

*Business Transformation
in the Beer Category
Through Greater
Customer-Centricity*

The Power of Social Currency

AUGUST 2016

VIVALDI.



Dear Reader:

*Why **should you care** about what's inside this report? Because whether you lead a brand repositioning or a business transformation project, whether you are in charge of new beer innovation or coming up with new distribution strategies, or whether you are merely hoping to improve your marketing or advertising, **understanding consumers** matters more than ever and achieving new levels of customer-centricity should be a relentless pursuit.*

*This study covers **90 brands, of which 14 are beers**. It provides a window into understanding consumers' behavior in today's social, mobile, and digital context – something that is long overdue in the **beer category**.*

We appreciate any feedback about our research, thoughts, and insights, and are happy to answer any questions.

Thank you.

Vivaldi introduced the term *Social Currency* in 2010 and expanded on the research in 2012. These studies established the role of Social Currency in driving preference and choice, and in *building strong brands*.

This year, Vivaldi partnered with Chadwick Martin Bailey (CMB), a world-class research consulting firm, in a comprehensive effort to more profoundly and more deeply understand the social lives of customers and what does and does not create Social Currency. This report focuses specifically on the beer category and is an abstract of our main report that can be found at http://bit.ly/Social_Currency.



2010



2012



2016

05

INTRODUCING SOCIAL CURRENCY

10

STUDY FINDINGS IN THE BEER CATEGORY

21

BEST PRACTICES UNCOVERED

*“While a lot of companies
are doing digital
(transformation),
very few are doing it well yet.”*

George Westerman /Principal Scientist, MIT/

*Business transformation
through technology*

Business transformation
can only be successful if
it takes into account the
changes taking place in
people's lives



*Social, digital, and mobile
lives today*

Companies need
to comprehensively
understand and
truly embrace the
complexity
of people's lives

Social Currency

measures the ability of brands to fit into how consumers manage their social lives in today's digital and mobile age.



7 Social Currency Dimensions



How much my relationship to the brand plays into my *self-image* and *self-esteem*.



How much I feel a sense of *belonging* or *kinship* with others who use the brand.



How much the brand facilitates *communicating who I am*.



How much the content shared by/about the brand *engages me*.



How much the brand helps me forge *new social connections* or *relationships*.



How much other people help me *discover*, *evaluate*, and *make decisions* about the brand.



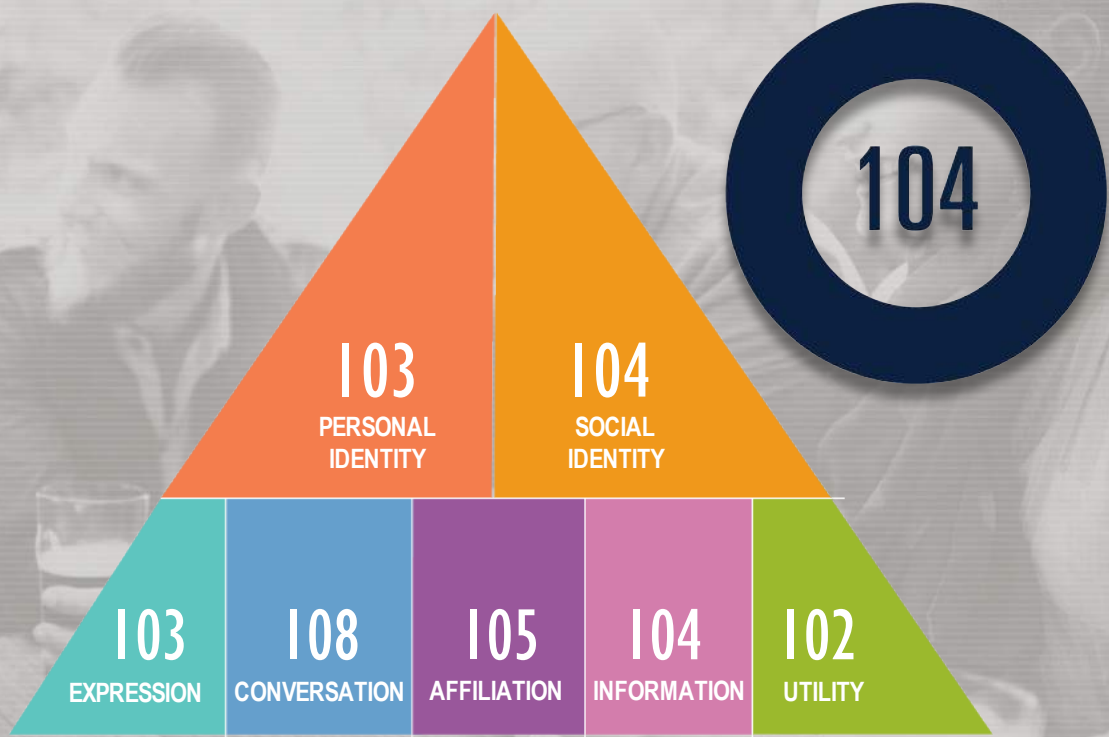
How much my engagement with the brand or its customers *enhances the value* I get from the brand.

