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<th>Asia Pacific Breweries' anchor beer in Singapore (B) : the new challenges</th>
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It was in mid 2002 when a key decision concerning Anchor's future was finally made. After rounds and rounds of internal debates, Dorit Grueber, Assistant General Manager (Marketing) of Asia Pacific Breweries Singapore, and Melvyn Ng, Senior Brand Manager (Specialty Brands), managed to convince Dr. Les Buckley, General Manager, that Anchor should be repositioned to the "20-25" age segment. This was the company's latest attempt to salvage the heritage brand of more than seventy years, as sales figures for the brand had been on a downward trend for the last twelve years. Melvyn Ng and Samantha Chan, Brand Executive, were both charged with the responsibility to plan and execute a new campaign for Anchor. The first phase of the campaign lasted for three months from August to November 2002. A key presentation was scheduled at the closing of this phase to evaluate the brand and sales performance.
THE NEW DIRECTION

It was in mid 2002 when a key decision concerning Anchor's future was finally made. After rounds and rounds of internal debates, Dorit Grueber, Assistant General Manager (Marketing) of Asia Pacific Breweries Singapore, and Melvyn Ng, Senior Brand Manager (Specialty Brands), had managed to convince Dr. Les Buckley, General Manager, that Anchor should be repositioned to the "20-25" segment. This was the company’s latest attempt to salvage the heritage brand of more than seventy years whose sales figures continuously declined during the last twelve years. Melvyn Ng and Samantha Chan, Brand Executive, were both charged with the responsibility to plan and execute a new campaign for Anchor. The first phase of the campaign lasted for three months from August to November 2002. A key presentation was scheduled at the closing of this phase to evaluate the brand and sales performance.

After the new direction was determined, Melvyn Ng and Samantha Chan worked at breakneck pace to market the new Anchor to the company’s employees, distribution partners and target consumers. As virtually every niche brand of the brewery was set to achieve segment leadership, the marketers were under tremendous pressure to succeed. The success of their repositioning efforts would be largely determined by the initial market responses within the first few months of the new launch. Given the size and population density of the Singapore market and the high level of consumer awareness, word-of-mouth publicity travelled rapidly within this city-state. Local journalists, magazine contributors, and television programmers were also highly active in covering new product launches and events. Furthermore, hundreds of new products and re-launches flooded the market every year to compete for the limited shelf space and consumer attention. As a result, any new or re-launched brand perceived as mediocre by the local opinion leaders would not withstand the strong market competition.

BACKGROUND

The young adult market was still in a fairly nascent stage of development even though global market analysts had predicted it to grow in both scale and significance. However, it was important because the young adults constituted a major driving force of tomorrow’s business creating new demands and opportunities and setting new consumer trends in most affluent markets around the world. Thus, this segment caused much excitement in the global market. Locally, cell phone manufacturers, telecommunication service providers, magazine houses, fashion and cosmetic companies were among the first to launch specific products and service packages targeting the segment.

At the brewery the traditional paradigm was to reach out to the young adults just as normal consumers. However, when there was a noticeable increase in the number of distribution partners willing to devote resources to either understand the young adults as a separate target audience or sponsor events for them, the management began to consider whether it was time to launch a young adult brand which could be tailored specifically to the needs of the young adults. The new impetus was partially encouraged by the fact that there was market evidence suggesting that younger consumers had different preferences in packaging and tastes from the older consumers. They also disliked to be seen drinking the same brand of beer as the older beer drinkers. After months of discussion, the final decision was to reposition Anchor as a young adult brand.

THE NEW REPOSITIONING CAMPAIGN

From the outset the senior management had anticipated that Anchor would have to travel along a completely novel path to successfully occupy a niche position in the young adult segment. The marketing approach had to be radically different from the traditional mass-marketing strategy which was more suitable for a wider audience. It was make or break. Evolutionary changes had not worked. The new strategy for Anchor required a major overhaul of its existing marketing mix, except price, which should remain lower than Tiger’s, because the new target audience was price-sensitive. Melvyn Ng and Samantha Chan were given the latitude to approach the new segment in whatever innovative way they could think of provided that their ideas were cost-effective. Because of the relatively low profit margin and the size of the segment, the promotional budget for the new campaign was relatively small. Hence, great discipline was needed to focus the limited resources on the right places. The priority tasks set for the first phase included communicating Anchor’s new positioning to the employees and customers, gaining trade support, generating positive publicity and acquiring new customers.
The Brand Image and Product

