EXPLORING THE VALUE OF BRANDS ON THE MONTENEGRIN BOTTLED SPRING WATER MARKET

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Abstract: The branding strategy is based on future goals relating to clients, aimed at increasing awareness of the brand, creating a positive brand image and establishing a preference for the brand and ensuing brand loyalty. A brand is a very important factor for competitiveness and establishes a leadership position in the market, given the major impact that this form of intellectual property has on the perception of consumers and the success of innovative products on the market. The bottled water market has increased by about 35% in the last five years on the global level, dictated by young consumers who are becoming increasingly aware of the significance of proper nutrition in maintaining health. The research presents qualitative information on the market value of bottled water brands, the general characteristics of retailers, as well as on their target customers. The main task of this paper is to confirm the usefulness of marketing research in modern business as well as to present the benefits of brand value measurement to current or future brand owners.

It is to be hoped that the results presented in this paper may serve as a good basis for upgrading marketing activities, based on a better understanding of target customers and their particular needs, through better communication for the purpose of stronger corporate branding.

Introduction

Measuring the brand value is one of the most complex research procedures. The brand value is an important asset and a strategic tool, and it should be managed from a top management position. These features have enabled the development of marketing research so that more sophisticated research on brand value could be performed. Due to this fact, it is necessary to approach marketing research more actively and anticipate the needs of both the consumers and the brand owners. In Montenegro, there are numerous consumers of bottled water. There is a noticeable increase in the sales of non-carbonated water, which is also an existing trend all over the world. The research is focused on observing the retail sale of the products in the consumer spending segment, as well as on proposals for measures for improving sale and brand positioning. The analysis will also include a comparative analysis of the leading brands on the market, brand and company analysis as well as proposals for measures for brand improvement on the basis of the observed situation.

On the local market in Montenegro, water is primarily sold in volumes of 1.5 l and 0.7 l to hotels and restaurants, while individual customers usually buy water in volumes of 0.33l or 0.5l. However, it is noticeable that the market share is 8.8% smaller than in the same period of 2009. Taking into account the seasonal demand for water, volumes of 0.33 l and 0.5 l achieve a higher market share during summer months compared to the rest of the year. During the eight months of 2011, the Montenegrin water factories produced 15,487,093 litres. 1,010,150 litres were exported, representing 6.5% of the total market placement, while 14,548,805 litres were distributed on the domestic market.

The Water Group from Kolasin had the biggest production and best placement on the Montenegrin market in the last eight months of 2011, producing 4,483,430 litres of bottled water, which represents 28.9% of the total water production for this period. After this came the water factory Aqua Bianca from Kolasin which has produced 3,423,945 litres of water during the eight months of this year, which represents 22.1% of total production. All of the water produced by these two water factories was placed on the domestic market.

Materials and methods

In determining the brand value of the Montenegrin bottled spring waters, the method of substitutability developed by Longman and Moran and the Burke Brand index model were taken as a basis. The first method is based on measuring the rate of repeat purchases. Brand equity is higher if the rate is higher and vice versa. The other model for determining brand

equity uses three components: loyalty, brand image and the price value of the brand.

According to their responses consumers are grouped into six categories by being divided into one of two groups each with three segments. The first group consists of hard-core loyals who have previously purchased the studied brand and will wait for the brand to be available in their store or will go to purchase it from another store; shifting loyals who have previously purchased the studied brand, but will accept any other brand as a replacement; and split loyals who have previously purchased the studied brand, but can precisely indicate the brand they would purchase as a replacement. The second group includes potentially accessible customers who have previously purchased a different brand and suggest the studied brand as a replacement; potentially inaccessible consumers who have previously purchased another brand and did not mention the studied brand as a replacement; inaccessible consumers who have previously purchased another brand and will wait for the brand to be available in their store or will go to another store to purchase it.

Results and discussions

Of a total of one hundred respondents, 54% were female and 46% male. The most respondents (51 of them) were between 21 and 39 years of age, then 40 respondents were aged between 39 and 55 years and the remainder were those aged between 15 and 20 (3 respondents) and over 50 (6 respondents). 50 respondents had a university degree while 54 respondents were students or had a high school diploma.

85 respondents were employed, 12 were unemployed and 3 of them were pensioners. The total monthly income of 32 of the respondents was between 300 and 500 euros, and another 31 respondents had a monthly income in the range of 800-1200 euros, while 25 respondents had incomes between 500 and 800 euros, and 12 respondents had incomes over 1200 euros. Most of the respondents (88 in total) live in Podgorica, while the central region has 6 respondents and southern region was represented by 6 respondents.

The largest number of respondents, 24 of them, drink one of the Montenegrin bottled waters several times a day, while 17 respondents drink bottled water once a day, 6 of them drink it two to three times a week, 20 respondents drink it two or three times a month, and the rest of the respondents fall into the category of those who drink it once or less than once a month.

