## Case Insight 6.1: Soberana

# Fermin Paus, Brand Franchise Manager

Hi, my name’s Paul Baines, I'm Professor of Political Marketing at the University of Leicester, and co-author of the fifth edition of *Marketing* by Oxford University Press. In this next clip, we talk to Fermin Paus, Franchise Brand Manager at Panamanian beer brand Soberana. And he talks about the company competes against multi-national beer brands.

I'm Fermin Paus, I work in Panama, in the Heineken operation which is called Cervecería Barú Panamá, I'm the Brand Manager of Soberana franchise which is Soberana Lager and Soberana Radler.

I am working in the beer industry here in Panama and beer is an important part of the Panamanian culture. The Panamanians have the highest per cap consumption in Latin America with about 75 litres per capita and this is mainly because of the weather, Panama has the tropical weather with temperatures above 25 degrees every day all year and Panamanians used to drink beer almost every day.

The biggest consumption occasion is called Parkin which is mainly when they meet with their friends and family and have some beers, it will be in a bar, it could be in a house, it could be on the street but that’s the way they drink beer. It’s of their daily routine let’s say.

In Panama, we have two main players in the market, the first one is Cervecería Nationale which is part of the ABI SAB group and us, Cervecería Barú Panamá, from the Heineken group. Both companies concentrate more than 90% of the market, the rest 10% is managed by distribution companies so the competition is mainly between two companies, they have different brands locally and international brands in their portfolio.

In 2010 Cervecería Nationale introduced Miller to their portfolio and consumers at the time, they were changing their flavour profile from traditional lager beers to soft light beers and at that moment, Miller Lite was the only brand taking advantage of this new consumer trend so from our point of view, we needed to do something to capture volume as well because Miller Lite was the only brand taking advantage of this new trend and sourcing volume from our brands as well.

In 2011, we needed to respond to Miller Lite performance and our portfolio had two brands, Panama, which is a lager, traditional lager and Soberana, which is a soft light beer, the correct decision was to relaunch Soberana because Panama didn’t fit with the new consumer preferences, so we decided to relaunch Soberana brand.

For relaunching Soberana, we did a diagnosis and we understood that the brand had four problems, the first one was the coverage, the brand has only coverage in the central part of the country where less than 25% of the population live, the second problem we had was that the pricing strategy, the brand proposition as a value proposition, some sense below mainstream brands. The third element was that the main consumers were adults above 45 years old and the last one was that Soberana had equity indicators and a negative image perception in the market.

So to overcome these barriers, we identified three pillars, we work in execution, in coverage and pricing and image and positioning and the third one is innovation.

We identified three pillars to work on, the first one is execution which consisted of coverage, we moved from coverage below 55% national wise, to above 85% in 2015, we increased our price, we position the brand as a mainstream brand and compared price with our main competitors.

The second pillar which is image and positioning, the first step we did was to update our DNA, we understood that with consumers and we created a creative territory which was, which is powerful and it talks about a Sovereign life, ‘vive una vida soberana’ in Spanish, now we challenge our consumers to be in charge of their life, a life full of rights and no obligations, but we needed advice to get this right, of this life we want to share, we created the Megaphone Man, which is man in a yellow suit and you will never see his face, he’s a young, cool man.

In addition to updating our DNA and changing our communications, we started focusing on, on experiential platforms. We decided to focus and develop Surf platform because Surf is a relevant and experiential export for young adults in Panama, so we became the main sponsor of the National Circuit, we also had a national show to share the values and the lifestyle we wanted for the brand and we also had brand ambassadors that help us to build on this new life that we want to share.

In the last three years, from 2012 to 2014, the brand has tripled its volume, market share and gross profit and now we are the third brand in the market. We continue to grow, planning for 2015 to become the second brand in the market and from a qualitative perspective, consumers now perceive Soberana as a young cool man instead of perceiving it as an old man from the interior which is an important element for us because we need to increase our penetration in young adults to continue our growth.