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## GRAND PRIX: PACKAGED GOODS BEVERAGE GOLD

# Molson Canadian

### EXECUTIVE SUMMARY

The beer business is the most competitive packaged goods category in Canada. Every year Molson and Labatt's expend enormous resources in pursuit of fractional share point gains. The most intriguing rivalry has been the seesaw battle between Molson Canadian and Labatt's Blue. (Crossover Note 1). Canadian established itself as the number one beer in Canada in the mid–80s, and solidified its lead in 1994 with 'I am Canadian.' In recent years, however, Labatt's regained momentum with 'Out of the Blue,' while Molson stumbled creatively.

Bensimon Byrne D'Arcy came on board in 1999 with these observations:

- Canada is atypical of nations with a strong beer culture. They often have a brand known globally as the definitive beer of that country—for example Budweiser, Corona, Heineken, and Fosters.
- In most cases (although not all) these brands hold a clear lead in domestic market share over the second place brand.
- Canadianness has always been Canadian's brand essence. But years of advertising had amounted only to a steady stream of commercials featuring patios, cottages, and road trips.
- Success, on the scale we were aiming for, could only be achieved by building a deeper emotional bond with the young Canadian beer drinker (Crossover Note 2).

This is the story of Canadian advertising at its best. How it was used to create Canada's definitive beer brand—in perception and market share.

The case explains how Canadian Pride became the cornerstone of a new advertising strategy and the inspiration for a television campaign that achieved instantaneous and unparalleled public awareness. Within weeks "The Rant" ([Figure 1](#)) transcended advertising, and imprinted itself on the national culture (Crossover Note 3).

Like battleships, the big beer brands have inertia. Given this, the growth of Molson Canadian's market share, brand awareness, advertising awareness, and corporate stock price has been dramatic. But more importantly, the evolution of the brand's core equity is permanent. This is fundamental to the long-term objective of category dominance (Crossover Note 4).

Note: The Results Year for this case is April 2000–March 2001—which equates to Molson's Fiscal Year 01.

## **SITUATION ANALYSIS**

The long–running battle between Labatt's Blue and Molson Canadian is widely regarded as the most competitive in Canadian packaged goods. Supremacy in the English–Canadian beer market is at stake. (Canadian has little distribution in Quebec and is not advertised there.)

Canadian held the number one share by a narrow margin for much of the late 1980s and 1990s. Reflecting the importance of advertising in the category, the fortunes of the brands have swung in tandem with the success of their advertising campaigns. Canadian first introduced the theme–line, 'I am Canadian' in 1994, using the slogan as a form of self–expression. During 1994 to 1996 Canadian pulled away from Blue, and the campaign was recognized with a Gold Cassie in 1997.

From 1998 on, the momentum shifted to Blue and their new 'Out of the Blue' campaign. At the same time, the 'I am' campaign drifted from the core idea, and the theme–line was abandoned. It was replaced in 1999 with 'Here's where we get Canadian.' The ads returned to the brand's traditional observations of Canadianness, using humorous depictions of patios and cottages.

In the 24 months leading up to the April 2000–March 2001 Results Year, the inertia of the leading beer brands was reflected in their almost static market shares, ([Table 1](#)):

The new objective was audacious: make Molson Canadian the undisputed #1 in Canada, and the definitive Canadian beer from every perspective. Far from being intimidating, the scale of the task made it liberating. Instead of looking for small comparative advantages, or ways to slightly contemporize the image, we were forced to examine Canadian's core equities (Crossover Note 5).

## **STRATEGY AND EXECUTION**

Historically, the brand had explored what it means to be Canadian, and Canadianness had become the brand's essence. But we needed to go deeper. Our strategic planning methodology categorizes brands according to how they bond with their audience. Icon Brands—like Coke, Nike and MacDonal'd's—typically achieve icon status by building emotional bonds.

Molson Canadian is one of the few brands in Canada with the heritage and ubiquity needed to becoming an Icon. We needed to move the communication from patios, cottages, and road trips to an exploration of how we really feel about being Canadian.

Two research studies shed light on this. A University of Chicago cross–cultural survey of 23 nations found that Canada ranks among the three proudest countries on earth. An Ekos Research report showed that national pride is the second–most important attachment in our lives—second only to our families, and well ahead of any other attachment, local or regional.

