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Chris Burggraeve

AB InBev

**The CMO of the world's
biggest brewer on creating
30 million 'brand fans'**



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World's largest brewer is a fan of real-life social networks

Chris Burggraeve, chief marketing officer of AB InBev, reveals how the Stella Artois and Budweiser owner is harnessing the power of social media to engage with drinkers and keep its global brands in rude health.

By Michael Barnett

Beer, not Facebook, is the real social network of today. That is the view of Chris Burggraeve, chief marketing officer of Anheuser-Busch InBev, the world's largest brewer and owner of global brands such as Budweiser, Beck's and Stella Artois.

Burggraeve recognises the power of social media – it makes up nearly a fifth of his marketing spend – but he also worries that the world is forgetting how to socialise offline. He laments the sight that greets him as he passes people in their “Starbucks offices” when leaving work each night in New York.

“You can see young people with their computers open sitting there alone in Starbucks while on Facebook. Nobody knows that they are very alone and sad. I would much rather that these people were in a bar enjoying a beer with friends. That is essentially what beer has been doing for millennia. It has brought friends together.”

Burggraeve wants to reconnect the online and real worlds and make social media, well, more sociable. Rather than being an excuse to spend more time communicating with online acquaintances, it should be the springboard for personal interactions with real friends, he argues.

“The word ‘friend’ was there long before Facebook made it sexy. If you could choose between meeting virtually and meeting in the real world, where would you rather meet?”

Evidence of this attitude can be seen on AB InBev's branded Facebook pages. The UK Stella Artois page asks fans to post where they are going on a night out, while the Beck's page recommends cultural events such as music gigs. Burggraeve is clearly determined to encourage a social life that doesn't just involve spending hours attached to a laptop.

He claims not to have a social media strategy – saying that social networks are just a means to an end – but he admits that they are AB InBev's main mechanism for maintaining brand health. The company has a “fans first” approach to marketing, which means that the “first, second and third dollars” it invests in a brand are

dedicated to consumers who have chosen to connect with the company. These connections might have happened through Facebook and other social networks, but fans also include people who have signed up to the company's own databases directly. He claims that AB InBev brands have amassed a combined 30 million fans in the past 18 months.

These fans do not just go online to praise their favourite beer: Burggraeve encourages them to co-create marketing. The Beck's Green Box campaign is one example of how AB InBev has been soliciting direct contributions from fans. It has appealed to creative people from around the world to submit ideas that can be turned into augmented reality artworks. Using a smartphone app, these can be viewed at 30 locations in the UK, US and Italy marked by large green cubes branded by Beck's.

Fans are considered so integral to AB InBev's fortunes that the company put quotations from social media sites on the cover of its annual

report, which was released on 8 March. In his presentation to analysts, chief executive Carlos Brito credited the “fans first” strategy with “helping us to stay relevant to beer lovers around the world and sustainably grow our business”. Worldwide revenues saw organic growth of 4.6% in 2011, reaching \$39bn (£23.4bn).

Social media has proved to be a particularly fruitful way of reaching consumers in China – AB InBev's fastest-growing market and also the world's biggest beer market. In the course of its rapid economic expansion, Burggraeve says that China has skipped several phases of marketing evolution, with consumers there leapfrogging older media straight to social networks.

The financial value of a fan who has chosen to engage, compared with a consumer who has not, is a figure that Burggraeve claims to have quantified, though he doesn't reveal it. He knows why he wants fans, and last year devoted 18% of his budget to attracting and connecting with them. Indeed, some of AB InBev's local brands are now marketed almost exclusively through social media.

“Fans are our brand ambassadors. If you take our 30 million fans, the influence and amplification potential is huge,” Burggraeve says.

But while beer can be a force for uniting friends, it has been known to have the opposite effect, and the alcohol industry has a self-imposed duty to encourage young people in particular to drink in moderation. Although Burggraeve admits “we are a business, and I would like people to learn to drink”, he acknowledges that AB InBev depends on friends to spread messages about responsible drinking between one another (see Q&A, page 16).

This is because in the UK, for example, the law states that alcohol ads can't be targeted at anyone under the legal drinking age of 18, while Advertising Standards Authority regulations dictate that people appearing in them must not appear to be below 25.

