

We're Bringing ~~Sexy~~ Social Back.

That calls for a Carlsberg

**CBS Global Business Case Competition**

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# The Two Ways to Grow: Claiming market share, opening up new revenue streams in a stagnant market

## Introduction

Social

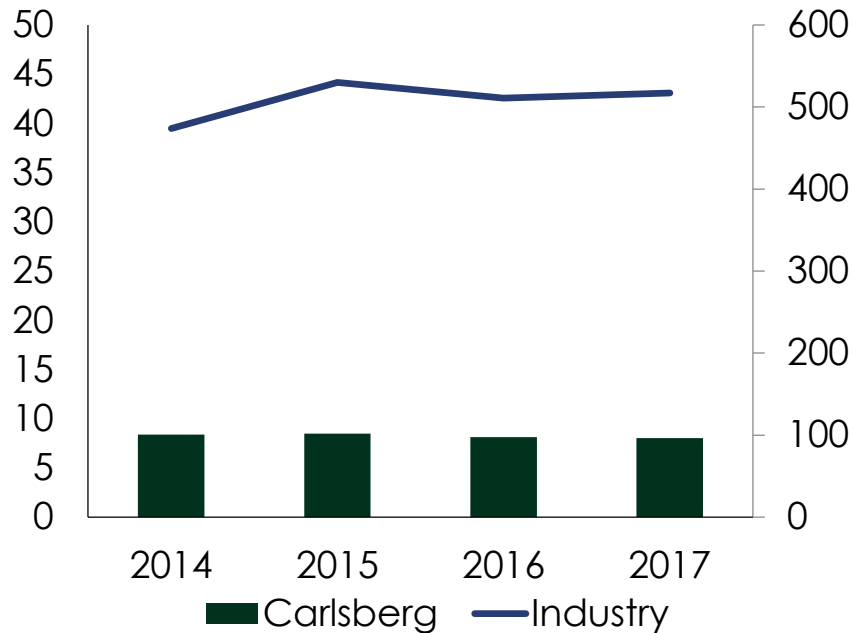
Digital

Data-Driven

Other Ideas

Conclusion

Beer revenues, Carlsberg vs Global Market (EU billions)



Source: Case documents, Carlsberg annual report 2018

The beer market, including Carlsberg, has been stagnating. In light of this, there are a few ways forward...

### 1. Increase global beer consumption

Not feasible in a sustainable way such that it specifically benefits Carlsberg more than any of its competitors.



### 2. Replace other beers with Carlsberg

While taste in beer is highly subjective, we go back to the core of beer drinking – its social nature. We use this as a key lever in making Carlsberg THE social beer.

### 3. Open up new revenue streams

We diversify into close parallel, open a new revenue stream, improve the on-trade experience, and further align Carlsberg with the digital future

We're bringing social back.



We ride on Carlsberg's digital trajectory to deliver **that extraordinary customer experience**, from Carlsberg, to its on-trade distributors, and finally the consumer

# The Big Picture: The future of beer exists in three layers --the social core, the digital channel, and the data outcome.

## How do we reimagine the future of beer?

**Data:** The ultimate future of technology and alcohol.



This is how we use social interactions and digital platforms to know who's drinking what, where, and why. Using ultra-localised specific data to make strategic decisions, good data ensures **long-term continuity**

**Digital:** A new medium that defines the new on-trade experience. Pubs are known to be crowded, understaffed, generally difficult to get a beer when you want it



We need a scalable strategy that improves on-trade experience and feeds Carlsberg ultra-localized data , while **introducing a new revenue stream**

