



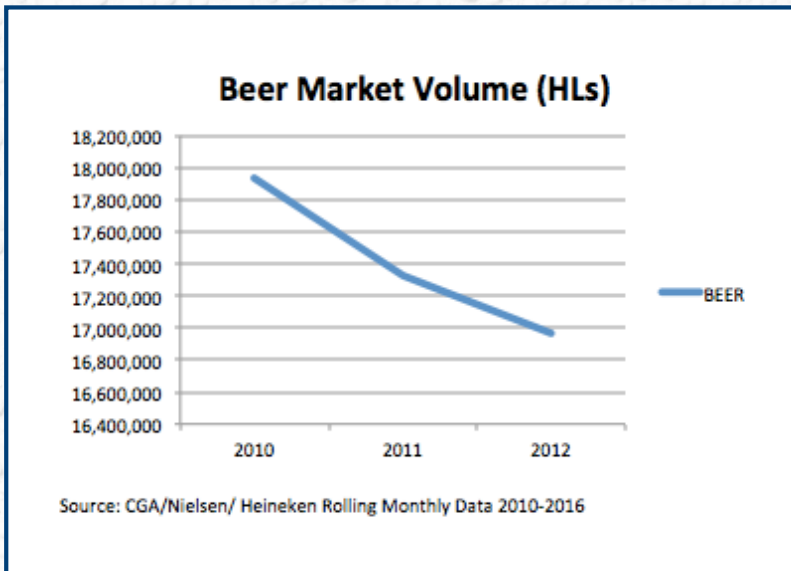
KRONENBOURG 1664: LONG-TERM MARKETING SUPRÊME

2012 – A Challenger Brand in Challenging Times

In 2012 Kronenbourg 1664's fortunes were not looking good. Sadly, this wasn't new. Since the heady pre-recession heights of 2007 when the business was selling 1.7m hectoliters of beer*, Kronenbourg had been in chronic value and volume decline within an industry that was selling less and less beer and where competition was stiffening.

In the on-trade Kronenbourg had lost 26% of volumes* in the last year and the more robust off-trade wasn't faring much better, with 14.5% in volume losses*.

With the burgeoning craft lager and world lager segments opening up, and 80 new lagers available in 2011 alone*, Kronenbourg was increasingly looking like an "old" lager without much to say for itself anymore.



*Heineken-commissioned Internal Report, "UK MT Commercial Review", Les Murphy, 2012

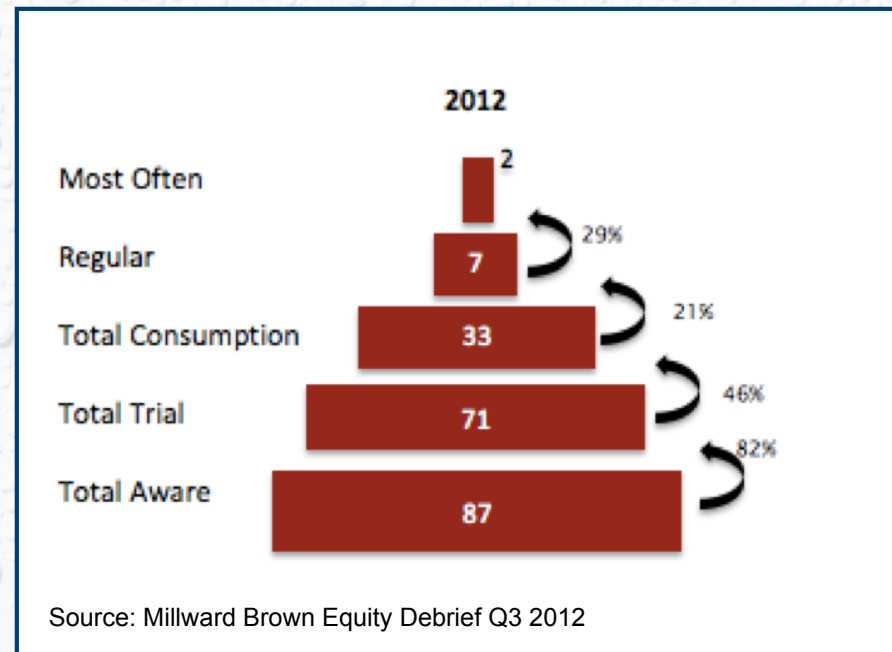


Always the Bridesmaid

The problem wasn't getting people to know or drink our beer (we had 87% awareness and 71% total trial) the problem was getting them to buy it more often (only 2% said they picked us "most often")*.