The hope is that word of mouth marketing, as well as spreading the message of responsibility, will improve the business' brand health. ►

Chris Burggraeve CV

2010

World Federation of Advertisers
President

2007-present

AB InBev
Chief marketing officer

1995-2007

The Coca-Cola Company
Marketing roles including EU group marketing
director

1990-1995

Procter & Gamble
Various brand management roles

1988-1990

Roles at Barco, Atlas Consult and Philip Morris



CB: Nobody in the alcohol business at large wants to punish the 99.9% for the stupidities

CB: I can't judge from here whether minimum pricing for the UK is right or not. We put trust in the individual. We believe in self-regulation by design. We would foster and would love to help any government that works with the industry to help consumers make wise decisions, but we believe in the strength of the individual more than we believe in regulation.

Burggraefe argues that changes in how

AB InBev's
BEER BRANDS
AVAILABLE IN
THE UK

Fans are our brand ambassadors. If you take our 30 million fans, the influence and amplification potential is huge



Budweiser
Beck's
Stella Artois



marketer 2



Constantin Bjerke

Chief executive of Crane.tv
asks: Should brands be looking away from traditional TV advertising and towards more original storytelling in video?

Chris Burggraeve: TV is a powerful medium to reach a lot of people. You can still galvanise a lot of eyeballs and a lot of emotion, but the way you tell the story on the small screen is changing.

TV remains an interesting medium to reach a wide audience, so we are not against that. But certain TV, such as sports programming, becomes more valuable than other kinds. Anything that brings people together in a live context is valuable.

Budweiser also has its own TV show, The Big Time – a full hour of content on the ABC network in the US. There have been seven episodes – one about soccer, one about basketball, one about baseball and so on. Contestants were chosen from around the world and, in a reality format, one was chosen to have a second shot at the dream in their lives. It is the first brand that ABC has worked with in this format, and we more than doubled the audience for the time slot.

The show's production created kilometres of video content, so we have hundreds of 'snackable' formats that have gone on the web before, during and after the show. Video is no longer about launching an ad, it is about telling stories that are about the essence of your brand.

Our online TV channel Bud TV was a great, pioneering idea four years ago, but it didn't work. I don't think one brand has enough content to sustain a full TV channel.

You never say never again, but we don't get a kick out of having our own channel. We get a kick out of being able to engage with consumers in a relevant way over a long time, whatever the format and wherever the place you go.



Multi-country brands

Leffe
Hoegaarden



Local UK brands

Bass
Boddington's
Brahma
Whitbread
Mackeson



Stella Artois:
Is just one of AB
InBev's 200
worldwide beer
brands

Chris Burggraeve on...

...his career

I came to the beer business in 2007, but I have spent a big part of my life focusing on beverages. At Procter & Gamble, I worked on juice drinks. I graduated to soft drinks and worked for nearly 13 years at The Coca-Cola Company internationally, from 1995 to 2007. Then I got the chance to join what was then called InBev, to help it move from being a sales-driven machine to being a consumer-centric sales-driven machine anchored in the brands.

For a Belgian passionate about marketing, it is a dream come true to be able to work on beer brands, so I didn't think about it very long when I joined InBev five years ago.

...his favourite beers

I'm happy when I'm back in Belgium because I can have a Leffe 9, and you can only have it there. Leffe 9 is a real indulgence beer. It is a beer you have on your own, relaxing after a hard day's work with a cigar. It is a lovely beer with a rich texture. But on an average day, I live in New York and one of my most frequently drunk beers would be Michelob Ultra. I am a long-distance runner, and Michelob Ultra is one of our best active lifestyle beers with low carbs.

...being president of the World Federation of Advertisers

Coca-Cola is an active member of the WFA, so I became aware of it during my time there and continued my association with it when I joined InBev. The WFA is uniquely positioned to deliver on two important needs for marketers worldwide.

One is to help them keep their social licence to operate – so it is an advocacy mission. The second part is about us being great marketers. That is all about effectiveness, efficiency, being with the times and understanding new forms of connection. But unless you understand how marketing connects with society, you are not a marketer. That is why I engage with the WFA and why I ultimately became president.



