

Brand evolution

Catharina Cramer shows how Warsteiner, a brewery that thrives on tradition, can diversify and appeal to contemporary tastes

words Rhea Wessel

As a young girl, Catharina Cramer once organized a flea market on the grounds of her family's company in a small town in western Germany. Years later, having shared the executive suite with her father from 2006 until his death in November 2012, Cramer, 34, represents the ninth generation of family leaders of a global brand and German beer icon: Warsteiner.

With its flagship brand of premium-brewed pilsner, Warsteiner has become such an important part of German culture that one of its advertising slogans has penetrated the German language as a play on words: "The Only Real Thing: Warsteiner." The slogan aptly describes a thriving 260-year-old company that remains true to its roots but is not afraid to branch out beyond traditional segments and markets – as long as they fit with Warsteiner's core value of excellence.

Catharina's ancestor Caspar Cramer built the original brewing pub in the center of the village of Warstein in 1803. But it was the industrial revolution in the second half of the 19th century that provided Warstein with the transportation links that helped to establish the brewery's market.

Today, Warsteiner has the largest share of exports among German private breweries, delivering to more than 60 countries. Its key markets are Europe and North America, where Warsteiner operates its own sales units and is seeking to expand further. Cramer says the trick to the company's longevity, status and steady growth is getting the balance

right. On the one hand, she feels responsible toward the family legacy; on the other, she sees it as precisely her job to lead Warsteiner into new areas.

"I see myself as a family entrepreneur – someone who is leading a company with a history but who is also looking for new ways forward," she says.

In contrast to other countries, the German beer market is occupied by a number of small companies and lacks a significant presence of global brewers. To stand out from the local competition, Warsteiner has made a tradition out of being innovative, particularly in design and packaging. In 1984, the company hired Andy Warhol to paint the Warsteiner glass, which resembles a champagne flute more than a beer glass.

The campaign was just one of Warsteiner's efforts to change the brand's perception. Advertisements depicting white-gloved waiters serving the glass on silver platters helped transform the product from a beverage for the working class to one that would not be out of place at the intermission of an opera.

The Warsteiner glass also opened the door to fine dining establishments, which have been a focus of the business ever since. Meanwhile, Cramer is bolstering Warsteiner's international expansion by raising brand awareness and increasing the company's range of alcohol-free beers and beverages that are sweetened with real fruit juices.

Cramer, the family's youngest daughter, was presented as Warsteiner's future boss at the tender age of 26. At the time, she had just finished her studies at London's European

"I see myself as someone who is leading a company with history"



Brewed over time

- 1753 Farmer Antonius Cramer pays beer tax on his home brew
- 1803 Caspar Cramer builds a small brewing pub in Warstein
- 1927 The discovery of extra-soft water changes the production process
- 1976 Demand forces production to move from the center of Warstein. With his new facility, Albert Cramer - Catharina's father - sets the benchmark for the European beer industry
- 1980s A well-formed international growth strategy emerges
- 2006 Catharina Cramer joins the management team



Right: Warsteiner sponsors Europe's largest annual hot-air balloon festival
Above, top: Catharina Cramer and her late father, Albert Cramer
Above, bottom: Andy Warhol with the famous Warsteiner glass



Business School. Her various internships took her to a promotion and event-marketing agency, a hotel operator, a Warsteiner importer's agency, a market research firm, a tax advisory and an investment bank – all of which she saw as preparation for eventually joining the board of the family business.

If you met Cramer during her daily routine at the company headquarters, you might mistake her for one of Warsteiner's hip, young marketing executives. Indeed, she looks the part of a creative. In her leadership style, Cramer works to combine creativity and innovation with the brand tradition of a high-quality, high-society beverage. An example of this is her approach to social media, which is seen as an integral part of the company's strategy.

"We are the ones who know our brand best," Cramer explains. "Many companies would hire a communications agency for social media, but we do all the communications ourselves to stay authentic."

Warsteiner spends about US\$33m a year on advertising and marketing campaigns. When the company was looking to enhance its visibility through sales of its non-alcoholic line in 2011, it ran an advertisement with the Ukrainian boxers the Klitschko brothers promoting Warsteiner's isotonic

beverage. "It was a win-win for both the Klitschkos and us," Cramer says. "We've had double-digit growth rates for that product line since the campaign began."