Melvyn Ng and Samantha Chan listed consistency and focus as the two main factors underlying the new branding campaign. A brand new architecture was constructed based on valuable information from focus group discussions and research studies and conclusions from brainstorming sessions with an international advertising agency. The brand architecture was necessary to create a consistent image to eliminate confusion in future marketing communication efforts. The new brand values of Anchor were unconventionality, exuberance and street-smartness which formed the basis for the subsequent marketing activities. A new tag line "Life needs an Anchor" was created to market the brand. A contemporary and stylish transparent glass bottle designed to appeal to young consumers was launched to replace the pint (330ml) bottle and two other traditional forms of packaging that had been in the market for several years. Exhibit 1 presents the new packaging design.

Internal Marketing

The most immediate challenge the marketers faced in implementation was to ensure that executives and managers from sales and production would understand the new brand vision of Anchor beer and its position within the company's brand portfolio. This repositioning was a fundamental change in the direction for the brand; therefore, an internal campaign was necessary to communicate the new brand vision and foster positive connections between Anchor and its stakeholders. The internal campaign was the marketers' vehicle to motivate the company representatives to sell the brand and actively communicate the new brand values to the trade outlets, marketing agencies and consumers. Melvyn Ng said, "We need our people to make the brand come alive for our customers."

Melvyn Ng and Samantha Chan favoured a more dynamic approach to revive brand confidence and interest. Traditional ways of internal communications, such as power point presentations and interdepartmental memos, were discarded for a new wave of interactive activities held on 'Red Days'. (See Exhibit 2.) They used red to build Anchor's new brand identity and differentiate it from Heineken's green label and Tiger's blue and gold. On a typical red day, everyone was encouraged to wear some red attire to work. To motivate everyone, various novel games were played to convey parts of the new Anchor make-up. Winners of the various games would be treated to surprises during office hours, including free car washes, movies and sumptuous lunches. These surprises were intended to bring out the new unconventional spirit of the beer and to establish a new identity for Anchor, credibility for the marketing team, and a motivated company previously attuned to a brand in decline.

Employees from the other departments were given an opportunity to interact with the marketers of Anchor beer, understand the new plans for the brand, and gain a preview of the external campaigns. The novel and inventive approach the marketers adopted in these initial efforts set the momentum for subsequent activities. Samantha Chan remarked, "It is important that our people know that the new Anchor is set out to be different from day one. Everything we do for Anchor, we want to do it in a refreshingly different way. We want people to rave about Anchor and what we do."

The commitment and passion of the marketers in these activities won the attention and approval of the senior management. The campaigns received strong support from the General Manager whose participation signified that the company was taking the repositioning effort very seriously. Samantha Chan added, "I still remember the day when I saw Les Buckley show a little peak of his red underwear to prove that he too was Anchor fan. His participation was a great encouragement to us and had a tremendous impact on Anchor's credibility within the company."

The positive feelings created by these internal marketing campaigns were self-perpetuating and rapidly spread to the relevant trade outlets and customers. To further enhance corporate communication, an Anchor corner with red sofas was set up on the second floor of the company beside the marketing department where pictures of new launches, press releases, and publicity materials were displayed.

NEW EXTERNAL LAUNCHES

After overcoming the internal hurdles, the next challenge was to communicate the same message
across to the trade people and consumers. In considering their various communication options, Melvyn Ng and Samantha Chan were again constrained by the limited budget. Television advertising was not an option because of the high costs involved; the team began to explore several inexpensive but very creative ideas. After several brainstorming sessions, they decided to create outdoor print materials and display them at Orchard Road, the busiest street for shoppers in Singapore’s downtown area. The print materials portrayed Anchor as a new cultural icon in some carefully selected cultural situations, including Internet chatting and blind dates. For several weeks in August the promotional materials were displayed at bus stops along Orchard Road and passageways leading to the Orchard train station to reach the majority of the young adults who used public transport. (See Exhibits 3a and 3b for the pictures and details of the promotional campaign.)

Melvyn Ng and Samantha Chan also needed to determine which of the local outlets were suitable for the new beer launches. Many of the repositioning campaigns were expected to be concentrated at a few outlets where patrons were more likely to be attracted to Anchor’s new positioning. It was intended that the initial success stories in these outlets would pave the way for subsequent market development activities and increase trade support for the brand. The two outlets chosen for the initial launch were Liquid Room and Zouk. The launch parties with the name “Red-volutionary Parties” were held in partnership with the two chosen outlets where young adults were invited to experience the new beer. Greg Uttada (aka Utt), a popular MTV VJ, was engaged as the new celebrity ambassador to introduce Anchor to the young people. After the launch event, promotional packages were sold at these outlets to stimulate sales. Exhibit 5 shows a picture taken of the company parties.

