

Miller Chill B2B Marketing Communication Plan

ADPR 4200 B2B Marketing Communication

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Miller Chill B2B Marketing Communication Plan

MillerCoors one half of the brewery duopoly that dominates the United States domestic beer market is hoping to increase sales volume of its Miller Chill product line. Light and flavored beers have always had a strong appeal to budget conscious consumers, and the company believes there is a great growth opportunity for the product during the spring to summer transition months.

The *Chill Out* campaign will run from March to September 2011 focusing sales efforts through the majority of the Major League Baseball season. By beginning channel efforts at the start of March, MillerCoors believes it can boost awareness and sales through its accounts capturing the market before its competitors. Due to strong loyalty and consumer buy-in, MillerCoors plans to release the campaign in the Milwaukee community. Through the following strategies Miller Chill's sales will increase, and the product will also win acceptance with male audiences.

Summary of Objectives and Strategies

- 1. Increase sales by 6 percent.
- 2. Stimulate Product Trial through partnerships with 2 recreation venues.
- 3. Increase male consumption of Miller Chill by 5 percent.



Miller Chill Communication Market Analysis

Industry Analysis

The U.S. beer market is dominated by two players, as mentioned, MillerCoors and AB InBev. Their products have come to be perceived as commodities, especially in the light beer category. Consumers generally view BudLight, MillerLite, and CoorsLite as the same, with very few taste differentiators. Barriers to enter the market are quite high. A company would require significant financial resources and production capacity to effectively compete against either of these giants.

Perhaps the strongest differentiator for any of these product lines, or either of the breweries, is the regional allegiance. It is well known that Budweiser products do well in much of the northeast, Miller products do well in the Midwest, and Coors products do well in the west and northwest. There are some exceptions, but for the most part regional allegiances to a particular brand often drive consumer choice. This is significantly impacted by distributor agreements, community partnerships, and sponsorships on behalf of the brewery.

Legislation heavily impacts business within the beer industry. Most notably beer marketing and communications are limited to an audience of legal age, 21 and older. Further down the supply chain, distributors are further limited by state legislation. Beer sales in particular establishments at particular times are decisions passed different by each municipality. For instance, in Pennsylvania there is a demand to allow beer to be sold in more places like convenience stores and independent grocers; currently there



are few grocers that are licensed. Each state is different, requiring the efforts of both the brewers and the distributors in evaluating distribution laws and the best venues to make relationship investments.

Today, one of the most significant factors affecting the beer industry is the down economy. During the first 11 months of 2009, beer shipments from the U.S. fell by 2.1 percent and imports fell by almost 10 percent. Fuel costs are rising, as is the cost of raw materials like aluminum and barley. These costs have to be absorbed by someone, and most often it is the consumer. Both MillerCoors and AB InBev increased prices by about five percent. Consumer spending was also decreasing last year and beer companies found that they were often trading down to more budget-friendly brands (Kesmodel, 2009).

Mass-market brands like MillerLite or BudLight have lost appeal with many consumers who are more willing to spend disposable income today on quality beers.

The cultural shift toward craft beers has seen an increase in sales by 12 percent in 2008 from 2007, translating to almost \$6.3 billion (Steverman, 2010). Both companies need to reinvent their target messages with their brand portfolios to capture appeal with the budget-tight consumer, and growing preference toward craft beverages.

Competitors

AB InBev, manufacturer of Budweiser products is MillerCoors' largest competitor. In 2009, the company had a 350 million global beer volume ahead of MillerCoors by over 100 million (Jones, 2010) and has captured approximately fifty percent of the U.S.



market while MillerCoors has only thirty percent (Jones, 2010). The two mega-breweries have created a virtual duopoly in the beer industry, what one does the other will follow. For instance, MillerCoors was the first to market with a craft beer produced by a mass brewery, Blue Moon. Soon after in response, AB InBev's released Bud Light Golden Wheat in November 2009 (Schuhmacher, 2008). While this example is a marketing and product release, it illustrates that not much is different between the two. There are small differentiations, but it is safe to assume that what Miller does, AB InBev will match, and vice versa.

In respect to the breweries' business agreements, both companies hold extremely tight distributor agreements. Upon consolidation MillerCoors created a giant portfolio of products to go to market with, budget brands, craft beer, and imports. In doing so, each company Miller and Coors had their own distribution systems that now needed to be consolidated. This consolidation beginning in 2007 outlined extremely exclusive parameters on deliveries, new products, shorter credit terms, and higher trade standards. If distributors could not actively and fiercely promote the MillerCoors brand portfolio while complying with these guidelines, they were not offered a contract with the mega-brewery. In fact, to push these distributors out of the market, MillerCoors ceased half truck load deliveries, a viable resource in a slow economy adhering to the principle of just-in-time production, and performs inspections for out-of-date Miller Chill products (Schuhmacher, 2008).

To continue to compete cost-effectively with the newly expanded brewery, AB



Inbev began to loosen its own exclusivity requirements. The clauses were already beginning to loosen, as particular distributors began to acquire new brands in addition to Budweiser without consequence. Experts agree that AB InBev will continue to loosen exclusivity parameters. Distributors had been and most likely will continue to promote other breweries in addition to AB Inbev's portfolio. Currently, MillerCoors is making margin off the consolidations of its Miller and Coors distributors. Instead of capitalizing and exploiting horizontal integration, AB InBev passes on costs through the supply chain to rake in a larger profit margin – since the brewery does not incur those costs (Schuhmacher, 2008).