Sports are an important tool for the company's positioning as a premium lifestyle brand. In the 1990s, Warsteiner sponsored Formula 1, and later the company linked the brand with equestrian sports. It also attributes some of its current success to founding and hosting what has become Europe's largest annual hot-air balloon festival, which draws up to 200,000 enthusiastic fans to Warstein.

Taste trends

As a result of the increasing thirst for craft beers in the UK, Warsteiner now sees that country as an opportunity for growth. By becoming an official supplier to golf's European Tour, the company is looking to raise brand awareness in the UK before extending its reach to countries including Italy and the Netherlands.

Its sponsorship and marketing strategy is also focused on top arts and music festivals, as well as emerging art.

Warsteiner regularly sponsors one of the largest rock festivals in Germany, Rock am Ring, held annually in the Eifel area. The business is also known for founding and

sponsoring the Bloom Award, a prize that celebrates young artists who create interdisciplinary works and provides them with recognition and mentorship. The prize was Cramer's brainchild and part of her strategy to branch out to new audiences and position the brand within the young, creative scene.

In October 2012, Warsteiner also sponsored the New York City Food Film Festival, where visitors tasted the foods they saw on the screen. The US has been a key market for Warsteiner for more than 30 years, and the festival was a chance to show the brand's sustainability, responsible use of resources and focus on food created with passion and craftsmanship – all central themes of the event.

Whether culinary, fashion or artistic, Cramer is always on the lookout for trends during her business travels around the world. Her hope is to incorporate the ideas she encounters back into the brand, if they fit. By injecting fresh energy into the brand – while remaining true to its history – Cramer can have some fun with the tradition she has inherited and ensure that the company continues to thrive.

But she cautions: "It's a fine balance. We've got to take risks – that's clear. But on the other hand, we carry a big responsibility. Our name stands for it." ■

Viewpoint

Keeping pace with consumer trends

Richard Ingleton, Global Customer Partner, Ernst & Young LLP



Today's consumers are chameleons: rather than being easily slotted into fixed marketing segments, they change their tastes from one moment to the next. Much of this is due to the rise of digital technology. In *This time it's personal: from consumer to co-creator*, our survey of 25,000 people in 34 countries, we found that the fast-moving world of social media has a strong influence on consumer behavior.

For any business, whether a start-up or a long-running family concern, keeping pace with this rapidly shifting market is a challenge – but not an insurmountable one. Companies that adhere to the principles of effective marketing, and whose business models can easily adapt to consumer trends, are creating products and services that appeal to today's fickle consumers and stand out from the crowd.

Our survey identified five key ways to keep pace:

- ▶ Engage in dialogue with consumers, whether through traditional or non-traditional channels, such as social media. Really listen to them and get to know how they think.
 - ▶ Keep your service personal. Consumers love having options, so consider customized products, flexible delivery, adaptable payment and personalized communication.
 - ▶ Provide an end-to-end brand experience: in the internet age, a positive (or negative) experience across every customer contact has the power to make (or break) brand loyalty. All your employees should be schooled in great customer service to ensure that there are no weak links.
 - ▶ Deliver consistent multi-channel service. Pricing, quality and branding should tally throughout your service network, whether in your stores or your website. Don't underestimate the power of old-fashioned face-to-face interaction.
 - ▶ Make consumers your business partners: they now expect to be able to influence organizations to behave in a way that suits them. You can learn what your customers want from focus groups, post-purchase feedback and social media interactions. But it's not all about what you say. Out of the marketing mix – product, price, place and promotion – the quality of a company's product is now much more important than its promotional activity. It's no longer good enough just to spin a compelling story – companies must be able to back it up. Products and services must be properly researched, prepared and positioned.
- Social media platforms are here to stay, and they're giving power to consumers like never before. But they also allow companies to reach huge new audiences at the click of a button. Fast-growth companies must therefore ensure that they dedicate ample budget and resource to their marketing and branding efforts, or risk being left behind.

More information

To view the report, or for more advice about consumer and branding issues, email Richard Ingleton at ringleton@uk.ey.com