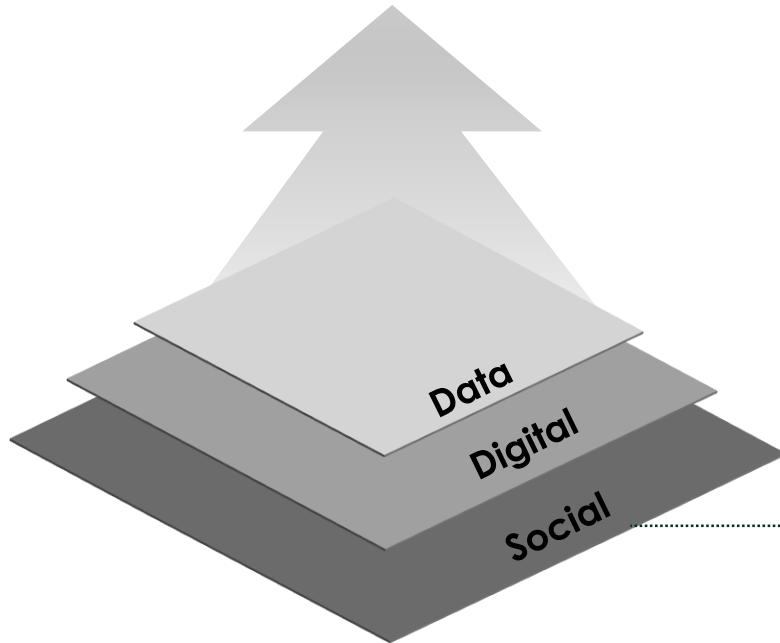
**Social:** At its core, beer is product driven by social experiences. It acts as a social lubricant in pubs, clubs, sports games, or just having a chill night at home with friends.



Year	Hours
15	3.9
16	4.05
17	4.25
18	4.3

**But the fundamental nature of the human social experience has changed. It's more digital than ever.**

We need something that keeps Carlsberg just as relevant and just as loved in the new social landscape, at the same **time increasing Carlsberg consumption per social experience**



# Executive Summary:

## Our pathway towards growth in Europe

	GOAL	KEY QUESTIONS	RECOMMENDATION	IMPACT
<ul style="list-style-type: none"> <li>Introduction</li> <li>Social</li> <li>Digital</li> <li>Data-Driven</li> <li>Other Ideas</li> <li>Conclusion</li> </ul>	<p>To achieve 5% revenue growth in Europe by 2022</p>	<p>How to increase consumption of Carlsberg beer?</p>	<p><b>Social</b></p> <p>Transforming the Carlsberg experience through online-to-offline mobile engagement</p>	<p>Incremental revenue of Social:</p> <p><b>1.2 Bn DKK</b></p>
		<p>How to find new revenue sources?</p>	<p><b>Digital</b></p> <p>Offering an on-trade ordering platform for a seamless consumption experience</p>	<p>Incremental revenue of Digital:</p> <p><b>1.6 Bn DKK</b></p>
		<p>How to leverage data from digital strategies?</p>	<p><b>Data</b></p> <p>Distil insights from macro and micro data sets to fuel further growth</p>	<p>Total incremental revenue:</p> <p><b>5.2% by 2022</b></p>

# Social (1/4) – Leveraging Smartphones: Carlsberg should leverage the smartphone to transform the social experience of drinking

## Smartphone usage in on-trade environments

## How smartphones can enhance social interactions

Introduction



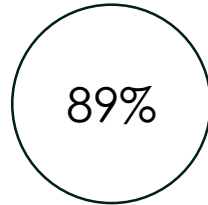
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of Europeans (<40 y/o) use smartphones during social gatherings

Source: Bocconi University, Italy

### What do they use it for at social gatherings?



Texting other friends

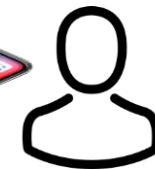
Posting to social media

Others (news, time, calendar)

Smartphone usage in social settings is normal for Europeans, but are not focused on those who are present

### Key mechanisms that leverage the smartphone

Games that facilitate social interaction and increased consumption



1. Games

2. Incentives

Incentives that encourage group consumption with real-world rewards

These two mechanisms can help Carlsberg restore social as the core of the drinking experience

# Social (2/4) – Let's Carlsberg App: Transforming the engagement between Carlsberg brands and the customer to digital

## Let's Carlsberg Mobile Application

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Intro screen



Main menu

- 1** **Geolocation check-in**  
Allows for users to locate their friends they are drinking with
- 2** **Drink**  
Allows users to access promotions, drink information, and on-trade locations
- 3** **Play**  
Allows users to access games that involve the consumption of Carlsberg drinks (*elaborated in next slide*)
- 4** **Win**  
Allows users to redeem rewards and participate in events, lucky draws with tokens
- 5** **Tokens**  
Virtual currency that allows users to track their progress towards group/individual-based rewards

# Social (3/4) – Continuous Engagement with Play: Increased group consumption via social elements of fun, engaging content

## Examples of modular content based on social activities (under “Play”)

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### A. Friendly competition (drinking-related forfeits)