Lager drinkers typically have a repertoire of at least 5 different brands to choose from*. Whilst we knew we had a good product that was in our audience's consideration set, we weren't being chosen often enough at the shelf or pump. Kronenbourg was always the bridesmaid and never the bride.

If we were to create long-term sales growth and at least maintain our share in what was a fragmenting market, we needed to translate consideration into purchase more often. Frequency was the key.



*Millward Brown Equity Debrief Q3 2012

** Mintel Beer Report December 2011



The Task: Standing for Something

Since 2000 the brand had (a little desperately) employed eight different endlines from “Femme Fatale” to “Slow the Pace” and everything in between, but nothing had hit the mark with consumers nor crucially inspired enough confidence in the brand team to last. Heineken’s number one premium lager brand was suffering from a lack of identity.

Kronenbourg needed to stand for something again and become famous for it – but without the big budgets of the market leader, Stella Artois (who historically outspent us by more than 4 to 1*) and with less at-pump presence* we didn’t expect this to happen overnight. It would take time to change the habit of consumers automatically defaulting to our omni-present rival.

Kronenbourg 1664 Endlines 2000-2012



*Heineken-commissioned Internal Report. "UK MT Commercial Review", Les Murphy, 2012

** CGA rolling monthly MAT data 2010-2012 shows Kronenbourg 1664 as having only a quarter of Stella's distribution on-trade



Taking the Long-term View

Our belief was that instead of “campaigning” we needed consistent “brand building” and that only through steady investment in one brand world could we ensure that our smaller marketing budget could build incrementally by continually reinforcing the memories in the mind that would give us “mental availability”* and make us more salient for the shelf, shopping list and pump. This was how we would drive frequency and growth, for the long-term.

Along the way our short-term, softer KPIs would provide proxies for the fact we were going in the right direction. In particular we would look to:

AWARENESS

UNIQUENESS

QUALITY

“IMPACT SCORES” FOR OUR LATEST COMMUNICATIONS

*A term to denote mental salience as popularised by Byron Sharp in *How Brands Grow*, 2010



The Strategy

Heineken's portfolio strategy drew the broad strokes of our approach. Kronenbourg 1664 was to reclaim its "taste" authority.

We had seen from blind taste tests that our beer was "tastier" than our competitors. But how to deliver a seemingly generic "it tastes great" message without just regurgitating the research? That sounded more desperate than evocative.

We first delved into physiological aspects. Our unusual strisselspalt hop was unique to Alsace, a region of France widely regarded as "more German than French". It gave Kronenbourg 1664 its distinctively hoppy flavour and was evocative of the elusive "taste" factor, but it also brought provenance – a classically well-known driver of premiumness in the alcohol industry.



The Strategy

The strategic breakthrough came from a consumer confusion. Yes, the story of our unique provenance from Alsace was great, but where exactly is Alsace? No one really knew – or at least they weren't confident. They could assume Kronenbourg was a French lager, thanks to years of advertising which had landed this lone fact, but could they put a pin in a map to show Alsace? Non.

We turned this lack of knowledge to our advantage. Because let's face it our audience was primarily British men aged 35-49 and they didn't like the French. Hastings. Agincourt. We have a historical rivalry with our closest neighbours that stretches back more than a millennium.

The thing that aggrieved our audience the most? The supposed inability of the French to laugh at themselves.

Our Continental competitors Stella and Peroni played to a pretentious *je ne sais quoi*. Our opportunity was to invert this, and everything our audience expected of a French lager – our opportunity was instead to laugh at ourselves by creating a very un-serious, hyperbolic, semi-mythical world of Alsace where taste was everything. We would demonstrate the difference of our French lager, by speaking the language of our British audience: humour.



Vive L'Alsace Différence: 2012-2015

We didn't want to create a campaign. We wanted to create a brand world and then give it the room to breathe. Our semi-mythical Alsace needed a few years and stories across multiple integrated channels - and a great guide who could introduce us to the ways of the Alsatians. We found this guide in Eric.

Legendary French footballer Eric Cantona embodied the authentic quality of the Kronenbourg product, delivered with a "Gallic wink". With his help we launched big, beautiful, "epic" beer TV advertising of old that landed our ever so slightly tongue-in-cheek new proposition "A Taste Suprême" by telling our foundation story of the special Kronenbourg hops - or more specifically of those that farmed them. As Eric commented in our first film, we sought to show that in Alsace things were "a little bit different".



