
MOLSON CANADIAN — THE RANT

Scott Walker prepared this case under the supervision of Professor Robert Fisher solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

Ivey Management Services prohibits any form of reproduction, storage or transmittal without its written permission. This material is not covered under authorization from CanCopy or any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Management Services, c/o Richard Ivey School of Business, The University of Western Ontario, London, Ontario, Canada, N6A 3K7; phone (519) 661-3208; fax (519) 661-3882; e-mail cases@ivey.uwo.ca.

Copyright © 2001, Ivey Management Services

Version: (A) 2002-03-07

INTRODUCTION

The marketing team on Molson Canadian had a difficult task ahead of them. They had to find the theme for the next advertising campaign for Molson's flagship brand and Canada's best selling beer, Canadian. The previous campaign, "The Rant" had been one of the most successful ads for Molson and Canadian in a long time. See Exhibit 1 for a storyboard of The Rant television commercial.

The Rant was an incredibly popular commercial that had won numerous international and domestic awards in the advertising industry. Introduced on March 26, 2000 with a single television spot during the Academy Awards telecast, The Rant featured Joe, a Canadian who is proud of what makes him different from Canada's neighbors to the south. "It's kind of an educational thing, telling Americans what we are and what we aren't," said Glen Hunt the writer of the ad.¹ Poking fun at the differences between Canadians and Americans tapped into the minds of Canadians from British Columbia to Newfoundland. Canadian's market share increased a reported two points after The Rant advertising campaign.

This was a critical time for Molson. Molson's overall market share had been slipping while its main competitor, Labatt, had been gaining share. Industry analysts estimated Molson experienced approximately \$100 million in lost profit

¹Marketing News, May 8, 2000, Tom Cohen.

as a result of market share losses since 1989, and with a net loss in 2000 of \$44 million, there was no room for miscalculations. Molson had recently invested 10 per cent of revenue to revise its operations in an attempt to improve profitability and was now concentrated on beer production and marketing. Finally, new competition from microbreweries, imports and a regional Canadian brewer was making the fight for each point of market share more difficult. Dan O'Neill, Molson's new president, was watching closely and expecting results.

CANADIAN BEER INDUSTRY

The Canadian beer industry can trace its roots back to 1668 when Jean Talon established the first domestic brewery to avoid buying expensive alcohol from France. Since that time, the Canadian market evolved into a virtual duopoly. Two players, Molson and Labatt, dominated the industry. Between them, they controlled approximately 90 per cent of the \$5 billion to \$6 billion Canadian beer market while regional brewers, import beers and microbreweries fought for the remaining 10 per cent.

Facing increasing competition from other alcoholic beverages, beer sales had been flat in Canada, hovering around 20 million hectolitres (hl)² since 1989. Sales had increased marginally in 1999, moving from 20.5 million hl to an estimated 20.7 million hl in 2000.³ Exhibit 2 provides detailed sales information for the Canadian beer market.

Between 1995 and 1999, the per capita consumption (based on total population) in Canada increased in all three alcoholic categories (beer, wine and spirits) (see Exhibit 3). Beer was growing the slowest and was losing ground each year to wine and spirits. Beer consumption by legal-age drinkers in Canada had decreased from 103.88 litres in 1989 to 89.89 litres in 1999. According to the Brewers Association of Canada, the total consumption on a per capita basis was 68 litres in 1999. The world's biggest beer drinkers were in the Czech Republic where they consumed 160 litres per person annually.

Sales in the beer industry in Canada were fragmented between brands and provinces. In 2000, the largest market was Ontario, followed by Quebec and British Columbia. As shown in Table A, Ontario and Quebec make up over 60 per cent of the total market, and the mix of sales by province had remained the same for the last 10 years.

² 100 litres = 1 hl = .839 U.S. barrels = 26.42 U.S. gallons and approximately 12 cases of 24 bottles.

³ Molson 2000 annual report and Brewers Association of Canada 1999 Annual Statistical Bulletin.

Table A

BEER SALES BY PROVINCE IN HL

	1996	1997	1998	1999	1999%
Ontario	7,186,365	7,131,366	7,410,873	7,529,057	36.3%
Quebec	5,428,362	5,471,431	5,581,622	5,724,050	27.6%
All others	4,593,589	4,683,832	4,888,310	4,975,694	24.0%
British Columbia	2,571,454	2,557,156	2,562,042	2,526,908	12.2%
Canada	19,779,770	19,843,785	20,442,847	20,755,709	100.0%

Brand sales and market share varied significantly depending on the province. For example, Molson Canadian, the market leader in Ontario, was not sold in the second largest market, Quebec. The top 10 brands in Ontario are listed in Exhibit 4.

With each market share point worth approximately \$15 million in profit each year,⁴ together Molson and Labatt spent an estimated \$400 million on advertising and promotion to gain and defend their market positions. For the large breweries, industry estimates on costs varied. The general breakdown was that for each dollar 37 cents was paid in tax, 20 cents was spent on marketing and 15 cents went to profit.