But feeling proud and acting proud are two very different things. Especially in Canada. We needed to explore this further with our target audience of younger male beer drinkers ([Figure 2](#)).

Through qualitative research we discovered that our traditional reticence towards expressing national pride had changed. Younger Canadians want to shout it from the rooftops. Many of us regard flag–waving patriotism as distinctly American. Younger Canadians told us, and showed us, that this is simply not the case for them (Crossover Note 6).

Another revelation was that 'I am Canadian!' was a rallying cry for young Canadians. While Molson put the emphasis on 'I am'—and subsequently abandoned the line—the customer put the emphasis on 'Canadian,' and kept the slogan alive wherever pride was on display. We saw Canadians arriving at the Woodstock reunion with 'I am Canadian' painted on their chests. We saw it at every international sports competition, and across the country on Canada Day. In our view, 'I am Canadian!' had passed from advertising slogan to the vernacular (Crossover Note 7).

Re-introducing the theme—line was the simplest decision we made. It was a valuable piece of brand equity. But more importantly it was evidence that Canadian could link itself to national pride. In our view, no other marketer could do this. Canadians simply do not feel strongly enough about airlines, gas stations, or phone companies. But we are passionate about our beer. The resulting strategic recommendation was reduced to a single sentence:

Molson Canadian is the only beer that lets me be as Canadian as I feel.

We developed and extensively pre-tested a wide-ranging multimedia campaign. Television was the primary medium and each commercial was subjected to three stages of disciplined consumer research, where it had to show improved purchase intent. This only happened when an ad made the audience feel proud to be Canadian. During the results year (FY 01) four image ads and four promotional spots exceeded the research objective and made it to air.

The first ad to air was 'The Rant'. Knowing in advance how persuasive it would be allowed us to plan the launch for maximum PR value and consumer involvement.

We developed a cinema version to air in movie theatres two weeks before the national television debut. This was calculated to create buzz and anticipation. 'The Rant' was also performed live, without warning, in movie theaters across the country. This drew standing ovations and news coverage.

On Sunday March 26th, 2000 we ran a single television spot during the Academy Awards. It aired in the final commercial break just before the announcement of Best Picture. It seems like all of Canada was watching. Molson's switchboard lit up with passionate congratulatory calls from all over the country. Many confessed that they didn't even drink Molson Canadian, but wanted to convey their gratitude for the sentiments in the ad.

Coinciding with the Spring upsurge in beer consumption is another cornerstone of Canadian identity, the Stanley Cup Playoffs. Labatt's had bought the rights to Hockey Night in Canada several years earlier, and this gave them exclusive access to the male audience for several hours almost every night. Molson maintained team sponsorships for all six NHL markets and used them to reintroduce the 'I am Canadian' theme—line on rink boards and other stadium signage. But the greatest impact came from 'Joe Canada', star of 'The Rant', performing live at every NHL hockey arena in Canada, and again during the playoffs in Ottawa and Toronto. These performances continued with a cross-country tour tied to 'I am Canadian' rock concerts. This was integrated with in-case merchandise ranging from 'I am Canadian' t-shirts to underwear.

Perhaps the greatest example of how integrated a single television commercial can be was the creation of a unique iam.ca website. The agency's interactive partners at Cybersight used 'The Rant' to get expressions of pride from the online audience. Over 40,000 people submitted Digital Rants, mimicking the commercial.

As the news coverage grew and the ad became a cultural phenomenon, the dollar value of the coverage

greatly exceeded the dollars spent on the 'The Rant'. Then, over the balance of FY 01, new image and promotional ads sustained the pride campaign and the early market share gains.

Molson Canadian had become what the strategy set out to achieve: The one true beer for the proudly Canadian guy ([Figure 3](#)).