Vive L'Alsace Différence: 2012-2015

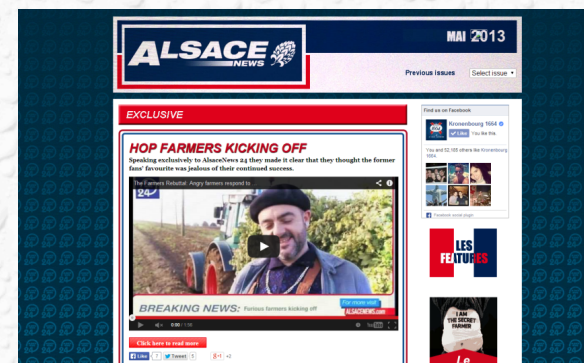


Vive L'Alsace Différence: 2012-2015

With hyperbolic humour we elevated the role of the hop farmers of Alsace, showing them rewarded as “the footballers of Britain”: people of excessive wealth and status who drove blinged-up tractors and dated girls that looked like models. In this upside-down world poor Eric had to pretend to be a farmer to get the girl.

A series of fake news items online showed our farmers denying that they enjoyed excessive lifestyles. So witty were these films they even did the unthinkable: they gained traction in France.

As a small budget brand that couldn't afford to wear-out our TVCs quickly, the “farmers” film aired for no less than three years.

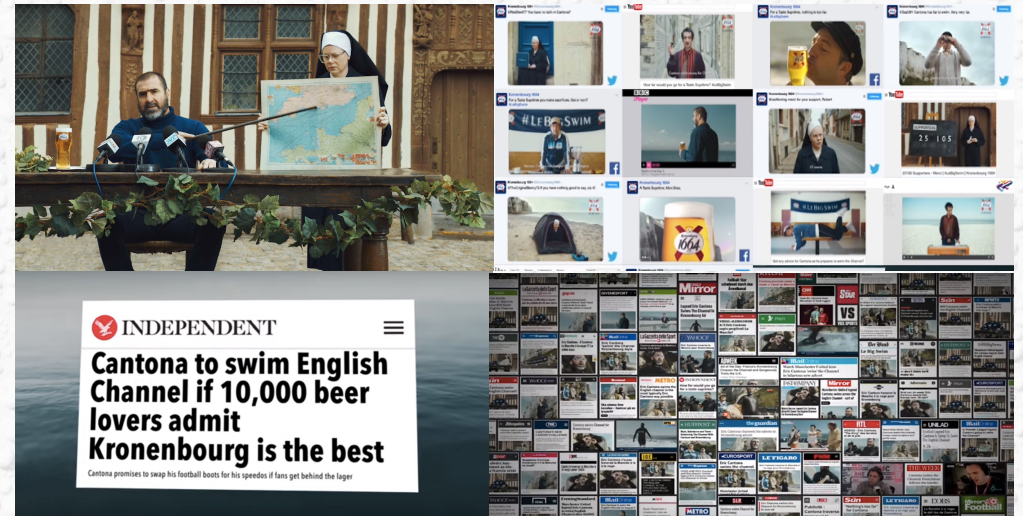


Vive L'Alsace Différence: 2015

In 2015 to supplement this and keep us top-of-mind we launched “Le Big Swim” an online campaign that evolved sequentially over social media.

With some surprising twists, clever audience retargeting and “The Eric Effect” the campaign managed to spark a very modern PR storm.

Four years in, everything from our social posts to packs were part of the same integrated narrative and quirky aesthetic. The brand was finally beginning to stand for something. All we needed to do was hold our nerve and not abandon Eric or Alsace for something shiny and new - to remember we were brand building, not campaigning.



Vive L'Alsace Différence: 2016

Our world was distinctive, but not yet strongly attached to the name Alsace. We did this with a new TV-led campaign that featured Eric introducing the noble “Alsace-tians”: dogs that deliver barrels of Kronenbourg 1664 to those deserving of its “Taste Suprême” (much like the St. Bernard dog is famed for delivering brandy to those in need of mountain rescue).

To our British audience the Alsatian dogs featured were Alsace’ most famous export. In the word “Alsations” we had a memory to latch onto.