SAMUEL ADAMS

Sam Adams is the best performing beer brand in our study. Its indexed Social Currency score of 104, is a weighted composite of the brand's results on the 7 dimensions.

This means that in the US, Sam Adams facilitates the identity-building behaviors we've described at a 7% higher rate than the average of the 90 industry-leading brands covered in our study.

All the factors on this slide are similarly indexed, and represent a market-level snapshot of all US consumers who are aware of Sam Adams.



Social Currency is a powerful way to achieve the level of understanding of consumers required for **business transformation efforts to be successful and to lead to a competitive advantage.**

Social Currency describes how consumers manage their social lives in today's digital and mobile age and how brands or businesses can **help consumers make decisions** and live their lives more efficiently and effectively.

Adopting a Social Currency strategy will ensure that all initiatives around business transformation focus on enhancing consumers' lives and helping consumers to be more efficient and helping consumers be more efficient and more effective.



“Research is to see what everybody else has seen, and to think what nobody else has thought.”

Albert Szent-Gyorgyi /Nobel Prize Winning Psychologist/

14 Brands Included



Average Social Currency Scores



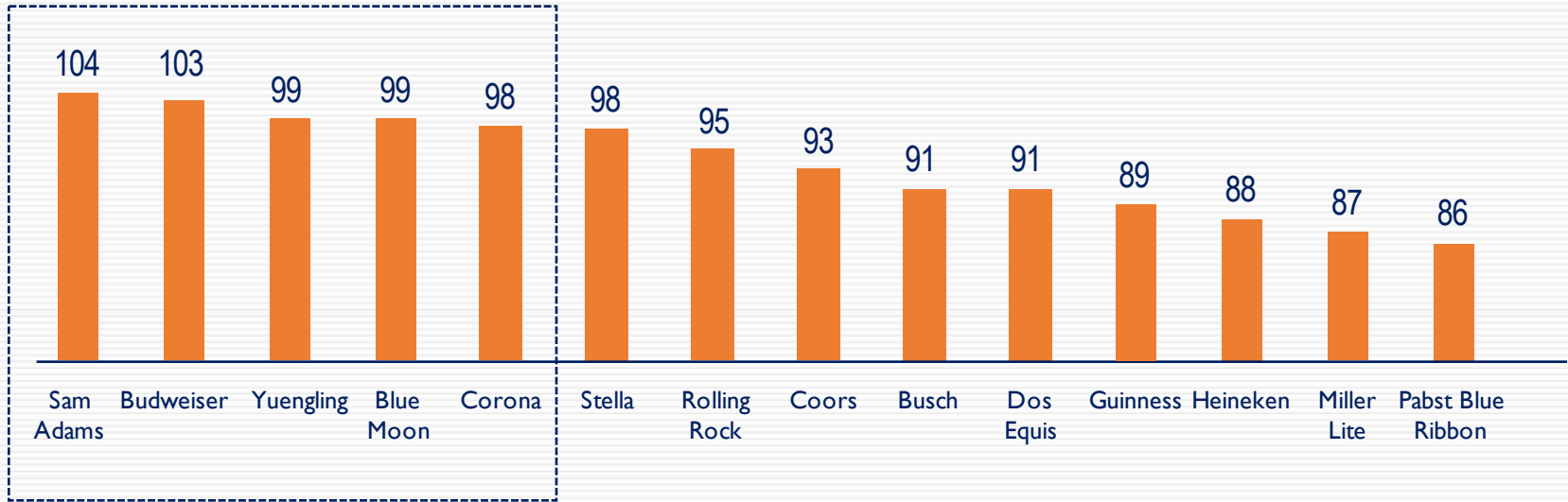
While social has become more important since 2010, the beer industry still indexes behind* other industries.