## RESULTS

1. In the twelve months following the debut of 'The Rant', the acceleration of market share change for Molson Canadian and Labatt's Blue has been dramatic ([Table 2](#)).
2. Canadian achieved this spending less on mass media in FY 01 than FY 00 ([Figure 4](#)) (Crossover Note 8).
3. Canadian accomplished this with share of voice lower than Blue's ([Figure 5](#)).
4. Canadian's brand penetration improved across all segments ([Figure 6](#)).
5. Unaided brand awareness increased for all segments ([Figure 7](#)).
6. In addition, recognition has come in other forms. The stock market has taken note of the change in Molson's fortunes over the past year. The turnaround in share price coincided with the debut of the new advertising campaign (Crossover Note 9) ([Figure 8](#)).
7. Finally, 'The Rant' has been recognized with numerous awards including:
  - Marketing Awards – Gold Television, Gold Cinema and Best of Show.
  - Ad & Design Club of Canada – Gold Integrated Campaign
  - Television Bureau Bessie Awards – Gold Television, Writing, Art Direction, Performance and Best of Show.
  - Cannes International Advertising Festival – Bronze Lion
  - Media Innovation Awards – Gold

### [Figure 9](#)

#### Isolating the Cause and Effect of the Advertising

The primary evidence of advertising as the stimulus for share growth is the correlation between advertising awareness, brand awareness, brand penetration, and market share growth (Crossover Note 10) [Table 3](#).

In this instance, however, we have even more compelling evidence. Reaction to the advertising created a news story that went on for months. In a virtuous circle, the advertising fed the news and this fed interest in the advertising. The story saw front-page coverage in the National Post and multiple appearances on the CBC Nightly News. Global covered stories in major US newspapers and appearances on every major US television network. Molson and its PR agency conservatively value this media coverage at \$8.8

million.

This public reaction is unprecedented in Canadian advertising history. It is with confidence, therefore, that we conclude that the improvement in market share was caused by the advertising.

#### **CROSSOVER NOTES FOR MOLSON CANADIAN**

1. Classic Rivalries. Rivalries with a CASSIES connection have been :
  - Pepsi versus Coke in Quebec. (Grand Prix in CASSIES I.)
  - Listerine versus Scope in Quebec. (Grand Prix in CASSIES II.)
  - Duracell versus Energizer. (Silver for Packaged Goods in CASSIES II.)
  - Dove versus Ivory. (Gold for Sustained Success in CASSIES III.)
  - Canadian versus Blue. (Gold for Sustained Success in CASSIES I, for Beverages in CASSIES III, and the Grand Prix in CASSIES 2001.)
  - Richmond Savings versus the banks. (Gold for Services in CASSIES III.)
  - Sunlight versus Tide. (Grand Prix in CASSIES 99.)
  - Lipton versus Campbell. (Gold for Packaged Goods Food in CASSIES 2001.)
  - workopolis.com versus monster.com. (Silver for Best Launch in CASSIES 2001.)
2. Brand Essence . This is a crucial concept in building powerful brands. However, it is becoming diluted by being used too casually. As the case suggests, Canadian-ness goes far deeper than patios, cottages and road trips. The key to Brand Essence is a deep emotional bond. Virtually all CASSIES cases make this point in one way or another. Some historical examples, not referred to above, include:
  - Philadelphia Cream Cheese (Gold for Packaged Goods Food in CASSIES III.)
  - ABC Literacy Canada. (Gold for Not-for-Profit in CASSIES III.)
  - becel. (Gold for Sustained Success in CASSIES 99.)
  - Fido. (Gold for Best Launch in CASSIES 99.)
  - Wonder Bread. (Gold for Packaged Goods Food in CASSIES 99.)
  - Eggs. (Gold for Packaged Goods Food in CASSIES 99.)
  - Les Rôtisseries St-Hubert. (Silver in Retail and Sustained Success in CASSIES 99)
3. Transcending Advertising. Joe's Rant did this, but it is not that common. Wendy's did it years ago with 'Where's the Beef?' and Budweiser gave us 'Whassuuup?' Richmond Savings (CASSIES III) got tremendous benefit from the publicity surrounding the 'Humungous Bank' campaign. Tourism New Brunswick and Manitoba Telephone (CASSIES 2001) have a similar story. Generally, the companies and agencies getting this publicity are pleased-

though there are usually some naysayers who say that it is not necessarily building the business. The new incarnation of this thinking is viral marketing, where the message spreads by taking on a life of its own. There has not yet been a CASSIES case on this.

