

Speech Prepared For:

Miller Brewing Co.

Subject:

MGDL Roll-out

First Draft

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VISUAL #	VISUAL	SCRIPT
1	Schmid title	Good morning/afternoon. Welcome to the roll-out of an exciting opportunity — for the Miller Brewing Company, for the beer drinker, and especially for you.
2		This is a year of change, and opportunity. The industry is feeling the fall-out from the decline in brand volume. For some, it will mean hard times. Because of the growing muscle of Miller Brewing at retail, we view it a year of opportunity, for <u>all</u> our brands.
3		But beer is a momentum business, and we're not about to let anyone or any gimmick interfere with the growth that Miller Genuine Draft and Lite have established.
4		We need to continue development of the draft segment. We need to continue our innovation. <u>We</u> need to dictate the rules to the others, so they play on our field, not the reverse. And you can be sure we'll keep the pressure on Anheiser-Busch by giving them headaches to react to. [INTRODUCTION OF T. GRESK]

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5	Gresk title	Thank you, Chuck, and good morning.
6	Low Calorie Category Situation	Miller Genuine Draft Light combines the best of two <u>growing</u> categories: packaged draft and low-calorie. We're certainly the best qualified brewer to take advantage of that growth.
7		As you know, Miller <u>created</u> the low-cal category 16 years ago with the introduction of Miller Lite.
8		With the introduction of Miller Genuine Draft, we made the packaged draft segment a vital and growing part of the premium-priced category.
9		Miller Genuine Draft <u>Light</u> will expand our leadership position in the premium-priced low-calorie category, and particularly among adults from minimum age to 24.
10		Let's look at the status of the low-calorie category. Today, low-cal is a large and growing six-billion dollar business. While premium switchers remain the largest source of low-calorie volume, entry-level drinkers are becoming more important. Sixteen percent of consumers, minimum age to 24, now <u>begin</u> drinking beer with a low-calorie brand.

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11		Young adults are now accepting low-calorie beers as “regular beers”, and that’s a critical change in low-calorie dynamics — one that will be reflected in all our future brand positionings and strategies.
12		The low-calorie category has grown more than 27 percent over the past five years, from 36 million barrels in 1984, to 46 million barrels in 1988.
13		This compares to a 2-point-6 percent volume <u>decline</u> for the <u>remainder</u> of the industry. Overall, the beer industry was up only 3-point-2 percent during that five year period, and has been barely holding steady during the last two.
14		In the growing low-calorie segment, Miller Lite remains the dominant sales leader. That leadership will continue thanks to young adult ads, targeted Impact Promotions, and leveraging of the biggest name in “lights.”
15		But the competition is also making strides. Right now, Bud Light and Coors Light are getting more than their fair share of drinkers <u>entering</u> the low-calorie category.
16		Bud Light and Coors Light are drawing drinkers from their parent brands as well as from other premium brands. They’re also

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17		<p>drawing in <u>entry level</u> beer drinkers.</p> <p>Right now, Lite's share is below 50 percent of the full-price low-cal category. To get back above 50 percent and to continue to dominate the low-calorie category in the future, we need to blunt the growth of the competition <u>today</u>. That means we won't concede <u>any</u> geographic market or demographic group to Bud Light or Coors Light.</p> <p>In short, we intend to fight for every beer drinker, young and old, in every account, in every market. And, most importantly, with Miller Lite's strength, quality, leadership, and great taste, we can leverage that equity to stop the competition dead in their tracks.</p> <p>To accomplish these goals, we need more growth than we can reasonably expect out of Lite alone.</p>
18		<p>That fact led us to a two-brand low-cal strategy. But we needed a plan which would carefully coordinate the two brands, to get the <u>most</u> out of their combined presence.</p>
19		<p>The plan we're implementing promotes two very distinct brand positions and marketing programs, <u>and</u> coordinates those brands for maximum impact.</p>
20		<p>Miller Lite represents the biggest brand in</p>