The amount of imported beer as a percentage of total beer sales increased from 2.5 per cent in 1993 to 6.8 per cent in 1999. Compared to the previous year, the import segment increased by 21 per cent to a total of 1.4 million hl and had been growing at more than 10 per cent per year since 1996.

The growth in the industry was in the imports and the Can-Am brands (Miller, Coors Light and Bud) Heineken and Corona. This presented major challenges for the future of the Canadian-based brands.

COMPETITION IN THE CANADIAN BEER INDUSTRY

The two dominant forces in Canadian brewing, Molson and Labatt, faced increased competition from small, regional breweries like Sleeman's and microbreweries. In 1988, there were 50 breweries in Canada and by 1999, that number had grown to over 75. There were 24 conventional breweries and 52 microbreweries according to the Brewer's Association of Canada. A microbrewery was classified as having sales of less than 60,000 hl and distribution mainly through on-site retail outlets, while a conventional brewery was classified as having sales greater than 60,000 hl and mass retail distribution.

⁴Macleans, May 3, 1999.

Molson

Molson was founded in Montreal Quebec in 1786 and was the oldest beer brand in North America. The founder, John Molson, an immigrant from England, provided the basic philosophy of Molson: “An honest brew makes its own friends.”

With wholesale sales in 2000 of just over \$2.5 billion and a net loss of \$44 million, Molson was one of two leading breweries in Canada. See Exhibit 5 for Molson’s financial information. Molson employed 3,600 employees and operated six breweries across the country. Molson’s overall market share had decreased from 52 per cent in 1989 to 45.0 per cent in 1999, a decline that cost Molson over \$100 million in profits. In the past year, 2000, Molson’s market share registered a slight increase from 45.0 per cent to 45.1 per cent.

Motivated by the significant loss of long-term market share and facing a serious efficiency disadvantage when compared to the competition, Molson had spent \$200 million to strategically refocus its business on the core operations of the firm and on making and marketing beer.

In 2000, The Molson Company was divided into two divisions: brewing, and sports and entertainment. Molson’s brewing division owned 100 per cent of Molson Breweries and was involved in two joint ventures with the Adolph Coors Company — Coors Canada and Molson USA. Molson distributed Coors Light in Canada under contract while Coors distributed Molson products in the United States.

The holdings of Molson’s sports and entertainment division included the Montreal Canadiens and their newly constructed arena, The Molson Centre. The sports and entertainment division also coordinated promotional initiatives, including the House of Blues music series and the Toronto and Vancouver Molson Indy C.A.R.T. motor racing series.

Molson’s strategy was to focus on existing markets, expand the Molson brand to new markets and position Molson as a participant in the international brewing industry. A new national strategic marketing group was formed in 2000 to direct the newly focused marketing of the Molson brands. New additions to Molson’s marketing team in 2000 included Michael Downey, former president of Toronto’s SkyDome sports stadium, who joined Molson as senior vice-president of marketing; Rob Guenette, who came to Molson from Lever Pond’s where he was the director of the hair-care category; and Brett Marchand, who had come to Molson from the Campbell’s Soup Company in the United States, where he had worked for Molson’s new president and chief operating officer (COO), Dan O’Neill.

Headed by Downey, the strategic marketing group consolidated the brand portfolio into seven uniquely positioned brands, each with its own identity. Regional marketing teams helped guide the national programs and capitalized on local knowledge and relationships. The seven core brands were; Molson Canadian, Molson Dry, Molson Export, Coors Light, Rickard's Red, Corona and Heineken. Molson Canadian, Molson Dry, Molson Export, and Coors Light brands competed in the mainstream domestic segments. Rickard's Red was positioned in the specialty segment while Corona and Heineken competed in the premium import market. The non-core Molson brands would continue, but marketing support was significantly limited.

Molson's core brands were available across the country, with the exception of Canadian, while the regional brand and non-core brands were available in limited areas.

Labatt

Founded in 1847, in London Ontario by John Kinder Labatt, The John Labatt Brewery had a rich Canadian background, although the multi-billion-dollar international brewer Interbrew had purchased Labatt in June 1996 for \$2.9 billion. With approximately 45 per cent of the total Canadian market, Labatt was very aggressive in its advertising and promotional strategies. The two companies often "traded" in-case and consumer promotions by matching each other's offers. The result was that many promotions were offset and market share remained the same.

Financially, Labatt had already restructured and refocused its operations in the mid-90s and was enjoying an estimated \$100 million in additional profits when compared to Molson, even though the two firms were similar with respect to sales and employees. Since 1989, Labatt increased its market share and profits by two per cent and to \$30 million respectively.