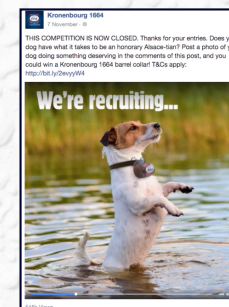
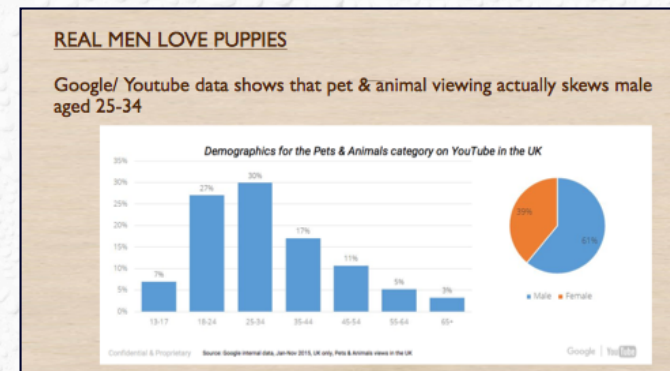
Vive L'Alsace Différence

An accompanying PR campaign saw us launch the first bar staffed by dogs and run a promotion to win one of the Alsatian's collars for your own pooch.

This drove consumer-generated content in-line with our audience's ownership and deep love of dogs – something which we had surfaced in our pre-campaign research.

We then retargeted our audience with Alsace-tian puppy training content.

In the Alsace-tians we created a new icon for the brand to rival even Eric himself – but most importantly of all, these dogs were not part of a solitary campaign but just another feature of an ever-expanding brand world which will continue to develop into 2017.

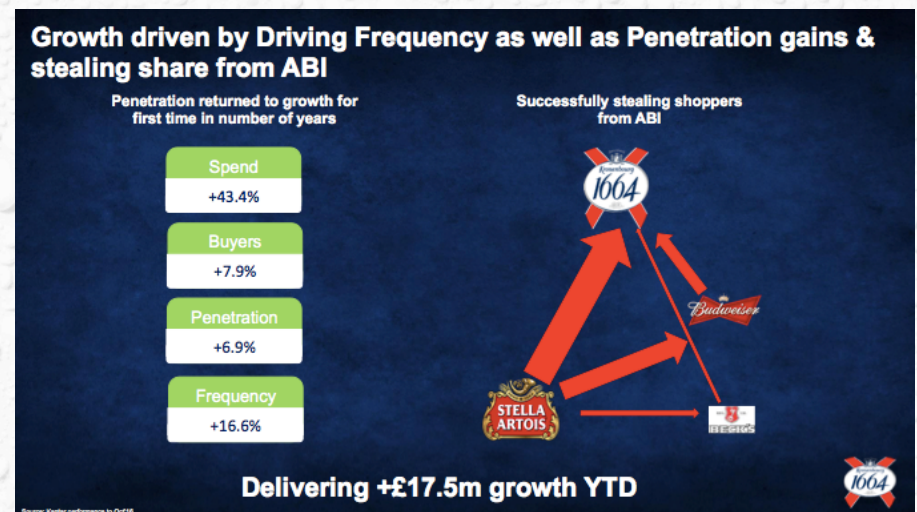
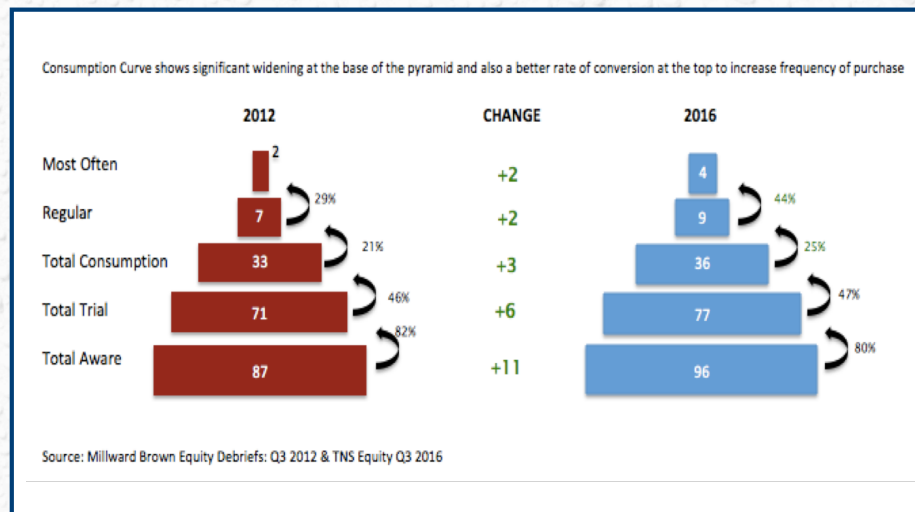


The Business Results

We did what we set out to do.