4. Core Equity. This has a soft and a hard aspect. The soft aspect is related to brand image\* i.e. the 'bundle of meanings' created in the audience's mind such that they choose one brand over another. The hard aspect measures the equity in financial terms. This is a developing area, and for more information contact the ICA about the publication Brand Valuation. Measuring And Leveraging Your Brand. \*Some people regard Brand Image as an out-of-date concept, and prefer Brand Essence, Brand Personality, Brand Character, Brand Truth, Brand Soul etc. To avoid entering the tower of Babel, I have used the old term.
5. Out-of-the-Box-Thinking. The term has become a cliché, with clients routinely asking for it, and agencies equally routinely promising it. It isn't that easy, however, to get out-of-the-box ideas to the marketplace, because they involve risk. Here are some of the brands that successfully took the risk:

- Dove 'Litmus' (CASSIES III), which moved radically away from the long-running real-women campaign that had built the brand.
- Richmond Savings (CASSIES III), which poked fun at their immensely powerful banking competitors.
- Sunlight (CASSIES 99), that stopped worshipping 'clean' and said it's OK to get dirty.
- Fido and Clearnet. They used the low-tech imagery of dogs and frogs. (CASSIES 99 and 2001.)
- AGF (Gold in CASSIES 99) and Clarica (Gold in CASSIES 2001). Along with Richmond Savings, they deliver serious financial messages with wit and charm.
- IBM (a non-CASSIES example). In the early 90s, IBM was in a lot of trouble. The 'Nun' advertising that helped launch their 'Solutions for a Small Planet' campaign was an extraordinary way for IBM to tell its story—which was exactly the point.

Note to people approving advertising: When we look at campaigns in hindsight it's easy to overlook how difficult it must have been to approve them. At the time, the campaigns above looked a lot riskier than the tried-and-true solutions, and it took great courage to approve them.

6. Conventional Wisdom. (Staying in the Box.) All markets have conventional wisdom—sometimes unspoken. That wisdom will often be right, but if it isn't, it can be extremely difficult to break out of it. Apparently, when US Pepsi executives first saw the prototypes for the Pepsi Challenge campaign they said, 'that's not Pepsi' and refused to approve it.
7. Baby with the Bathwater. Many campaigns at one point or other seem to run out of steam. When this happens it's common for everything to be thrown out. In some cases this is exactly right—see Out of the Box and Conventional Wisdom above. But it is always worth finding out if there is something that should be kept, or re-expressed and re-vitalized. The 'I am Canadian' line is an example. Another is Campbell's Kids, recently reintroduced on Campbell's Soup, It will be interesting to see how that plays out.
8. Spending Weight versus Idea Weight. CASSIES cases have to demonstrate that they did not buy their success with the brute force of spending. Interestingly, Canadian-like Chrysler in CASSIES III—won the Grand Prix with a reduced media spend. Through split-cable test markets there is a reasonable body of evidence that spending weight has leverage on marketplace success (especially in heavily contested categories like beer). However, 'idea weight' seems to have more leverage.
9. Brand Value and Stock Price. The Molson case is drawing an inferential relationship between brand equity, brand performance, and stock price. Strict cause and effect is hard to prove, but readers should be aware of 'hard number' financial measures of brand value that are being developed to meet the demand from CFOs and CEOs. (See Crossover

Note 4 above on Core Values.)

10. Brand Linkage . This note is for anyone who has said, or heard, that to get brand linkage you have to say the brand name early and often. Molson did not do this, yet their advertising is strongly linked to the brand.

Brand Linkage is one of the great challenges in advertising i.e. dealing with the problem of 'I saw this great ad last night, but I can't remember what it was for.' The problem is two-edged. Highly dramatic advertising can sometimes drown out the brand message, and hard-sell advertising runs the risk of being zapped. The CASSIES can't answer all the questions on brand linkage, but we can throw light on 'early and often.' This belief took hold with the packaged-goods companies in the 60s. It was based on day-after recall testing, and it is worth noting that many top researchers today regard that type of DAR testing as invalid for predicting effectiveness in the marketplace. In any event, the majority of CASSIES winners do not reflect 'early and often.' From CASSIES III, 99, and 2001 this would include Chrysler NS Minivan, Dove, Imperial Margarine, Molson Canadian (the original 'I Am'), Budweiser, Claritin (Radio), Pontiac Sunfire, Richmond Savings (Radio), Metro Toronto Zoo, Goodwill, Sunlight, becel, St-Hubert, Molson Canadian (The Rant etc.), Clearnet, Clarica, Manitoba Telephone, Lipton Chicken Noodle, Kraft Dinner, workopolis.com, and i-wireless.



