# TABLE OF CONTENTS

Executive Summary .................................................................................................................. 2

Analyzing Needs and Trends in the Marketing Environment ................................................. 4
  Demographic Environment ................................................................................................. 5
  Economic Environment .................................................................................................... 8
  Natural Environment ...................................................................................................... 10
  Technological Environment ............................................................................................ 12
  Political / Legal Environment ......................................................................................... 14
  Social / Cultural Environment ......................................................................................... 16
  Recommendations ............................................................................................................ 18

Consumer Markets, Competition, Segmentation, and Positioning ...................................... 20
  Company .......................................................................................................................... 21
  SWOT Analysis ................................................................................................................. 23
  Markets ............................................................................................................................ 24
  Competitors and Competitive Rivalry ............................................................................. 27
  Customers ......................................................................................................................... 29
  Recommendations .......................................................................................................... 31

Product and Place Strategies ............................................................................................... 33
  What products are available? ............................................................................................ 34
  Diagnostic Product Profile ............................................................................................... 37
  New Product Development ............................................................................................... 39
  Channels of Distribution ................................................................................................. 44
  Recommendations .......................................................................................................... 46

Promotion Strategies and Pricing Strategies ........................................................................ 48
  The Marketing Communication Mix ............................................................................... 49
  Diagnostic Advertising Profile ......................................................................................... 52
  Diagnostic Sales Promotion Profile ................................................................................. 55
  Public Relations, Direct Marketing and Internet Promotions ........................................... 57
  Current Pricing ................................................................................................................ 59
  Recommendations .......................................................................................................... 60

Overall Recommendations ................................................................................................ 62

Bibliography ......................................................................................................................... 64
EXECUTIVE SUMMARY

This report examines the beer brand, Bud Light owned by Anheuser-Busch InBev LLC. In order for a brand to be successful, it must understand the needs and trends that exist within its marketing environment like the economic, natural, social and political environment. The Bud Light brand was created for the young male demographic and exists as a convenience product in a “recession resistant” industry. As the brand moves forward it must consider natural and technological advancements available. However as the brand has grown it has relied on the changing social trends of its consumers and must keep this into consideration moving forward.

Furthermore, the brand must understand the full market including its competition and understand the brands’ specific positioning within the entire beer industry. This report details Bud Light’s history, development, and foundation of the company. This will be determined by analyzing the full spectrum of the marketing channel, beginning at the internal analysis of the company’s mission statement and determining how well the brand turns its weaknesses into strengths and threats into opportunities. Next, it will analyze the external factors like other competitors and consumers.

Next, the paper examines the product and placement strategies of the brand. AB InBev being a global company offers an extensive portfolio of brands including Bud Light. This report outlines the parent company’s successes with these alternative brands and highlights a few particular products in relation to the Boston consulting matrix. The analysis also provides a diagnostic product profile, analyzing life cycle stages, the depth and width of the product line as well as newer product development. Also, there is an external view to how these products are distributed through retailers and wholesalers.
Another sector of the report outlines the brand’s use of the promotional mix. A profile is written to provide insight into Bud Light’s heavy investment into its advertising as well as examine its unique application of the other methods of the promotion mix. However, the brand cannot just be existent within its own promotional mix, but must be aware of competitors’ efforts, which are also examined in this report.

Lastly, through the many angles and perspectives analyzed through this report, there are multiple ways the brand can continue to expand to use its current efforts combined with a few new recommendations to expand and grow. By taking its current efforts and utilizing upcoming technology and social media it can advance its promotional efforts. Additionally, it can continue to use its strategy of creating new products to reach new and continued supporting consumers. Also, there are always ways to improve a brand image, and Bud Light being an alcoholic beverage has some unique opportunities to better its image. Ultimately, these recommendations could be used to reach more of its consumers and achieve higher brand loyalty in an industry that does not typically see such and will be discussed in further detail at the end of this report.
SECTION 1:
ANALYZING NEEDS AND TRENDS IN THE MARKETING ENVIRONMENT
The Bud Light product was created from its parent product Budweiser, as a way to target a specific demographic; the younger male partier. Bud Light has successfully reached and catered to this demographic emphasizing stereotypical male tendencies combined with humor. In the 1980’s, the beer was said to be “perfecting the Peter Pan stories of men who engage in juvenile high jinx” (Russell). Since then, humorous antics combined with young male age groups constructed the brand’s core target demographic; an image of young men having fun and engaging in social activities.

Bud Light upholds this image mainly through their commercial advertising campaigns. Multiple advertisements of the beer feature the criteria of young men, in a social setting and most of the time, around attractive women. However, with the additional humorous twist, Bud Light is able to entertain all audiences. For instance, advertisements including the “magic fridge,” “beer tree” or the “fighting cockatoo” all provide a level of comedic entertainment and are almost immediately recognized by viewers. Furthermore, the company was able to further uphold this image by becoming the official National Football League sponsor in 2011 (Leahy). By doing this, they showcase their beer’s emphasis on having a good time while also taking advantage of the multiple marketing opportunities; especially during Super Bowl Sunday.