On the basis of the five brands of bottled spring water offered, 50% of the respondents chose Aqua Monta as their favourite brand, thus confirming that this brand is of greatest value to them. Aqua Monta is the bottled water brand with the largest single share (50%) on the Montenegrin market. Aqua Bianca was in second place, chosen by 35% of the respondents, while the third place was occupied by Suza, which is the favourite brand of another 9% of respondents, and at the very bottom, and with the smallest brand equity, are Diva and Gorska, chosen by 3% of each respondents.
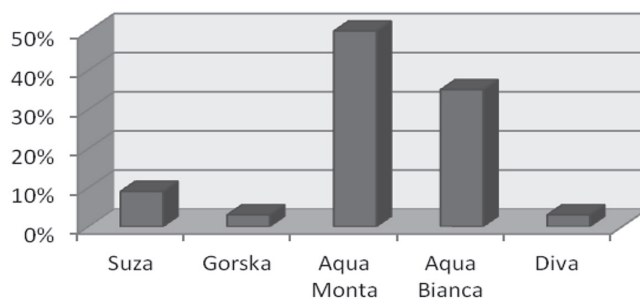

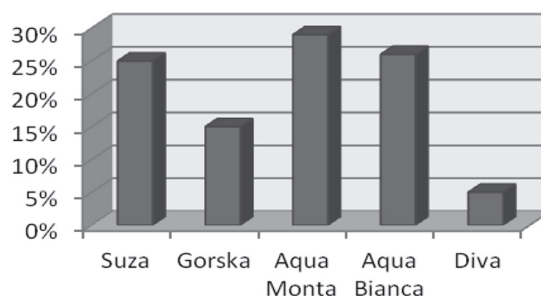**Figure 1:** Market share of bottled waters

Figure 2: Positioning of brands among consumers

In a situation where respondents have an opportunity to make a choice between three different brands of bottled spring water, their responses will significantly differ from the responses to the previous question, which proves that customers do not show absolute loyalty to the studied brands. The possibility that consumers can make a choice between three brands substantially weakened the value of each individual one, with Aqua Monta being the most trusted brand by 29% of respondents, Aqua Bianca by 26% of respondents while Suza was preferred by 25% respondents. The Gorska water is significantly less favourably positioned in the minds of consumers, with 17%, while Diva is the worst positioned water, with only 3% of consumers having opted for it.

By examining brand loyalty, we have come to the conclusion that according to the responses obtained, customers can be divided into three groups; those who responded that they would either wait for the brand to come into the store where they normally buy their water (1%) or would go to another store to get it (33%) are considered to be the most loyal, while the consumers who would buy another brand when theirs is not available (66% of them) cannot be considered loyal.

The Results Concerning Brand Loyalty

Only 1% of respondents of both sexes said they would wait for their brand, suggesting that there is not a high level of loyalty with regard to bottled spring waters. 46.8% of men and 21.2% of women would go to another store for their brand, which shows that men are more willing to make a greater effort for the preferred brand than women; their loyalty in the analysed segment is much higher, while women in this situation are apparently more driven by convenience. 52.2% of men and 77.8% of women would buy another brand when the preferred one is not available, which confirms the previous

view that men are more loyal to their favourite brands than women.

The respondents were then asked the following question: If you have € 10 to buy water, what is the single amount that you are willing to pay for each of these brands for the same water volume?
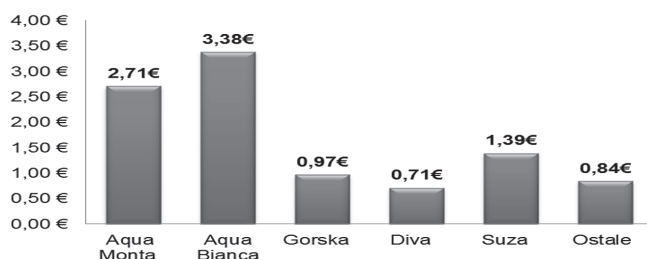

Figure 3: Amounts in euros allocated by brands

Aqua Bianca, at € 3.38, is the brand for which consumers will spend the largest single amount of money, followed by Aqua Monta at € 2.71, and Suza which occupies the third place with € 1.39. For both Gorska and Diva, consumers will spend less than a Euro. It is evident that Aqua Monta and Aqua Bianca enjoy the highest brand equity. For the Montenegrin circumstances, these are two well-established brands with the largest market share. By cross-referencing the responses received to the questions about favourite brands and the significance of certain brand-related elements for consumers, it turned out that the massive scale of purchase was the most important factor for 50% of consumers who prefer "Suza", while the other 50% found the acceptance of the brand by other consumers and the position of the brand in retail outlets the most important factor. For those who prefer "Diva", packaging is most important and they form their views on this water solely on the basis of it. As for the consumers of "Gorska", 100% of those who drink it believe that their choice is primarily influenced by the advertising message of this brand. When it comes to "Aqua Bianca", we see that 14.3% of consumers find the price of the brand crucial for their choice, 31.4% opted for packaging, recalling the advertising campaign accounts for 8.60%, and massive purchase was a choice for 28.60% of respondents, the position on shelves was indicated by 8.60% of the surveyed consumers and finally, 8.50% indicated the bonus package, coupons and discounts offered by the producer. When buying "Aqua Monta", 12% of the surveyed consumers opted for the price as the decisive factor, 42% indicated the packaging, while for 24%, the impact of advertising messages is the most important in the selection of this water, and finally, brand acceptance by other consumers is a decisive factor for 22% of respondents.

Conclusion

Measuring and strengthening the power of the brand is the main objective of marketing efforts for many companies around the world. The analysis of the research results has led to the general conclusion that the available capacities for the production of water in Montenegro are not used to their full potential. Poor, virtually non-existent marketing performance and little active participation in trade fairs, especially in the international market, is the main reason for the poor performance of companies engaged in the bottling of water in Montenegro.

Overall, consumers show the strongest loyalty towards "Aqua Monta" of all brands of water analysed, regarding it as their most preferred brand or the brand which will serve as a replacement in case the preferred brand is not available in the store. This brand has the highest brand equity of all the brands offered in the research, as shown by both qualitative and quantitative indicators. "Gorska" and "Diva" have the weakest position with consumers. Both waters have a relatively small market share, and are either unrecognised or have a poorly built image. Their brand equity is small, which is confirmed by the results of the research. The results obtained through the use of primary and secondary marketing sources can be very important when making marketing decisions regarding the bottled waters analysed.

Brands are now the foundation of wealth for companies and should therefore be properly developed.

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