

AB InBev Investor Seminar

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Azania Andrews, Director Digital Strategy - Digital strategy

Good afternoon. I'm Azania Andrews Director of Digital Strategy for North America. I joined our Digital Marketing team about 9 months ago. Prior to joining ABI, I worked on the Advertising Agency side of the business, working on a variety of major brands. After completing my MBA at Harvard Business School I joined WPP where I most recently served as VP of Business Development for North America at WPP Digital, the digital investment arm of WPP.

I'm here to give an overview of our approach to digital marketing and share some of our successes to date.

All of our marketing strategies start with a strong understanding of the consumer – their values, passions and interests. As you just saw in the video, Millennials, the first truly digitally native generation, spend an incredible amount of time using digital devices.

Similarly, Hispanic audiences over-index on the use of digital. They use mobile more –whether it's to surf the web, use apps or text -- and are also more likely to engage with music or video content via internet connected devices.

As Paul said earlier, winning with both of these audiences is critical to our continued success and digital will be a key driver of this effort.

So we know that our target audiences use digital quite a lot but how do we take this information and develop compelling digital marketing initiatives? It starts with meeting consumers where they are. Instead of only relying on mass targeted messages via traditional channels like out of home or TV, digital allows us to connect and engage consumers throughout the entire purchase journey.

We can be there with useful content when consumers search online for where to find our beers in their local communities or for ideas for their Super Bowl parties. We can enhance their interactions with their favorite sports teams by offering great digital content during games. And we can acknowledge and thank them for their support all along the way thus strengthening relationships and encouraging loyalty.

Digital offers the opportunity for meaningful interaction pre, during and post-purchase.

But it's not just about reaching any consumers along the purchase journey, it's about reaching the right consumers with the right message. Digital offers the ability to move beyond standard demographics.

We're experimenting with advertising solutions that will take us from, for example, simply targeting all males 21-34 with the same message – to more narrow age groups within particular geographic areas, as well as interest categories and even alcohol consumption habits.

This type of targeting will allow us to minimize waste in our paid media investments.

But It's one thing to say you want to deliver more targeted messages to various consumer segments but another to be able to execute. We're implementing a 'Content Factory' approach which will allow us to generate the amount of content needed to reach consumers across channels and devices for all of our brands.

To do this, we're putting plans in place to aggregate *local content* from our wholesalers and local media teams, entering into new *creative partnerships* with digital media companies, exploring ways of encouraging *user-generated content*, and integrating our digital agencies even more fully into the creative development process.

The results of these inputs will mean that we'll be able to deliver 'always-on' & targeted content, across channels, all while supporting and strengthening our Big idea campaigns.

Local content is going to be a big focus for us in 2014. Our wholesalers and local media teams engage millions of consumers through thousands of events held in cities and towns all over the country each year.

We're in the midst of piloting technology which will enable our wholesalers and local media teams to capture content at these events and then distribute that content to local fans via our national social channels. By doing this we not only extend the wholesalers' reach into their regions but we also further our local sports and other sponsorship investments by strengthening the connections between sponsorships and our brands.

Initial tests, focusing largely on Bud Light and the NFL, have been very positive with local posts performing at twice the average engagement rates of our national posts.

As was made clear in the video which opened my presentation, the tremendous shifts in digital behavior that are occurring are driven in large part by smart phone adoption. Our own internal data shows that consumers are increasingly interacting with our brands via mobile devices. As a result, we're now developing marketing programs with a mobile-first mindset.

In 2014, before we develop experiences for the desktop we want to understand what the experience will be like on a phone.

To achieve any of the changes I've described thus far – delivering targeted content, to the right consumers at the right time -- requires a shift in thinking in terms of how we approach marketing.

We believe that succeeding in digital will require a shift in emphasis so that *earned media* represents a larger percentage of the way we reach consumers.

We want our content to be so engaging that it is actively shared *for us*.

To help bring all this change to life we've put together a new team to lead our digital marketing

efforts.

Comprised largely of new talent from outside the company with experience in digital, media and CPG, our digital marketing team is comprised of 3 groups – Execution, Strategy and Innovation.

