

### Highlight 1

## Enhancing Kirin Beverage's marketing capabilities

### Applying the Group's organizational expertise in marketing

#### Developing brands over the long term through marketing reforms

In 2019, Kirin Brewery increased the overall sales volume of its beer products for the second consecutive year and profit for the fourth straight year. Even though market conditions had become increasingly challenging, the company was able to continually post solid results thanks to its marketing reforms.

The reforms were initiated at Kirin Brewery by its president, Takayuki Fuse, in 2017. Before that time, the company had been pursuing a higher market share over the short term but lacked a long-term brand development strategy. Therefore, it narrowed down the number of brands it would invest in and created a medium- to long-term brand development plan. At the same time, the company completely integrated its marketing activities spanning from advertising to in-store campaigns. Following a steady stream of accomplishments from these initiatives, a number of marketing methods were integrated and the Kirin Group's organizational capabilities evolved.

#### Restarting sales growth of *FIRE* amid a downward trend in the market

In Japan's soft drink market, sales of canned coffee have been on the decline in recent years. For Kirin Beverage, decreased sales of canned coffee products were having a relatively large impact on performance because these products are highly profitable. It was able to compensate for these results with growing sales of other products, but finding a way to halt the falling sales of *FIRE* became a serious issue.

Compared with beer brands, devising medium- to long-term marketing strategies for soft drink brands is more difficult as the cycle of releasing new products and renewing existing brands is much faster. Kirin Beverage had been implementing a short-term cycle, as conventionally done by soft drink makers in Japan, but due to the impact of the downward trend in the market, its marketing campaigns were less and less successful. Therefore, in the autumn of 2019, Kirin Beverage adopted Kirin Brewery's marketing methods to renew *FIRE* in an effort to restart the brand's sales growth.

## Strengthening the *FIRE* brand



### Kenji Masuda

Head of brands and manager of the *FIRE* brand Marketing Division  
Kirin Beverage Company, Limited

#### Applying Kirin Brewery's expertise at Kirin Beverage

The renewed version of *FIRE* was released in October 2019, but since April of the same year, we had been creating a new marketing plan by studying Kirin Brewery's methods and radically revamping our prior marketing methods. We started by overhauling our previous year's plan, as it did not reflect consumer needs. Then we defined the brand's purpose and exhaustively studied what was required to realize that purpose and expand business. Based on the results of a consumer survey, we formulated an execution plan to deliver a consistent message to customers at each product touch point. While our activities increased, of course, as we conducted more consumer surveys and planned product promotion campaigns that would exceed customers' expectations, through those efforts, we created a plan that successfully attracted many customers to our products.



### Implementing an integrated marketing approach

We also incorporated Kirin Brewery's successful marketing methods to create sales activities at off-premise channels. Based on consumer survey results, we analyzed what kind of activities could most effectively attract customers at such channels, produced a point-of-sale model, and proposed the campaign to the sales department in charge of in-store sales campaigns. Instead of dividing up responsibilities hierarchically as done before, our two departments worked alongside each other to implement the in-store activities. Moreover, for the first time ever, we visited all regional offices to directly explain the brand purpose and the aim of the marketing strategy to the sales departments in charge of regional operations. Consequently, everyone involved collectively understood our objectives and implemented an effective in-store campaign in every region of the country.

### Developing marketing personnel with a commitment to the profitability of each brand

Kirin Beverage is not only committed to the long-term development of its brands but also to increasing the profitability of those brands while developing marketing personnel capable of operating a brand business. Our marketing team for *FIRE* tackled the big challenge of generating profits from coffee products in a persistently tough market. Drawing from the expertise of Kirin Brewery, we have been producing advertisements that are effective in encouraging

#### **FIRE brand sales volume and profit growth in 2019**

	Year on year increase
Sales volume	4%
Gross profit	5%
Direct profit	20%

consumers to buy our products. We are also working to reduce the prices of procured raw materials and ingredients. Through these efforts, we are aiming to maximize the *FIRE* brand's contribution to profits.

### Raising brand equity and maximizing profit

In 2019, we succeeded in increasing the sales volume of the *FIRE* brand by 4% year on year. Our April 2019 release of *FIRE One Day Black*, which comes in a PET bottle, contributed to that result. The sales volume of the canned products, which are comparatively more profitable, was down year on year, but we were able to make up for that decrease by streamlining selling expenses, cutting costs, and increasing returns on investment. Consequently, both gross profit and the contribution margin increased year on year. Furthermore, brand recall and brand consideration rates\* reached the highest levels in three years, indicating that we had improved brand equity along with the higher profits. Kirin Beverage is now focusing on increasing brand equity and maximizing profits through long-term planning and integrated marketing. Looking ahead, we intend to use the same methods to promote other brands and further improve our organizational capabilities.

\* The brand recall rate refers to the percentage of consumers that can recall as specific brand within a product category; the brand consideration rate refers to the percentage of consumers that recall a specific brand and express an intention to purchase it, as measured by survey respondents who choose either of the top two rankings from among seven rankings ranging from having no interest in a brand to having a strong desire to buy it.

#### **Brand consideration rate for FIRE**