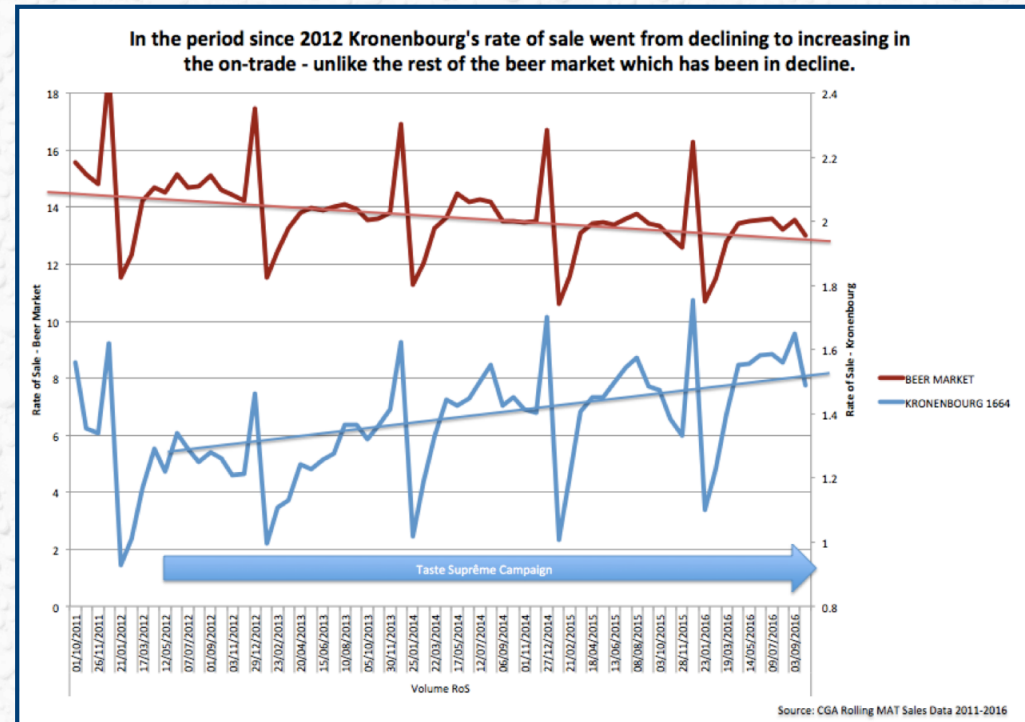
We increased the frequency of regular purchase - and also increased our overall penetration.

In 2016 alone our frequency increased +16.6% on the previous year with an additional +6.9% increase in penetration - switching data has showed this was primarily driven by stealing shoppers from Stella*.