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		the segment, offering security and acceptance for low-cal drinkers. We're strengthening Miller Lite with its new positioning as the best light beer based on taste.
21	MGDL	As you'll soon see, we're positioning Genuine Draft Light for the slightly more adventurous drinker. The brand will leverage the slightly rebellious nature of its parent brand, Miller Genuine Draft.
22		Lite will continue to have massive impact programs, while Genuine Draft Light will draw its strength by riding the coattails of Miller Genuine Draft.
23		Of course, it going to take more than positioning and marketing programs.
		At the retail level, we need your efforts to coordinate these brands and complement the total effort.
24		In a few minutes you'll hear Tom Koehler talk about retail displays and promotions. The key point for <u>on</u> -premise accounts is that Miller Lite bottle placements should <u>not</u> be swapped for Miller Genuine Draft Light. And for <u>off</u> -premise: Genuine Draft Light should not be placed right next to Lite on the shelf.
25	Test Market Results	The test market launch of Genuine Draft Light began last summer in four markets:

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		Madison, Wisconsin; Toledo, Ohio; Louisville, Kentucky; and Fresno, California.
26		In the strong Miller Genuine Draft markets of Fresno and Madison, Genuine Draft Light exceeded all our retail goals.
27		We've seen strong acceptance among young adults — our target audience for test market advertising.
28		Another key result from test markets was achieving and <u>holding</u> an on-premise distribution rate of 51 percent.
29		The primary finding from our test markets is that Genuine Draft Light can deliver substantial incremental volume and profit in those markets where Miller Genuine Draft is strong.
30	map showing April 2 roll-out states	Because of these impressive results, we're rolling out Genuine Draft Light in 13 states, beginning April 2nd. These are states where Miller Genuine Draft is already a well-developed brand.
31		For the future, further expansion will depend on the results of continued testing in those markets where Miller Genuine Draft is weak. We'll also be closely watching Miller Genuine Draft's share trends by state in the remainder of the U.S.
32		[CONCLUDING REMARKS AND

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| INTRODUCTION OF K. TRIPP]

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33	Tripp title	Thank you, Tom.
34	Marketing Plan Overview	Today's marketing environment is expensive and cluttered. By leveraging brands that consumers already know and understand, we can establish a new entry more quickly and at less cost than it takes to introduce an entirely new concept.
35		There's also a secondary benefit. A properly positioned line extension can generate excitement and positive perceptions for the "parent" brand.
36		For the introduction of Genuine Draft Light, we've developed a comprehensive marketing plan to support your efforts at retail. This plan includes specific brand and product positioning, distinctive packaging, user imagery, an extensive media plan, and a battery of carefully developed promotions, point-of-sale materials, special events and merchandise — all designed to help achieve incremental sales success.
37	Share Objective	Our share objective is 1-point-3. This will vary by state, but our experience in test suggests that we can expect Genuine Draft Light to sell at approximately one-third the level of Miller Genuine Draft.
38		To reach that share objective, our primary target is the young male, minimum age to 34,

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39	Brand Positioning	<p>with an emphasis on minimum age to 24.</p> <p>As you've heard, Miller's strategy is to have two strong brands in every major category. We want to make sure we appeal to the diverse tastes of consumers once they've chosen their category. We tested various concepts to ensure that our second low-cal entry will have the best possible brand positioning.</p>
40		<p>Test results indicate Genuine Draft Light has the potential to achieve successful sales and share levels.</p>
41		<p>Genuine Draft Light leverages the masculine, contemporary image and unique taste experience of Miller Genuine Draft.</p>
42		<p>On top of this strong base, we're going to differentiate Genuine Draft Light from other low-cal brands, particularly Bud Light.</p> <p>This combination — Miller Genuine Draft brand equity, plus specific elements to appeal to the low-cal drinker — lets us leverage known consumer acceptance, and drive it home in a meaningful way.</p>
43		<p>All our marketing programs treat Miller Genuine Draft and Genuine Draft Light as a franchise. That is, while both brands represent very similar things to the consumer, we add to it distinct positioning elements and programs for the two distinct</p>