Other competitors that MillerCoors competes with include Heineken and Boston Beer Company (Sam Adams). These breweries generally use a wine and spirits distributor that is in the business of selling multiple brands to the market. These companies may have a distribution list that includes wines from California vineyards, Heinken, and Skyy Vodka (Schuhmacher, 2008). The business of distribution and relationships with customers is the same, but the exclusivity of one brewery's portfolio is non-existent. The MillerCoors merger increased its bargaining leverage with distributors and accounts because their portfolio doubled. However, the need for these third-party companies that sell a variety of brands is still strong. Selling directly from factory to shelf or restaurant has proved unsuccessful for Coke, Pabst, and even Anheuser-Busch (before the merger with InBev).

Perhaps one of the closest competitors, especially in the markets of flavored light



beers like Miller Chill, is Corona. Brewed by Grupo Modelo in Mexico, it controls almost sixty percent of the Mexican market. Not surprisingly, AB InBev already owns approximately fifty percent of the company. According to industry experts, AB InBev has fully consolidated its own merger (Anheuser-Busch and InBev) and the time is right to fully acquire Grupo Modelo. The deal is expected to cost AB InBev almost \$11 billion. Should this acquisition happen it positions AB InBev as one the largest, if not the largest, brewery in the world. Already expanding products overseas, AB InBev will now have stakeholder presence in the United States, Europe, and now Mexico. This poses a significant threat to the well-being of MillerCoor's own light flavored beer product, Miller Chill (Jones, 2010).

Marketing Communication Efforts

The two brewery conglomerates are essentially mirror images of one another in regard to business marketing. Both companies heavily invest in partnerships with sports teams, stadiums, and highly publicized events like the Super Bowl. The focus is on mass media advertising and promotional activities. There is a constant heated competition between the two breweries: if one company decides against one market vehicle, than the other will most certainly take that advantage and possibly top sales of the other (Sterrett, 2009). Highly networked distributors work to heavily penetrate local communities using their relationships with restaurants, bars, grocery chains, and convenience stores. In order to motivate distributor efforts, both MillerCoors and AB InBev employ quarterly, and one-off, sales incentives throughout the year that are



either monetary or non-monetary like sponsored trips or product contests.

SWOT Analysis

Strengths

MillerCoors largest strength is its national awareness and strong loyalty base in Milwaukee, our target market. Being the number two brewer, behind AB InBev, MillerCoors has a large financial capacity to spend on advertising and promotional activities. MillerCoors leverages its exclusivity contracts through dedicated distributors that ensure strong relationships with beverage outlets. The company also excels in quality and a diversified portfolio. Through the merger, MillerCoors was able to effectively capture the low-priced mass-consumer market through brands like MillerLight or Coors. These brands helped the company sustain the current economic downturn.

Weakness

MillerCoors is the number two brewer in the United States, the firm and its main rival AB InBev compete very aggressively with one another, often ensuing in price wars within the market. Both Miller and Coors before entering the merger were for the large majority, Midwest companies. Therefore, it's possible that the market has been saturated already and there may not be enough room for growth for the Miller Chill campaign. MillerCoors has also been negatively impacted by the slow economy, and many consumers are turning to beers that offer more distinctive quality than a traditional light beer, for instance craft and imports are increasing.



Opportunities

There is a great opportunity for MillerCoors to truly capitalize on the Miller Chill brand. In the transition from spring to summer, there is a void in the market for a seasonal beer. The company would like to leverage the Miller Chill product during this time to capture consumers before AB InBev, and BudLight Lime, enter the market during the beginning of the summer. The firm will increase its touch points with the consumer, increase its market share, and strengthen its overall brand portfolio performance.

Threats

Increasing prices of raw materials like aluminum, barley, and fuel threaten the successful manufacture and distribution of MillerCoors products at affordable prices. The company will have to pass on the price increases to the consumers, whom may not be willing to pay for the product. In targeting the seasonal transition, MillerCoors also creates an opportunity for its competitors to enter the market during this time. Should AB InBev decide to follow suit, MillerCoors could end up in an advertising and price war for shelf space and consumer loyalty. Finally, the light flavored beer category has not been accepted as both a male and female drink. This threatens the company's ability to create a sweeping increase in both awareness and revenue.

MillerCoors and Miller Chill Positioning

MillerCoors conducts its operations and business by living up to the following positioning statement: "MillerCoors puts its best in every bottle and delivers the best



portfolio of beer brands in the business, a collection that can satisfy beer drinkers of every stripe on all occasions" (Our Beers, 2010). MillerCoors positions Miller Chill using three different yet complementary strategies: unique attributes, cultural symbol, and benefits. Miller Chill is "the 100-calorie light beer that provides vibrant refreshment with a unique lime taste." As a cultural symbol, Miller Chill is "inspired by a classic Mexican recipe, the chelada, Miller Chill is a refreshing light beer brewed with a hint of lime and a pinch of salt, giving it a Latin vibe that makes for lively times." Finally, MillerCoors positions Miller Chill as the versatile beverage great for any occasion where the party could use a refreshing change of pace (A Refreshing Alternative, 2010).

MillerCoors Social Responsibility

MillerCoors is actively involved in making numerous areas of society better.

Builing relationships with its employees are imperative to the company. It has established MillerCoors University, annual employee engagement survey, and employee feature stories contest. "At MillerCoors, we know that in order for us to create America's Best Beer Company, we need the best people. That means focusing on our employee's safety, skills and engagement" (People, 2010). MillerCoors also aims to make its communities better through several events, including Miller Lite Ride for the Arts, Lake Michigan Bradford Beach Revitalization Project, United Way campaign and Project C.U.R.E.. "At MillerCoors, we know that there are no efforts more important – or personal – than those we make in our own communities. We



strategically invest in communities, with the goal of having the greatest possible impact" (Communities, 2010). Finally diversity is important to the brewery in its breweries, businesses, and experiences (Valuing Diversity, 2010). For instance, in order to engage more African-Americans and Hispanics, MillerCoors has these three funds specifically: Thurgood Marshall College Fund, MillerCoors Urban Entrepreneurs Series, and ¡Adelante! U.S. Education Leadership Fund. Overall, MillerCoors strives everyday to respect their consumers, communities and the planet.

