

SPONSORSHIP PROGRAM DESCRIPTION – BORDERFEST “CELEBRATING JAMAICA”, HIDALGO, TEXAS

OVERVIEW:

- HEB is the leading grocery store chain in South Texas, with 300 + stores. **Thirty** of those stores serve the 1.1 million residents of the Rio Grande Valley (home of BorderFest), a predominantly (87%) Hispanic community and target audience for HEB.
- HEB's involvement evolved from simply sampling in 1993, tripling their cash sponsorship just two years later by securing co-op funds from vendors, along with marketing dollars from their self-branded product line.
- Key components of the sponsorship model include: 1) HEB in-store displays including end aisle & Jamaican themed 2) Register-to-win sweepstakes with media tie-in 3) Tri-branded In-store POS 4) Incentives to motivate store associates and management 5) On-site activation strategy that creates synergy between multiple BorderFest sponsors

INITIATION:

- In 2002 HEB agreed to support KRAFT as part of their BorderFest sponsorship.
- Sponsorship model included incremental sales, in-store promotion designed in the BorderFest theme “Celebrating Jamaica” prior to festival, and sampling /brand-building through on-site activation.
- BorderFest has grown the partnership adding new players & new ideas to the dynamic, adding an additional 6-digit sponsorship to the festival portfolio.

INNOVATION:

- HEB owner, Mr. Charles Butt took an active interest in BorderFest, flying down to our market to experience the in-store sales and promotion component.
- He declared the HEB-BorderFest partnership the model for all stores in the company to follow when sponsoring community events, following BorderFests model of: including pre-event retail traffic drivers, incremental sales and displays, compelling promotions, media partner tie-ins, cross-promotions between other local sponsors, associates' involvement through training, incentives, and volunteer opportunities and custom-made on-site activation opportunities (*details below under “execution”*).
- HEB chose to unveil its new *Employee Hall of Fame* program during their HEB Leaders Dinner at BorderFest .
- HEB's marketing messages for 2009 determined their on-site activation strategy: quality and value, exercise and nutrition, commitment to community.

EXECUTION:

- Sponsorship activation begins *prior to the festival* inside of HEB's stores, taking advantage of each stores' 28,000 average weekly shoppers, through the use of BorderFest-themed Kraft and Colgate displays, and a BorderFest register-to-win sweepstakes.
- Krafts incremental sales increased 47% over PY, with HEB bringing in 4,785 extra cases of Kraft product and for Colgate-Palmolive 4,060 cases providing them a 24% incremental lift.
- **BorderFest drives traffic to HEB** by promoting the sweepstakes prior to the festival through: **1.)** Exclusive ads on CBS affiliate (\$30,000 value) **2.)** Exclusive ads on KKPS radio (\$15,000 value) **3.)** Exclusive ads in The Monitor newspaper (\$12,000 value) **4.)** In-store POS (including 500,000 + HEB circulars, display materials provided by BorderFest, including 4 posters per store, bilingual registration forms & entry box, and cash register pole wraps totaling 30 facings per store. POS featured CBS affiliate partner's celebrity talent, which created ownership by the station and its anchors). This yielded an **additional 420,000 impressions** per store, per week (avg. customer count x 2.5 times per week x 6 impression opportunities).
- BorderFest proposed store incentives to procure more sweepstakes entries, which senior management communicated to store management in a training session. By incentivizing Unit Directors and CCOMs, registrations quadrupled, from 3,000 to 12,000 the first year. After including Grocery Managers in the incentives, **registrations doubled from 2008 to 2009, totaling 24,000 + entries.**
- HEB's on-site activation involves HEB's Diversity Council coordinating their volunteers and BorderFest volunteers working together to execute the following: **1.)** HEB Food Court **2.)** Cocina Kraft—a tent that offers cooking demonstrations using Kraft and HEB products **3.)** HEBuddy Kids Club, which doubled in size (from 20x40 to 40x80) to accommodate other sponsors that BorderFest partnered with HEB with shared marketing objectives and target demos, creating the HEBuddy *and Friends* KIDS CLUB.
- **HEBuddy and Friends Kids Club** – multiple sponsor stations tied to HEB were created. Children received a “passport which had to be stamped at each station to qualify for a daily drawing to ensure participation with all sponsors. Stations included: “HEB Brand Challenge” (a blind taste-test to promote quality and value), “Hula Hoop Contest” (to promote fun ways for kids to exercise), and “Plinko for Prizes” (to build trial and brand awareness for own brands). HEB's PLUS! Stores partnered with the Hidalgo Library in a Rock Band Challenge, promoting their electronics department. HEB photo department was promoted at a BorderFest themed photo-op. HEB garden centers partnered with TV station Telemundo and Sesame Street to promote an upcoming show at Dodge Arena by co-sponsoring *Grow a Little Love*, which involved children planting seedlings and learning to be eco-friendly. Telemundo also offered register-to-win events for the Sesame Street show at HEB stores, all of which was promoted with a bonus schedule valued at over \$2,500 by Telemundo.