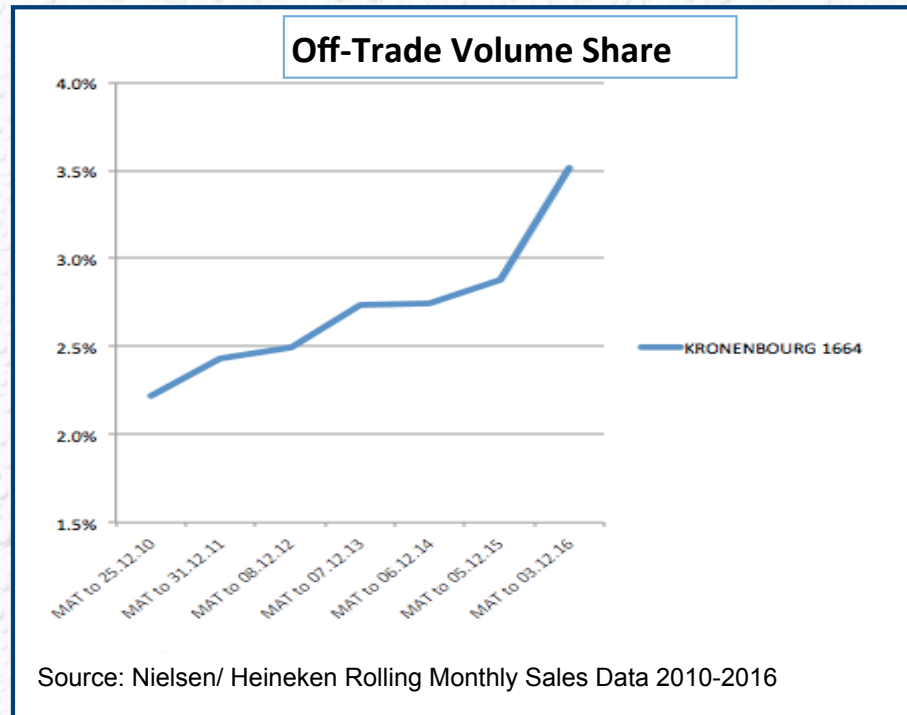


The Business Results

In the on-trade, whilst the rate of sale for beer overall has been in decline, since 2012 our rate of sale has been climbing (and without our having had significant losses in distribution that could account for this). Kronenbourg 1664 is simply selling faster today – even in a slowing market.



The Business Results



In the off-trade too, four years of consistent brand building has finally reaped rewards, with growth accelerating in 2016, seeing Kronenbourg deliver +**£16m** in growth, an increase of **+23.3%*** - making it the fastest growing premium lager in the category, with a **+28.8%** increase in volume share and a **+22%** increase in value share, **more than any brand in its competitive set****.

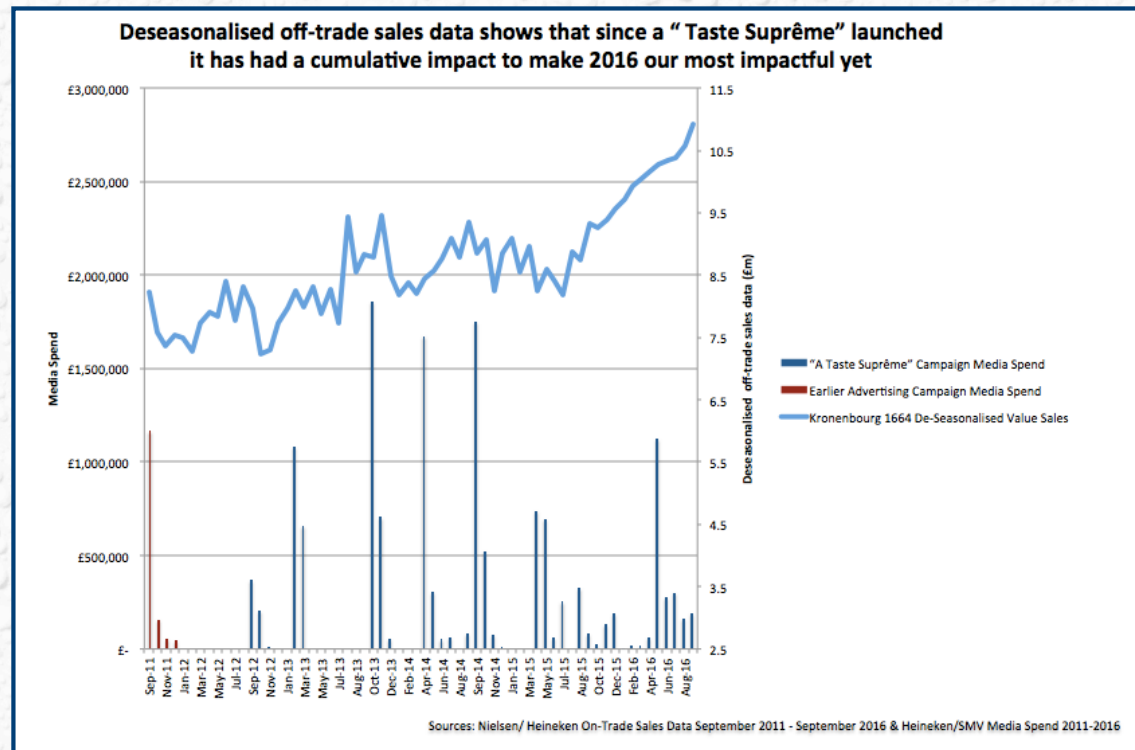
*Nielsen/ Heineken Rolling Monthly Sales Data 2010-2016

** Mintel Beer Report December 2016



Communications Results

Importantly, when we de-seasonalise this sales data using monthly averages we see that Kronenbourg has not only consistently out-performed expected seasonal peaks and troughs but that our media investment has had a cumulative impact as part of one consistent campaign - resulting in the fact that 2016 can be called our most successful year yet for communications, in which ROMI reached 1: 5.8 or £5.80 earned for every £1 of marketing investment* - **more than double that for the earlier creative campaign** in in which ROMI stood at only 1:2.5.