MillerCoors's Alcohol Responsibility

As a brewery, MillerCoors understands that alcohol can be both a great party ingredient but also a part of a tragic experience. MillerCoors' issues the following statement regarding its position on the responsible consumption of alcohol:

"MillerCoors recognizes that alcohol is not for everyone, every time or every place.

As a leading brewer, the company promotes the responsible enjoyment of its beer"

(Great Beer, Great Responsibility, 2010).

Miller Chill Market Segmentation and Target Market Profile Buying Cycle

The buying process begins with the end consumers demanding the product, pushing the cycle forward. The demand of each of group within this system is derived from the demand of the preceding tier. The following figure illustrates the buying process within this distribution system.





MillerCoors, the manufacturer, first sells its beer products to distributors located throughout the country. In order to recruit distributors, MillerCoors uses an active and dedicated sales force. The lasting relationships between the sales force and distributors have developed into the exclusive distribution contract previously described, and essentially are the company's sole customer group. MillerCoors has over 500 distributors under exclusivity contracts (Spiess, 2009).

Once MillerCoors sells its products to the distributors, the distributors then sell the beer products to retailers. There are two types of retailers: on-premise retailers and off-premise retailers. On-premise retailers are venues where the beer products are purchased and consumed by end consumers, like the general public, at that location.

These places include restaurants, bars and nightclubs. Off-premise retailers are places where the beer products are only purchased by end consumers and consumed elsewhere (Breweries, 2010). These places include liquor stores, supermarkets and food concession contractors. Retailers must hold a valid liquor license to do business with MillerCoors and work with a dedicated local distributor. In addition to achieve more economic profits, Miller Coors also attempts to contribute more to the development of the society.

As end consumer demand for MillerCoors products increase, retailers will want to



capture the opportunity by ensuring plentiful stock for purchase. To do so, retailers contract with their distributors to place orders. Orders increase or decrease given retailer demand, thus increasing the distributor's demand from the manufacturer, or MillerCoors.

The buying process in cyclical, initiated by end consumers' demand for Miller Coors' products. The cycle is repeated to meet the ebb and flow of the market place.

Target Market

The United States' total beer market sales have been growing steadily at a rate of approximately five percent per year. The recent economic downturn has negatively impacted companies' premium brands, and the volume of domestic beer remains perpetually flat. According to research, "The import market is faring better. With domestics, you're seeing the most drag from regular beer. The light beer component is performing a bit better" (Strenk, 2008). With this in mind MillerCoors has decided to concentrate its efforts on their own light flavored beer, Miller Chill. The company intends to leverage its own selective distributor relationships to boost sales and encourage consumption with both males and females.

Purchasing groups for MillerCoors, and many other breweries, include grocery stores, stadiums, restaurants, resorts and bars as well as other retail and beverage outlets. Within each group, the needs, attitudes and interests of the consumers differ significantly. To start shipment quantities vary drastically between each business, grocery stores must stock to seasonal demand while a resort could stock according to



its capacity. Price points also differ among each business. Grocery stores generally use market prices and face tough price competition from MillerCoor's competitors.

Alternatively, stadiums, resorts, and restaurants charge higher prices to incur larger profit margins.

Business attitudes are also different. Grocery stores are much more practical.

Consumers are shopping for the best price, quality, or brand reputation. When purchasing beer for a home or private event, consumers take advantage of a lower price than hiring a bartender or attending an event. In a stadium, the consumer experiences a high-energy environment. Therefore, stadiums are able to charge more expensive prices because the consumer is willing to pay. There is a greater emphasis on relaxing and having a good time. Bars and restaurants provide a similar type of fun atmosphere. Each business strives to provide a particular environment encouraging customers to become part of the restaurant experience. Sports bars often provide a younger atmosphere, appealing especially to men. In creating their atmosphere, bars evaluate not only the consumer space but also the beverage and food menus.

Major food corporations represent another sect of the target market.

MillerCoors hopes to partner with snack food companies like Frito-Lay to increase awareness. By engaging in a promotion, such as pairing Frito-Lay chips with a discounted case of Miller Chill, the firm can begin to increase its sales, offer a product combination for consumers, and encourage repeat purchases.

MillerCoors has selected Milwaukee to launch the Miller Chill campaign. Home



to approximately 700,000 people, and Miller's historic breweries, Milwaukee offers Miller Chill, a great opportunity to showcase its brand and garner a positive response from locals. The goal of the campaign is to increase awareness of Miller Chill through several objectives increasing the end consumers' loyalty to the product, especially during the spring to summer transition. To start, the firm measured male attitudes toward the beverage. Men's consumption of alcohol tends to be much higher than women, which will help boost Miller Chill sales as this consumer segment will demand larger quantities. In order to build customer value, MillerCoors must position the product as favorite for both men and women to gain the most market share. After men experience Miller Chill and view it as a men's drink, they will be more likely to use the product in the long term. This is the ultimate goal for Miller Chill.

By targeting the retail and food and beverage segments, MillerCoors hopes to increase Miller Chill's product loyalty and consumption between the spring and summer seasons.

Miller Chill Buyer Persona

In order to reach our target audience, MillerCoors will be working with three different buyers: distributors, general managers, and events coordinators. These people are direct partners with the MillerCoors team, and will help to deliver both our product and promotions to the general public.