Labatt controlled 60 regional and national brands that covered almost every segment of the beer market (see Exhibit 6). Labatt Blue and Labatt Blue Light were its main products and in addition to its own brands, Labatt brewed, under licence, foreign beers including Budweiser, Bud Light, Carlsberg and Carlsberg Light. Budweiser was the most successful of the international beers that Labatt produced.

Sleeman Brewers Ltd.

Founded in 1834 when the Sleeman family started brewing beer in Guelph Ontario, Sleeman Brewers Ltd. has grown to become the number three brewer in Canada. John Sleeman, great-great grandson of the founder, revived the business

in 1988, and by 2000, Sleeman operated five breweries across Canada, each producing and distributing the core Sleeman brands and a family of strong regional brands. As shown in Exhibit 5, Sleeman's 2000 sales were \$141 million, up 47 per cent from the previous year while total production volume increased by 75 per cent to 943,000 hl in 2000.

Sleeman's success was, in part, a result of its positioning as a small, craft brewer and an alternative to the larger national brands. Sleeman maintained this image as it expanded operations to include brewing and marketing of the international premium brands Samuel Adams, Scottish and Newcastle, Beck's and value-priced Stroh brands. Exhibit 6 provides a listing of Sleeman brands.

Brand advertising by the smaller breweries was designed not to compete directly with the large players. John Sleeman, president of Sleeman Breweries Ltd., stated that his firm steered clear of competing head-to-head with the large breweries. The microbrewers and smaller brewers generally avoided expensive television advertising and used radio, outdoor and print to promote their brands. The product attribute positioning of the microbreweries was also different from Molson and Labatt. Rather than a lifestyle message, Sleeman's advertising focused on the history of the firm, the differences in production processes and the recipe book that originated with John Sleeman's great-great-grandfather.

Budweiser

Budweiser, marketed by Anheuser-Busch of the United States, was the number one selling beer in the world and number three in Canada.⁵ As shown in Exhibit 5, total sales for Anheuser-Busch were US\$14 billion in 2000 with a net income of US\$1.5 billion.

With 10 per cent of the Canadian market, Budweiser was growing steadily across Canada and was unique because it was performing well in all areas of the country. Known as "the King of Beers," Budweiser had a very well-developed brand image in Canada as a result of Labatt's advertising programs and the impact of American advertising on Canadian media. Budweiser's advertising and promotions were tied heavily to NFL sponsorship and included a nationwide Super Bowl party.

Coors

The Adolph Coors Brewing Company, located in Golden Colorado, posted total sales of US\$2.4 billion for 2000, an increase of eight per cent over the previous year. Coors' net income had increased by 18 per cent to almost US\$110 million in 2000 (see Exhibit 5).

⁵Anheuser-Busch company annual report, 2000.

Coors Canada was a joint venture between the Adolph Coors Company and Molson, which owned 49.9 per cent. Coors Canada was responsible for the distribution and marketing of the Coors Light brand and had been showing very positive results. Market share for Coors Light had increased from 5.5 per cent of the national market to six per cent from 1999 to 2000, making it the fourth largest brand in Canada and one of the fastest growing.

Microbreweries and Brewpubs

The microbreweries and brewpubs were growing in popularity with the Canadian consumer, but they still held only a small fraction of the total market. A microbrewery produced a limited amount of beer that was distributed in local bars or from a store at the brewery. Limited to regional distribution, the microbrewers lacked the economies of scale to produce and distribute nationally. Often their small-scale production and attention to taste was what attracted customers to the microbreweries. Advertising and promotions were equally limited, and many microbreweries relied completely on word of mouth for promotion.

The brewpubs were very similar to the microbreweries, except they were a combination of brewery and beer pub. The beer was brewed and served in the same location. Like the microbreweries, advertising and promotion was minimal.

CONSUMER BEHAVIOR

In Canada, each province set its own legislation for the brewing, selling and transporting of beer and alcohol. This resulted in a complicated and awkward national market. In all provinces, beer was available in bars, restaurants and at some sporting events. In some provinces, consumers could purchase beer at grocery stores and corner stores, while in other provinces, beer could be purchased only in government-run or regulated stores.

The legal drinking age in Canada was 19, and the breweries were trying to reach the valuable 19-to-24-year-old segment before consumers had formed a strong brand preference. Beer consumption decreased after the age of 24 as people drank less, or switched to other alcoholic drinks such as wine or hard liquor. Research by the beer companies has shown that within the 19-to-24-year-old market, sports fans consumed twice as much beer as non-sports fans.

Advertising

Besides the automotive industry, the beer industry in Canada is one of the few that was still producing large budget, big production advertising domestically. Many other industries, including the package goods, were using internationally

developed campaigns. The size of the budgets and the mostly cutting-edge positioning of the beer commercials made a beer account very appealing for an advertising agency. According to AC Neilson, Molson and Labatt each spent over \$50 million in media purchases in 1998 and over \$200 million each on total advertising and promotions.