Facilitates bar games with friends with game ideas, automatic roll functions, and score tracking

**Eg:** King's Cup, Taboo, Truth or Dare



Games



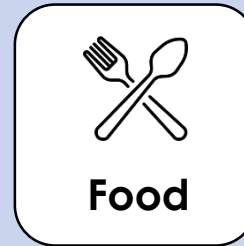
Sports

“Betting” on live sports with/against friends with real-time information

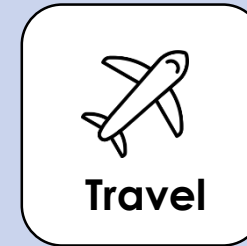
**Eg:** Will there be a foul committed in the next 2 minutes of the game?

Provides rewards for submissions of videos with friends that involve Carlsberg brands & suggested food pairings. Rewarded with tokens.

**Eg:** Take a photo of your buddies with Carlsberg beer and the beef burger from restaurant X



Food



Travel

Provides rewards for submissions of videos with friends that involve Carlsberg beverages found outside of user's country

**Eg:** Take a photo of your buddies drinking a Carlsberg brand from country X

### B. Enjoying with friends (drinking-related submissions)

Digital medium further allows Carlsberg to experiment with activities that best encourage group consumption, with **dynamic content and testing**

# Social (4/4) – Deployment: Carlsberg should execute the following implementation steps in key markets of UK and France

## Deployment of Let's Carlsberg in Europe

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### 1 Driving initial adoption of the application



Posters at on-trade locations



Bottlecaps, cans, draught cups

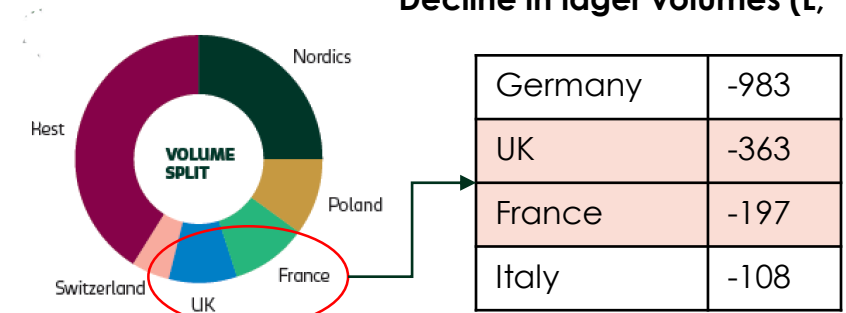


### Influencer campaigns in Europe publicising the app

- Organising influencer meet-ups to publicise the app and generate organic content

### 2 Implementation focus by country

#### Decline in lager volumes (L, '10-'15):



- UK and France are the top 2 markets by volume and are in **the fastest declining lager markets**
- Therefore, Carlsberg should address these key markets first
- Carlsberg should deploy pilot tests in these countries before scaling up
- KPIs to measure:
  - Monthly downloads
  - Weekly active users
  - Referral rate (from invite-friend feature in-app)



# On-Trade Channels: Success is determined by customer experience, but that is the exact problem with pubs, bars, and restaurants

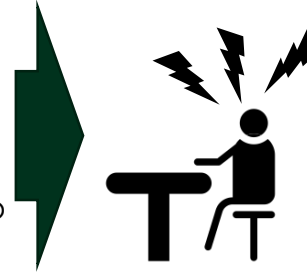


## 1. Understaffed

Manpower is costly. Bars are sometimes a one-man show.

## 2. Overcrowded

The crowd sometimes makes it impossible to take orders, serve, and clear fast enough



### The on-trade channel experience is greatly diminished

The customer journey to get beer is long and arduous. Long waits result in badly disrupted games and conversations. Sometimes they just leave. **Frustrated customers drink less beer.**

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Imagine a world with **no waiting, no queue.** Just your beer, whenever you need it.

**The Subtle, Scalable, Digital path to an Extraordinary Customer Experience**

**TAPMASTER**

Powered by 

**More Talk | More Play | More Beer**

# TAPMASTER: The experience enhancer that doubles up as bar management and data collection

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**In-trade Customer's order taker**  
The customer's smartphone acts as a staff member - taking orders, issuing bills, handling payments. Instead of flagging waitstaff, for beer, customers access the order interface through scanning a QR code



**Carlsberg's data collector**  
Order information goes to Carlsberg for ultra-localized data. Know which products sell well in which locations, seasonality, and competitor product sales.