World Advertising  
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<http://www.warc.com>

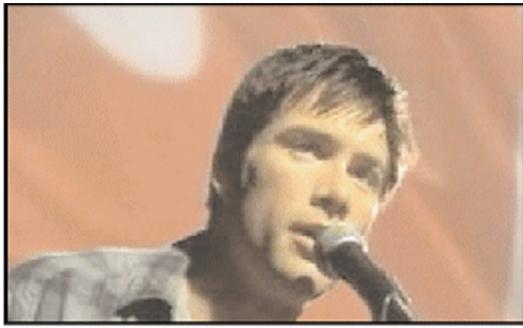
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## NOTES & EXHIBITS

### FIGURE 1: THE RANT: 60



**I'm not a lumberjack or a fur trader. I don't live in an igloo, eat blubber, or own a dog sled. I don't know Jimmy, or Suzy, or Sally from Canada (although I'm certain they are very nice.) I have a prime minister, not a president. I speak English and French, not American, and I pronounce it 'about' not 'about.'**

**I can proudly sew my country's flag on my backpack. I believe in peacekeeping, not policing. Diversity, not assimilation. And that the beaver is a proud and noble animal. A toque is a hat. A Chesterfield is a couch. And it's pronounced 'zed' not 'zee.' Canada is the second largest land mass, and the first nation in**

hockey, and the best part of North America. My name is Joe, and I am Canadian! Thank you.

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**TABLE 1: ENGLISH CANADA PERCENTAGE CHANGE IN MARKET SHARE – 24 MOS. ENDING MARCH 2000**

Labatt's Blue	-1.7%
Molson Canadian	+1.8%

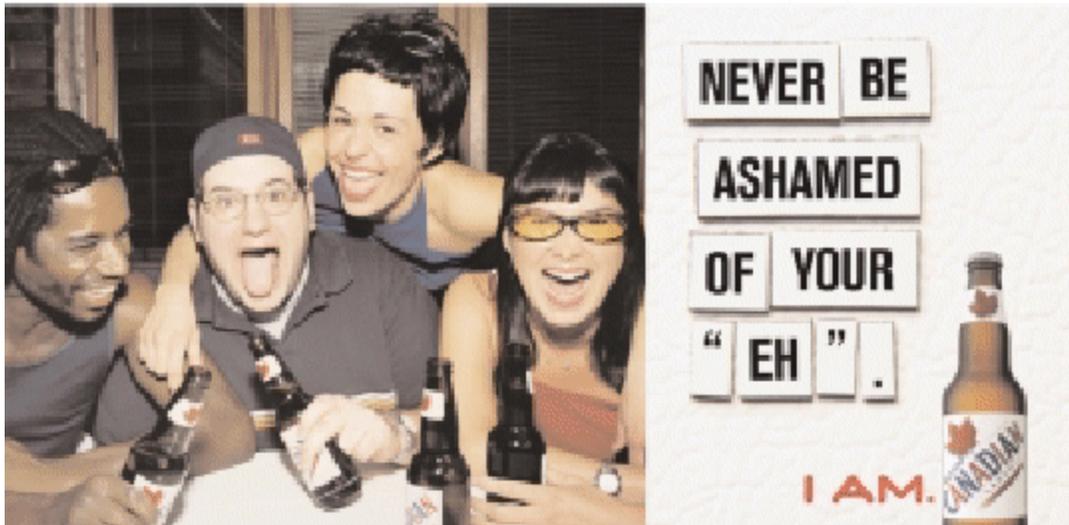
Source: Molson Breweries of Canada. Figures represent % change—not share points. Share change for leading beer brands is measured in fractions of share points.