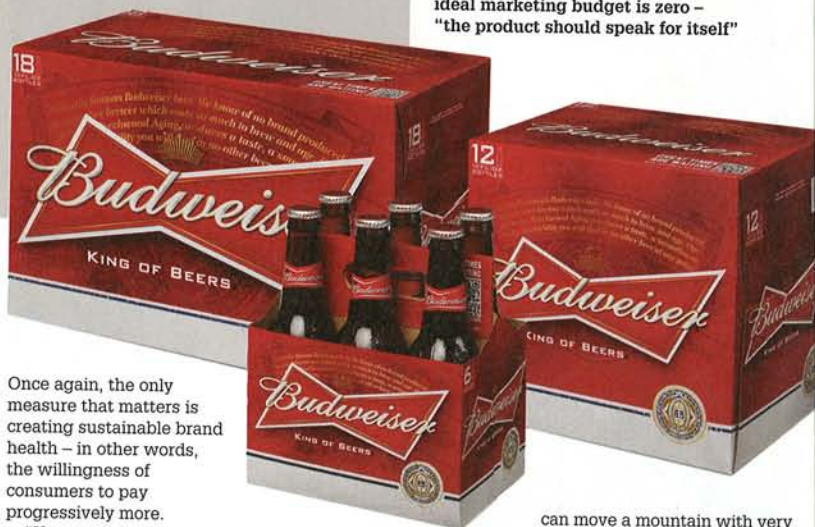
Premium brands: But AB InBev's ideal marketing budget is zero – "the product should speak for itself"

We need to be careful not to deny happiness to the large majority for the foolishness of a few. We would rather forget the sales volume we get from irresponsible drinkers

► consumers use media require marketers to retrain, in order to understand the relationships they have with brands. It also means re-examining how marketers think about their budgets.

According to AB InBev's annual report, sales and marketing costs across the company were more than \$5bn (£3.2bn) in 2011, a 9% increase on 2010. It represents virtually the same proportion of annual revenues, though, at 13%. Despite the rise in spending, Burggraeve claims that the company applies zero-based budgeting "as a way of life".

That means any spending has to be justified, so the priority is to be as efficient as possible with as little money as possible, rather than securing greater budgets from the organisation.



Once again, the only measure that matters is creating sustainable brand health – in other words, the willingness of consumers to pay progressively more.

"If you can do that with less funds, why wouldn't you? If digital was to be a way to do that more efficiently, why wouldn't you shift?" says Burggraeve. He acknowledges that the shift he refers to at AB InBev will involve less spending on TV and other traditional media in exchange for more focus on funding the fans first strategy.

He uses a simple analogy of a restaurant owner to explain his spending philosophy. The restaurateur's ideal marketing investment is zero because if the food, service and location are consistently excellent, diners will come back and will tell their friends. It is a message that Burggraeve evangelises about, not only inside AB InBev but also to the marketing profession as a whole in his role as president of the World Federation of Advertisers.

This does not necessarily mean that the world needs fewer marketers. Burggraeve says that he would hire a marketer before setting a marketing budget, but he has no time for marketers who complain about being restricted by their budgets. "Those marketers can go somewhere else."

He says the latest generation of marketers accept that in today's technological world "you

can move a mountain with very limited funds". The only additional requirement is an understanding of human nature. "They make lemonade out of very few lemons," says Burggraeve. "That kind of frugality is what we need in marketers. Analysts ask me 'Have you increased your marketing budget?', but they should be asking 'What has happened to your brand health?'"

Despite his willingness to move away from traditional approaches to marketing, Burggraeve claims that nothing has really changed over time in the marketer's core areas of responsibility. Brand health is only his expression of what marketers have long sought to create for their brands. And the marketer's job is still to move forward whatever behavioural and attitudinal measures lie at the heart of brand health for the company.

"Marketers need to have curiosity, they need to have empathy and they need to be good anthropologists to understand and uncover insights that will drive behaviour, attitudes or perception."

"That is what matters. How do you move those people? Do it as cleverly as possible, but move them. If you don't move them, you're not in marketing." ●