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RESULTS OF THE MARKETING SURVEY ON DRINKING BEER

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From: Uri Dahan – Business and Economic Consultant
Hanoch and Rafi Smith – Consulting and Research Ltd.

SUBJECT: RESULTS OF THE MARKETING SURVEY
ON DRINKING BEER

After our meeting, we decided to make an initial survey on the subject of beer consumption habit in Israel.

In all five different questions were asked by our enumerators. These questions were framed by us. In addition we made additional cross-tabulations of the results of these five questions, as detailed in the report. The survey was carried out in the middle of January (19-20 January\2000).

We would appreciate your reactions to the results and to further serve Heineken in the future.

The goal of the survey was to obtain information on beer consumption, habits and frequency of beer drinking in general and specifically of Heineken. In the survey 531 persons were interviewed in a representative sample of the adult population (aged 18 and over) in the whole country. The sampling error in the sample was 4.2%.

The focus of the analysis is on the socio-demographic aspects (sex, age, income, etc.) related to the five basic questions (e.g. by frequency of consuming beer).

The survey and its findings raise a number of points of strategic importance which could influence the strategic planning of the company in Israel. In the survey are comparisons with data and findings of other surveys that have been published (in Israel and internationally). When these comparisons are made, they are noted.

At this stage, these points are raised as materials for thought only. We feel that a much broader survey that covers a much wider range of subjects and covers longer time periods, is required so that there will be sufficient information as a basis for drawing conclusions and to develop a marketing strategy that would lead to increased marketing in Israel. At this stage conclusions are tentative and to be read carefully, since the data is insufficient for drawing definitive conclusions.

At the end of the report, ideas are brought out and a number of possible strategic conclusions are made. These conclusions are in outline form, since as noted, the survey is not broad enough for the purpose.

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RESULTS

1. awareness to beers

for the questions: “Please give the names of beer that you know (not including malt beer)”. We received the following answers.

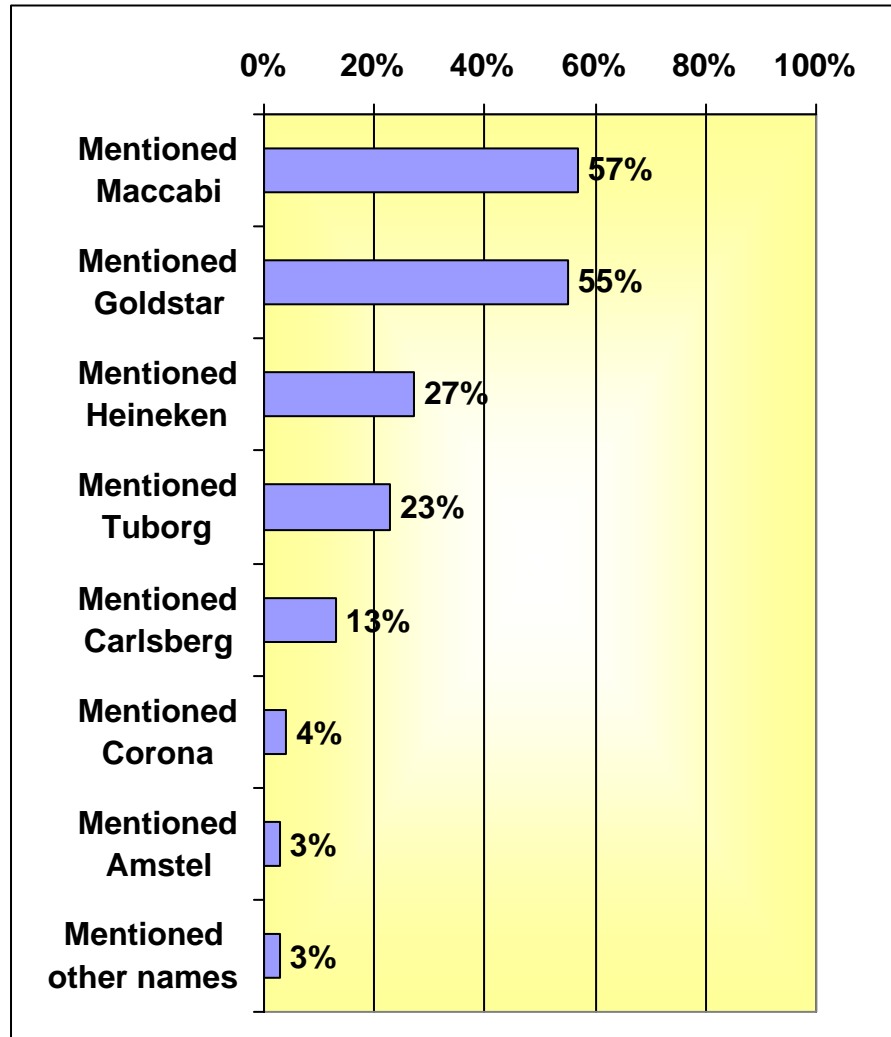
(unprompted question – the answers were not read by the interviewers. The answers add up to over 100% since it was possible to give up to three answers)

