantages of the multibranding strategy and also how a company can avoid the several drawbacks of it, by taking the examples of the Bacardi Martini’s strategies.

By using a multibranding strategy, a company can profit of a number of advantages like appealing new customers by launching new products on new segments. It can also win shelf-place in the point of sales with those new products. Among other advantages it has been proved in the segmentation and the distribution parts of this dissertation that a good knowledge of the profiles of the customers can affect the shelf organization in the point sales. Thus if the products with close consumers profiles are close from each other in the shelves, it leads to a multiple purchase.

Unfortunately, there are also important drawbacks for such a strategy. However it has been demonstrated all along this dissertation that they are not inescapable. Thus, to avoid the trap of cannibalization, the company has to limit the number of products on one segment of the general market or to share them on several distribution channels. For example, Bacardi Martini has one brand of vodka in the mass distribution channel (Eristoff) and one on the out of home consumption channel (Grey Goose). This strategy also avoid that a product “eat” the market share of another one. Thus it’s not because a consumer will buy a bottle of vodka that he/she won’t buy a bottle of rum but he/she won’t buy another brand of vodka on the same purchase.

One other huge drawback is that, by having a lot of product, a company risks to spread its resources (money and time). To avoid this, it’s more likely to have a message and more generally a strategy synergy. Thus if a firm has decided that all
its products will have an image of high quality (like Bacardi Martini does), the same scheme could be used for the price or the distribution strategy, and so the employees lose less time to make up others strategy. The firm can also have sub services which share the products (2 or 3 products per sub service).

Now those strategies have been explored, the researchers could make other or further dissertations with purposes like “can all the companies use this multibranding strategy or is it only for certain types of products?” , “how far can a company enlarge its product range without widespread its resources too much?”.
BIBLIOGRAPHY

Doyle and Stern: Marketing management and strategy, 2006

Hart and Murphy: Brands, 1998

Paul Stodart: Brand power, 1994

Runkel and E.Brymer: Brand evaluation, 1997

Kotler: B2B brand management, 2006

Weinstein: Market segmentation, 1994

Mc Donald: Market segmentation, 1995

Malhorta: Marketing Research, 1996 and 1999

Likert: A Technique for the Measurement of Attitudes, 1932

http://www.allbusiness.com/accommodation-food-services/325501-1.html
➔for “Multibranding strategy: the case of YUM! Brands”, Cathy A. Enz

http://www.urbanhonking.com/cobranded/pdfs/Enz%202005.pdf
➔for “The case study against the multibranding strategy”, DiPietro and Robin B

Questionnaire for the price strategy

1) Do you have a specific price strategy which is common for all the company Bacardi-Martini?
   ☒ Yes  ☐ No

2) If yes, does this strategy depend of the product?
The strategy depends if the product is leader or challenger

3) Your company is leader for example on the French market of vodka do you take advantage of this situation on the price strategy?
No, we are not looking for to be cheaper (example: Smirnoff) because we have also to respect our brand image and the return on investment (ROE). And it is almost impossible to increase the price whenever you want, especially here on the French market of alcohol, because it is in existence quite important price elasticity.

4) The acknowledgement of your brands and the quality of your products do you allow them to decide of prices?
The main frame is to be not too high and not so flexible. And we can increase reasonably. Price has to be in relationship with the brand image thanks to be trustable for the customers, but on a long run we do not increase prices.

5) Do your customers take care of the prices before buying one of your products?
   ☐ Yes  ☐ No  ☒ Both

6) If yes, which kind of customers? On which range of products?
For this answer, this is the case only for William Lawson’s because it is in existence a lot of competitors on the whisky market and this whisky is not one of the best for the taste.

7) If no, which kind of customers? On which range of products?
All the other products.
8) Is the price of a product influenced by advertising campaigns?
No, it never changed price but with advertising campaigns we can sometimes distribute some immediately reduction tickets. The price of advertising campaigns is evaluated since the beginning thanks to never change the final price of the bottle.

9) When you launch a new product, is the price strategy different?

☐ Yes ☒ No

10) If yes, why?
11) If no, is it due to the category of the product?
Some different advertisements like on the TV or others, tasting inside the points of sale, immediately reductions. But the most of the time, prices are definitive.

- **Summary:** give a mark between 1 and 5 on the importance of following criteria on the price strategy. 5 is the best mark.

1) Range 1 ←---------5→5  
2) Brand image 1 ←-------5→5  
3) Competition and challenger position 1 ←------2-----→5  
4) Offer and demand market (clients) 1 ←------2-----→5  
5) Launching of a new product 1 ←1--------→5