**Bar Management for the Bartender**  
Orders are automatically registered and bills digitally issued on the spot. Instead of spending time taking orders, staff focus on preparing and serving up pints. Faster service, better experience. Orders are managed on the smartphone, or the tablet at the counter.

# TAPMASTER: Using the Digital channel to enhance customer experience and manage the bar

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## Initial Uptake

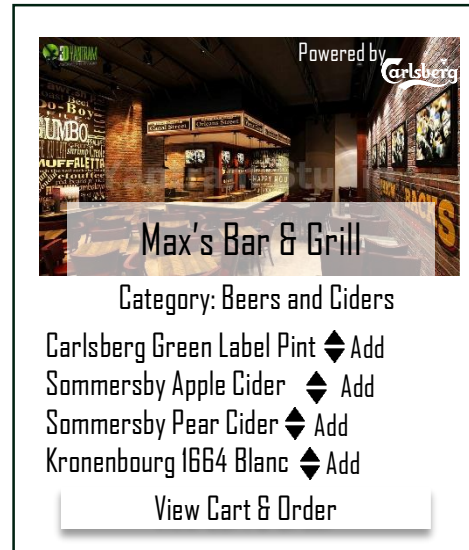
### In-Trade Customer Uptake:

Waterproof sticker at the corner of each table. As soon as they sit down, they can get a beer without even talking to anyone



Unique QR code and table number listed on sticker

## Order Taking

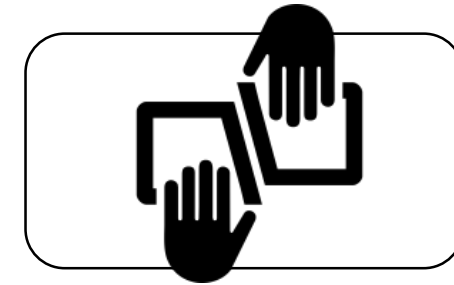


The QR code leads to a web application, where the menu is listed through TAPMASTER. Customers add drinks to their cart, input the table number, and the order is sent to the bar/kitchen

## Billing

### Unlimited Bill Splitting Per Table

Because everyone makes individual orders on their phones, splitting the bill becomes a breeze



Customers can then choose to either pay on the spot by card through the web app right after an order, or pay the bill at the end of the night by presenting the digital bill to the bartender

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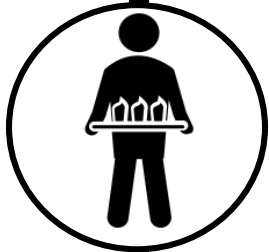


### Gives

Carlsberg oversees the operation of TAPMASTER, and all management on the software side

### Receives

Ultra-local data on who their customers are, what they drink, which bars sell which beers the best, and competitor information



### Bar Owners

#### Gives

The bar owner uploads their menu onto TAPMASTER and pay a small fee to use the software

#### Receives

TAPMASTER acts as an additional pair of hands in the bar when manpower is short – bar owners could even save on costs



### In-Trade Customers

#### Gives

The in-trade customer provides their personal details if they opt to pay digitally. They also take on the learning curve or ordering digitally


#### Receives

Customers order whenever they want, without waiting. The efficiencies created in manpower also means they get the beer faster. **Happy customers drink more beer.**

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**Collect Key Data for Digital Age**

**Use Data to Keep Up with Change**



**Individual Data from Social**

**Demographics:**

- Age, gender, geography

**Consumption preferences:**


- Frequency, quantity, type of beverage, location, correlation with events eg. Live sports matches

**Recurring engagement:**

- Performing tests with new ways to engage in the digital medium via the application
- Understanding how best to use social element to drive consumption

**Partnerships**

- Forming partnerships with other stakeholders (eg. lifestyle brands) where Let's Carlsberg tokens can be used



**Competitive and Macro Data from Digital**

**Alcohol sales of bar(s):**

- Location, time of day, overall volume, comparison of bars

**Alcohol sales by brand:**

- Carlsberg brands vs competitors brands
- Difference in sales within Carlsberg brands

**Sense and respond:**

- Anticipating and responding to changes in consumption preferences
- Understanding what factors influence better sales
- Eg. Identification of a flavour profile that is trending, acquire or develop?