Brand of beer	In all the sample	Among those who know names of beers
Mentioned Maccabi	57%	67%
Mentioned Goldstar	55%	65%
Mentioned Heineken	27%	31%
Mentioned Carlsberg	23%	27%
Mentioned Tuborg	13%	15%
Mentioned Corona	4%	4%
Mentioned Amstel	3%	4%
other names	3%	4%
not acquainted with beers	15%	--

- ⇒ 85% of all the interviewees know one beer at least.
- ⇒ On the average, two beers were named
- ⇒ The leading names were “Maccabi” (57% of all interviewees) and “Goldstar (55%)
- ⇒ It is interesting to note that at the second level came “Heineken” (27%) and “Carlsberg” (23%)
- ⇒ 13% mentioned “Tuborg” with the rest reaching no more than 4%

The diagram describes the findings of the entire sample:

Unprompted Names of Beer – Entire Sample



“Heineken” was mentioned as the third beer after “Maccabi” and “Goldstar”

2. FREQUENCY OF BEER DRINKING

The question: "How frequently are you accustomed to drink beer?"

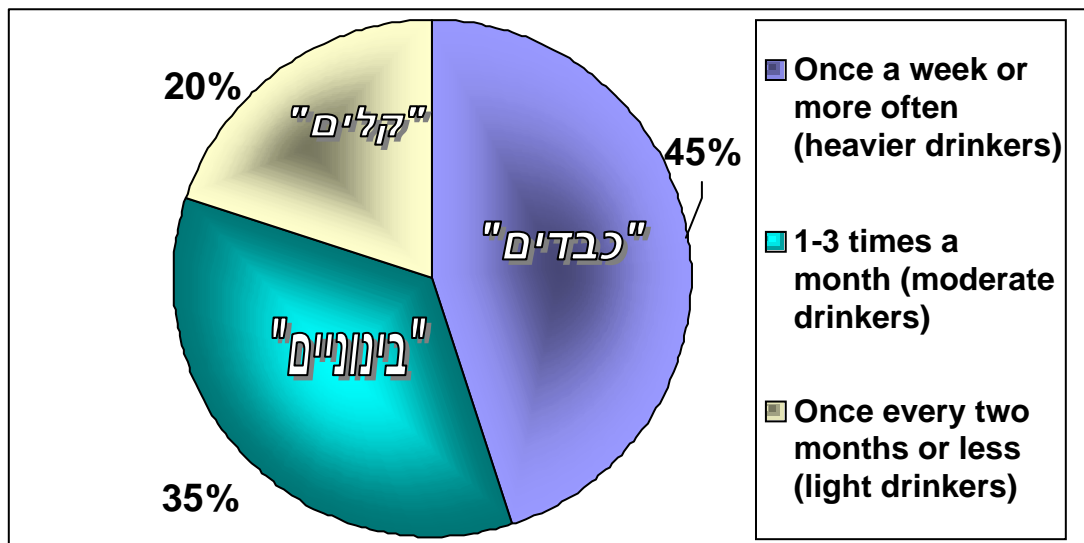
	Whole Sample	Among Those Who Drink Beer
Once a week or more often (heavier drinkers)	27%	45%
1-3 times a month (moderate drinkers)	21%	35%
Once every two months or less (light drinkers)	12%	20%
Don't drink beer	40%	--

60% of all the interviewees reported that they drank beer in some regularity

It is possible to divide those who drink beer into three categories:

