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Industry Introduction

- Ad creativity
- Regulations on ads
- College students

Kid tested, Obama approved
Industry Structure
Industry Background

- Industry: canned beer products
- Main U.S. breweries:
  - Anheuser-Busch
  - Miller-Coors
  - Boston Beer Company
  - Yuengling Sons Inc.
  - Pabst Brewing Co.
- Craft beers segment
- International

![Products and services segmentation (2016)](image)

- Total $37.8bn
Industry Product Differentiation

Super-Premium: Michelob Ultra

Premium: Budweiser, Coors, Miller

Sub-Premium: Keystone, Busch Light
Industry Supply Chain

Wholesale Raw Materials Purchases
Water, Malt, Hops, Yeast

Production
R&D, Labor, Brewing

Packaging
Bottles/Cans, Cases

Distribution
Retailers, Restaurants

Shipment
Trucking, Freight
Industry Competition

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anheuser-Busch</td>
<td>43.8%</td>
</tr>
<tr>
<td>Miller-Coors</td>
<td>11.2%</td>
</tr>
<tr>
<td>Boston Beer Company</td>
<td>3.6%</td>
</tr>
<tr>
<td>Yuengling Son Inc.</td>
<td>2.2%</td>
</tr>
<tr>
<td>Pabst Brewing Co.</td>
<td>2.2%</td>
</tr>
<tr>
<td>HHI Industry</td>
<td>2066.52</td>
</tr>
</tbody>
</table>

- Barriers to entry in this industry are **high** and are **steady**
- Competition in this industry is **medium** and the trend is **increasing (via Craft Beers)**
- Anheuser-Busch & Miller both acquiring Craft Beer companies
Industry Competition - Craft Beer

Google Trends Interest over time since ‘06

Figure 1
Number of U.S. Macro and Craft Brewers, 1947–2013

Craft Breweries - Long Tail of Beer Industry
Perception Map

Expensive

Low Quality

Affordable

High Quality

Red = Anheuser-Busch InBev

Blue = Millercoors

Industry Structure
Prime-Time Ad Expenditure Across Brands

Beer Product Types:

- Sub-premium
- Premium
- Super-premium
- Craft

Data: 2008 TV Beer Ad Spots
Government Regulations

● Federal Oversight
  ○ Bureau of Alcohol, Tobacco, Firearms, and Explosives
  ○ US Alcohol and Tobacco Tax and Trade Bureau

● State and Local Regulations
  ○ Open and Control States
Advertising Restrictions

- Extensive list governing allowed content of beer ads
  - Cannot target underage population
  - Cannot portray excessive drinking
  - Cannot imply that alcohol will lead to social success

- Empirical Evaluation of the US Beer Institute’s Self-Regulation Code
  - Babor, Xuan, Damon, Noel (2013)
  - Between 35-74% of beer ads have content violations
  - Self-regulation is ineffective
Economic Implications of Regulation

- **Excise Tax Revenue**
  - Wide variation in taxation across the states
  - ~$10B generated from spirits, beer, and wine in 2012

- **Negative externalities**
  - Excessive drinking accounted for 75,766 deaths in 2001
  - Behavioral & social problems
    - Domestic violence
    - Homicide
    - Automobile fatalities
    - Chronic health problems
Advertising Strategies
Industry Programming Allocation

AB and Miller's Ad Frequency vs. Industry

- Professional Football
- Talk
- College Basketball
- College Football
- Professional Baseball
- Professional Basketball
- Auto Racing
- Olympics
- Hockey
- Other Specific Event
- Golf
- Variety
- Tennis
- Drama/Adventure

Data: 2008 TV Beer Ad Spots

Advertising Strategies
Industry Time Allocation

Data: 2008 TV Beer Ad Spots

Advertising Strategies
Industry DOW Allocation

Data: 2008 TV Beer Ad Spots

Advertising Strategies
Advertising-to-Sales Ratios

$539 ÷ $15,107.5 = 3.57% 

$417 ÷ $7,745.2 = 5.39% 

$171 ÷ $2,482.4 = 6.89% 

$150 ÷ $1,479 = 10.14% 

$50 ÷ $739.6 = 6.76% 

Industry Average: 3.7%
Prime-Time Television Ad Expenditure by Program

Sports Percentages

<table>
<thead>
<tr>
<th>Sport</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Professional Football</td>
<td>47.89%</td>
</tr>
<tr>
<td>College Basketball</td>
<td>10.34%</td>
</tr>
<tr>
<td>College Football</td>
<td>6.06%</td>
</tr>
<tr>
<td>Professional Baseball</td>
<td>5.86%</td>
</tr>
<tr>
<td>Olympics</td>
<td>5.38%</td>
</tr>
<tr>
<td>Auto Racing</td>
<td>4.55%</td>
</tr>
<tr>
<td>Professional Basketball</td>
<td>4.37%</td>
</tr>
<tr>
<td>Golf</td>
<td>2.02%</td>
</tr>
<tr>
<td>Hockey</td>
<td>1.00%</td>
</tr>
<tr>
<td>Tennis</td>
<td>0.88%</td>
</tr>
</tbody>
</table>