**Value to bar owners**

- Providing bar owners with suggestions to improve alcohol sales
- Cross learning from other bars
- Overall, improve value proposition and negotiating power with bar owners

# Other Ideas: Based on trends, we are confident that Carlsberg should explore these opportunities for future growth

## New Channels & Customers: Workplaces & Coffee Shops



### DraughtMaster Office

Sell kegs of Carlsberg to offices directly for Happy Hours, creating a new customer segment

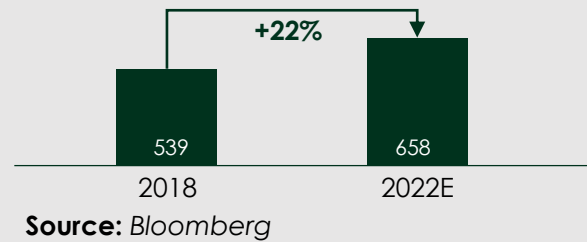
### DraughtMaster Cafes

Sell our craft beers to Cafes, offering new experiences to Café-Go-ers, building a new channel

- 1. DraughtMaster affords us a sustainable competitive advantage** as Cafes and Workplaces consume less beer, need to keep the beer fresh
- 2. Go-To-Market through independent cafes and start-ups in Europe**, starting with co-working spaces such as WeWork

## New Product to Cater to Young: Cannabis-Infused Beer

Expected Market Size of Cannabis-Infused Drinks in Europe (€ Mns)



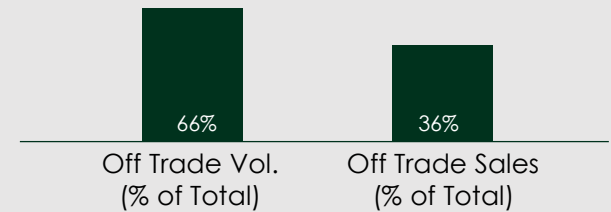
### Cannabis-Infused Beer

Launching a new brand of beer infused with cannabis to attract a new group of young beer drinkers

- 1. Strong network of small bars provides a strong customer network**, allowing us to pilot products and generate hype
- 2. Go-To-Market by acquiring upcoming brands** in the Cannabis-Infused beer space and piloting product in smaller bars in deregulated countries

## New Off-Trade Offerings: Better Beer Experience On-The-Go

Off-Trade Beer Sold at Significantly Lower Prices: How to Increase?



### Off-Trade Draught Taps

Draught taps to buy a pint directly at off-trade channels – Similar to fresh coffee in convenience stores

- 1. DraughtMaster and POS systems** make the purchase journey more convenient, better drinking experience for customers
- 2. Go-To-Market by piloting in Convenience Stores** before expanding to other off-trade channels. Price should be slightly higher than bottled beer

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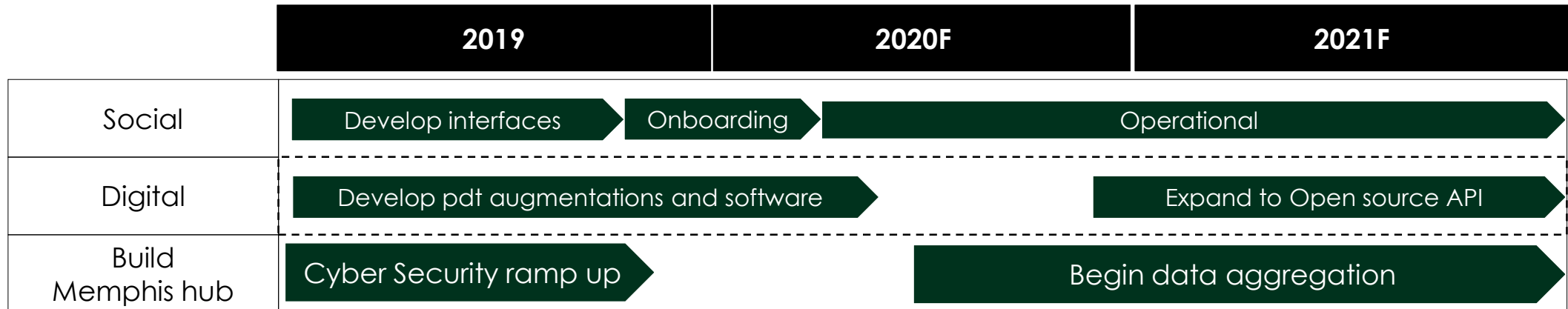
# Risk, Mitigation, and Implementation – We recommend this implementation schedule for a smooth execution



