



THE MARKET

America is the largest beer market in the world, with roughly 17 percent of total global consumption. Domestic brewers have historically dominated the American market, but in recent years, international beers such as Carlsberg have steadily captured market share. On the global scene, the beer industry is characterized by tight competition between a handful of international brands and hundreds of local brands.

ACHIEVEMENTS

Carlsberg is one of the best-known international beers and has an unrivaled reputation for quality. It enjoys an undisputed number-one position in Scandinavia and is currently the fifth-largest global brewer in terms of total volume. Carlsberg has sales in over 140 markets.

The Carlsberg brand is owned by the global brewer Carlsberg Breweries, which has 29,000 employees worldwide and an annual beer production of 5.25 million gallons, which breaks down to roughly 56 million bottles of beer per day. If a year's production of the beer produced by Carlsberg Breweries were bottled and laid end-to-end, the line would stretch around the world more than 100 times.

HISTORY

Carlsberg's founder, J. C. Jacobsen, laid the cornerstone of the modern brewing industry by focusing on and developing many of the analytical brewing skills that are still in use today around the world.



He began his career in his father's small brewery, producing beer in the middle of Copenhagen. The Danish capital was overpopulated and city hygiene was poor, often leading to spoiled beer. Jacobsen's desire to produce high-quality, consistent beer drove him to look outside the polluted capital.

A few miles outside the city's old ramparts, he found a location with lots of light, fresh air, clean water, and plenty of space. Here he founded Carlsberg. The company name combined the name of his five-year-old son, Carl, and the Danish word for hill (*berg*).

Jacobsen had tasted imported German beer, and the idea of brewing Bavarian beer developed into a passion. He brought two liters of Bavarian beer yeast to Denmark and on November 10, 1847, he started the first Danish production of Bavarian-style beer at his new brewery.

The realization of the importance of science to beer production drove Jacobsen to establish the Carlsberg Laboratory, where skilled scientists could study the entire brewing process from its initial stages to the finished product. At the Carlsberg Laboratory, Emil Christian Hansen developed a method of propagating pure yeast to replace the wild yeast used at that time. The discovery, in 1883, meant that Carlsberg — and the entire brewing world — was able to produce beer more consistently, without the constant and unexplained failures in the brewing process that were common at that time. The yeast, known as *Saccharomyces carlsbergensis*, is still used for the brewing of pilsner and lager-style beers throughout the world.

Carlsberg has been an influential player in the international beer market for 125 years of its 150-year history. For decades, Carlsberg's quality products have been recognized and loved in faraway countries that bear little resemblance to Copenhagen.

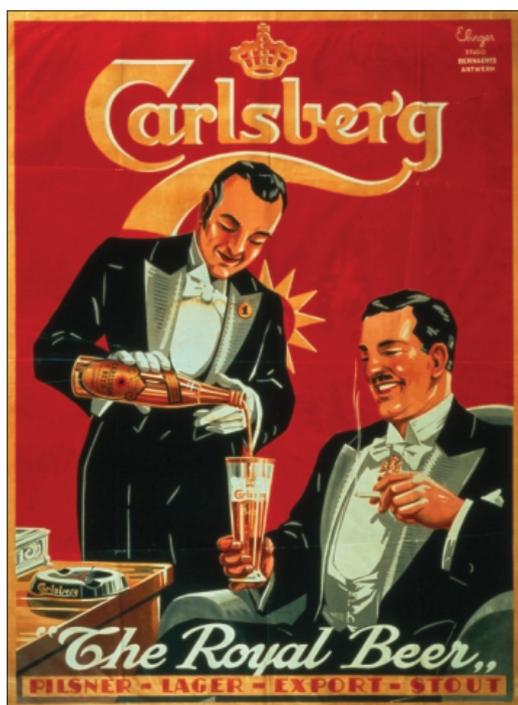
In 1868, the first shipload of beer to Scotland started the Carlsberg export odyssey. The Scandinavian countries and the West Indies followed shortly after. Since then, Carlsberg has continued its global expansion, apart from the periods during the two world wars when exports stopped. In the aftermath of World War II, the internationalization of the company resumed, and Carlsberg was again exported to the remotest parts of the world.

In the past 25 years, Carlsberg has gone through a rapid globalization process and today is firmly anchored in around 140 markets and brewed in 40 countries.

THE PRODUCT

Carlsberg Beer is the global premium lager in Carlsberg Breweries' portfolio, which includes hundreds of local and regional beer brands and soft drinks.

