

Results from RAB's National Marketing Department February 2004

The following articles continue our writeup of the speakers at RAB's Fall 2003 Board of Directors Meeting "Client Day."

Anheuser-Busch and Radio: No "One Night Stand"

Peter McLoughlin, Vice President of Corporate Media for Busch Media Group, and an 18-year veteran of Anheuser-Busch (A-B), described the structure of the company's in-house media buying and planning unit, how valuable relationships with key Radio partners contribute to A-B brands' overall success, and what effect the beer industry's response to a recent FTC report will have on all media and promotional partners for the beer category.

Anheuser-Busch is the leading brewer in the world, with over 30 brands, and commands an impressive 50 percent U.S. market share, 11 percent worldwide. Busch Media Group (BMG) is the in-house media buying and planning unit for those brands as well as the company's "adventure parks" like Busch Gardens, SeaWorld, Adventure Island and others. It is a unique structure for such a large corporation. Radio AE's or managers work with A-B employees — not an agency or buying service — for a buy, an event or a promotion. The company's media operation consists of about 100 people, and its Sports Marketing group includes approximately 40 people. Busch Media Group is based in St. Louis, and it buys national television advertising out of its New York office. Eight regional buying offices handle local Radio and outdoor advertising, working closely with A-B's approximately 600 wholesalers across the country to determine local strategies.

"Agencies are not used in any way, shape or form for the media planning or buying process. We've been doing this for many years, with the planning and local media planning coming under BMG in 1992," McLoughlin explained.

BMG works directly with A-B's brand management to develop media strategies that help to achieve marketing and sales goals. It then takes those plans and negotiates across all spectra of media. This includes working with local A-B wholesalers around the U.S. to achieve the highest possible impact in each region and market.

Last year, Busch Media Group worked with more than 1300 Radio stations and 138 outdoor companies, plus magazines, cable, network and local TV. A-B also sponsored sports programming for over 100 local sports teams — all deals negotiated by Busch Media Group. BMG's attention to detail about the local media marketplace pays off with inclusion in well-respected programming, events and promotions.

A-B's objectives with Radio are to deliver both the brand/sell messages for all A-B brands, such as Budweiser and Bud Light, and support local promotional initiatives like the Bud Light "Bubble Boys" tournaments (multi-market) and wholesaler/region-specific programs. Peter went on to outline specific recent successful Radio promotions like "One Night Stand" and "True Music" for the Budweiser brand.

Peter wrapped up on a creative note, demonstrating a great example of what I call "reverse imagery transfer." The highly acclaimed Bud Light "Real Men of Genius" ads, an award-winning campaign that has aired on Radio for the past four years, was recently brought to television with several TV spots. The move is a real compliment to the "men of genius" at A-B's marketing department and its advertising agency — DBB Chicago — who worked together to develop the campaign on Radio and TV. The Radio campaign has won more than 100 awards, including two \$100,000 Radio Mercury Awards.

Radio plays an important role in A-B's local media efforts, and represents 20 percent of their total media budget. It's obviously no "One Night Stand."

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National Marketing Update



Mary Bennett
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National Marketing

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A&P: Your Neighborhood Supermarket

Supermarkets are similar in nature to our industry — they need to provide a local need and an emotional bond with the consumer, as we do with our listeners. Tony Gasparro, Vice President Advertising of the Great Atlantic and Pacific Tea Company (A&P), went over the key items that food shoppers look for: cost, convenience, clean and neat stores, and fresh vegetables and fruits. Food safety and wholesome foods are a major issue today, particularly with the aging American population. He said it would be helpful for supermarkets to ask Radio stations to reinforce this message of good wholesome foods when stations do their community charitable work.

Tony noted that although 48 percent of women are working full time, they are still the primary food shoppers for their families. Women make up 85-90 percent of the supermarket industry's expenditures. Men, on the other hand, are like warriors in the supermarket; they go in, get the product and get out. Ultimately, however, price remains the utmost important reason to go to one supermarket versus another.

Tony reviewed the three types of food shoppers and correlated them to the three distinct types of supermarkets that A&P have:

- “Adventurous shoppers” are those people who love to eat and cook and are inclined to shop at Food Emporium.
- “Middle of the Road” are suburban families with a “soccer mom” primarily doing the shopping; their choice is A&P.
- “Food Basics” are frugal shoppers who are more likely to be in urban cities, and they shop at Food Basics. This is a growing segment for A&P; it will be opening more of these stores.

The average supermarket today has 18,000 items on the shelves. Food Basics has 8,000 items. With the stores being located in urban areas there is less store space, and oftentimes the customer isn't looking for 25 different types of bread. Tony said that Hispanics are a very important element of today's supermarket industry, and Food Basics stores are doing extremely well in Hispanic areas.

Mr. Gasparro also spoke about how the “typical” neighborhood supermarket will change dramatically over the next ten years. He said he felt competition from Wal-Mart, who has only been in the food industry for 14 years, yet is now the #1 supermarket in the country. As an example, Tony noted that it cost the average supermarket \$1 to go from manufacturer to checkout; at Wal-Mart the same process costs 35 cents.

Tony feels that his industry must know its customers in order to survive. Supermarkets need to reward shoppers with incentive programs such as the frequent shoppers card. He mentioned that fresh foods are a key to survival. Supermarkets will have to make it on service, not price, in order to succeed in the next ten years. Something very interesting Tony mentioned is that 90 percent of sales come from 40 percent of the customers.

Tony suggested that Radio stations try to build relationships with the different food boards and councils such as the Washington State Apple Commission, the Beef and Pork Councils, and others. He also felt Radio stations could help the supermarket industry by extending the value of the “frequent shopper cards.”