Data: 2008 TV Beer Ad Spots

Advertising Strategies
Top 3 Programming Used

Bud Light
- NBC Sunday Night Football
- Fox Baseball Night in America
- Fox College Football

Miller Lite
- NBC Sunday Night Football
- NBA Countdown on ABC
- The Following on FOX
Top Creatives Aired

Budweiser
1. Budweiser & Baseball through the years
2. Hero’s Welcome
3. Buddy’s Friend Comes Home

Miller Fortune
1. Beer for Spirited Nights
2. Weed out the Timid
3. Turn your Night Around

Data: 2014 All Prime Time Ads
Strategy Comparisons

Budweiser

- “Great times are waiting”
- “Grab some buds”
- Emotional appeals
- Very Visual - little dialogue
- “Rise as One” video series

Miller Fortune

- Celebrity appearance: Mark Strong
- “Fortune Awaits’
- Emotional appeals
- Dialogue is the point
- Commercials are connected

Data: 2014 All Prime Time Ads
Top Creatives Aired

**Bud Light**
1. Alex Loves Buccaneers
2. J. Johnson: A Football Challenge
3. G. Basil: Taking Over Towns

**Miller Lite**
1. Invented Lite Beer
2. Invented You
3. The Original Look

Data: 2014 All Prime Time Ads

Advertising Strategies
Strategy Comparisons

Bud Light:
- Slogan “up for whatever”
- Uses footage of real people invited to a crazy party with celebrities
- Focuses on fan engagement
- Message: Bud Light is the gateway to a fun night where anything can happen

Miller Lite:
- Using cinematic shots & good looking people
- Miller invented light beer
- Message: Miller Lite is best because it’s the original

Data: 2014 All Prime Time Ads
Miller Fortune vs Miller Lite

**Miller Fortune**
- Persuasive ads
- Celebrity: Mark Strong
- Focus on experience

**Miller Lite**
- Persuasive and Informative ads
- No celebrities
- Focus on brand
Budweiser vs Bud Light

**Budweiser**
- Persuasive ads
- Emotional appeals: usually sad
- No celebrities

**Bud Light**
- Persuasive and informative ads
- Humor appeals
- Celebrity appearances frequent
Advertising Effects

- Regular beers and light beers complement own categories

- Regular and light beers are substitutes for each other

- Beer ad expenditures have little effect on consumption
## Advertising Elasticities

<table>
<thead>
<tr>
<th></th>
<th>Budweiser</th>
<th>Bud Light</th>
<th>Miller High Life</th>
<th>Miller Lite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budweiser</td>
<td>0.0174</td>
<td>0.0099</td>
<td>-0.0006</td>
<td>0.0126</td>
</tr>
<tr>
<td>Bud Light</td>
<td>0.0309</td>
<td>0.0323</td>
<td>0.0115</td>
<td>-0.0107</td>
</tr>
<tr>
<td>Miller High Life</td>
<td>-0.007</td>
<td>0.052</td>
<td><strong>0.0394</strong></td>
<td>0.0707</td>
</tr>
<tr>
<td>Miller Lite</td>
<td>0.0258</td>
<td>-0.0055</td>
<td>0.0113</td>
<td><strong>0.0288</strong></td>
</tr>
</tbody>
</table>
Sports Sponsorships

Bud Light
- Official beer of the NFL
  - $1.4B deal over 6 years
- Sponsorship deals with 28 of the 32 NFL teams

Miller Lite
- Exclusive sponsorships with 4 NFL teams
  - Packers, Vikings, Cowboys, Bears
- Official sponsor of MLB Canada
Talk Shows

- 2nd highest ad allocation in the Beer Industry

- Compare advertising strategies for Bud Light and Miller Lite
  - Ad Count
  - Dollars Spent
  - Program Choice
Beer Ads during Talk Shows

Ad Count by Month

Data: 2008 TV Beer Ad Spots

Advertising Strategies
Beer Ads during Talk Shows

Ad Dollars Spent by Month

Data: 2008 TV Beer Ad Spots
Talk Show Targeting Strategies

Data: 2008 TV Beer Ad Spots

Advertising Strategies
# Top Talk Shows for Beer Ads (Dollars spent)