Meet John, a MillerCoors distributor. He is our main source of product distribution to off-premise accounts like liquor and grocery stores, and on-premise accounts like



restaurants and bars. John manages MillerCoors relationships with these businesses, calling on the general managers and events coordinators to organize events featuring MillerCoors products and promotional giveaways. John, and distributors like him, can be characterized with the following list:

- Social Butterfly, sports enthusiast
- Extremely competitive, likes to win, may be a sore loser
- Dedicated work ethic: busy schedule, holiday and weekend work
- Persuasive, excellent communication skills
- Results orientation, analytical
- Creative intuition, problem solving

Stacy is the general manager of the outlet to which the distributor calls upon. She is responsible for promoting her own business and maximizing profit. In coordinating an event, Stacy is our first contact and will negotiate prices with the MillerCoors team and its distributors. In addition to ensuring her business is running smoothly, she is also responsible for the beverage inventory. This means she coordinates all details to stocking, replenishing, and placing new product within the beverage selection of her outlet.

Stacy is:

- Pressed for time (may be split between multiple stores)
- Entrepreneurial
- Goal oriented
- Dedicated to company mission
- Hard to please
- Motivated to achieve
- Delegation skills
- Strong leadership
- Strategic decision makers

Finally, meet Joe the events coordinator. He is responsible for the planning and



execution of any event taking place in his business. After calling upon the general manager, the MillerCoors team and its distributor may be referred to Joe to coordinate any co-hosted events. Joe is charged with scheduling the timeline for the event to ensure a smooth operation. The following list describes Joe's personality:

- Organized
- Skill in multi-tasking, interpersonal communication
- Creative, fun-loving
- Professional negotiator
- Representative of his or her firm
- Autonomous work ethic
- Customer service minded
- Commitment to excellence and high quality

Miller Chill Objective/Strategies/Tactics

Objective 1: Increase Sales by 10% within 6 months of campaign

To increase sales of the Miller Chill line to distributors, wholesalers, stadiums, restaurants, resorts, bars, etc. by 10 percent over a six month period in the Milwaukee area.

Strategy 1: Miller Coors will continue its current relationships by increasing distributor involvement.

Miller Chill wishes to maintain strong, long-term profitable customer relationships.

Our existing customers should feel like we care about them. We want to provide them the best possible service and products. Therefore, Miller Chill will personalize every communication effort.

Tactic 1: Personal mailings, emails, and phone calls

Current customers will be contacted weekly/monthly depending on the



circumstances. We will communicate with them on upcoming orders, announce new promotions, and check-in if they haven't been in contact in awhile.

Tactic 2: Sampling Presentations

We will invite the top executives in to our office for one-on-one presentations.

Miller Chill wants the customers to feel special and build upon these existing strong relationships. Lunch or dinner will be provided with the taste- test. Also, free cases of Miller Chill, along with other giveaways will be distributed to promote our brand.



Tactic 3: Monetary Trade Incentives

All incentives will be announced through our monthly e-newsletter. Sales incentives for distributors will be awarded monthly, quarterly, and yearly. Also, we will implement a Loyalty Rewards Program. If our customers buy more than one hundred cases of Miller Chill a month, they will receive a 5% discount on their next order.

Tactic 4: Non-monetary incentives:

Every month the top distributor in the Milwaukee area will receive a vacation package valued at \$2000. Miller Chill will also treat other high selling distributors to weekend trips to resorts in Wisconsin, valued at \$800. These resorts include the Grand Geneva, Blue Harbor resort, and the American Club in Kohler. Distributors will also receive smaller gifts like electronics year round.

Tactic 5: "Special Price" for distributors

We will offer special pricing on different quantities for the distributor to sell to the on and off premises. To increase sales in March, April, and May, Miller Chill will decrease the cost of cases based on how much the distributor purchases. For example, if the distributor buys 800 cases then they will pay the special offer. If the distributor buys 600 cases, then they pay a premium.



Strategy 2: Co-op merchandising agreement with Johnsonville

Miller Chill is a beer that people drink in warm, summer months during a BBQ, tailgate, or party. Johnsonville and Miller Chill create a perfect pairing between a refreshing beverage and delicious grilled brat, sausage, or hot dog. Miller Chill and the distributor will implement cooperative advertising. The grocery/liquor store advertises that Miller Chill and Johnsonville will be there, in return bringing in more people. Therefore, both the distributor and Miller Chill make a profit.

Tactic 1: Promotional booths at Miller Chill Distributors (Pick N' Save, Metro Market, liquor store, etc.)

Miller Chill and Johnsonville will set up a booth outside distributor locations. They will give out free samples, coupons, and giveaways (t-shirts, koozies, bottle openers). Not only will this promote Miller Chill and Johnsonville, but also bring traffic to the distributor's location.

Tactic 2: Packaging promotions- merchandising agreement

Each case of Miller Chill will have a coupon attached. Upon purchase, the consumer will be able to buy one pack of Johnsonville brats and get the second pack free.

Strategy 3: Implement three social media tools

Miller Chill will launch a social media campaign to connect distributors across the region. Miller Chill wants to maximize the value of social media in order to reach out to its customers. use buyer personas and how they will use social media



Tactic 1: Chill Out your stories blog

There will be Chill Out blogs that will allow salespeople from various distributors to share their best MillerChill stories. We will add incentives for participation like, the three best stories could win a family trip or extra allowance. We hope to encourage feedback and help spread buzz on Miller Chill. The competitive, hard-working Miller Coors distributer, John, will be able to share with other distributors his satisfaction with the Miller Chill brand or his suggestions on how to sell the most Miller Chill cases.

Tactic 2: Facebook, Twitter, Youtube

On our Facebook page we will offer discounts, along with incentives for distributors to purchase Miller Chill. There is currently no Miller Chill Twitter account. Once we create a Twitter, we will Tweet about where free Miller Chill will be passed distributed around Milwaukee. We will also tweet about upcoming events and promotions.



Objective 2: Stimulate Product Trial through partnerships with 2 recreation venues.