**One hypothesis is that while we focused on the main domestic players, the inclusion of craft beers may have led to higher scores.*

Top 5 brands



Five beers pull ahead and score highest on Social Currency.

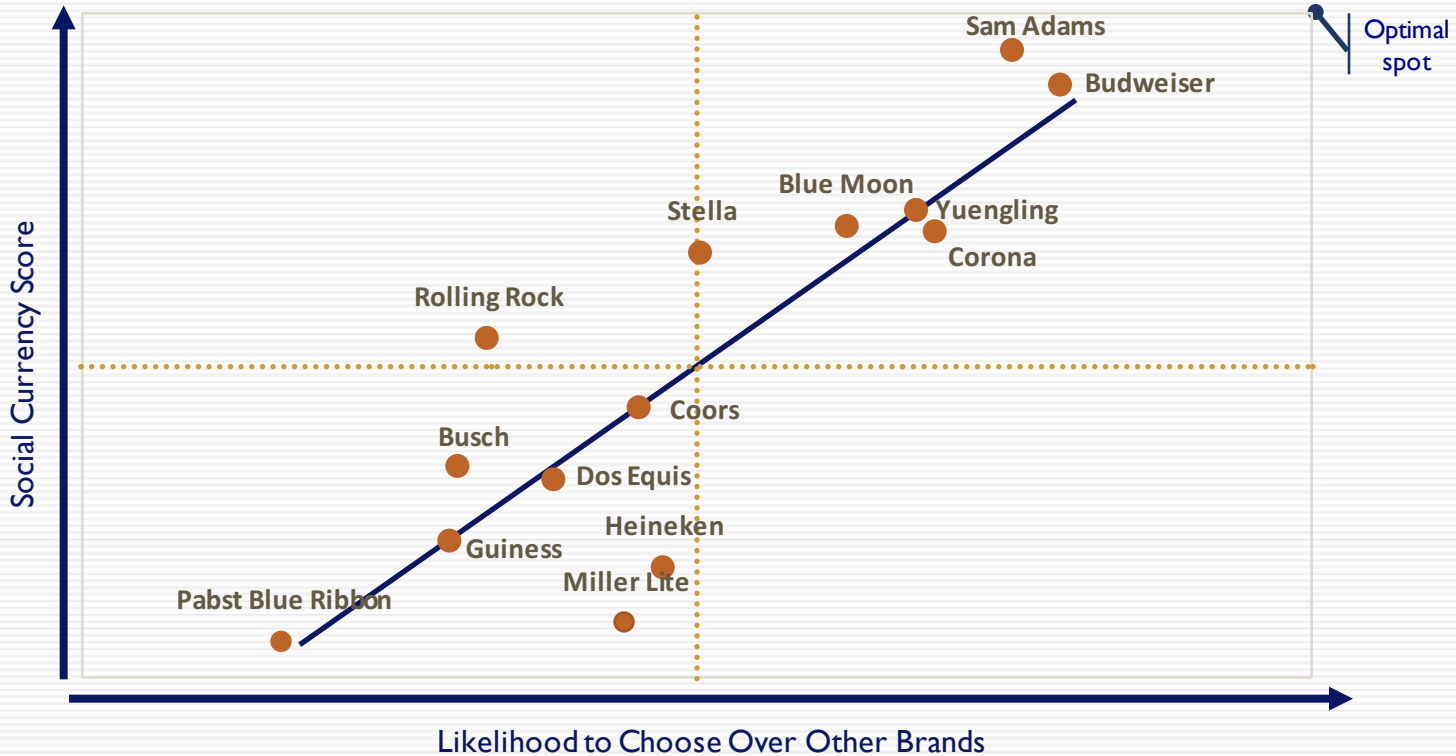
Social Currency Scores

The winning brands understand better than others how brands can be present and add value to their consumer's lives, beyond the direct product and service they sell.