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44	MGDL full package lineup	<p>brands. This is very different than the approach taken by the competition — Old Milwaukee and Old Milwaukee Light, for example.</p> <p>Let's look at packaging. Genuine Draft Light packaging reflects its family heritage, featuring Miller Genuine Draft's characteristic rhomboid label.</p>
45	CU of MGDL rhomboid label	<p>This “family” look for the packaged draft segment is modern, and it reassures the beer drinker of quality. But to give Genuine Draft Light its own look, we reversed the colors. Gold becomes the predominant color, with black highlights.</p> <p>As a result, the label clearly establishes that this is a light beer.</p>
46		<p>Secondary packaging for Genuine Draft Light picks up this new look, and provides strong label registration at retail.</p>
47	Product Position	<p>The product story for Genuine Draft Light starts with the basic premise for Miller Genuine Draft — a story that comes out of Miller's unique cold-filtration process. Cold-filtering produces a rich, refreshing real draft beer taste. That's why Genuine Draft Light promises the beer drinker the big, beery taste of draft in a less-filling beer. Its taste is closer to regular beers than other low-calorie brands.</p>

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48		We know that low-cal drinkers look for something slightly different, so we've adapted this in two ways:
49		We've added the less-filling benefit. This is implicit by the word "Light" in the product name...
50		...And as a point-of-difference, we're placing greater emphasis on richness, and less on refreshment. Most low-calorie beers are already perceived as refreshing. None are perceived as rich — until now.
51		Because we're targeting younger beer drinkers, we have to create excitement when we communicate these facts.
52	No Compromise	That's why we chose this theme: "No Compromise." It tells the consumer that you don't have to give up rich taste in a less-filling beer, because Genuine Draft Light is cold-filtered for rich draft beer taste.
53		Here's a look at one of our introductory spots. It shows that Genuine Draft Light is an extension of Miller Genuine Draft, and highlights the benefits to the consumer.
54		<p style="text-align: center;">[ROLL :30 SPOT]</p> <p>The <u>introductory</u> spot will announce that there's now a light version of Miller Genuine Draft.</p>

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55		After we establish that beachhead, we'll start running <u>image</u> spots which will provide a strong visual image to appeal to young men.
56		The imagery for Genuine Draft Light starts with the cool, hip, contemporary and slightly rebellious attitude of Miller Genuine Draft. We'll portray confidence, control and a contemporary "in the know" attitude. The format will have a non-traditional look — very much out of the ordinary and with an element of surprise.
57		Research shows that the low-calorie drinker is slightly more social and active, so we've added a little bit more fun... without becoming funny. The Genuine Draft Light drinker is like the Miller Genuine Draft drinker in many ways, but a little less serious.
58		As you're about to see, the image of the Genuine Draft Light drinker, like the product itself, is no compromise. He doesn't compromise in his lifestyle, and he doesn't compromise with the beer he drinks. [ROLL 2 :30 IMAGE SPOTS]
59	Media Plan	The media plan for Genuine Draft Light kicks in on April 2nd. You'll see television spots on major sports events, prime time, and late-night shows.
60		For the first three weeks, as distribution

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61		<p>builds, we'll be running a moderate schedule in high visibility programming — to make sure your retailers see it.</p> <p>Then in early May when distribution is achieved, we'll hit our high levels and target our minimum age to 34 audience — and drive consumers to retail.</p>
62	radio schedule	<p>Radio extends the frequency of the “No Compromise” story in every roll-out market. By using music to convey our brand position, the radio spots will complement the television advertising. These radio buys have already been merchandised, so check with your area manager for details.</p>
63		<p>We've also developed outdoor and print advertising to help generate strong name recognition and label registration. Outdoor and print are available for co-op media buys. Dollars are available in the Media Reserve Fund, so check with your regional manager or BSB FSAE [SPELL OUT?] for details.</p>
64		<p>To help capture the Hispanic consumer, we'll purchase Hispanic outdoor in Arizona, Chicago, and Los Angeles.</p>
65	Promotions	<p>To <u>further</u> spread the word at retail during the upcoming peak season, Genuine Draft Light will be included in a number of major off-premise multi-brand promotions. These include: April Brews Brothers, Fourth of</p>