Strategy	Risk Type	Description of Risk	Mitigation Tactics	Urgency	
Introduction	All	Regulatory risk	Customers and bar owners give up data. Especially customers, who will give up their order information and personal information (facebook).	Before furthering on the digital front, ensure proper cybersecurity measures	High
Social	Digital	Uptake	Steep learning curve for bar owners to upload menus and sync POS with TAPMASTER.	Enable direct uploading with barcodes on the products. Possible training sessions for the bar owners can aid uptake	Medium

Data-Driven

Other Ideas



## Conclusion

# We will be able to reach a 5.2% cumulative revenue growth from Europe, without counting further upside potential

**Our two strategies will drive a 3y cumulative 2.97Bn DKK in revenues**

**While costing a an incremental investments of approximately 9%**

**More upside potential can be reaped from the use of data**

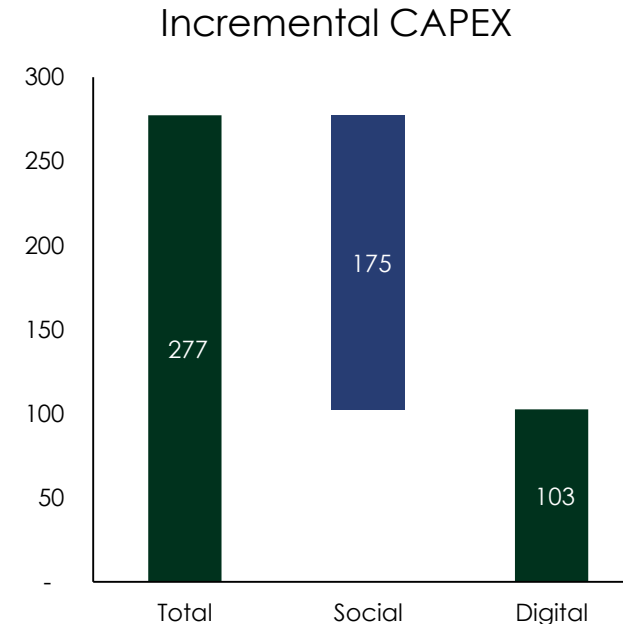
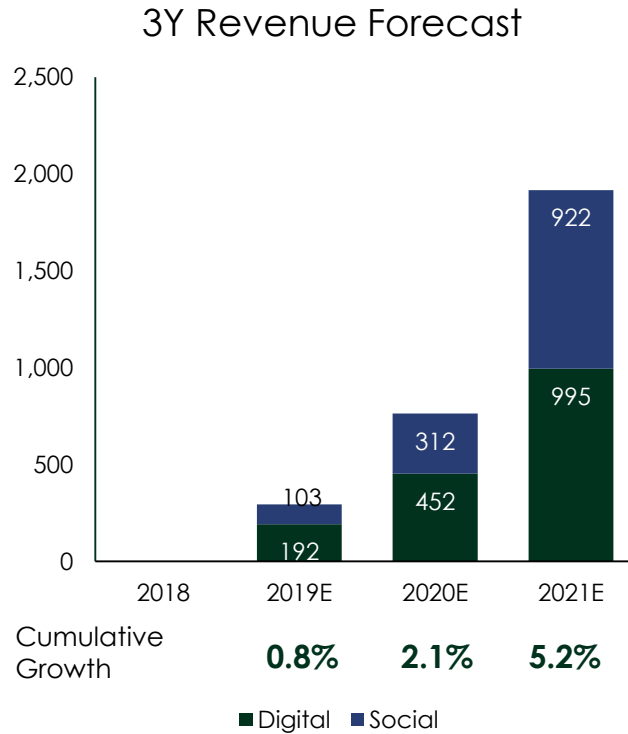
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**1** **Margin improvement**  
from better bargaining power with on-trade establishments

**2** **Revenue improvement**  
from better competitive positioning through data

**3** **Revenue improvement**  
from greater information from market

Conclusion



**Sailing to the digital age, we're bringing social back to drive growth for Carlsberg**