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**FIGURE 2:**



**FIGURE 3:**

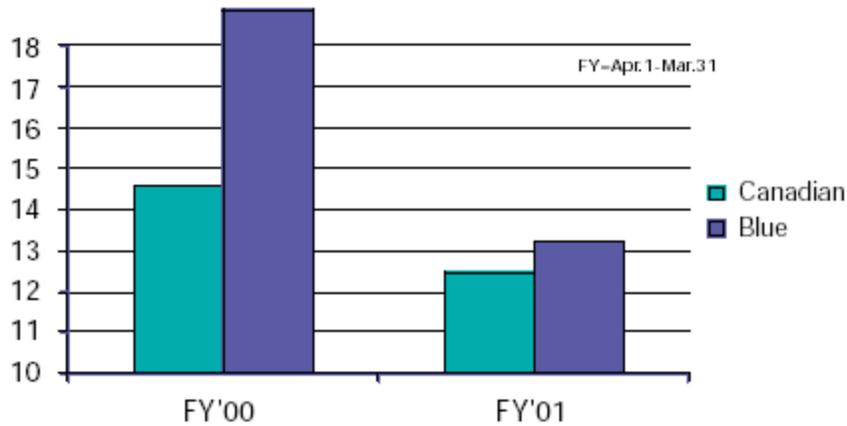


**TABLE 2: ENGLISH CANADA PERCENTAGE CHANGE IN MARKET SHARE**

	24 mos. Ending March 00	12 mos. Ending March 01
Labatt's Blue	-1.7%	-2.9%
Molson Canadian	+1.8%	+2.5%

Source: Molson Breweries of Canada. Figures represent % change –not share points. Share change for leading beer brands is measured in fractions of share points.

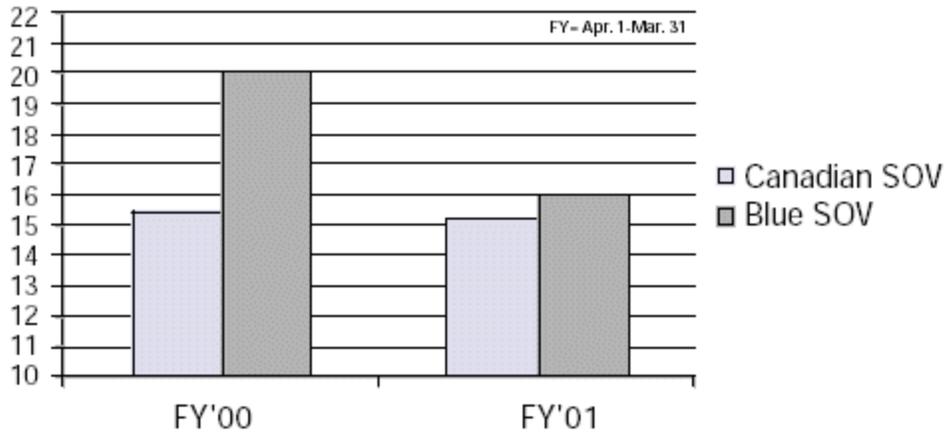
**FIGURE 4: MOLSON CANADIAN & LABATT BLUE: MEDIA INVESTMENT \$MM**



\*Investment levels have declined for both Molson Canadian and Labatt Blue in FY '01

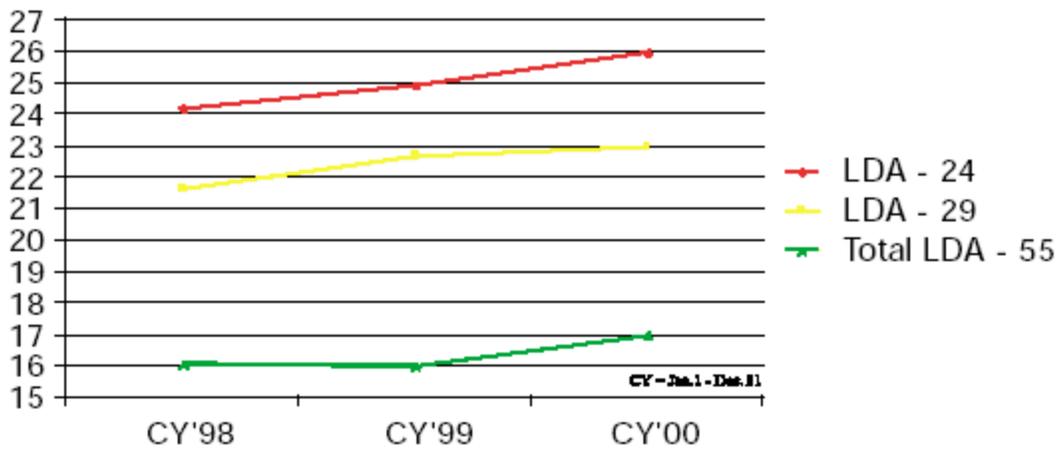
Source: AC Nielsen, all in media spend, English Canada