With the amount of money that was being spent on advertising by the beer companies, there was a concern about return on investment. Michael Downey, explained that Molson was very concerned with the correlation between advertising and increased sales, “What is important to us now is that the advertising be pre-tested and proven to move incremental cases of beer.”⁶

Advertising for the large, national brewers was very much tied to lifestyle, showing the product in a social setting, being enjoyed by young, energetic and healthy people. Robitaille feels that beer advertising is a mirror of society and that “it’s not just about advertising, it’s about being part of their life.” To make their advertising stand out, beer companies often identified new trends and made them more popular by including them in the advertising.

The image created by advertising is critical to the success of a brand. Beer is sold in the same basic package, in the same bottle, at the same price, and many consumers can’t tell the difference in blind taste tests. A 1998 study found that less than 50 per cent of Molson Canadian or Labatt Blue drinkers could identify their favorite brand when given unmarked glasses of both products. As a result, beer marketers focused on brand-level rather than attribute-level advertising.

Government regulations on beer advertising were very strict. There were 17 sections in the Canadian Radio and Television Commission Act that outlined the rules for beer advertising in Canada and included restrictions on what could be seen and heard in a beer commercial. Ads could not include the sounds or images of people drinking beer. Half-empty glasses or bottles could not be seen and people in the ads had to be over 19. The brewers were careful, however, to make sure that all actors in beer commercials were over 25 to avoid any concerns about marketing to young adults.

Promotional Activity

To support the media advertising campaigns, breweries invested in many different promotional and sponsorship activities. Sponsorships were focused on but not limited to sporting events and included everything from motor racing and hockey to equestrian events. A well-planned promotion or sponsorship would often pick up the slack from an ineffective advertising campaign and keep the brand name in the minds of the consumer.

⁶*Selling Suds, May 24, 2001.*

The range of promotional activities used by the brewers was extensive, covering almost every possible category and including in-store signage, logo clothing, mixed cases that had two different brands in one case, and prizes in each case. Tie-ins with advertising were common, and Labatt Blue customers, for example, would find a miniature Stanley Cup in specially marked cases as part of the “Out of the Blue” advertising.

Molson had been lucky with its “Blind Date” and “House Party in the Rockies” promotions that helped support Molson during lean advertising years. The Blind Date was based around a well-known band playing at a small club and only a few lucky Molson drinkers would qualify to win. The House Party in the Rockies promotion consisted of specially marketed bottles placed in cases of Molson Canadian. If you purchased the winning case, you would win a house party for yourself and your friends in the Rockies.

Molson Canadian Advertising

Molson Canadian was the number one brand in Canada with a reported 12 per cent to 14 per cent⁷ market share; it was also the flagship brand for Molson. Canadian’s market share had increased for each of the previous six years, and it was a priority for Molson to maintain this leadership position. The Canadian brand also maintained significant brand equity. Research by Molson showed that Canadian was the number two brand that young Canadian adults were most proud of, just ahead of the number three brand, Labatt’s Blue and behind fashion retailer ROOTS.

Michael Downey defined the positing of Molson Canadian as:

. . . a young male who is looking for a big popular brand that is a little safer, that is one that he knows what it’s about, knows that a lot of other people are drinking it and is reinforcing something that is important to young males, as well as young females at this point in time . . . pride in Canada.⁸

In the 10 years since the early 1990s, Molson Canadian had utilized several different advertising campaigns. The “Taste That Will Stop You Cold” and “What Beer’s All About” campaigns each ran successfully, but eventually became less effective. Under pressure to perform, Molson’s advertising agency of 42 years, McLaren McCann of Toronto, developed “I Am Canadian,” a campaign that was used from 1994 through 1998. The I Am Canadian spots were replaced by the “Monkeys” campaign that premiered in May of 1998, which was followed by

⁷Marketing Magazine, October 4, 1999.

⁸Selling Suds, May 24, 2000.

“Here’s Where We Get Canadian.” Exhibit 7 provides an overview of Molson’s advertising.

Rankin Carroll felt the I Am Canadian campaign was initially a strong campaign, “that was rooted in insights around youthful individuality.” The message was primarily about being young and being an individual. Secondly, it was about doing these two things in Canada. The emphasis was on the *I Am Canadian*, not *We are Canadian*. After the campaign was launched, Canadian’s market share soared up five full points.

As time went on, the creative for the I Am Canadian spots became watered down and the message was lost. Management started to look for a new angle on Canadiana, the stereotypical beaver and Mounties that would somehow bring them closer to Canada. Carroll reflects, “. . . we couldn’t get our heads around the insights that bring us closer to Canada, so we started to go down this road of a new Canadian confidence.”

Molson’s competitor, Labatt, launched “Out of The Blue” in February of 1998 and caught Molson off guard. The Labatt advertising was clever and fun. The first ad showed a spontaneous street hockey game coming together on a city street. The tag line “A whole lot can happen out of the Blue” left the number of possible executions wide open. “Street Hockey” was followed by “Shopping Carts” and gave Labatt significant presence in the market.