*CGA rolling MAT Sales Data 2011-2016. SMV/Heineken Media data & Agency fee data supplied by Heineken. Due to confidentiality the return on marketing investment has been calculated using a generic operating profit margin of 16.5% as reported in Heineken N.V Financial Results 2015.



Communications Results

How have we achieved this? Our intention was always for long-term brand building, and that's exactly what the soft metrics show:

Key Equity Measures Significantly Enhanced During the Campaign Period

	2012		2016
Total Brand Awareness	87%	+9	96%
Uniqueness	9.4%	+9	18%
Higher Quality	23%	+23	40%

Source: Millward Brown Equity Debrief Q3 2012 & TNS Equity Q3 2016

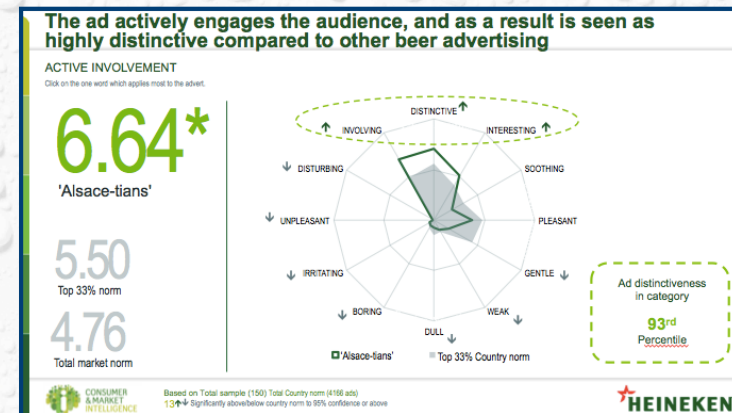
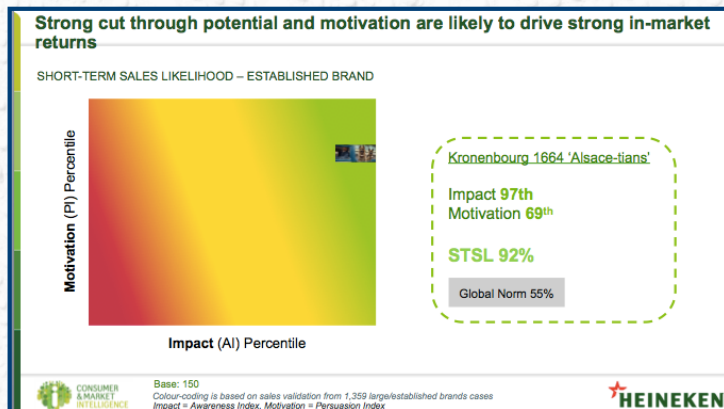


Communications Results

What is most telling is the relationship between the creative assets and consumer engagement.

A recent Link test for the Alsace-tians TVC recorded it as having the highest impact score of any Heineken UK advert that Millward Brown has ever tested - **in the 97th percentile** - and more astonishing results for persuasive power and distinctiveness.

Whilst the Alsace-tians TVC is undoubtedly a "good ad" none of this would have been possible without what came before it, as evidenced by the fact that our endline was recalled double the global norm and Eric showed up in the research as a heavily branded cue - more than a quarter of people said he was the reason they recognised it was an advert for Kronenbourg 1664, above even our "branded" barrels and glasses of beer*.



*Millward Brown Link Test "Alsace-Tians" June 2016





Marketing Taking the Credit

Perhaps the only consolation for writing an effectiveness paper that tells the tricky story of long-term brand building finally paying off is that it should hopefully preclude a need to discuss the weather. But whilst neither seasonality nor the football, nor even the Olympics should detract from the longer-term growth shown above (particularly as regards brand share), we must admit that changes in 2016 to make 18, 10 and 4 pack can formats more available has indeed been a part of driving the extraordinary sales success we have seen in this particular year.

Although the fact that these formats *also carried Eric Cantona's image* as well as our Alsace-tians in reference to the brand world marketing has built could perhaps make the argument that the sales are inseparable from the overall impact of our communications.

Word Count: 1893