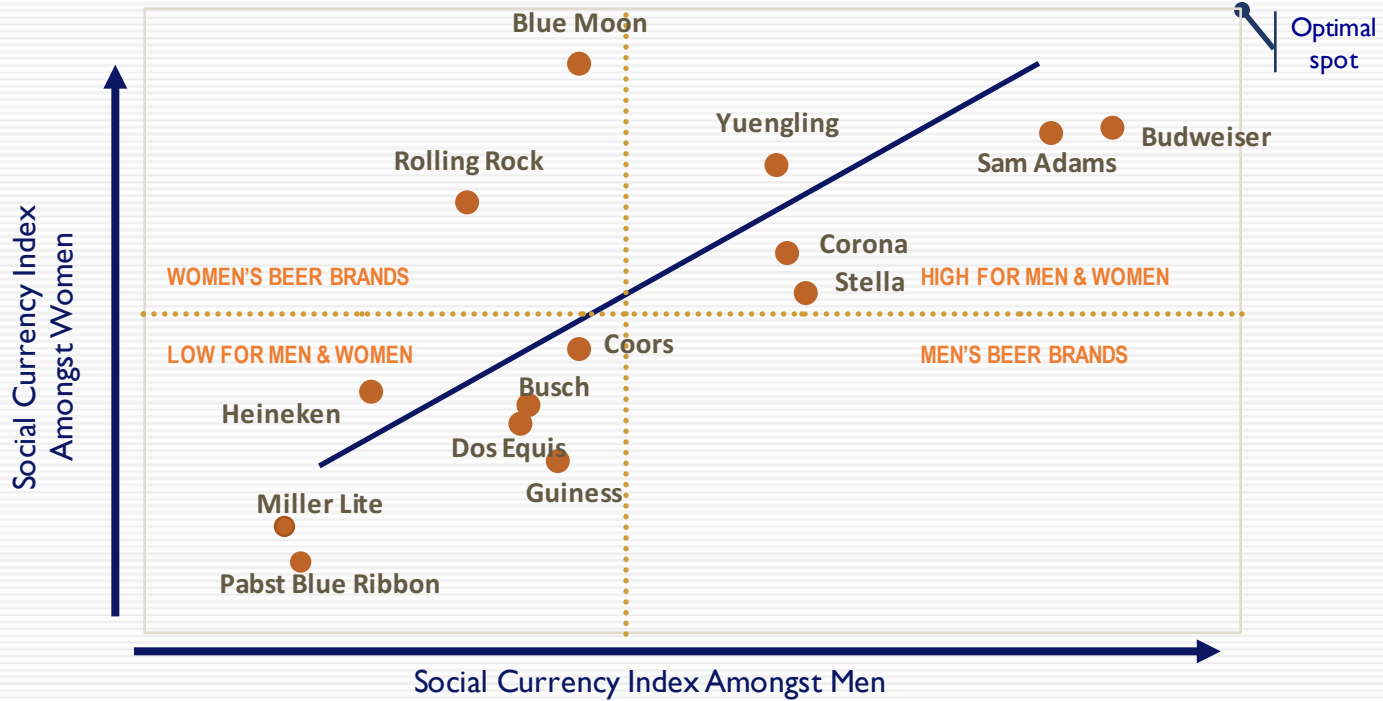
15 | THE TOP 5 BRANDS PER SOCIAL CURRENCY DIMENSION