In May of 1998, Molson unveiled the “Monkeys” campaign. The premise behind these spots was that if you placed infinite number of monkeys in a room with typewriters, they would eventually define what it is to be Canadian. Described by a Molson executive as horrendous and a flop, Monkeys was replaced the following year by “Here’s Where We Get Canadian.”

By considering questions such as, “How well does being Canadian fit the beer drinking experience?” Carroll’s team started to relate the beer-drinking experience to the Canadian attributes that they perceived. Molson’s promotional agency, Encore, came up with an idea called “Here’s Where We Get Canadian” and it seemed to fit. The idea appeared to have legs, both in terms of brand advertising and also in terms of promotional breadth, “. . . Here’s where we’ll act Canadian, here’s *us* getting together, at a Rock Show, a House Party or Hockey game . . . that’s where we really “get Canadian.” We liked the idea because it had the brand in there. It was much more about here’s where *WE* get Canadian” reflected Carroll. The campaign ran during the summer of 1999 and received some attention, but was not the answer for the Canadian brand.

A New Advertising Agency

The failure of the Monkeys advertising and a new management team at Molson led to the announcement on May 17, 1999, that Molson had fired MacLaren McCann and announced that it would be placing the Molson advertising account under review. The review team was headed by Molson executives at the time, Dan O'Neill, Richard Kelly, senior vice-president, strategic marketing; and David Perkins, Ontario/Atlantic region president.

Molson received approximately 30 responses from agencies across North America and Europe. The 30 agencies were short-listed to four, and the winner, Bensimon Byrne D'Arcy, was selected on September 20, 1999, after a summer of strategy meetings and presentations.

Molson did not treat the selection of a new agency lightly. A new agency would have to share the vision of Molson and particularly the Canadian brand. David Perkins felt that hiring a new agency, "is probably the most important decision that we will make this year."⁹

Canadian Patriotism

Molson conducted research in 2000 that indicated there might be a shift in the attitudes of its primary market segment, the young adults. Comparing results from previous studies, Molson discovered that since 1994, young adults in Canada had become more driven and sophisticated in what they were trying to achieve. Respondents also had a stronger sense of belonging to Canada. The new research also showed that more than 75 per cent of young adults in English Canada believed that Canada was "better than the United States," because of less crime and a better quality of life. See Exhibit 8 for select results from the 2000 research.

Although the research results were very positive towards a patriotic theme, researchers noted that there was a correlation between the attitudes of young adults towards Canada and the general state of the economy. At the time the study was completed, the Canadian economy was relatively strong.

THE DECISION

The Rant was played in movie theatres, sports arenas and finally on television. By many accounts, the ad was a huge success, receiving media coverage on television, radio and newspapers; more than \$1.5 million of free publicity was generated for Molson Canadian. Advertising awards, including a Clio, best of show at the

⁹Marketing Magazine, *The Canadian Way*, October 4, 1999.

Bessies, and Bronze from the Cannes-Lyons festival, rolled in and the Molson Canadian marketing team was feeling good.

When considering the creative that would replace the Here's Where We Get Canadian campaign, Molson reviewed the results that Labatt had posted from the Out of the Blue campaign. Consumer awareness and key messages rated very high for Out of the Blue, but the market share numbers had dropped. Some beer industry observers felt that Labatt had traded younger drinkers for older drinkers. Although the Out of the Blue campaign did not use a specifically patriotic theme, traditional Canadian images of hockey and curling played a significant role in the advertising. Industry experts wondered if a patriotic image could sell beer.

Research by Bensimon Byrne D'Arcy indicated that youth in Canada would respond well to a nationalistic message. "We [Molson] never wrapped ourselves in the flag, perhaps because we always assumed that it would be un-Canadian. The research helped us break through that."¹⁰ The Rant went on to be a critical success, although the question of how much patriotism young Canadian adults would respond positively to had not yet been answered.

When asked, "Where do you go next?" Mr. Carroll did not have a definitive answer. How long could Molson execute off the patriotic theme of The Rant without people getting bored? How could Molson maintain the momentum of The Rant and keep the advertising fresh and interesting to the target? Should Canadian's advertising move towards more traditional beer advertising or maintain the non-traditional theme of The Rant?

With each point of market share worth \$15 million, the stakes were high. At the very least the new advertising campaign had to ensure that Canadian maintained its market leadership position and ideally attracted new customers to the brand.

In addition to being very nationalistic, not a normal trait for Canadians, The Rant was unique among beer advertising in that it did not show a bottle of beer or people socializing. Downey noted: "While it is a great emotional ad and very positive, people both internally and externally said, 'That's not beer advertising. Where are the people socializing?'"¹¹

¹⁰Personal interview, Rankin Carroll.

¹¹Marketing Magazine, December 18/25, 2000.