With its golden color and delicate smell of hops and malt, Carlsberg is the quintessential pilsner beer. Described as "the definitive beer" in consumer taste tests, Carlsberg is medium-bodied, dry, and well-proportioned with a characteristic hop bitterness that supports its fine structure. The beer's body, fine aroma, and pleasant hop bitterness make Carlsberg the perfect accompaniment for a meal or any occasion when good friends meet.



Each ingredient in a Carlsberg is carefully selected and must live up to a strict quality code. Specially chosen hops from unpollinated female hop flowers, malt from lightly roasted spring barley, and Carlsberg's famous yeast are brewed with pure water to create what is probably the best beer in the world.

RECENT DEVELOPMENTS

Carlsberg has recently developed a new brand positioning based on the results of consumer testing and research conducted over a one-year period. Focus groups showed that consumers overwhelmingly found Carlsberg to be a great-tasting beer, but the attributes they most identified with were "global" and "belonging." Those two qualities became the backbone for Carlsberg's brand positioning. The essence of the positioning, which best encapsulates the values and personality of Carlsberg, is "a drink with a world of friends."

More and more consumers around the world have a chance to enjoy a Carlsberg with friends as the brand is continually breaking into new markets and expanding its position in existing markets.

In June 2002, Carlsberg was launched in Russia, the fastest-growing beer market in the world. It is brewed and distributed under license by the Russian Brewery Baltika. Baltika, the largest

brewer in Russia, has a market share of over 30 percent and is the only nationally distributed beer.

Carlsberg continues to grow in its largest market, the United Kingdom, and is strengthening its positions throughout Europe and the fast-growing markets of Asia and the Americas.

PROMOTION

Carlsberg has long been promoted as "Probably the best beer in the world." This classic example of Danish understatement has been the tagline of Carlsberg's "lorry campaign,"

which features the characteristic Carlsberg truck driving through exotic landscapes around the world. The campaign has run successfully for 16 years and has featured 50 motifs from 20 countries.

Carlsberg is an active sponsor of soccer, the world's most popular game. Carlsberg and soccer have been bringing together friends for decades, helping people forget their differences and giving them something to cheer about. When feuding brothers can agree on nothing else, they can always open a couple of cold Carlsbergs and talk about soccer.

The theme "Part of the Game" is used to reinforce the integrated role Carlsberg plays in the world's favorite sport. To further illustrate the relationship, the Parallel Game concept was developed, in which soccer situations are mirrored in beer-drinking environments.

The ties between Carlsberg and soccer stretch over four decades, with team sponsorships ranging from local clubs such as Copenhagen and Hibernian to international giants like Liverpool FC. On the global scene, Carlsberg has sponsored tournaments such as the 1990 World Cup, the 1996 and 2000 European Cups and Champions League in 1993 and 1994, the English FA Cup, UEFA Cup, and Super Cup. It sponsors the English and Irish national teams and will be the official sponsor of the 2004 and 2008 European Championships.

Carlsberg's soccer sponsorship is not only for the pros. Carlsberg also takes soccer directly to the fans by sponsoring the International Pub Cup, in which amateurs sponsored by local pubs and restaurants compete with other teams from around the world.



The finals are played in international stadiums like Wembley in England and Arnheim in Holland. In 2001, the underdogs from New York's Flynn's Inn took home the trophy. Another team from New York, Jameson's from the Upper East Side of Manhattan, made it to the finals in 2002.

Product placement also plays a strong role in Carlsberg's promotion strategy. In 2002, Carlsberg was proud to be part of the history-making action film *Spiderman*, which grossed an unprecedented \$115 million on its opening weekend. Carlsberg has also had roles in *Insomnia*, *The Wedding Planner*, and *The Pledge*.

BRAND VALUES

All great beer brands offer good moments with friends, but Carlsberg makes its consumers feel part of a bigger world. Carlsberg takes pride in giving people everywhere a good reason to raise their glass, toast to friends old and new, and enjoy what is probably the best beer in the world.

THINGS YOU DIDN'T KNOW ABOUT CARLSBERG

- The yeast developed by Carlsberg, *Saccharomyces carlsbergensis*, which revolutionized the brewing process, was given for free to the brewing industry by Carlsberg's founder J. C. Jacobsen.
- Ninety percent of Carlsberg's sales are outside its home country of Denmark.
- Carlsberg has been brewing on the same site since 1847 and has been exporting beer since 1868.
- Carlsberg has produced special brews for royalty and VIPs such as Winston Churchill and Queen Elizabeth II.
- Carlsberg's is the second-oldest logo still in use in the world.
- A fjord on the eastern coast of Greenland and a submerged ridge in the Indian Ocean are named after Carlsberg, which sponsored the expeditions leading to their discovery.