- "Heavier" drinkers – those who are accustomed to drink beer at least once every week (45% of those who drink beer, who represent 27% of the entire sample of interviewees)
- "Moderate" drinkers - those who drink beer 1-3 times a month (35% of those who drink beer, which represents 21% of the whole sample)
- "Light" drinkers – those who drink beer once every two months or less (20% of those who drink beer and 12% of all interviewees)

Diagram: Distribution of Beer Consumers by Frequency of Drinking Beer



CHARACTERISTICS OF BEER CONSUMERS BY BACKGROUND VARIABLES

The percentage that drink beer in any regularity is relatively high”

- Among males (76%) compared to females(46%). It is interesting to note the comparison between men and women in the U.S.A., where the rate is lower than in the U.S.A. (In America the consumption rate is 85% compared to 15% for women)
- Among young people under the age of 30 years (71%) as against those older (approximately 57%).
- The more highly educated (post –secondary and academic)- about 63% compared to the less educated (40%).
- Native-born Israelis (61%), Spheroid-born (66%) and European-born (53%)
- Secular and Traditional (62%) as against Religious (50%)
- Higher than average income (67%), lower than average (64%), compared to average income (55%)

The percentage that reported drinking beer frequently (once a week or more often- “heavy” drinkers)

Were relatively among:

- Men
- Young people under 30
- Secular public

No significant differences were found with other background variables such as: education background, income groups and others

3. WHICH BEER PREFERS TO DRINK

To question: “Among the beers that you know, which do you most prefer to drink?”

(only among beer drinkers)

	Among those who drink beer
Mentioned Goldstar	33%
Mentioned Maccabi	18%
Mentioned Heineken	13%
Mentioned Carlsberg	7%
Mentioned Tuborg	5%
Mentioned Corona	4%
Mentioned Amstel	1%
other names	2%
answered that has no specific beer preference	2%
no opinion	15%

- ⇒ “Goldstar” in first place as the preferred beer to drink (33% of those who drink beer)
- ⇒ In second place “Maccabi”(18%), then “Heineken”(13%)
- ⇒ Others had lower results (7% or less)

Diagram: Which Beer preferred to Drink?

(Among those who drink beer)