Exhibit 2

DOMESTIC AND IMPORTED BEER SALES IN HL — CANADA

Domestic	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998(r)	1999
Bottles	14,842,658	14,430,319	13,848,677	13,819,975	14,080,041	13,928,402	13,414,855	12,941,587	12,920,120	13,224,306	13,404,886
Cans	3,442,175	3,713,359	3,813,770	3,098,953	2,831,294	3,132,919	3,611,792	3,719,668	3,661,775	3,795,901	3,677,006
Draught	18,284,833	18,143,678	17,662,447	16,918,928	16,911,335	17,061,321	17,026,647	16,661,255	16,581,895	17,020,207	17,081,892
Sub-Total	1,901,878	1,948,471	2,026,114	2,132,857	2,167,558	2,190,628	2,215,748	2,251,625	2,244,177	2,255,951	2,259,235
Imported	20,186,711	20,092,149	19,688,561	19,051,785	19,078,893	19,251,949	19,242,395	18,912,880	18,826,072	19,276,158	19,341,127
Total Sales	849,403	686,201	663,941	604,623	497,411	578,654	659,447	866,890	1,017,713	1,166,689	1,414,582
Total Sales	21,036,114	20,778,350	20,352,502	19,656,408	19,576,304	19,830,603	19,901,842	19,779,770	19,843,785	20,442,847	20,755,709

Share of Domestic Beer Sales by Package Type

Bottles (%)	73.5	71.8	70.3	72.5	73.8	72.3	69.7	68.4	68.6	68.6	69.3
Cans (%)	17.1	18.5	19.4	16.3	14.8	16.3	18.8	19.7	19.5	19.7	19.0
Draught (%)	9.4	9.7	10.3	11.2	11.4	11.4	11.5	11.9	11.9	11.7	11.7

Share of Domestic and Imported Beer Sales

Domestic (%)	96.0	96.7	96.7	96.9	97.5	97.1	96.7	95.6	94.9	94.3	93.2
Imported (%)	4.0	3.3	3.3	3.1	2.5	2.9	3.3	4.4	5.1	5.7	6.8
United States (%)	78.8	74.8	75.8	64.7	58.0	53.0	49.3	57.1	58.4	53.4	44.1
Other Countries (%)	21.2	25.2	24.2	35.3	42.0	47.0	50.7	42.9	41.6	46.6	55.9

PER CAPITA CONSUMPTION OF DOMESTIC AND IMPORTED BEER SALES IN LITRES*

Total	77.09	75.01	72.61	69.27	68.20	68.30	67.80	66.66	66.17	67.59	68.07
Adult	97.25	94.58	91.51	87.33	85.94	85.94	85.13	83.53	82.67	84.16	84.46
Legal Age	103.88	100.93	97.61	93.11	91.57	91.54	90.69	89.01	88.08	89.62	89.89

(r) - Domestic sales were revised.

* Statistics Canada revised population data for 1997 and 1998.

Note: Domestic beer sales are recorded consumption only, and do not include consumption arising from U-Brews or home brewing across Canada.
Source: Brewers Association of Canada, 1999 annual statistical bulletin

Exhibit 3
INDEX OF PER CAPITA CONSUMPTION OF BEER, WINE AND SPIRITS
Based on total population

