Good Afternoon, I am Joseph Lee and I am the Marketing Director of Harbin Beer, our biggest core and core+ segment focus brand in China.

A little background about myself. I am Malaysian Chinese and have been working in China for 9 years. I joined the company in 2009, just a few months after AB Inbev was formed, and have been in marketing and trade marketing roles for the past 6 years at ABI. Before joining ABI, I worked for Pepsico for 6 years, responsible for marketing of Lay’s potato chips.

I am very excited to talk with you about Harbin Today.

First, let me introduce a little bit about the history of the brand. Harbin beer was named after the city of Harbin where the brand was established in 1900, a place in Northeast of China very close to Russia. Harbin is the oldest beer in China and has grown to the number 10 most popular beer in the world.

After ABI was formed, we decided to pursue a dual brand strategy by driving Budweiser in the premium segment and Harbin in the core and core+ segments. The core and core+ segments make up approximately 70% of the Chinese beer industry. Therefore, it is where all major competitors are active. By targeting youth (by Youth I mean the consumers that are 18 to 29 years of age or “legal drinking age”), we manage to differentiate ourselves from other competitors that are more focused on mass appeal. So our brand dream is to become the most preferred beer brand among youth LDA in China.

Next, let’s take a look at the portfolio of brands that enables us to achieve our dream.

As mentioned before, Harbin is playing in the Core and Core+ segments. The Core+ segment carries a 50% higher price than the core segment. Harbin Ice is our flagship SKU in the Core+ segment and is our main focus; it is also the fastest growing SKU in the Harbin portfolio and now makes up more than 30% of Harbin’s volume. This SKU is the “hero” product.

On the left hand side, in the Core segments, Bingshuang, Qingshuang and Bingchang are three main volume contributors. They provide choice for our consumers at lower price points and enable us to obtain more channel opportunities especially in the traditional trade.

On the right hand side, we have Harbin Ice Genuine Draft which is an SKU priced at a premium to Harbin Ice. The strategic intent for this brand was to continue offering trade-up opportunities for our consumers in Chinese restaurants and to provide an innovative and high quality imagery for our brand.

With these product variants, Harbin has delivered consistent volume growth during the last 5 years: Harbin total family volume has doubled and Harbin Ice volume has increased fourfold. It is also important to note the Harbin Ice’s share – which carries a higher margin – has increased from 15% to 38% of the Harbin family during this time. The growth in the Core+ segment enables to drive meaningful profit improvements.

Harbin has also achieved great success in brand building. In 2010, we became the first Chinese brand to sponsor the FIFA World Cup and this marketing campaign improved Harbin awareness overnight. By continuing to focus on youth LDA and tap into their passion points of sports and music, we are
closing the gap of brand preference with our top competitor in the China market.

Brand building has also helped us to drive brand value. Harbin was recognized in the top 100 most valuable Chinese brands by Millward Brown BrandZ study that measure all categories in China. Harbin’s brand value increased by 14% in 2014 and was listed at No.52, only 1 place away from Snow, which is 4 times larger than Harbin in terms of volume. While we still have a huge gap between our volumes, Harbin’s strong brand equity and momentum were key factors in why the brand value is just one place behind Snow.

In order for Harbin to achieve our brand dream, we have two main strategies to further drive brand growth. First, “Win” the youth LDA, the new generation, the Millennials. Second, to further expand geographically to grow share in China. To win the youth (LDA), first, we have to tap into their passion points.

Basketball is one of the top sports passion points for Chinese Youth LDA. Our long term partnership with the NBA enables us to enhance the brand’s youthful, energetic and relevant brand image. The NBA association also offers incredible connections and below the line opportunities with our target consumers. For example: here is a poster which shows the NBA China games that will be held in Shenzhen and Shanghai in October this year. We will activate this event big time to engage consumers.

Harbin is also closely connected with entertainment programs, which have become more and more popular in recent years in China. Harbin wants to be the “cool” beer brand that brings fun, young and energetic programs to our consumers. For example, we partnered with THE VOICE of China on content and are also co-sponsoring the Street Dance show on the CCTV sports channel this year.

Continuing to be innovative will also drive the brand’s affinity and favorite status among youth. In 2015, we launched three different packaging initiatives including partnering with “STAY REAL”, a very popular fashion brand among youth (legal drinking age). In addition, we launched summer packaging with celebrity endorsements and QR codes to encourage the participation of consumers with the brand. Last but not least, we released an NBA limited edition can which is helping to drive a sporty brand image.

During the summer of 2015, we launched the YQHP campaign. YiQi means “together”, Hapi is the nickname of the Harbin beer brand name – so combined it means “together we feel happy”. The campaign this year is all about establishing the meaning of YQHP amongst our consumers, putting more substance behind the brand. The campaign will run from June to early October. This is a 360 degree campaign that involves all above and below the line touch points. We put a lot of unexpected elements into it (for example: a combination of Chinese rappers rapping with international basketball legend, Shaquille O’Neal). Yes, you hear it correctly, Shaq rapping in Chinese … well….at least he tries.

The campaign was tested and received the highest recorded advertising score in ABI’s APAC history. Initial results show that it has driven brand preference up by 38% and key imagery by an average of 19%. Let’s take a look at this video.

Let’s now talk a little about growth potential. Harbin currently has a market share of around 7% and we see much room for growth potential. Geographic expansion to drive Harbin’s growth is the key to our success. Despite being a national brand with high awareness, we still have a lot of cities and regions
where the brand is not present. Our goal is to continue to expand Harbin distribution, including through Greenfield expansion. Between 2010 and 2015, we opened 8 new breweries in China. As it relates to a brand like Harbin, greenfield expansion means full channel expansion within 500km of new brewery opening including huge brand and trade support in those cities. Thanks in part to increased distribution in these cities, we saw a nice increase in the brand’s growth rate nationwide.

Let me finish by summarizing these two clear and simple strategies. Harbin will continue to build its presence in the Core and Core+ segments, with a focus on becoming more relevant to China Youth LDA and continuing to expand our presence in more and more cities in China. We hope all of you will return to China to witness Harbin becoming the No. 1 beer brand for Chinese youth LDA.

Thank you for your attention.