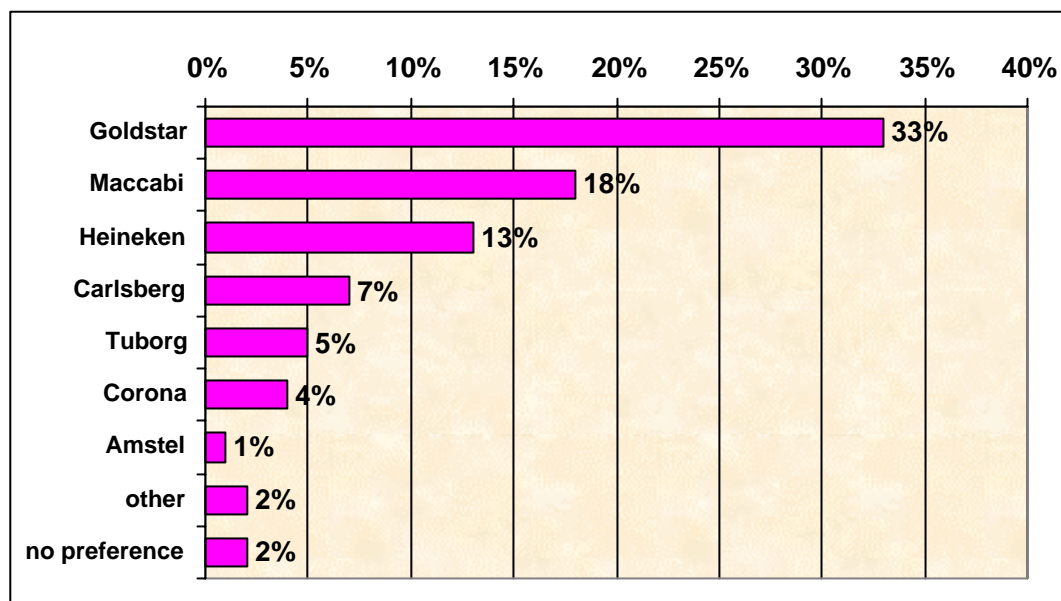


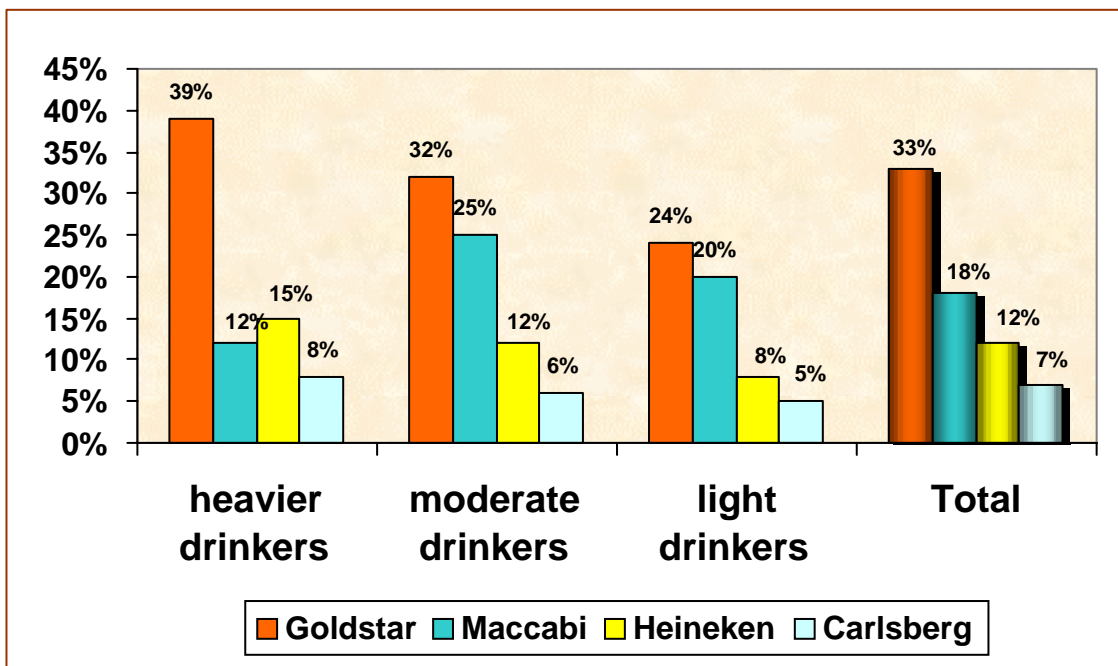
Diagram: Which Beer preferred to Drink?

(Among those who drink beer)

	heavier drinkers	moderate drinkers	light drinkers
Goldstar	39%	32%	24%
Maccabi	12%	25%	20%
Heineken	15%	12%	8%
Carlsberg	8%	6%	5%
Tuborg	4%	7%	5%
Amstel	1%	1%	3%
Corona	6%	4%	1%
other names	3%	1%	1%
no preference	1%	2%	3%
answered that has no specific beer preference	11%	10%	30%

Diagram: Preference for a Specific Beer by Frequency of Drinking Beer

(Among those drinking beer. The diagram only shows the main beers selected)



- “Goldstar” was chosen with the highest percentages among all classes of beer consumers – “light”, “moderate” and “heavy”.
- “Maccabi” was chosen mainly by the moderate and light drinkers to a greater extent than among the heavy drinkers.
- “Heineken” was especially chosen, relatively, among the heavier drinkers (“heavy” drinkers – once a week or more often), higher than among the “moderate” and “light” drinkers.

CHARACTERISTICS OF PREFERRED BEER BY BACKGROUND VARIABLES

(Among those who drink beer)

The table shows only the sub-groups whose prefer to drink a specific beer above the average:

Characteristics	Goldstar (33% of those drinking beer)	Maccabi (18% of those drinking beer)	Heineken(12% of those drinking beer)
Sex	Males	Females	No difference
Age	Older than 50	No difference	30 years and younger
Education	Higher, academic	Lower, under 12 Years	Higher, post-secondary
Ethnicity	Askenazis	Sephardis	Israel-born and Ashkenazis
Religiosity	No difference	Religious	Secular
Income	Lower than average	Average	Above average

- Results show that consumers of “Goldstar” are relatively high among males, older people, highly educated, Ashkenazis and both higher and below average incomes.
- “Maccabi” consumers are relatively high among women, lower educated, Sephardim, religious and average income earners.
- The percentage of “Heineken” consumers is relatively high among the young, post-secondary educated, Israel-born and Ashkenazi, secular and higher income groups.