1995 = 100

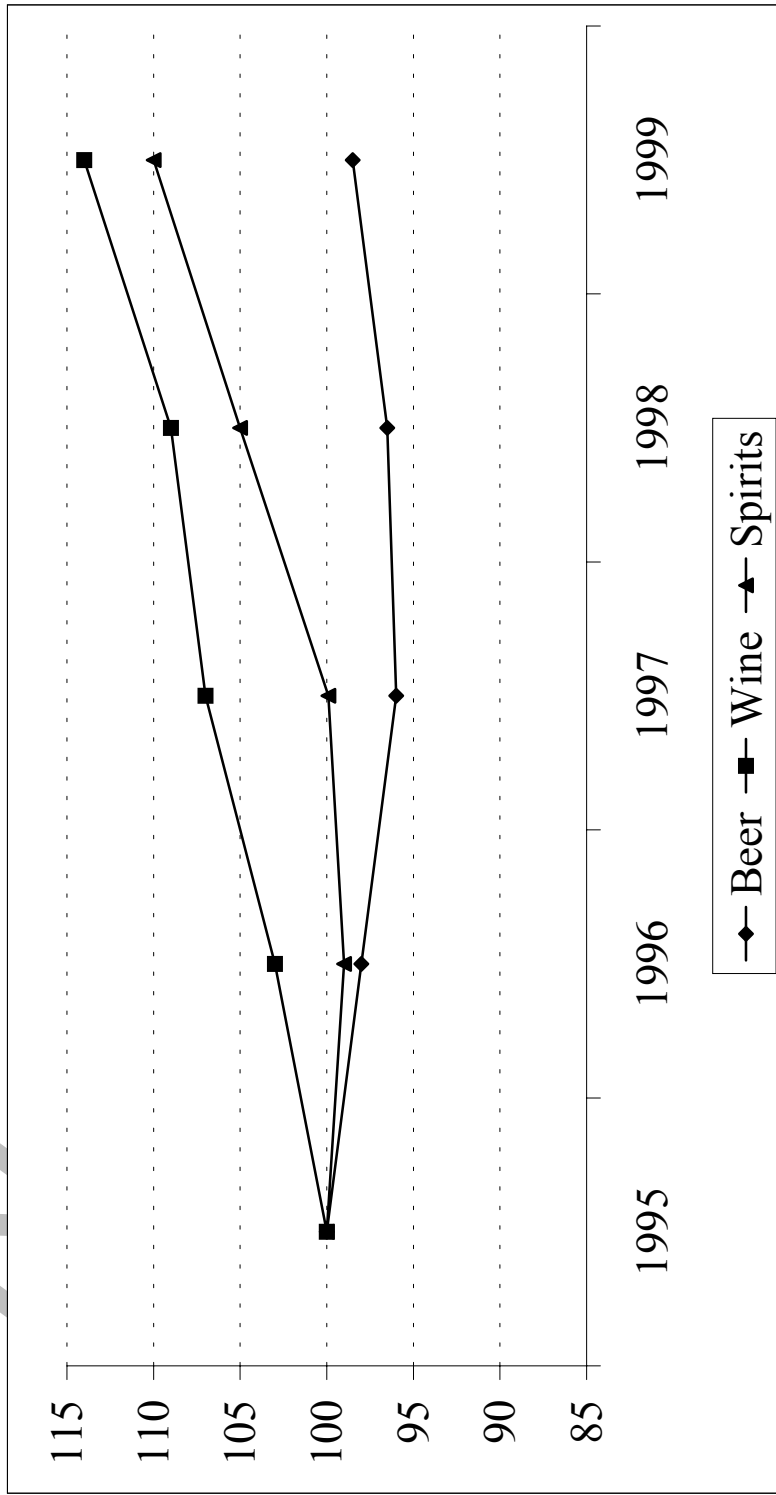


Exhibit 4

RANK OF BRANDS IN ONTARIO

Rank	Brand	Brewer
1	Molson Canadian	Molson
2	Labatt Blue	Labatt
3	Coors Light	Molson
4	Budweiser	Labatt
5	Molson Export	Molson
6	Blue Light	Labatt
7	Labatt Extra Dry	Labatt
8	Black Ice	Molson
9	Carling Light	Molson
10	Molson Dry	Molson

Exhibit 5

FINANCIAL HIGHLIGHTS

	Sleeman Breweries Ltd. ⁽¹⁾		Anheuser-Busch Companies ⁽²⁾		Adolph Coors Company ⁽³⁾		Molson Inc. ⁽⁴⁾	
	2000	1999	2000	1999	2000	1999	2000	1999
Total Volume (000's hl)	943	539	121,300	118,000	27,406	26,167	11,500	11,500
Net Revenue	141.5	96.1	12,261.8	11,703.7	2,414.0	2,237.0	2,517.1	2,129.1
Operating Profit (EBIT)	20,092	14,627	2,494.7	2,302.3	N/a	N/a	102.4	209.6
Net Income	8,969	6,549	1,551.6	1402.2	109,617	92,284	(44.0)	169.9
Earnings per share (fully diluted)	0.58	.039	1.69	1.47	2.93	2.96	(0.74)	2.88

In thousands of dollars except volumes and per share amounts

⁽¹⁾ Source: Sleeman Breweries Ltd. 2000 Annual Report

⁽²⁾ Source: Anheuser-Busch's Companies 2000 annual report, all dollar amounts U.S. dollars

⁽³⁾ Source: Adolph Coors Company 2000 annual report, all dollar amounts in U.S. dollars

⁽⁴⁾ Source: Molson Inc. 2000 annual report

Exhibit 6

NATIONAL AND AMERICAN BRANDS BY COMPANY

	Molson Inc.	Labatt	Sleeman Breweries Ltd.
National Brands	<ul style="list-style-type: none"> • Canadian • Molson Dry • Export • Rickard's Red • Corona • Heineken 	<ul style="list-style-type: none"> • Labatt Blue • Labatt Blue Lite • John Labatt Classic • Labatt Select • Labatt Genuine Draft • Labatt Lite • Labatt Wildcat • Labatt ".5" • Labatt Ice™ • Labatt Extra Dry • Labatt "50" • Boomerang • Carlsberg • Carlsberg Lite • Guinness Extra Stout • President's Choice family of brands 	<ul style="list-style-type: none"> • Cream Ale • Honey Brown Lager • Silver Creek Lager • Original Dark • Steam Beer • Premium Light • Beck's • Beck's Non-alcoholic
American Brands	<ul style="list-style-type: none"> • Coors Lite 	<ul style="list-style-type: none"> • Budweiser • Bud Lite 	<ul style="list-style-type: none"> • Stroh • Old Milwaukee • Rainier • Colt 45 • Red Bull • Bull Max • Olympia • Lone Star • Samuel Adams • Boston Lager

Source: Labatt Web site, May 31, 2000, Molson Inc. 2000 annual report, Sleeman Breweries Ltd. 2000 annual report.