Faced with stagnant growth in the brewery industry and intense competition, it is crucial for MillerCoors to strengthen its current relationships with local businesses to launch its spring to summer sports campaign for Miller Chill. Rather than investing resources to find new customers, MillerCoors will use cross-promotion and cooperative merchandising agreements to instill freshness into the company's current partnerships. Perhaps most importantly, this objective will also increase the lifetime value of the MillerCoors customer: the general managers and event coordinators of on and off-premise accounts.

Strategy 1: Chillout Zone

Through current relationships with Miller Park, MillerCoors will establish a sectioned area of seating called the *Chillout Zone* during the baseball season, April to September 2011. The Zone will encompass approximately 150 seats, offering ticket holders a *Chillout* experience. These fans will receive promotional materials throughout the game, like t-shirts, baseballs, and beach towels. Miller Chill will be served adults by the Miller Chill team.

Tactic 1: Cross-Promotion with Miller Park

In this mutually exclusive agreement Miller Park will retain all ticket revenue and provide Miller Chill with 10 percent advertising space, including jumbotron commercials and banner ads. MillerCoors will also agree to incorporate Miller Park's



logo. Thus both brands are building equity and awareness.

Tactics 2: 20 Emailed Direct Mails (EDM) to Miller Park general management

EDMs will be targeted to Miller Park general managers, based on MillerCoor's current sales representative's relationships. The EDMs are intended to peak manager's interest in expanding the MillerCoors' relationship and introduce them to the concept of the *Chillout Zone*. These will be sent out at the end of February 2011, one month before the opening of baseball season.

Tactics 3: Sales Calls to Miller Park management team

Based on the brief information from the EDMs, sales calls will be arranged to follow-up on the *Chillout Zone* opportunity. Assigned MillerCoors sales representatives will call on both general managers and event coordinators to sell them on the idea of the *Chillout Zone*. Calls will be focused on the shared benefits in advertising space, and the increased interest from ticket purchasers especially for less popular games. Sales calls are planned to be made in the first two weeks of May 2011 (May 2nd to May 13th).

Tactic 4: News release

MillerCoors will pitch a news release in March 2011 announcing its expanding relationship with Miller Park to the editors in these two business-to-business magazines: *B2B Magazine* and *BizTimes*. The news release will cover the cross-promotion features of the *Chillout Zone*, and promote the benefits of business partnerships with MillerCoors.





Strategy 2: Miller Chill Tailgate Team

MillerCoors will assemble a Miller Chill tailgate team that will drive around the Ozaukee Country Club golf course in a beverage cart decked out in Miller Chill promotional materials.

Tactic 1: Cooperative Merchandising Agreement

Cooperative merchandising agreements are one of the most important trade incentives in business to business. MillerCoors aims to conduct a formal agreement to undertake a two-way marketing effort with Miller Park and Ozaukee Country Club in Mequon during the spring to summer golf season (April to September 2011). Golfers who buy a bottle of Miller Chill will receive a free pack of two golf balls or golf tees from the Country Club, paid for by MillerCoors. Additional free promotional materials like beads and sunglasses will also be handed out to golfers drinking Miller Chill.

By enhancing the consumer experience, MillerCoors will drive interest in the Country Club increasing its profits through golfers and MillerCoor's purchases.

Tactic 2: News release

MillerCoors will pitch a news release the Miller Chill Tailgate Team at Ozaukee Country Club to the editors in these two business-to-business magazines: *B2B Magazine* and *BizTimes*. Again this will promote the different channels in which MillerCoors does business, and build brand equity by depicting its successful joint business ventures. The news stories about it are planned to be published in the issue of March in 2011.



Objective 3: Increase Male Consumption of Miller Chill by 5% within six months.

Since Miller Chill is a light-flavored beer, it is positioned in the minds of the consumer as generally a female-drink. Men who consume MillerCoors products tend to select a full-body beer like Miller or Coors. Increasingly, the company is seeing growth in its economy brands: MillerLite and CoorsLite in both the female and male markets. By targeting the male consumer, MillerCoors could expand its market share for Miller

Strategy 1: Increase Awareness and consumption.

Chill, thereby increasing the product line's bottom line.

Tactic: Co-op merchandising agreement

MillerCoors will contract with Milwaukee's Buffalo Wild Wings locations, a sports bar that attracts a large male audience. Any person who purchases a Miller Chill will receive three free traditional wings with the sauce of their choice. To compensate for the free wings, Buffalo Wild Wings will receive a premium on their next order of Miller Chill.

Strategy 2: Event Marketing

MillerCoors wishes to build excitement around its Miller Chill brand, and believes through partnering with a local retail outlet the company can better reach its end consumers and connect Miller Chill with traditionally masculine lifestyles. MillerCoors plans to contract with REI, the Brew radio station, and local restaurants to create a party for outdoor enthusiasts. Each company will have a share in the marketing and promotional materials, and be able to share in brand recognition built by the consumer.



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Tactic: Collaborate with REI to host a major event.

The event will be held in Mc Kinley Park in Milwaukee. Nachos, pizza, buffalo wings, hamburgers, and hotdogs will all be served. The Brew radio station will provide DJ services for the event, and broadcast live updates. They will also promote the party on air in the weeks leading up to the event. REI can promote their products such as tents, camping gear, and hiking gear. They could bring in a climbing wall, hammocks, Frisbees (disc golf), kayaks/canoes, and camping lounge chairs so that attendees could try their products. Miller would provide Miller Chill, contests, giveaways and server girls. We will charge \$10 per person for the event and have the radio station give away 10 free tickets.

Strategy 3: Trade Contest

Through this strategy, MillerCoors intends to instill a competitive edge in its current on-premise accounts to drive sales of Miller Chill. Held among Milwaukee sports bars and restaurants, the contest will prove which outlets can sell the most Miller Chill between June 1st and August 31st (the summer baseball season). The winner receives a Miller Chill sponsored party on their premises the night of the World Series. The event would include watching the game, free Miller Chill samples, music, promotional merchandise, server girls, and contests.