16 | SOCIAL CURRENCY VS. LIKELIHOOD TO CHOOSE

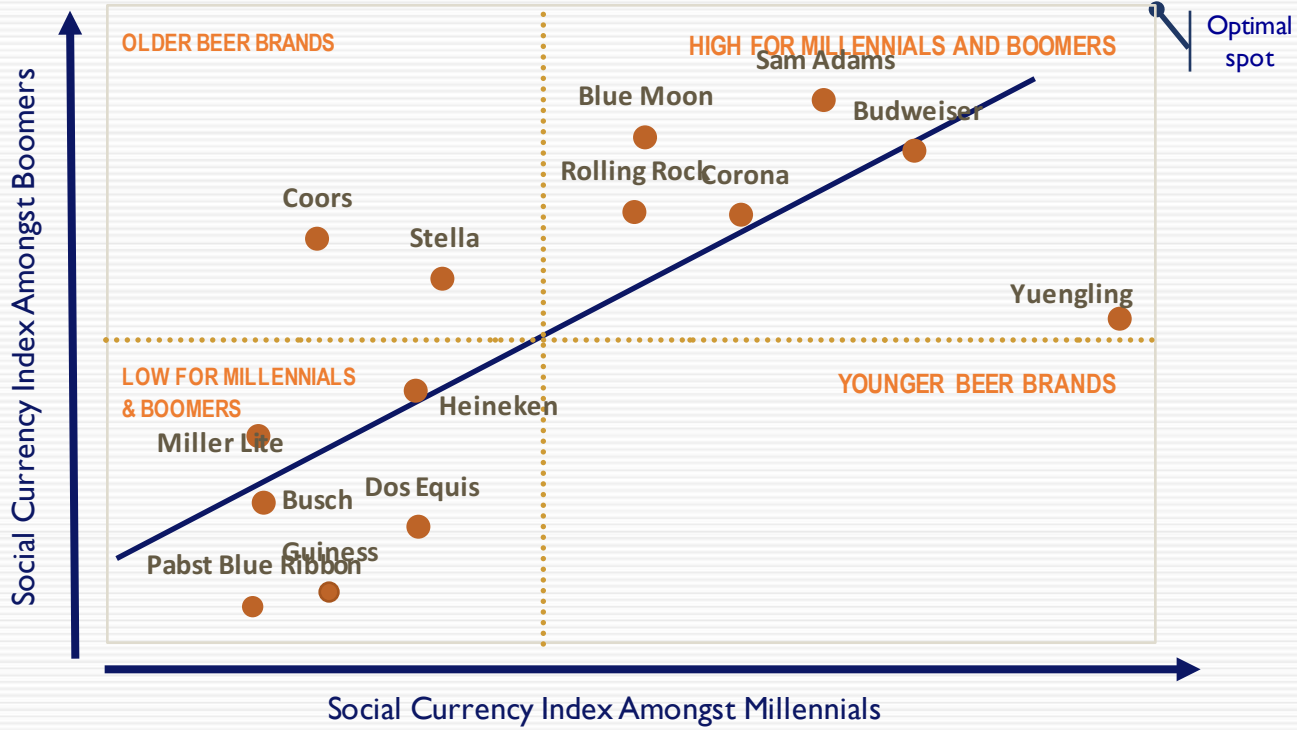


Social Currency is tightly related to consumers' likelihood to choose over other brands. In terms of relative performance, Heineken and Miller Lite fall short of their predicted social currency score (meaning they over perform on likelihood to choose) while Rolling Rock and Sam Adams have higher than predict Social Currency.



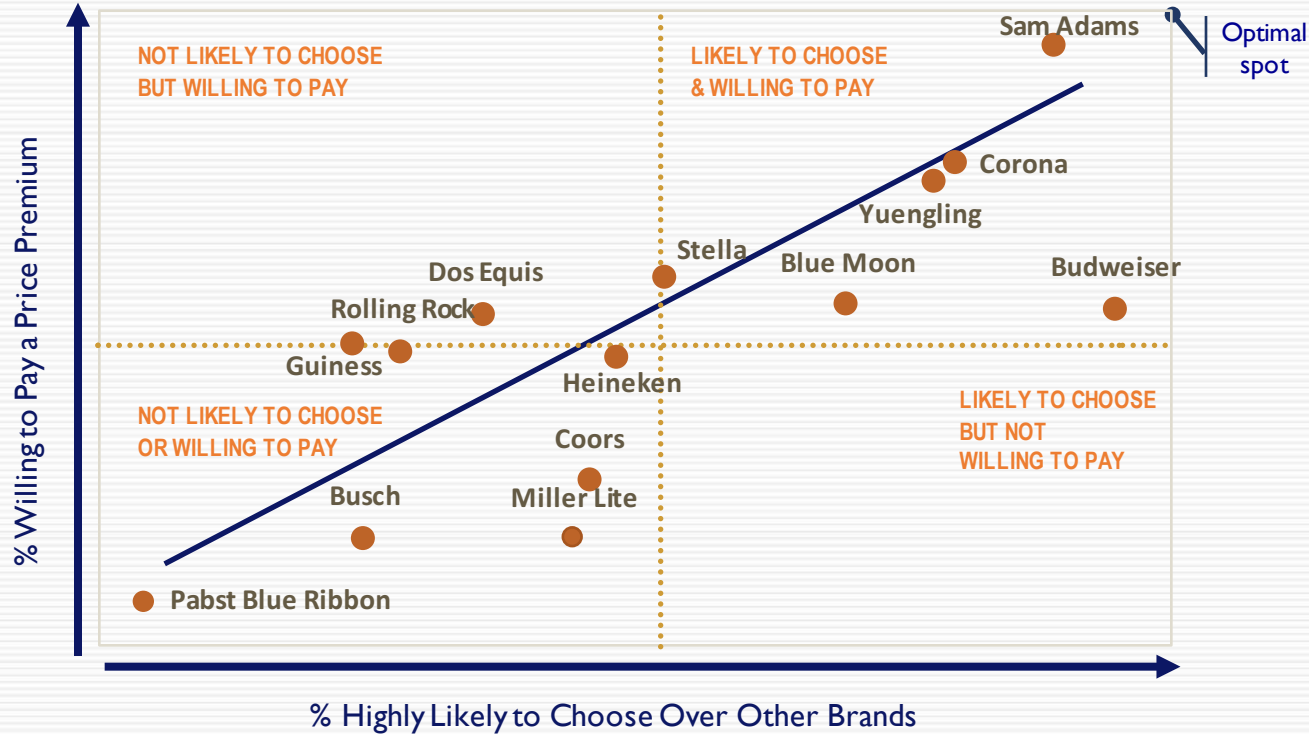
Men and Women largely agree on beer brands. There are several exceptions, however. Blue Moon and Rolling Rock are liked more by women than men. Nothing falls far enough off of the curve to be considered a men's brand.