Exhibit 7
ADVERTISING CAMPAIGNS AND MARKET SHARE

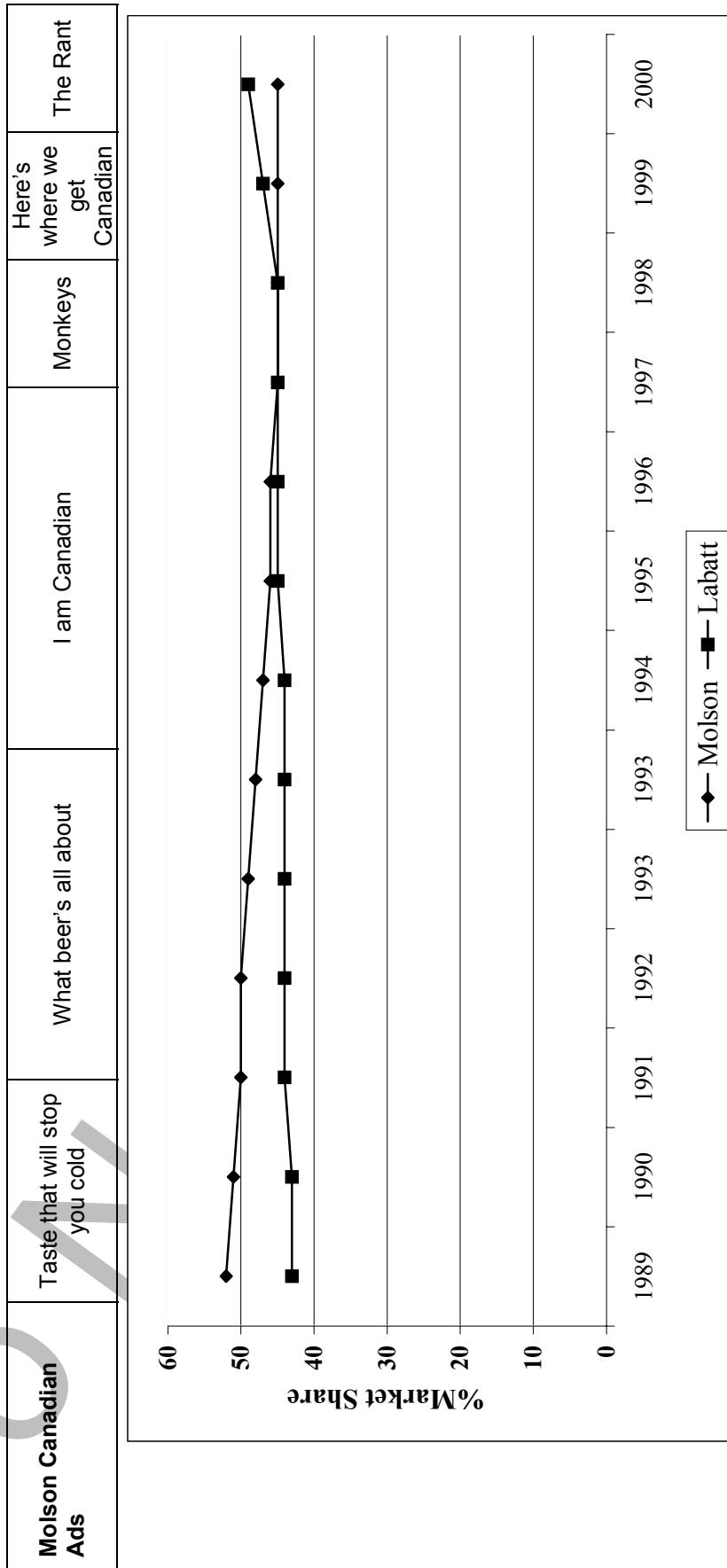


Exhibit 8

MOLSON RESEARCH RESULTS¹

How well does each of the following describe what it means for you to be Canadian? % of respondents saying...	Very Well	Fairly Well	Not well at all
Having the freedom of choice to do what you want to do	70	26	5
Belonging to a multicultural society	57	37	7
Being considerate of others	57	37	7
Being accepted of no matter what your race or religion is	55	36	9
Being in control of your own destiny	53	40	8
Not being American	52	20	29
Having lots of opportunity	48	44	8
Being patient/understanding	49	42	9
Being boring/conservative	8	18	73

¹ Some data may be disguised