Tactic: 50 Direct Mailers

MillerCoors will send out 50 direct mailers to Milwaukee restaurants currently working with our distributors. The mailer, directed to general managers, will promote



the contest, informing the managers of the start date, where to find additional

information, and how to register. Targeting 50 restaurants is a modest selection of

businesses, but MillerCoors hopes that through a small sample it can better connect

with its audience, instill competitive excitement, and translate a stronger personal touch.

These will be sent out in the beginning of May 2011.

Tactic: Email Communication

MillerCoors distributors will be aiding to promote the trade contest, after all if its

accounts are selling the most product their own commissions and bottom line is

positively impacted. These distributors will follow-up with email communication to its

accounts that receive the direct mailer to persuade general managers and event

coordinators to implement the contest in their bar or restaurant. These follow-up emails

will be sent out the second week of May 2011.

Tactic: Micro-Site

MillerCoors will create a micro-site for the trade contest. Each direct mailer and

emailed communication will include a personalized URL (PURL) to be used by the

general manager or events coordinator. After logging into the site, the user will enjoy a

personalized experience, can enter the contest, create a profile for his or her business,

and track their progress throughout the contest. The site will offer social media tools

like a blogging feature so that the user can share his or her experience throughout the

contest with the other participants. This will be published by May 1, 2011 so that users

can access PURLs.

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Evaluation

MillerCoors will measure the Miller Chill's *Chill Out* campaign's sales rates, brand awareness, affective and cognitive evaluation from distributors, retailers and partners, as well as the consumption of Miller Chill among males over the Spring and Summer of 2011.

Sales Evaluation

MillerCoors will examine the impact of the *Chill Out* campaign by observing changes in the distributor's sales at the time of the campaign, from April to September 2011. However, because the effects of communication campaigns often have delayed effects, the evaluation will be extended to November 2011. We will conduct a pre-test to determine the current sales rates of the Miller Chill brand in the beginning of March. In September, we will conduct a post-campaign test to see if there was an increased sales rate.

For off-premise retailers, like liquor stores and supermarkets, it's simple for MillerCoors to get access to sales information on a real-time basis. This will be done through the data collected from universal product codes and scanner data available to many retailers. On the other hand, MillerCoors sales rates in those on-premise retailers, such as bars, restaurants and nightclubs, will be established through distributor sales and order reports. This close relationship helps MillerCoors better understand its distributors' accounts, along with the approaches that should be used for each target group.





Miller Chill Awareness

Compared to the evaluation of sales rates, brand awareness is regarded as a long-term result. Because the *Chill Out* campaign is based on channel marketing, the analysis of Miller Chill's awareness will be conducted among salespersons, distributors and end-consumers. The procedure will include a pre-test (Mar, 2011) and post-test (October 2011).

MillerCoors will send out response cards after the campaign in September to measure Miller Chill awareness with its customers. Response cards will be distributed by account managers at the time of purchase. These response cards will be followed up by personal sales calls to gauge customer enthusiasm for the campaign.

MillerCoors will also evaluate the success of the online marketing strategies of the *Chill Out* campaign, like the use of social media tools and the "Chill out Your Stories" blog. MillerCoors will adopt online metrics to examine the engagement between the salesperson and the distributors. Through online statistical analytics, we will see how many participate in the trade contest and visit our blog. If there is a strong engagement with these online tools, MillerCoors will consider expanding this tactic into a long term strategy. If there is a lack of engagement, this tool will be shut down after the campaign so as to avoid brand dilution.



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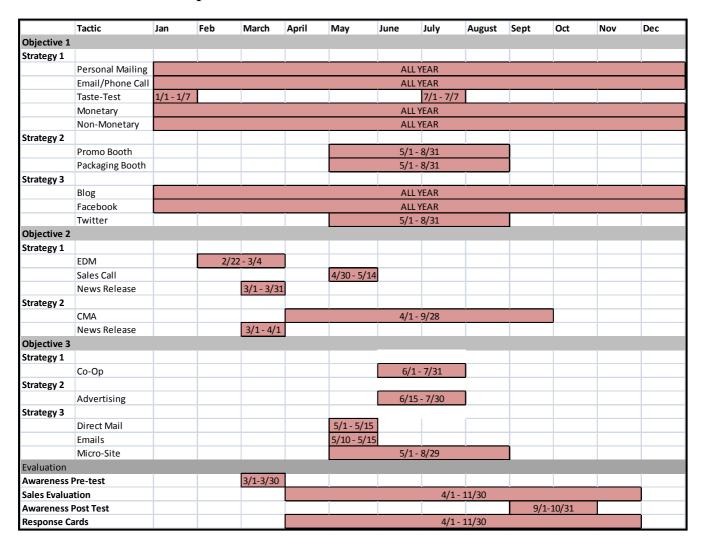
Miller Chill's consumption among males

Miller Chill's consumption among males will also be evaluated through the universal bar codes and scanner data, collected through credit card purchases. These records will provide a general scope of demographic data of Miller Chill purchasers. The evaluation will last from April to November 2011.