4. BEER DRINKING DURING THE PAST WEEK INSIDE AND OUTSIDE THE HOME

The questions:

1. “During the past week, what beer did you drink at least once in your home?”
2. “During the past week, what beer did you drink at least once outside your home (in restaurant, cafe, pub or other entertainment outside the home)?”

(The total sample, as noted, was N=531)

	At Home	Outside the Home
Mentioned That hasn't drank beer in the last week (anywhere)	73%	76%
Mentioned Goldstar	12%	8%
Mentioned Maccabi	5%	5%
Mentioned Heineken	3%	3%
Mentioned Carlsberg	3%	4%
Mentioned Tuborg	2%	2%
Mentioned Amstel	0.5%	0%
Mentioned Corona	0.5%	2%
Mentioned other names	1%	0%

Among Those who Drank Beer during the Last Week Inside or Outside the Home

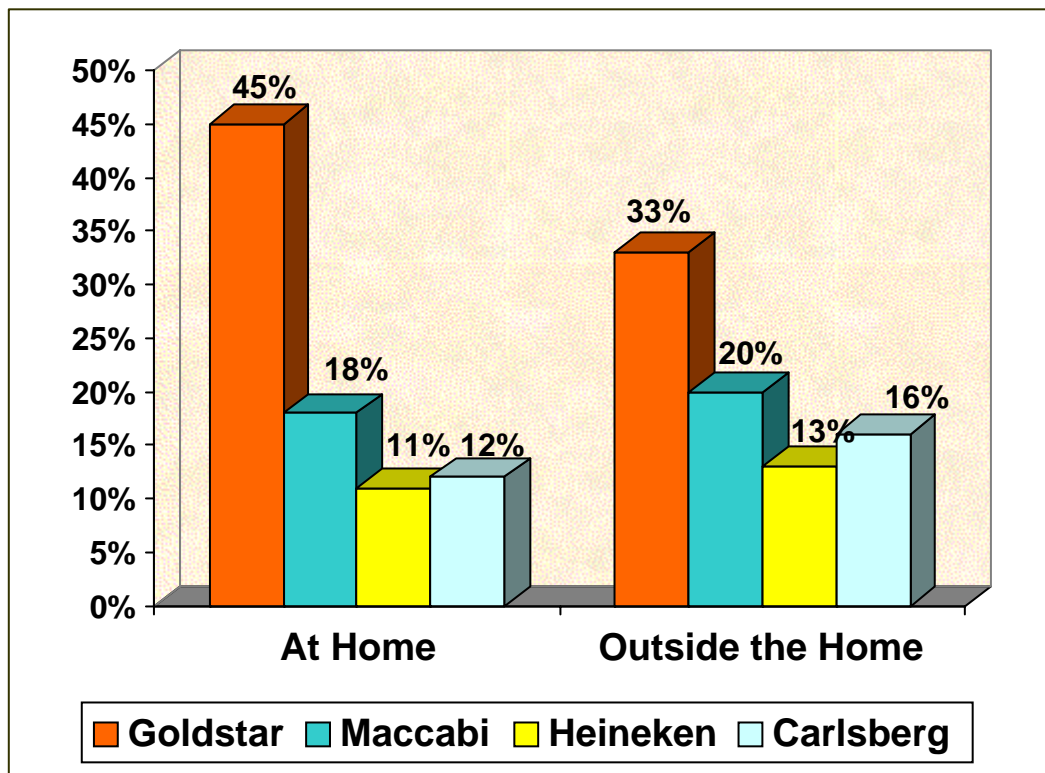
	Inside Home (143=N)	Outside the Home (127=N)
Mentioned Goldstar	45%	33%
Mentioned Maccabi	18%	20%
Mentioned Carlsberg	12%	16%
Mentioned Heineken	11%	13%
Mentioned Tuborg	6%	8%
Mentioned Amstel	2%	0%
Mentioned Corona	2%	6%
Mentioned other names	4%	4%

- 73% of all the interviewees said they drank beer in their homes during the past week and 73% reported that they drank beer outside the home in the past week.
- Among those who drank beer during the past week, “Goldstar” leads both inside and outside the home, but it should be stressed that the percentage was higher inside the home(45%) than outside the home (33%).
- “Maccabi” was in second place both within and outside the home while “Carlsberg” and “Heineken” were at the third level. Regarding Carlsberg and Heineken – the percentage that reported that they drank it outside the house was slightly higher than those who drank it at home.