**FIGURE 5: MOLSON CANADIAN & LABATT BLUE: MEDIA SOV**



Source: Molson Breweries of Canada

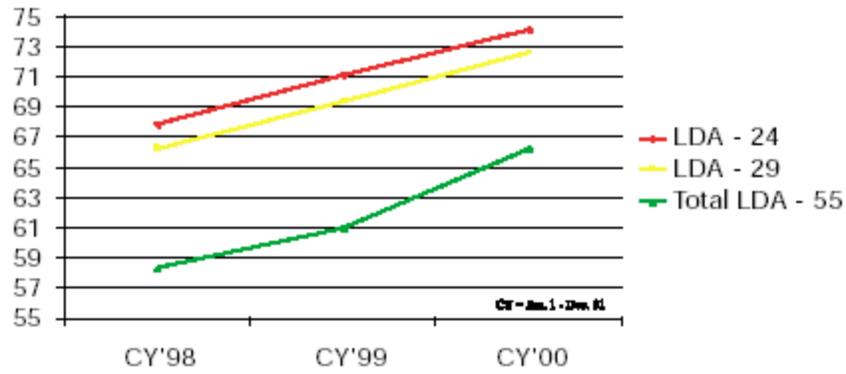
**FIGURE 6: BRAND PENETRATION OF MOLSON CANADIAN: CLAIMED 'REGULAR BRAND' % – ENGLISH CANADA**



Securing loyalty of LDA – 24 entry level drinker is key for long-term growth. Molson Canadian has increased penetration with this key segment as well as with LDA – in English Canada

LDA – Legal Drinking Age  
Source: Molson Breweries of Canada

**FIGURE 7: AWARENESS OF MOLSON CANADIAN: UNAIDED BRAND AWARENESS % – ENGLISH CANADA**

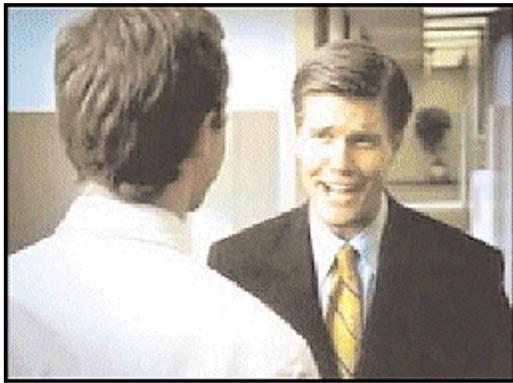


Molson Canadian has experienced significant awareness growth with both LDA-24 and LDA-29  
 Source: Molson Breweries of Canada

FIGURE 8: MOLSON STOCK PERFORMANCE JUNE 1999 TO MAY 2001



FIGURE 9: NO DOOT



So I hear you're from Canada.  
How's it going, eh?



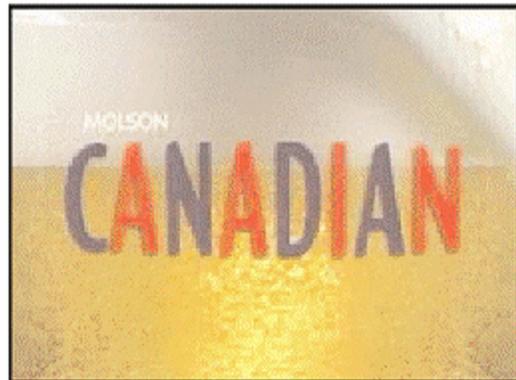
You want a donut? I thought all they had in Canada  
was lumberjacks and curlers.



Is there running water up there? Where's your  
toque, eh? No doot about it. (American laughing)



(Action)



I am Canadian.

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**TABLE 3: MOLSON CANADIAN % CHANGE VYA – ENGLISH CANADA**

Ad Awareness - Claimed/Proven Recall, LDA – 29, Pre vs. Post “Rant”	+36%
Brand Awareness - Regular Brand, LDA – 29, CY 2000	+4.7%
Brand Penetration - LDA – 55, CY 2000	+6.0%
Share of Market - FY 01 (LDA - Legal Drinking Age)	+2.5%

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