Plan

Calendar for Implementation





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Budget	
Objective One	
Co-op Advertising:	\$6,500
Sampling:	\$2,000
Merchandising Agreements:	\$20,000
Total:	\$28,500
Objective Two:	
Chill Out Zone:	
Four Miller promotion girls: \$100/3 hr. for 72 games:	\$21,700
Miller Merchandise give-aways:	\$5,000
Emailed Direct marketing: Development and design:	\$300
Sales Calls to Miller Park management team:	\$2,000
News Release of cross promotion with Miller Park and	
MillerChill Tailgate Team:	\$738
Miller Chill Tailgate Team:	
Four Miller Team Members: \$100/3 hr. for 72 games:	\$21,700
Samples:	\$1,500
T-shirts & Golf Balls:	\$2,750
Total:	\$55,688
Objective Three	
Co-op Advertising with Buffalo Wild Wings	
Five 36" x 48" posters and merchandise	\$589
Fifty Direct Mailers: Development and design	\$650
Micro-Site Development	\$15,000
Total:	\$16,239



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Appendix

Interview with MillerCoors Distributor

Could you describe the distributer relationship/agreement with Miller? Although the actual written contract is confidential (between Miller/Coors and our companies owners), the basic idea of the agreement is to actively and aggressively market and sell any and all products in the Miller/Coors portfolio. As far as their relationship is concerned, they have a regional representative that visits us on a monthly basis to describe upcoming promotions/incentives.

I know Anheuser-Busch has similar agreements - can you comment on any differences/similarities?

Having worked with Miller for the previous 23 years I can only say that I am assuming that AB/distributor agreements are similar to ours.

What kind of tactics does Miller use to promote their relationships with distributors? Financial/non-monetary incentives?

Miller/Coors is an extremely aggressive company and they definitely like to pass this trait on to their distributor network. There are sales incentives at least on a monthly basis, and through most of the year, there are quarterly incentives/bonuses/perks that can be achieved by individual salesmen. As far as the non-monetary incentives, Miller/Coors will have a variety of trips that are offered throughout the year that distributors can win

What kind of accounts do you work with? How do you maintain your relationships with these accounts?

Our distributor has specialized salesmen that will call on only on-premise accounts (bars/nightclubs/restaurants), Off-premise salesmen that call on only grocery/chain/or liquor stores or Combo salesmen that call on both. I am a Combo salesman. Far and away the most important aspect of our business to maintain healthy relationships is the service that we offer our accounts. In the on-premise it may be setting up and attending a sports related/Miller girl promotion. Many times it is as simple as taking a customer out to eat at a restaurant that you call on. In the off-premise, the majority of the business is now controlled by so-called superstores. These are usually large chain grocery stores and require 7 day a week service. A superstore that I call on (Festival Foods) often has 4 or 5 of our employees in the store throughout the week (not including myself). It has become the nature of the business.

Are there any major trends impacting the industry/Miller today? I've read about increasing prices due to cost of raw materials going up - aluminum, barley, fuel, etc. Far and away the biggest impact in the industry is the cost of doing business. The



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ever increasing fuel costs have to be absorbed one way or the other. At one time we actually experimented with a fuel surcharge on all deliveries, but have since negated that since the fuel prices have leveled off. We have streamlined our office/warehouse to try to control costs and make our delivery system as financially feasible as possible.

Any cultural trends impacting industry/Miller? (For example, Craft beers is continuing to gain popularity, and economic beers are also growing) Do you take these trends into account when you're doing business with your accounts?

The cultural trends impacting Miller/Coors have never been more prevalent. Although we distribute a large variety of popular craft beers, the competition has never been more fierce. In an otherwise flat, and at times decreasing, mainstream market, the craft segment continues to increase. You point about economic beers is also correct. We sell more (budget beers) than ever before, and obviously, make less money on that segment. In addition to competition within the beer industry, the ever growing factions of anti-alcohol groups (MADD) continue to have an adverse effect on the industry.

How do competitors' actions affect your role? (Competitors I know of: A-B InBev, Heineken, Boston Beer Co., Corona)

I truly believe my competitors effect on my role is totally positive. Without competition the desire and drive can wane. Any salesman should have a competitive spirit in order to be successful. The competition from other companies only makes me strive harder to succeed. I will always look a way to make creative deals with my accounts (displays/large buy-ins) to get the account the best deal possible. I always look at competitors as trying to take food off of my family's table.



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Interview 2 with 3rd Party Distributor

I was wondering if you might have any insight into how beverage manufacturers do business with distributors.

With MillerCoors, they usually have their own distributors throughout the country and like Budweiser, these Distributors will only distribute their products be it Budweiser or MillerCoors. With that being said, these Distributors are usually privately owned and held very accountable to the suppliers/manufacturers. MillerCoors will give the Distributor the pricing strategy, promotions, incentive programs usually up to 6 months in advance if not a year in advance. This way, the end consumer (retail trade on premise (restaurants, bars, etc) and off premise (liquor stores, Beer/Wine Stores, any place that sells Beer other than on premise) can plan their specials and so forth.

What do breweries do when they want to increase their sales? Do they offer you incentives? What if they are trying to boost awareness in a specific area - how do they translate those needs to you?

They do many different things when they want to increase their sales, one of the most primary things they will do is have a "Special Price" on different quantities for the Distributor to sell to the On and Off Premise, for instance in the month of June they may want to increase their Miller Lite Sales so they will have a special price in June for accounts that want to buy 800 cases or more (by the way 800 cases is not much, with Bud the accounts usually buy 600 every two weeks in Massachusetts) but they will also stair the pricing: 150 cases x price, 300 cases x price, 600 cases x price, 800 cases being the best price, by having the different quantity system, it allows small to big stores to participate and allows the stores that can buy 800 cases a competitive advantage.

Now obviously the Distributor will have different levels for the on premise accounts. The Manufacturers will give the Distributor dollar incentives to run a promotion like this so the Distributor will continue to make the margins needed (gross profit). They will also give the Distributors the tools to hold promotions in on premise (rest, bars, etc) and off premise accounts (stores), like Miller Lite night at Chico's: Distributor may promote and pay for band, give aways like shirts, key chains, hats, etc to get more people drinking Miller Lite and thinking about Miller Lite. They will in these type of promotions have a "special price" on pints or pitchers. In off premise promotions, they might have a radio station doing a Miller Lite promotion in the parking lot, playing music, giving away shirts, hats, etc, the manufacturer will pay for these events in conjunction with the Distributor (usually a 50/50 split in costs). Reasoning 101: have to spend money to make money.