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		<p>July, and Miller Genuine Draft's July Impact promotion.</p>
66	On-premise promotions	<p>There will also be a full line of solo on-premise promotions designed to let you <u>maintain</u> on-premise distribution. These promotions are easy to execute, they get consumers involved with the product, and they promote the "No Compromise" theme.</p>
67	POS	<p>A full line of introductory point-of-sale has been produced, including dual and solo pieces. Each features the Genuine Draft Light version of the rhomboid to give the brand the look of importance it deserves. Some of the key items are: an attention-getting new neon sign, mirror, an acrylic table tent, tacker signs, and a great-looking wall clock.</p>
68	New Music Network	<p>Under the category of "events", we've developed a unique approach sure to pull in our target audience. It's called the New Music Network. Working with major record labels and local radio stations, Genuine Draft Light will sponsor preview parties of new album releases in key young adult on-premise accounts. These album preview parties will be hip social events that will enhance the frequency and continuity of Genuine Draft Light.</p>
69	merchandise	<p>To round out the brand support, a full line of brand-identified merchandise is available. All these items use the strong branding of</p>

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70	summary	<p>Genuine Draft Light and will appeal to young adults in your market. You'll see details on what's available and how to order in your information binder.</p>
		<p>We've prepared a coordinated plan of full marketing support to help you sell Genuine Draft Light <u>and</u> Miller Genuine Draft. As you can see, Genuine Draft Light is going to continue the pressure on competitive brands, particularly Coors Light.</p>
71		<p>In addition to the great product, we have a lot of things going for us: distinctive packaging, advertising to build awareness, promotions to draw consumers into your accounts, point-of-sale that catches their attention once they get there, special events to increase frequency, and attractive merchandise to help make Genuine Draft Light the hippest brand name among young adults.</p>
72		<p>Our carefully coordinated attack will ensure incremental sales growth for Genuine Draft Light with minimal cannibalization of Lite.</p> <p>And that's a win-win situation for all of us.</p>
73		INTRODUCES T. KOEHLER

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74	Koehler title	Thank you, Kevin.
75		As we've seen, Genuine Draft Light has proven in test that it's a brand with potential for the kind of sales success we're all looking for.
76		Now to achieve that success, it's going to take a planned, detailed sales effort at retail. And to make sure we get the most out of <u>both</u> Lite and Genuine Draft Light, we have to carefully coordinate our strategy.
77		What we're trying to do is not easy. We're attempting to change one buying and drinking pattern and create a new one. Putting effort behind this new brand for just one or two weeks simply won't be enough. What's required is frequent, continuous effort to keep that adopting consumer from slipping back to his previous brand.
78		One of the ways you can help capture and hold that adopting consumer is through sampling. Sampling is a key element to any new brand's success, and it's especially crucial for Genuine Draft Light. In our test markets, we've seen high repeat purchase rates after sampling. Gaining trial is the first step to gaining more distribution.
79		Our goal with Genuine Draft Light is to ensure that we — brewer and distributors —

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		<p>become a more dominant force in the cluster's growing low-calorie category, and increase our growing share of the packaged draft beer market. Specifically for off-premise accounts, we want to achieve distribution of at least 80 percent, and we want to gain incremental volume in the low-calorie category at the expense of Bud Light and Coors Light.</p>
80	Off-premise strategies	<p>To achieve these goals, shelf space is an important component in off-premise strategy.</p>
81		<p>Shelf and cooler space should come from slow-moving competitive <u>premium</u> brands, and other slow-moving brands.</p>
82		<p>Our introductory package mix — long-neck N-Rs in six-pack baskets and loose case, 6-pack and 12-pack cans, and 6-pack N-Rs — represents the package mix consumers demand. This mix also provides flexibility for Genuine Draft Light.</p>
83		<p>Any new product or brand lives or dies by its presence in accounts, so we want to make sure we achieve dominant presence on the shelves. The positioning of Genuine Draft Light in relation to other Miller brands is critical.</p>
84		<p>In a category set, it's important that Genuine Draft Light is placed next to the number one competitive low-calorie brand.</p>