SAFEGUARDING THE NICHE APPEAL

Consistent with most niche branding strategies, the marketers had to work very hard to safeguard the niche appeal. Sales reports indicated that the new transparent bottle was the only packaging driving the consumption of the young adult market, leading the marketers to consider if they should remove the older versions of bottle and can. Delisting them would inevitably result in a loss of sales volume in the initial period as these variants were still popular with the previous target group. After many internal discussions, they decided that the extreme measure was necessary, although objections were expected from some traditional on-premise outlets. Dorit Grueber gave her reasons:

We decided to pull out the old SKUs because the people who buy them do not reflect whom we want to talk to. There is no return behind selling them to the wrong people. We want to put in all our efforts to sell to people to whom we want to sell.

A selective distribution strategy was also adopted. Anchor was withdrawn from some neighbourhood pubs and old lounges that were selling it to the older generation of middle-class customers. Melvyn Ng explained,

Some of the traditional outlets, for instance the KTV lounge at Orchard Towers had a sleazy image that was extremely unpopular with the young adults. They were also located at such prominent locations that no one would miss. We have to remove Anchor from these locations to keep true to our promise to the young consumers that Anchor is not an old man’s beer.

Dorit Grueber added:

We are also developing new channels. We are distributing Anchor in convenience stores and street fashion boutiques and other types of outlets to reach out to our target consumers.

ANCHOR’S PERFORMANCE

It was November 2002. Three months had passed from the time the new positioning campaign began in full swing. Melvyn Ng and Samantha Chan met at Anchor’s corner to discuss a brand evaluation presentation to be held in two weeks’ time. A market research report that had arrived that morning confirmed to them that the initial launches had successfully restored the previously ailing brand’s credibility in quantitative terms. The statistics in the reports showed an 11 percent increase in the percentage of young adults who recognized Anchor with ‘a brand for them’ within a short period. Brand awareness had increased significantly as well. Sales for the new transparent bottle had more than doubled within the last three months. Evaluations from trade and retail outlets were extremely favourable,
resulting in increasing trade support. Local opinion leaders, including some leading fashion and lifestyle magazines, had noted Anchor’s success and included coverage of the new launches in their upcoming issues. The positive publicity had served to enhance the company’s reputation in the beer industry.

The marketers realised that in spite of Anchor’s initial successes, its future profitability would largely depend on whether its performance could be sustained over the long term. While niche was the initial focus, “scalable niche” was a better direction for Anchor. A scalable niche brand with wider acceptability and distribution was vital for brand profitability. While they had begun planning for the next phase of marketing activities and finding new channels for the beer, the pressure to establish a stronger position for Anchor was yet to be lifted off their shoulders. Samantha Chan included breakdancing competitions for the Asian ‘B-boys”, a new generation of hip-hop dancers who used a combination of gymnastic moves and acrobatic stunts, and street fashion shows as the key activities to associate Anchor with the new culture of the young adults. Melvyn Ng began to explore various joint promotional options to increase sales. To take full advantage of the current hype at the marketplace, the marketers needed to move very quickly, but not at the expense of a proper evaluation which would be crucial to identify areas to work on to further improve Anchor’s existing favorable position.
EXHIBIT 1
ANCHOR’S NEW PACKAGING

Source: APB supplied and granted the authors permission to use the above creative material in this case.

EXHIBIT 2
RED DAY

Source: Picture from APB
EXHIBIT 3A

PROMOTIONAL POSTERS

Source: APB supplied and granted permission to exhibit the above creative materials in this case.
EXHIBIT 3B

OUTDOOR PROMOTIONAL CAMPAIGNS

Anchor’s new posters were displayed at three bus stops along Orchard Road.

Source: APB supplied all three photographs presented in this exhibit.
A parachutist landed slightly off the roof of a subway entrance in the heart of Orchard Road in front of an evening crowd coming out of the downtown offices. As he landed, his bizarre act was explained by a group of panelists who shouted: “Slightly off target? Life needs an Anchor.”

Along the pathway connected to the Orchard train station, the most crowded underpass in the country, the floor was carpeted with Anchor’s new tag line and the walls are decorated with the different versions of Anchor’s newest posters.
EXHIBIT 4

REVOLUTIONARY PARTIES

Source: Picture from APB