Plan

Objective 1: Increase Sales of Miller Chill by 10%

Tactic: Email Communication

TO: john.smith@smith&sonsliquor.com

FROM: maura@millercoors.com SUBJECT: Sampling Presentation DATE: May 3, 2011 8:00 a.m.

Dear Mr. Smith,



It was nice speaking with you on the phone last week. I'm glad you are able to come into our office for a sampling presentation. I just wanted to follow-up on what we previously discussed.

We will begin our presentation at 9 a.m. on Monday, May 10th. The sampling of our product will follow soon after. Lunch and drinks will also be provided. We would also like to present to

you a few of our promotional items.

We have appreciated your loyalty to Miller Chill thus far and we hope for your continuous support. Please feel free to contact me with any concerns and/or questions prior to our meeting. I, along with my colleagues, look forward to meeting you.

Sincerely,

Maura Falls
maura@millercoors.com
414.356.9483



Tactic: Coupon with Johnsonville





Plan

Tactic: Distributor Blog



MILLER CHILL

"CHILL OUT YOUR STORIES"

Tell us your Miller Chill story!

Who Are We?

Suggestions and Ideas

Find a Distributor

Contact Us







By: John Smith May 3, 2010

Hello, I am John Smith, co-owner of Smith & Sons Liquor in Wauwatosa, WI. I have sold Miller Chill in my store since it first came out a few years ago. I personally couldn't be happier with the product and service Miller Chill offers. I have dealt with some of the most friendly people who care about their distributors (even with small stores like mine!)

Yesterday I received a weekend trip to the Wisconsin Dells as part of the Loyalty Program. Talk about a company that knows how to conduct good business! I know I will continue to sell Miller Chill in my store. Not only because they offer all these great benefits, but because of the sincere concern Miller Chill employees have for their customers.

Anyone have great ideas on how to sell more cases of Miller Chill? I could always use a little advice from people in the same business.

VISIT OUR WEBSITE AT MILLERCHILL.COM



Plan

Objective 2: Stimulate Product Trial within 4 months of campaign

Tactic: Emailed Direct Mailer

TO: joe@millerpark.com

FROM: elizabeth@millercoors.com DATE: May 10, 2011, 10:00 a.m.

SUBJECT: ChillOut Zone



Chill out! It is possible to increase both food and drink sales this summer at Miller Park with MillerCoors lime-flavored Chill beer. By creating a "Chillout Zone" during the season from April to September, you can satisfy fans while providing a fun and exciting outlet to enjoy the game! Share space with MillerCoors promotional printing and materials, and we will provide the fun! The "Chillout Zone" has around 200 seats, perfect to accommodate all of the eager fans ready to take their game to

the next level. Even though the weather is heating up, fans can stay cool in the "Chillout Zone" all game long!

Don't let this valuable offer get away! Call us at (414)-123-4567 and CHILL! We're looking forward to getting you more business with half the work.

Best,

MillerCoors



Tactic: News Release

FOR IMMEDIATE RELEASE For additional information, contact:

Liz Grams

(414)-202-3310

elizabeth.grams@marquette.edu

MillerCoors Grants Miller Park Chance at Chillout Zone

MILWAUKEE, March 2011 - Chill out! Baseball is back and cooler than ever this

season. MillerCoors is teaming up with Miller Park to create a Chillout Zone. The

Chillout Zone will feature a fun and exciting outlet for fans to enjoy the game with

food and drink at their fingertips. Miller Girls will serve them Miller products along

with the traditional baseball fare as they sit in these special seats. Miller Park retain

ticket sales for seats in the Chillout Zone. In addition, Miller Park will also give

MillerCoors ten percent of the advertising space, while MillerCoors prints the name of

Miller Park on all of its promotional material, free of charge. The "Chillout Zone" has

around 200 seats, perfect to accommodate all of the eager fans ready to take their game

to the next level. Even though the weather is heating up, fans can stay cool in the

"Chillout Zone" all game long!

For more information about the Chillout Zone and MillerCoors' partnership with

Miller Park, log on to www.chilloutbeer.com.

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Objective 3: Increase Male Consumption of Miller Chill by 5%

Tactic: Direct Mailer to Restaurants



Tactic: Email Communication

TO: joe@fanatics.com

FROM: Katie@millercoors.com

DATE: May 10, 2011

RE: Restaurant of the Summer

Hi Joe,

As I'm sure you're now aware, MillerCoors is running a trade contest this summer with 50 local restaurants. Having done business with your restaurant for the past year I definitely think this is a great opportunity to showcase Fanatics as the prime spot for sports viewing.

The idea is to sell the most Miller Chill throughout the baseball season. As your dedicated account representative, I can provide you with the necessary promotional materials to reach your goal. You can find more information here: www.mc-restofsummer.com/fanatics and I'll be making my regular visit on Thursday – I'll have additional materials then.

I strongly urge you to consider the opportunity – look forward to seeing you Thursday. Best,



Plan

Katie

Tactic: Micro-Site





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Group Contributions

Katie Leaverton - External Analysis, editing/formatting, interview, buyer persona, tactics

Maura Falls - Objective 1, strategies/tactics, evaluation, editing/formatting

Mike Wessel - Market analysis (customers and positioning), research, Gantt Chart, edits

Jennifer Mitchell- Objective 3, strategies/tactics

Yiting Mao – Objective 2, strategies/tactics, evaluation, editing/formatting

Kim Jarosz- Budget and powerpoint presentation

Elizabeth Grams-Target Market Profile, consumer table, direct mail/e-mail pitches tactics