<table>
<thead>
<tr>
<th>Program</th>
<th>Bud Light</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonight Show with Conan O'Brien</td>
<td>$1,383,500</td>
</tr>
<tr>
<td>The Late Show with David Letterman</td>
<td>$813,400</td>
</tr>
<tr>
<td>Jimmy Kimmel Live</td>
<td>$499,300</td>
</tr>
<tr>
<td>The Late Late Show with Craig Ferguson</td>
<td>$459,200</td>
</tr>
<tr>
<td>Late Night with Jimmy Fallon</td>
<td>$447,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program</th>
<th>Miller Lite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jimmy Kimmel Live</td>
<td>$1,505,100</td>
</tr>
<tr>
<td>The Late Show with David Letterman</td>
<td>$234,700</td>
</tr>
<tr>
<td>The Tonight Show</td>
<td>$231,400</td>
</tr>
<tr>
<td>Last Call with Carson Daly</td>
<td>$176,100</td>
</tr>
<tr>
<td>Tonight Show with Conan O'Brien</td>
<td>$168,800</td>
</tr>
</tbody>
</table>

Data: 2008 TV Beer Ad Spots

Advertising Strategies
Online and Social Data Analysis
Bud Light Trend

Search Query in 2014: Bud Light

“Up for Whatever” Wave 2 Campaign

Super Bowl
(Corporate Puppy + Up for Whatever)

Data: Google Trends 2014
Bud Light Trend

Search Query in 2014: Bud Light

"Up for Whatever"
Wave 2

Super Bowl
(Corporate Puppy + Up for Whatever)

Bud Light Ad Spend in 2014

Data: Google Trends 2014
Online and Social Data Analysis
Miller Lite Trend

Search Query in 2014: Miller Lite

Data: Google Trends 2014
Online and Social Data Analysis
Miller Lite Trend

Search Query in 2014: Miller Lite

“New Can” Wave 1
(Back to the Original Campaign)

“New Can” Wave 2
(Back to the Original Campaign)

“Invented You”
(Miller Invented the Lite Beer Campaign)

Miller Lite Ad Spend 2014

Data: Google Trends 2014
Online and Social Data Analysis
Skinny Beer?

“We made the original lite beer. Which allowed for your skinny abs...We invented you.” - Miller Lite Commercial

Search Query: Miller Lite Calories

“Invented You”
(Miller Invented the Lite Beer Campaign)
Higher post interaction may indicate
1. Higher brand loyalty
2. Better run page and content
Social Media Data: Overview

Higher post interaction may indicate
1. Higher brand loyalty
2. Better run page and content

Stats retrieved in April 2016
Data from www.fanpagekarma.com
Bud Light: Social Media + TV Ads

Does TV campaigns drive social media followers?

![Graph showing the number of fans from January 2014 to April 2014, with a significant increase during the Super Bowl (Corporate Puppy + Up for Whatever) in February 2014.]

Time Range: Jan 2014 - April 2014

Data from www.fanpagekarma.com
Content Advertising on Social

Remember, it’s free and can be shared (go viral). Win win. Examples:
Facebook - Bud vs. Miller 2014

Bud Light
Pictures, videos and external links.

Miller Light
Picture content (memes, funny pictures, Miller pictures)

Strategy: drive engagement (social norm) and brand reminders (memory jam)

Time Range: Jan 2014 - December 2014
Data from www.fanpagekarma.com
Facebook - Miller Vs. Bud 2016

Bud: many, many, many videos using humor and celebrity endorsement ads

Miller: mostly pictures of the “memory jam” genre - reminds audience of #itsmillertime
Facebook - Miller Vs. Bud 2016

Data from www.fanpagekarma.com
Time Range: Jan 2016 - April 2016

What you would expect...

7.5M fans
Bud Light

2.1M fans
Miller Lite

= posts

Online and Social Data Analysis
Even though Bud Light’s page is 3x the size of Miller, Miller’s engagement #s are almost as high as that of Bud Light…

Hypothesis: Bud light is spamming users instead of engaging
Should there be different types of “ads” on TV vs. social?
Facebook - Miller Vs. Bud 2016

Consequence of lower engagement rate: Informative Advertising - Signaling? Lower engagement as a sign of lower brand quality + bad social norm?

Time Range: Jan 2016 - April 2016

Data from www.fanpagekarma.com
Beer Related Keyword CPCs

Keywords - “Beer”: $6.6 CPC, “Lite Beer”: $15
Analysis & Recommendation

- Ads have cooperative effects rather than combative
- Football works but could expand -> talk shows
- Increase social media engagement
- Anheuser-Busch-Miller merger issues
- Craft beer segment growth
Thanks! Questions?