In Summary: “Goldstar” was the leading beer consumed during the last week, both at home and outside the home. People tend to consume relatively more Goldstar at home than outside it, while regarding other beers, they tend to be consumed equally at home and outside it or slightly more is drunk outside the home.

The following diagram summarizes the results among those who drank beer during the past week using only the main beers.

Diagram: Which Beer Did You Drink During the Past Week at Home or Outside the Home



5. DRANK “HEINEKEN”

Question: “Did you drink “Heineken” beer during the past year?”

(Among those who drank beer)

	drank heineken Among those who drank beer
Never	43%
Yes, once	23%
yes, a few times	26%
drink “Heineken” regularl	8%

⇒ 57% of all the enumerated said that they drank “Heineken” at least once during the past year.

⇒ About half of those that drink beer , drank “Heineken” once or more during the year and 8% reported that they drank “Heineken” regularly.

CONSUMERS OF “HEINEKEN” BY BACKGROUND VARIABLES

Percentage Reporting Drinking “Heineken” at Least Once - Higher Percentages

- Males (28%)
- Ages 31-50 (29%)
- Post-Secondary and Academic education
- Traditional and Secular (26%)
- No differences regarding income levels

Percentage Reporting Drinking “Heineken” Regularly - Higher Percentages

- Males (11%)
- Young People (13%)
- Ashkenazis (13%)
- Secular (11%)
- The percentage that drank “Heineken” regularly goes up with increasing income, from 1% only among those with less than average income to 13% among those who earn more than average income.

DISCUSSION OF THE RESULTS AND POSSIBLE CONCLUSIONS

This section relates to the kind of analysis and drawing conclusions that we would be able to make based on a deeper study carried on over a longer period of time. Therefore, these conclusions must be taken with necessary caution, no immediate conclusions are to be drawn from this section.

The survey focuses on Heineken and the discussion and possible conclusions relate to it.

The result given to the question “What beer do you prefer drinking”? (question no. 3) –there are 13% who gave preference to Heineken, that, in comparison to 8% of the people who consume beer (data taken from outside the survey and also from question no. 5), i.e., about 50% more than actual consumption, which points to the fact of a preference for Heineken and perhaps a potential that is not being reached. The lower consumption could be explained by factors such as price, market dominance, policy and marketing implementation, strong image, etc. Broadening the survey will make possible focussing on these decisive matters.

From the question on how much beer you drank in the past week (question 4) it turns out that among those who drank beer (the lower table for question 4), the drinking of Goldstar in the home is particularly strong, while it is lower outside the home. Other beers, and among them Heineken, are consumed more outside the home.

It is possible to say the strength of the image of the Goldstar brand (the leading market brand), lessens when it comes to simply going out for entertainment relative to other brands and other beers can be equally attractive in the entertainment atmosphere.

In numerical terms, comparing Goldstar to Heineken: In homes 4 times as much Goldstar is consumed than Heineken and outside the home, 3 times as much.

Another interesting finding is that among “heavy” drinkers, the preference for Heineken is 15% compared to “light” consumers 8% or “moderate” consumers 12% (second part of question no.2)

Operational conclusions can be drawn from the results of the survey and the discussion above:

1. There is knowledge of the product and its qualities, but in our view there is room to widen the base and level of information of the product, its quality and image.
2. The image of the product is invaluable, therefore there is a need to weigh one of the two following strategies or a blend of the two”
 - a. to cause the feeling that the buyer gets more for his money with Heineken compared to other beers
 - b. to examine the policy of lowering the price of the beer
3. The main problem of Heineken at this point is the fact that people don’t drink Heineken regularly (not often enough). Could be because of price or it’s image.