18 | SOCIAL CURRENCY AND GENERATION



Coors and Stella are brands that are more attractive to Boomers than Millennials and could be called “older beer brands”. Yuengling is a huge outlier for Millennials (111 SC Index vs. 96 average) yet its still above the mean for Boomers. That said, this still breaks the trend line enough to be considered a “young brand”. Much like the gender differences, Millennials gave higher index scores on average, at least for beer.

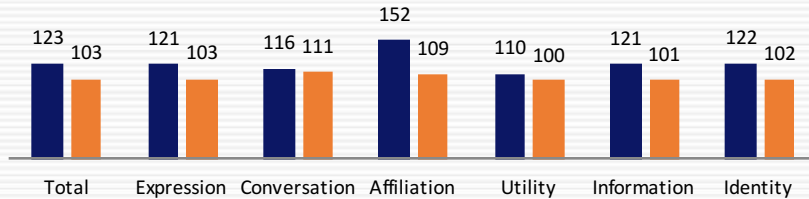
19 | WILLINGNESS TO PAY PRICE PREMIUM VS. LIKELIHOOD TO CHOOSE



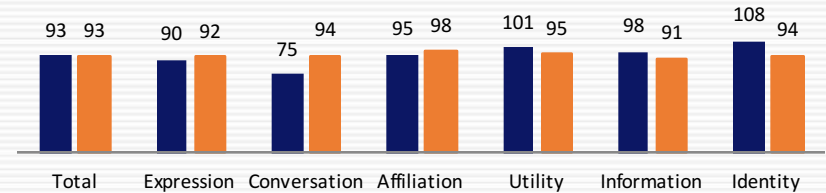
Sam Adams is the quintessential premium beer brand in the study. Guinness, Dos Equis, and Rolling Rock are low-frequency drinks that consumers are willing to pay a premium. The study revealed how much Budweiser has a loyal following.

Social Currency Scores in 2012 and 2016

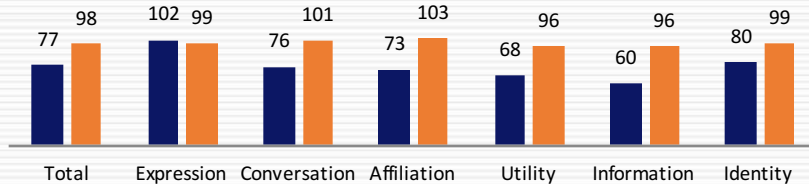
Budweiser



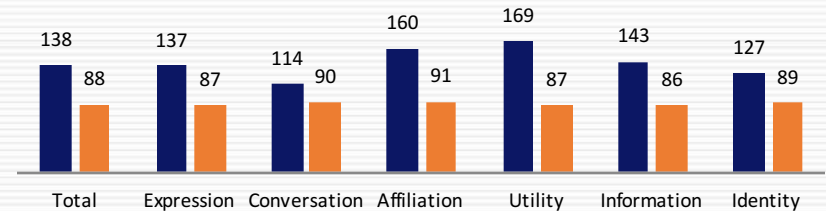
Coors



Corona



Heineken



■ 2012 ■ 2016

Looking back on our 2012 work on Social Currency, we can see that it is a dynamic metric that changes over time, and we are looking forward to how Social Currency scores will vary in the next few years.