TARGET IDENTIFICATION:

TARGET AUDIENCE

- As HEB's research has found, mothers are the decision-makers in the household when it comes to grocery shopping. The primary demo for the HEB/Kraft/Colgate partnership was mothers 19-45.
- The secondary demo was the grocery shopper in general, adults 18-75.

DEMOGRAPHICS

- The Rio Grande Valley region includes 2.8 million people (1.1 million U.S., 1.7 million northern Mexico)
- Eighty eight percent of the Rio Grande Valley's U.S. population is Hispanic, and the average age is 27.
- In Hidalgo County, 11.7% of the population is under the age of 5.
- The average household size is 3.5, which is well above the state of Texas' average of 2.7 persons.

PSYCHOGRAPHICS / BRAND USAGE

- With larger-than-average household sizes and a median income of \$28,660 in this market, these targets people interested in value—a cost-conscious consumer, particularly in today's difficult economy.
- As BorderFest is a widely publicized and well-attended family event (83,345 in 2009), it provides HEB the opportunity to connect across all segments of the population—from the 19-45 year old mother, to the 18-75 year old adult grocery shopper, and have them directly interact with the HEB brand.

While building the sponsorship model, BorderFest worked together with HEB, and subsequently with Kraft and Colgate, to identify the program goals of the alliance—ensuring that all aspects of the sponsorship provided a win-win situation for everyone.

THE PROGRAM GOALS WERE TO:

- Increase sale of Kraft, Colgate, and HEB-branded products
- Raise awareness of and build trial for partner brands / products
- Drive traffic to HEB stores
- Drive in-store traffic to the Kraft/Colgate/BorderFest display
- Raise awareness of BorderFest, thus increasing festival's attendance
- Leverage existing local partnerships in the creation of new ones
- Ensure a successful sponsorship model that delivers positive results and feedback from sponsors and guarantees their return for the following year.

RESULTS: BorderFest 2009 had a 3% increase in attendance. All goals set met and/or exceeded expectations.

- **GOAL ACCOMPLISHED: INCREASE SALE OF KRAFT AND COLGATE PRODUCTS**
 - 8,845 extra cases of Kraft and Colgate product were ordered into HEB stores
 - 4,785 extra cases of Kraft product representing 17 different brands, totaling over \$180,000 in incremental sales for Kraft
 - 4,060 extra cases of Colgate product representing 8 different brands

- **GOAL ACCOMPLISHED: RAISE AWARENESS OF AND BUILD TRIAL FOR PARTNER BRANDS / PRODUCTS**
 - HEB sampled over 10,000 bags of chips at BorderFest, promoting their own brand
 - Kraft sampled 44,000 pieces
 - Colgate / Palmolive sampled 21,000 pieces

