

# Consumer Perception of Brand Repositioning Through Benefit Diversification and Intensity of Use: The Case of Pedras

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## **EXECUTIVE SUMMARY**

*A company's positioning strategy is focused on how the company wants its brand to be perceived in the market. However, the constant change of markets has led many companies to carry on repositioning strategies to deliberately change their strategic positioning, namely by widening its product or service benefits to attract a wider market audience. As product or service positioning is always defined by the consumer, there is the need to understand the extent to which each company is able to communicate its new intended positioning and actually make it perceived. This chapter presents the case of Pedras, a Portuguese brand of naturally sparkling water which ramped up its communication efforts regarding the extension of its product's benefits in order to minimize the potential gap between intended and perceived positioning. Digital communication strategies are discussed to engage young consumers.*

## **ORGANIZATION BACKGROUND**

This chapter explores the big challenge of repositioning from a product associated with elderly people and digestion functionalities to a refreshing product targeting a wider and younger market. Pedras is a

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brand of sparkling water that is naturally carbonated; its unique profile of minerals and medicinal benefits were discovered in 1871. These attributes were admittedly seen as a competitive advantage and soon the company became an iconic brand on the Portuguese market, and eventually became the leader of the domestic sparkling water market. But these strong associations to the product extended to the whole category of sparkling water in the country, which soon after started to hamper the company's growth. These medicinal attributes became so strongly connected with the product category and the brand that it limited the other benefits associated with the type of product, even though sparkling water can have a wider range of benefits, such as refreshment.

As a result, in Portugal people used to perceive the benefits of sparkling water in association with malaise, which was a very restricted market for its potential when comparing with other countries whose consumption culture used to include sparkling water in daily meals. In this sense, in Portugal the consumption of sparkling water tended to lose significance, because it was represented mainly by elderly people. The consumption of this type of water was deeply associated with habits from the past that ceased to prevail with the evolution of society and the emergence of medicinal alternatives. The product "Água das Pedras" became a beverage suitable only for digestion or malaise-related problems, mainly associated with elderly people and with an antiquated image.

Considering the sparkling water market, in Portugal two brands stand out in terms of refreshment attributes which Pedras would later define as its intended repositioning strategy: Frize (born in 1994), and Luso Gás (born in 2014). Both brands are significantly more recent than Pedras, which arrived in the market in 1871. Therefore, these two brands achieved from the beginning a positioning more suitable for the current market than Pedras, which had to go through repositioning strategies to take the best advantage of the market throughout the years. This is attested by the fact Pedras positioning is more strongly connected with the market positioning oriented towards digestion and perceived as less modern than other sparkling water brands.

A fact to consider is that this repositioning strategy was more transversal rather than just a new communication direction, and involved the creation of new products. Regarding this topic, introductions such as Pedras Sabores (the flavored water range) should not neglect the process of consumer familiarization with a new brand, even though it is a sub-brand of a very strong brand in the market. Pedras Sabores was created as a new range brand of flavored sparkling water to compete with Frize. The sparkling water market, including flavored sparkling water, is strongly associated with digestion, with the flavored range only slightly surpassing this attribute —lifestyle-wise, the performance of flavored sparkling water is, on the other hand, very good in comparison to the other categories. In this respect, Pedras is the brand least associated with the flavored sparkling water market and with its flavored portfolio, which means that it is the brand capitalizing less on the commercial opportunities of its flavored range. Frizee brand, in turn, is more connected with the flavored range.

Repositioning is a challenge, as it involves changing consumers' mindset. In this case, repositioning involves extending the perceived benefits of the product besides other non-materialized attributes. In the case of Pedras, this repositioning is challenged by the fact that there is an enormous connection between the brand and the product category, since in Portugal Pedras designates the category of sparkling water, making it harder to disconnect from the attributes given by the market. On the other hand, Pedras brand boasts a very long history of tradition that is very dear to the Portuguese whose consumption experiences are passed on from generation to generation, including some knowledge about the product, advices on the product's medicinal benefits, along with a series of myths (which in some cases are detrimental to the acceptance of the new benefits). This heritage and importance of the brand for the general popula-

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