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85		In a family of brands set, Genuine Draft Light should be placed next to Miller Genuine Draft. This way you create a section for our packaged draft products within the Miller space.
86		Separate Genuine Draft Light from Lite as much as possible.
87		To enhance the shelf space presence of the brand, utilize the full line of point-of-sale. If Genuine Draft Light has presence in your accounts, consumers will be reminded of the advertising, and they'll want to try the brand. If they've already tried it, the brand's presence will remind them of the last time they bought it, so they'll purchase again and again.
88		We know that multiple brand promotions and displays are a fact of life in today's marketplace. With Genuine Draft Light, <u>quad</u> brand promotions will become a reality. Make sure to manage these quad displays, so retailers don't just set up our brands haphazardly. Continue to separate Genuine Draft Light and Lite. With four brands now sharing the same amount of display space, be prepared to build back-up displays on Lite and other high volume brands.
89		Something else to consider is whether to adopt a dual/dual promotional strategy —

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		<p>promoting Miller High Life and Lite together, and Miller Genuine Draft and Genuine Draft Light together. This could allow for more displays in any given month for the same amount of “price-off” dollars.</p>
90		<p>Dual/dual promotions are probably only appropriate if your market share is above five percent for Miller Genuine Draft and Genuine Draft Light combined. This dual strategy gives the retailer the full and low-calorie product options he wants. For us, it provides greater promotional flexibility. If we can promote our premium brands less frequently, that means improved profit margins for all of us.</p>
91	On-premise Strategies	<p>Your on-premise strategy should start with an evaluation of your accounts. Target high-volume, young adult accounts where Miller Genuine Draft does well, and also look at accounts where Bud Light or Coors Light are strong.</p>
92		<p>Under no circumstances should you trade out Lite bottle placements. Maintaining visibility of Lite is key to its continued viability.</p>
93		<p>Sell Miller Genuine Draft and Genuine Draft Light as a family to those young adult accounts who at the present time may not be offering Miller Genuine Draft.</p> <p>But don’t forget your focus. Stay on target with accounts where low-calorie beers are</p>

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94		<p>strong.</p> <p>We'd rather have you get 40 to 50 percent distribution and <u>hold</u> it, instead of getting 80 percent and watch it slide to 50 percent because it was placed in accounts where it wouldn't do well.</p>
95		<p>The real measure of success will be <u>maintaining</u> distribution. Incentives should be structured to <u>keep</u> Genuine Draft Light in accounts. Review sales by account at regular intervals, such as 30, 60 and 90 days. If sales of Genuine Draft Light are slow — say one to three cases total — then renew your efforts to increase the brand's velocity in that account, so you don't lose that placement.</p>
96	Use the P.O.S.	<p>Point-of-sale is also an essential part of <u>on</u>-premise strategy, to give Genuine Draft Light a presence that leads to trial and retri al. So use the point-of-sale, including the table tent every week... or <u>twice</u> a week if you have to.</p>
97		<p>We realize the retail environment won't always be perfect, and won't always provide you with the best positioning opportunities. If you run into retailer resistance, whether it's because a retailer has a small cooler or because that retailer hasn't been one of our best customers, that's when you need to use your selling skills. If he's given you some business in the past, thank him for that</p>

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		support, and recognize that he has limited space.
98		Make sure the retailer knows we're rolling out Genuine Draft Light with a full array of national advertising and marketing support which puts Genuine Draft Light in the upper echelon of low-calorie spenders.
99		Ask that retailer whether <u>every</u> brand he sells is profitable. Target competitive product that's out-of-date, or is a slow mover. Point out that slow-moving brands take up valuable space that could be generating more profit.
100		And then show him the Genuine Draft Light profit picture. Encourage him to take advantage of the industry's profit-making growth categories — low calorie and "packaged draft." Ask him if he'd rather make 2 dollars profit, or 50 cents.
101	summary	Genuine Draft Light is a legitimate draft low-calorie beer with its own unique taste and brewing process.
102		Success — for us, for you, and for your retailers — will follow careful planning, coordination at every level, execution of all the elements, and thorough follow-up.
103		Genuine Draft Light is the "no compromise" beer.

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And when it comes to success, there should be "No compromise."

Thank you.

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