- **GOAL ACCOMPLISHED: DRIVE TRAFFIC TO HEB STORES**
- **GOAL ACCOMPLISHED: DRIVE IN-STORE TRAFFIC TO THE KRAFT/COLGATE/BORDERFEST DISPLAY**
- **GOAL ACCOMPLISHED: INCREASE SWEEPSTAKES ENTRIES**
 - Sweepstakes entries doubled over prior year
 - 24,000+ sweepstakes entries (administered and tracked by an outside marketing/promotions company)

- **GOAL ACCOMPLISHED: RAISE AWARENESS OF BORDERFEST, INCREASE ATTENDANCE**
 - 3% increase in festival attendance, despite downturn in economy
 - 83,345 Record-breaking attendance to BorderFest in 2008.

- **GOAL ACCOMPLISHED: LEVERAGE EXISTING LOCAL PARTNERSHIPS IN THE CREATION OF NEW ONES**
 - HEBuddy and Friends Kids Club brought together several local partners in support of HEB:
 1. Dodge Arena brought together one of its upcoming Sesame Street shows, Elmo's Green Thumb , with Telemundo and HEB for a cross-promotion called "Grow A Little Love" at the Kids Club. Telemundo and HEB volunteers worked together to help children plant seed cups and learn about the environment, while promoting HEB's garden center, the upcoming Sesame Street show at the Dodge Arena, and Telemundo promoted it's soap operas to mothers. Telemundo also did register-to-win drawing inside HEB stores leading up to the show. The "Grow a Little Love" and register-to-win promotions both received a complimentary schedule by Telemundo.
 2. HEB partnered with the Hidalgo Library to sponsor a Rock Band contest, which promoted HEB Plus! Stores' electronics department.
 3. HEB partnered with the Hidalgo Fire and Police Department in the Kids Club to sponsor a BorderFest-themed photo op, which promoted HEB's photo department, and a children's I.D. station.

- **GOAL ACCOMPLISHED: ENSURE A SPONSORSHIP MODEL THAT DELIVERS POSITIVE RESULTS AND FEEDBACK FROM SPONSORS, GUARANTEES THEIR RETURN**
 - HEB, Kraft, Colgate and Hernandez Events (marketing company hired to activate the promotion) all provided positive feedback and have locked in commitment to the festival through 2011

- **GOAL ACCOMPLISHED: USE THIS PARTNERSHIP AS A MODEL TO ATTRACT NEW SPONSORS**
 - **Wal-Mart approached BorderFest and Kraft about sponsoring BorderFest, requesting a similar sponsorship model as the Kraft / HEB / BorderFest one for 2010.**

PRESENTATION:

BorderFest moved from a web-based multimedia sponsor fulfillment report to a comprehensive multimedia report generated through SponsorPro software last year. In our quest to deliver sponsors hard facts that speak directly to their sponsorship goals (attendance, incremental sales, return on investment, etc.) in a concise and user-friendly manner, we chose to invest in software that facilitates this process, keeping our sponsors' needs and busy lifestyles foremost in mind.

Our sponsors are able to view, at a glance, the overall categories of the report:

- BorderFest Overview and Results
- Sponsorship Overview
- Goals, Elements, Strategy
- Results, Market Overview
- Marketing Campaign and Results
- Program Deliverables.

Should they wish to explore any area further, they can click through the presentation to find radio, TV, and print ads, newspaper articles, sales figures, traffic count reports, photos, and video of the event in general and their sponsorship in particular.

The BorderFest Sponsorship procurement team that pitched the sponsorship deal is the same team that personally presents the sponsorship recap. HEB, Kraft, and Colgate were very pleased with their sponsor fulfillment reports, and appreciated the abridged version we presented while leaving them the option to review with further detail the rest of the report at their discretion.

In appreciation of our sponsors' efforts to "go green," BorderFest no longer leaves hard copies of the sponsor fulfillment report, but rather gives each sponsor a BorderFest flash drive on a BorderFest lanyard that contains their sponsor fulfillment report.