*“The only source of knowledge
is experience.”*

Albert Einstein /Theoretical Physicist/



Sam Adams continues to top the charts and for good reason. It is America's largest craft beer brand—among nearly 3,800 craft breweries. The brand's success is driven by **Personal Identity**, with **Conversation** playing a key role. The brand benefits from the perception of Sam Adams fans as innovative, and knowledgeable about what they drink. New product introductions such as Angry Orchard cider and the new Nitro Beer line help reinforce the Social Currency of the brand.



Budweiser is another leader, but for entirely different reasons. The brand taps into patriotic culture and heartland symbolism—a powerful value driver in the beer category. Examples of on-target work are the new packaging that showcases the word 'America' and lyrics to the Star Spangled Banner or music festival sponsorships that celebrate American music, reinforcing the brand's role as a symbol of the American Dream and giving consumers reasons to celebrate a sense of belonging and **Social Identity**.



Blue Moon ranks highest relative to others on **Social Identity**. It is not surprising as its strategy and tactics are well aligned from packaging to ad campaigns. Most importantly, the visual cues—including the ritual of placing an orange on the rim of the beer glass—all center around identifying the consumer as a thoughtful, purposeful beer drinker, building a sense of kinship among those who drink Blue Moon.



Corona has dramatically increased its Social Currency since we conducted our original research in 2010. Its efforts focus on reinforcing its differentiated positioning, creating associations of a fun life of sand, sun, and lime wedges. Drinking this beer allows consumers to express how carefree they feel and builds their **Personal Identity**.

Leveraging Social Currency to drive success in the beer category require the following steps:

- **Review** the overall strategic brand foundation—vision, positioning, promise—and **assess and measure** the brand's performance on each of the dimensions of Social Currency.
- **Identify** key initiatives, programs and efforts that create, strengthen, and reinforce the Expression, Conversation, Affiliation, Information, and Utility dimensions and maximize Personal and Social identity.
- **Segment** or **re-segment** your market based on which audiences over-index on particular Social Currency behaviors, then **link** segment profiles to your DMP and **build** audiences for ad targeting and programmatic buying based on segments' social profiles or activities.
- **Create** an organization-wide system or process so that marketers and brand managers incorporate Social Currency into marketing plans, and **incorporate** the dimensions into agency briefs to focus your campaign efforts towards creating more utility, providing more information or generating more conversation.
- **Share** the Social Currency framework with other C-level executives who lead major strategic initiatives such as larger business transformation efforts, **identify** ways in which Social Currency leads to greater customer-centricity, and how it can drive new business models. **Develop** a dashboard that shows the organization how Social Currency drives brand-building, strong customer relationships, and business results.

This report benefited from the experiences and insights of all the partners and staff at Vivaldi and CMB. We are lucky to be a part of a community of over 200 extremely talented and smart consultants, strategists, designers, digital and social media experts, and data scientists. So many have helped along the way, from conceptualizing our company's thinking about brands, business, social media and digital strategy, to executing the research and surveys, to designing and producing the final report.

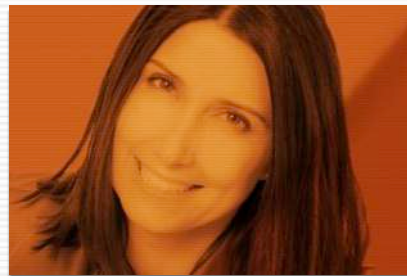
In particular, we'd like to thank Markus Zinnbauer, Inga Folta, Stefan Schneider, Jessi Mardakhaev, Jenifer Ekstein, Sara Bhourj, Lucas Austin, Jay Weiner, James Kelley, Ed Loessi, and Megan McManaman. They helped uncover the insights that shape Social Currency and contributed countless hours to research, analysis, and content creation.



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Thank You!