



# Strategic Brand And Marketing **BRST5121**

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## 1. . QUESTION 1: PRODUCTS AND SERVICES

### 1.1. Q.1.1 The Three Layers of Product Value Applied to Checkers

Tuten (2024) describes products and services through three layers of value: the core product, the actual product, and the augmented product. Applying these layers to Checkers provides a clearer understanding of how the company delivers value to its customers.

1. **Core** **Product:**  
The **core product** represents the fundamental benefit or need that the product fulfils. For Checkers, this core benefit is the provision of **essential food items and household goods**, such as groceries, beverages, and hygiene products. The primary function of the supermarket is to ensure customers have access to **nutrition and daily essentials**, serving the basic human need of sustenance.
2. **Actual** **Product:**  
The **actual product** refers to the tangible features of the product, including quality, brand, design, and packaging. In the context of Checkers:
  - **Product Variety and Quality:** Checkers offers a broad range of goods, including premium options like Angus beef and imported seafood. The brand also emphasises health and sustainability with locally sourced and organic produce.
  - **Branding and Packaging:** Checkers is well-established in South Africa and synonymous with value and reliability. Its in-house brand, *Checkers Housebrand*, is positioned to offer affordable yet dependable products. Packaging is designed to reinforce this trust, ensuring customers associate the brand with quality.
  - **Shopping Experience:** The layout of Checkers stores enhances the shopping experience. With clearly marked aisles, specialised sections for fresh produce, frozen items, and organic foods, the actual product goes beyond the physical goods to include the **in-store experience**.
3. **Augmented** **Product:**  
The **augmented product** consists of all the additional services and benefits that enhance the customer experience. For Checkers, these include:
  - **Loyalty Programmes:** The *Xtra Savings* programme offers customers personalised discounts and exclusive benefits, which add value beyond just the products purchased.
  - **Online Shopping and Delivery:** Checkers has expanded its service offerings with the **Sixty60** app, enabling customers to shop online and have their groceries delivered within 60 minutes. This added convenience significantly enhances the overall customer experience.
  - **Sustainability Initiatives:** Checkers is committed to environmental sustainability through initiatives like **reducing plastic usage** and sourcing products from sustainable agriculture. This effort appeals to eco-conscious customers and adds value by aligning with modern ethical consumption trends.

Thus, Checkers delivers a rich, multi-layered experience through these three product layers, combining essential services with convenience and sustainability, ensuring customer loyalty and satisfaction (Tuten, 2024).

## 2. PERGUNTA 2: O KIT DE FERRAMENTAS DE ESTRATÉGIA DE MARKETING

### 2.1. Q.1.1 Situation Analysis of Checkers

A thorough situational analysis of Checkers requires using the **PESTEL**, **Porter's Five Forces**, and **SWOT** models, providing strategic insights into the business environment.

#### A) PESTEL Analysis

##### 1. Political:

South Africa's strict consumer protection and trade regulations impact Checkers, requiring adherence to fair trading practices, proper product labelling, and health standards. Policies supporting local farming and sustainability also benefit Checkers, which markets itself as a supporter of local produce.

##### 2. Economic:

Economic instability, particularly inflation, directly affects consumers' purchasing power. Checkers must continually adjust its product offerings, balancing between **premium products** and affordable essentials. Exchange rate fluctuations also impact the costs of imported goods, like high-end seafood and premium meats, affecting profitability.

##### 3. Social:

Consumer preferences are shifting towards **healthy, organic, and sustainably sourced foods**. Checkers addresses these trends by offering a wide range of fresh produce, free-range meats, and eco-friendly products. There's also a growing demand for convenience, which Checkers meets with services like **Sixty60**, targeting busy professionals and younger, tech-savvy consumers.

##### 4. Technological:

Technology plays a critical role in improving both operational efficiency and customer experience. Checkers has embraced **e-commerce** and mobile apps, using AI to personalise customer offers based on purchase behaviour. Automation in supply chain management also allows the company to keep operational costs low.

##### 5. Environmental:

Sustainability is a key focus, with consumers increasingly demanding eco-friendly practices. Checkers is reducing its environmental footprint through **plastic reduction initiatives**, **sustainable farming partnerships**, and offering products with a lower carbon footprint, which resonates with environmentally conscious customers.

##### 6. Legal:

South African labour laws, stringent food safety regulations, and consumer protection policies require compliance across multiple fronts. Checkers adheres to legal requirements in **food labelling**, **worker rights**, and **advertising standards**, ensuring they maintain a reputable standing in the market.

## B) Porter's Five Forces Analysis

1. **Threat of New Entrants:**  
The retail supermarket industry has high barriers to entry due to the significant capital investment required, supply chain management complexities, and the dominance of established brands like Checkers. Therefore, the threat of new entrants is relatively low.
2. **Bargaining Power of Suppliers:**  
With a vast supply network, Checkers holds strong bargaining power over most suppliers. However, suppliers of niche, premium, or imported goods may wield more influence. Nonetheless, Checkers' size allows it to negotiate favourable terms with most of its partners.
3. **Bargaining Power of Buyers:**  
Consumers have a considerable amount of power, as they can easily switch between competitors like **Pick n Pay** or **Woolworths**. However, Checkers mitigates this with its **Xtra Savings** loyalty programme, creating incentives for customers to stay loyal.
4. **Threat of Substitutes:**  
The rise of online food delivery services and meal kit subscriptions presents a substitution threat. However, Checkers counters this with its **Sixty60** app, ensuring that it stays competitive in the fast-convenience sector.
5. **Competitive Rivalry:**  
The South African supermarket sector is highly competitive, with **Pick n Pay**, **Woolworths**, and **Shoprite** as major rivals. The competitive intensity is high, but Checkers differentiates itself through a mix of affordability, premium products, and strong customer loyalty programmes.