The BorderFest team flew to Atlanta to present to Colgate corporate. They were so impressed with our fulfillment report, noting that none of their other event partners have ever offered them such a comprehensive and professional presentation, "not even *Calle Ocho* in Miami," said Colgate's Director of Multicultural Marketing.

SPONSOR FEEDBACK:

BorderFest is a great event which provides different entities to come together and celebrate the richness of our culture with our community. We are blessed to be working with such a professional, well lead organization such as BorderFest. This event works due to the passion, commitment and level of professionalism illustrated by all the different organizers and the leaders that are tasked with creating and managing this event. Tremendous job by all. We look forward to our continued support and partnership with all sponsors and the city of Hidalgo.

--Robert Palomin, HEB Director of Operations

It is a great opportunity to be a part of an event that touches so many of our customers. We are able to show our appreciation while at the same time provide additional information on what HEB has to offer in our stores. The event was utilized to heighten the awareness of the services we provide and items we carry beyond our standard grocery items. We were able to showcase our new "Plus" format and have fun with our customers as they participated in the Xbox 360 Guitar Hero World Tour game for prizes. The BorderFest team is great to work with. There is a very high level of professionalism and commitment to the event, its sponsors and organizers. This is a top notch event that we are very proud to be associated with.

--Beatriz Alvizo, HEB Advertising Account Manager

As for activities in the tent, we had our main stage which featured our Plus store team that set up a mini concert to go with the Guitar Hero World Tour game for individuals to play to win tickets from Sesame Street. There were other tables with different games from Plinko to jump rope and hula hoop activities for the kids—even adults joined in on the fun. We passed out almost all our promotional items inventory for 2009--water bottles, shirts, green bags, grocery list pads, key chains, pencils, HEBuddy stickers, coloring pages and other HEBuddy items, pill holders, coupon holders and our own brand chips. In addition, our new My HEB Texas Life Magazine kicked off in March so we were able to hand those out as well. The tent was always busy, no matter time of day!

--Adrian Villanueva, HEB Plus! Store Manager

Event sponsors in today's environment are looking for more impact than just presence at an event. They are seeking opportunities to reach out to the consumer in their community and where they shop. BorderFest gets it! Their focus is on an all inclusive package that combines world-class entertainment with local grassroots connectivity between sponsor, retailer, and event organizers. Results: sponsor immersion in the community, increased traffic at the retailer, record breaking attendance at the event! Count on Kraft Foods Global and Colgate-Palmolive at next year's event.

--Miguel Hernandez, Hernandez Events

One of Kraft's most successful multicultural programs is with BorderFest. The reason it is so successful is because BorderFest offers a **fully integrated** campaign from the ground up, beginning with the targeted merchandising through a key retailer (HEB) four weeks in advance of the festival. The display and sweepstakes helps build brand awareness among a key consumer group—Hispanic mothers. The partnership with BorderFest also provides the grassroots experience that is relevant to our customer—it provides sampling of Kraft products (more than 44 thousand pieces this year!), and food solutions through the Cocina Kraft, along with couponing opportunities. The Kraft signage on the grounds and inside of HEB build brand awareness, linking Kraft to a very successful festival in a market that we seek to grow our share in. The partnerships are what make this event so successful.

--Judy Anderson, Kraft Marketing

BorderFest is a wonderful marketing opportunity for us here at KTLM. Last year was our first year participating, and we experienced such enormous success that it was a no-brainer for us to partner up with them again this year. Our programming has a core audience

of Women, 25-54, and the association with HEB and Sesame Street was right on target for our marketing goals. We felt so good about our partnership with HEB and Sesame Street that we did a register-to-win contest at the stores, and promoted that on-air, as well as our booth in the Kids Club tent at BorderFest. HEB helped us with in store signage, and we helped HEB with an on-air schedule, creating a win-win promotion for all involved.

--Chad Garcia, KTLM General Sales Manager