

# MEDIA & MARKETING

**Advertising** / By Sarah Ellison

## Anheuser Will Raise Spending on Cable, Internet

*Shift From TV Is Response To Change in Viewership; Restaurant Push Is on Tap*

**A**NHEUSER-BUSCH, the brewing giant long associated with glitzy network-TV ads, plans to shift some ad dollars away from network prime time toward cable TV and the Internet to "recognize changes in viewership."

The brewer of Budweiser and Bud Light is the latest big marketer to shift away from network TV, and is somewhat of a laggard in making the move. Over the past few years, many advertisers—including big marketers such as Procter & Gamble—have begun to depend less on network-TV advertising and to put increased emphasis on more targeted media outlets such as cable channels and the Web. The shift reflects changing media habits, as more people watch cable channels and, in recent years, as they surf the Web.

In that time, Anheuser has remained a stalwart of broadcast-TV advertising. Until recently it had stuck to its decades-old playbook of relying on big, breakthrough network-TV ads and sponsoring major sporting events to promote Bud,

Bud Light and other brands. The company is the single biggest advertiser during the broadcast of the Super Bowl—and is the exclusive beer advertiser for the telecast, running 10 ads during the big game last February.

The company didn't specify the amount of money it will shift away from networks ads. Last year Anheuser spent \$292.8 million on network television, and only \$47.5 million on cable channels, according to TNS Media Intelligence.

But the brewer has been grappling with a stagnant beer market, which has hurt its profit in recent months. The company, which accounts for about half of U.S. beer sales, has been fighting a debilitating price war with its biggest rival, SABMiller, which has a little under 20% of the market.

The two brewers have also fought bitter ad wars over the past year or so, at times comparing the taste or carbohydrate count of their brews. Anheuser is relying on the strength of its brands to raise prices on its beer early next year.

In an interview, Tony Ponturo, Anheuser vice president of Global Media & Sports Marketing, noted that men and women aged 21-34—a key demographic for the brewer—were spending 55% of their TV time with cable networks. "What we're really doing is following the consumer," he said. He added that the migration of major sporting events to cable channels has also affected Anheuser's decision-making.

Mr. Ponturo said that Anheuser's challenge was to develop "the next beer consumer."

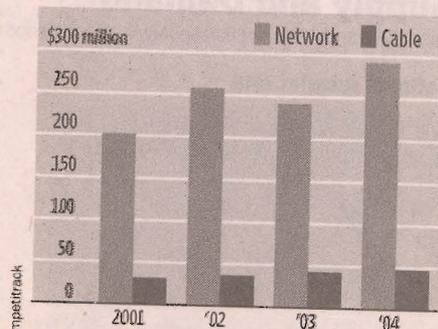
He noted that while "you have some of the things that have worked for you for a long time...you have to be in cable and on the Internet and on people's cell-phones and in retail promotions. You have to make sure each consumer feels like you are talking to them."

The brewer disclosed plans for the shift to cable at an investor presentation yesterday. Anheuser Chief Financial Officer W. Randolph Baker said the spending shift would coincide with a modest decrease in marketing spending next year after a "huge increase" in 2005. Mr. Baker added that the company has a "scale advantage" over rivals. "We can outspend competitors [on marketing] while maintaining lowest cost per barrel" in the industry, he said.

"It was much easier in the old days," says Allen Adamson, managing director of WPP Group's Landor, a branding firm. "Big sporting events and big ads

### Whassup? Cable Spending

Anheuser-Busch has decided to shift more advertising toward cable and away from spending on network prime-time spots. At right, a scene from Budweiser's Whassup? ads, during the brand's heyday.



Source: TNS Media Intelligence



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were a surefire recipe for success. Now, the easy answer is off the table."

Anheuser is also planning to put more emphasis on promoting its beers in bars

and restaurants.

Mr. Baker said yesterday the brewer has doubled the staffing devoted to servicing those outlets.