Our Execution team sits in St. Louis to be close to the brand, PR, media and Trade Marketing teams and is responsible for day-to-day activation of all digital marketing efforts, including creating and amplifying content for all of our brands.

Our Strategy and Innovation teams sit in Palo Alto, California.

Being based in the heart of Silicon Valley, allows us to develop close relationships with the large tech companies, like Facebook and Google, and to stay ahead of the curve of digital innovation by partnering with start-ups.

We have a robust digital innovation pipeline based on understanding consumer behavior and major technology trends.

Each year we focus on a handful of key projects that will allow us to learn how to leverage new technology – in our advertising, with our retail partners, on premise, and even in consumer's homes...

Along with our digital innovation pilots run out of Palo Alto, we've also recently launched an exciting new partnership with the University of Illinois at Urbana- Champaign called Bud Labs.

In partnership with professors and dozens of PhD's focused on statistics and computer science, we'll conduct research on a variety of topics ranging from assortment optimization to market trends to the impact of social media.

New teams, processes and innovation pilots are all great but how do we know that it's working?

Though we are committed to changing to stay ahead of the digital revolution, we've not lost sight of A-B's culture in which everything we do must have measureable business impact.

Our high level objective is to be the #1 CPG brand in digital. We are the #1 brewer in the world and feel that our marketing should match the status of our business. For us, the key metrics are increases in brand health and sales. We want to be sure that Digital marketing can help strengthen our brand health and help us sell more beer.

I'd like to share some research we've done to understand performance in the past year, particularly our efforts in social media.

Due to its ability to help us verify age, Facebook has been a big focus for us in the last year. We now have 18MM fans across our key brand pages and have evolved our content development processes to offer regular content delivery to our fans. We currently reach over 5 mm consumers per day and over 100 mm consumers every month with our Facebook content through a

combination of earned and paid media.

Beginning last year we set an objective to drive engagement on Facebook. We use engagement as a proxy for the strength of our content. That focus has paid off as we've been recognized by the media and several independent organizations as leaders on Facebook. Our brands produce some of the most engaging brand content in the world - not just in our category but among all brands.

We wanted to take things a step further though by understanding the impact of social media on sales. We conducted a study with Bud Light to see if the brand's content could drive beer sales among fans and non-fans aged 21-34.

We tested series of a variety of content that had historically received high engagement rates when posted organically, that is without paid media, on the Bud Light page. That content was then amplified with paid media over a multi-week time period. Following the campaign period, we compared the purchase of Bud Light among consumers that were exposed to the ads vs. consumers that weren't.

The results were fantastic. We were able to reach 23MM households – which represents 20% of US households. And we found that the amplification of this content drove a 3.3% increase in sales, and more importantly a 6:1 return on advertising spend.

Facebook has conducted well over 100 studies with a variety of consumer packaged goods companies and highlighted the Bud Light results as among the best in their spring 2013 financial results.

We also conducted a separate research study to prove that our Facebook content can also drive significant increases in brand health. As you can see here, 21-27 year old consumers that were exposed to our Facebook content had a significant increase in brand favorability.

So, the conclusion, for us, is that social media works. The challenge now is to expand and scale to consistently deliver results across all brands.

I hope that gave you a clear sense of our approach to digital. To just to reiterate a few key points in closing...

We want to be the best CPG in digital and are committed to investing the resources – people and financial – into developing the best digital marketing activations that we can and ensuring that our entire marketing organization and the related support functions have the skills they need to make us successful.

Earned Media is key – We need our consumers along with us on this journey.

If digital shows us anything it's that our brands are not just what we say they are, they're what our consumers say they are.

So we need to deliver and jointly create relevant, compelling messages and experiences that make them want to engage and share with us and for us.

Content is critical – We have to leverage our local resources and engage new partners to develop the right types of digital content and use technology to deliver it to the right people.

Business impact is our primary success metric – With all the excitement around digital content we will not lose sight of our business objectives.

We'll be relentless in measuring success in terms of impact on brand health and sales.

Thank you.

I look forward to answering any questions you may have later this afternoon.

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