## C) SWOT Analysis

1. **Strengths:**
  - Comprehensive loyalty programme (*Xtra Savings*), enhancing customer retention.
  - Diverse product range, including premium goods like organic produce and international imports.
  - Strong online presence and the efficient delivery service, *Sixty60*.
2. **Weaknesses:**
  - Limited geographic coverage in rural areas.
  - Dependence on imported products makes them vulnerable to currency fluctuations.
3. **Opportunities:**
  - Expansion of e-commerce and delivery services to meet the rising demand for convenience.
  - Increase the range of sustainable and organic products to attract eco-conscious consumers.
4. **Threats:**
  - Intense competition from **Pick n Pay**, **Woolworths**, and other major supermarkets.
  - Economic downturns that reduce consumer spending power, particularly in the premium segment.

## 2.2. Q.2.2 - Strategic Opportunities for Checkers

Based on the situational analysis, two strategic opportunities for Checkers stand out:

1. **Expansion of E-commerce and Delivery Services:**  
The growing consumer preference for convenience and online shopping presents an excellent opportunity for Checkers to further expand its **Sixty60** delivery service. Enhancing the digital shopping experience with more personalised recommendations and AI-driven automation can increase engagement. This aligns with **market penetration** in Ansoff's matrix, where Checkers aims to increase its market share in existing markets using its current product range.
2. **Development of Sustainable Product Lines:**  
Checkers can leverage the increasing demand for sustainable and eco-friendly products by expanding its range of **organic, locally sourced, and environmentally friendly goods**. By positioning itself as a leader in sustainability, Checkers can attract a growing market of **conscious consumers**. This aligns with **product development** in Ansoff's matrix, introducing new products to cater to changing consumer preferences.

## 2.3. Q.2.3 - SMART Objectives for Checkers

1. **Increase online sales revenue by 25% by the end of 2025:**  
This objective is specific (focuses on online sales), measurable (targeting a 25% increase), achievable (considering the success of the Sixty60 app), relevant (e-commerce is growing rapidly), and time-bound (by the end of 2025). E-commerce growth is essential for Checkers to remain competitive and meet the rising demand for convenience shopping.
2. **Reduce plastic use in own-brand packaging by 50% by 2026:**  
This objective is specific (focus on packaging), measurable (50% reduction), achievable (with sustainable packaging innovations), relevant (customers increasingly demand eco-friendly options), and time-bound (by 2026). This aligns with Checkers' sustainability initiatives and enhances its reputation among environmentally conscious consumers.

## 2.4. Q.2.4 - Target Market for Checkers

- **Demographic:**  
Checkers primarily targets middle to upper-middle-class families aged 25-55, with an emphasis on individuals who have disposable income and appreciate both quality and value. These customers are typically well-educated and seek a balance between affordability and premium products, particularly in urban and suburban areas.
- **Geographic:**  
Checkers has a strong presence in urban and suburban areas in South Africa, with stores located in high-density regions such as Johannesburg, Cape Town, and Durban. The brand's geographical strategy focuses on these areas where there is a concentration of middle-class consumers. However, expansion opportunities exist in smaller urban centres and suburban areas where demand for convenience is increasing.
- **Psychographic:**  
Psychographically, Checkers' target market includes consumers who value **quality and sustainability**. These individuals are conscious of their health and prefer organic or

sustainably sourced products. They also appreciate the convenience of online shopping and are likely to make use of services like **Sixty60**. Customers in this segment often align their purchasing decisions with ethical and environmental considerations, opting for eco-friendly products.

- **Behavioural:**

Behaviourally, Checkers' customers are frequent shoppers, often visiting the store weekly for both routine grocery purchases and special occasions. The **Xtra Savings** loyalty programme plays a significant role in influencing consumer behaviour, offering personalised discounts and creating a strong sense of brand loyalty. Additionally, customers are increasingly using the Sixty60 delivery service for the convenience it offers, particularly for last-minute or large purchases.

## 2.5. Q.2.5 - Ideal Buyer Persona for Checkers

<b>Age:</b>	22	-	56
<b>Location:</b>	Sandton,	Johannesburg,	Cape Town
<b>Income:</b>	R	5,500	per month
<b>Marital Status:</b>	Married,	two children	(aged 8 and 12)
<b>Interests:</b>	Health and wellness,	gourmet cooking,	sustainability
<b>Shopping Behaviour:</b>			

- Shops weekly at Checkers, utilising the Xtra Savings programme for discounts on organic produce and premium meats.
- Frequently uses Sixty60 for last-minute purchases.
- Prefers eco-friendly products and supports brands that focus on sustainability.
- Values both convenience and quality, seeking out products that meet her ethical and health-conscious standards.

### 3. Q.3.1 - Positioning Map for Checkers

Using **price** and **quality** as dimensions for a positioning map of Checkers against competitors:

1. **Checkers**: Moderate price, high quality (focus on premium products and good value).
2. **Pick n Pay**: Moderate price, moderate quality (balanced offering of accessible products).
3. **Woolworths**: High price, high quality (premium goods with a focus on organic and sustainable products).
4. **Spar**: Moderate price, moderate quality (a variety of products with a focus on convenience).
5. **Shoprite**: Low price, moderate quality (value-driven, catering to cost-conscious consumers).
6. **Makro**: Low price, moderate quality (bulk-buying and wholesale retail).

This positioning map highlights Checkers' strategic placement as a brand that offers **affordable quality**, balancing premium goods with competitive pricing. Woolworths targets a more upscale segment, while Shoprite appeals to the budget-conscious market. Checkers' ability to provide premium options at moderate prices sets it apart in the market.



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