Through the demographics of the alcoholic consumption industry, Bud Light has had to reform and innovate ideas to attract individuals who do not fit the basic beer drinking sector. One accommodation that Bud Light made was the introduction of Bud Light Platinum in 2012. “Platinum is a clear play for a demographic that has been bypassing beer in favor of the hard stuff more and more lately”, said Ben Steinman, publisher of Beer Marketer's Insights. This particular product develops a top shelf image with its “top shelf taste” (Logan). Another way
this company has reached out to non-beer drinkers was the introduction of beverages like Bud Light Lime, Lime-A-Rita and Straw-Ber-Rita – and doing so in a way that utilized the weather season. For instance, with the release of Bud Light Lime, its summer advertisement was of party-goers at a block party saying, “Bud Light Lime, Summer is calling,” and showing both men and women drinking the product (Bud Light Lime - 'Block Party’). The response to Lime-A-Rita, especially among non-beer drinkers, was tremendous, and we knew we’d tapped into a winning insight we could build on,” said Rob McCarthy, vice president, Bud Light (“Bud Light Lime Introduces Straw-Ber-Rita”).

Another demographic focus for Bud Light is the Hispanic population. In March of 2011, Anheuser-Busch InBev renewed Bud Light’s sponsorship with Soccer United Marketing of the Mexican National Team, allowing Bud Light to support the team in the United States through marketing materials and advertisements. Mark Wright, vice president of media, sports and entertainment marketing at Anheuser-Busch InBev stated, “Not only do we have a chance to grow the sport nationally through our sponsorship… but Bud Light’s sponsorship of the U.S. national teams allows us to reach soccer fans on a truly global level” (“Anheuser-Busch, Soccer United Marketing Renew Sponsorship Agreement”). This sort of visibility to the 47 million and growing Hispanic population in the United States is extremely beneficial to the brand. In conjunction with this sponsorship, Bud Light set up booth stations with bilingual “sales ambassadors” who were dressed in branded dresses or soccer uniforms with the Mexican National Team logo at higher-volume grocers in California, Florida, New York and Texas for special occasions (O’Loughlin).

Bud Light has been able to target multiple demographics due to its humorous and fun marketing campaigns. This marketing strategy has continued to serve the young male
demographic; and with its growing product line, Bud Light has been able to reach out to a lot of
different people with their new products who may not have previously drank beer. Furthermore,
itstactics to consider the growing Hispanic population have aided its success in being “the beer”
for almost everyone.
ECONOMIC ENVIRONMENT

If you want to look at how the economy is doing, one of the last places to look at is the beer industry. For the most part, beer does not have a trend that fluctuates with time. Said to be ‘recession proof,’ beer has consistently maintained growth market through the economies troughs and peaks. Though the brands of beers purchased may fluctuate based on an individual’s income, most of the time breweries see some sort of growth throughout the year. “The sudsy stuff might not be considered by most as a luxury good, but when it comes to the basics at the grocery store it seems to almost fall into the ‘can live without’ category. So when times get tight, like they do during a recession, what happens to beer consumption? Turns out those recessions do not necessarily lead to a drop in demand; they just lead to a different type of demand. Consumers switch from more expensive beer to the less expensive varieties, just like consumers switch from name brand goods to the generic store-brand versions. The consumption is there, but it's of the cheaper alternative” (Carter).

One fact that holds true is that alcohol is an aid through recessions. People feel like they need something they can hold onto that they do not have to give up even though their budget is tighter. “Even sales of cheap beers are on the rise. According to data from Nielsen, convenience store sales of ‘below premium’ beers -- which account for nearly a quarter of the market -- were up 3.3 percent by volume this year compared to last. Budget beers jumped 4.8 percent (Mui, Washington Post).

With all that being said, recessions and hard times do not mean that the beer industries are in the clear with running a successful business. These companies still have to stay competitive. In 2008 during the recession in the United States, “The Belgian brewer said 75% of the positions being cut are at corporate headquarters in St. Louis. More than 250 open positions
will not be filled, the company said... To keep the business strong and competitive, this is a necessary but difficult move for the company," said David A. Peacock, company president (Pepitone). Slower growth rates are a result of cutting back on spending. This requires some jobs to be cut just so market prices do not rise. Nonetheless, Bud Light has still done a very good job at marketing their products to keep their sales up. They have found modern ways of advertising Bud Light to be able to keep sales and employment high, and revenues even higher. “Social is one channel every marketer should have on tap. Anheuser-Busch InBev brand Bud Light has proved that to be the case by measuring whether Facebook media could drive its incremental sales” (Dupre, Direct Marketing News). To test this, a campaign was ran to see the effects of social media presence and sales. Facebook demonstrated that they play a huge part in sales and marketing for Bud Light; Experiencing a 3.3% increase in sales among the households that saw the ads and six time return on the advertising that was spent.

Though tough economic times do not necessarily correlate to a decline in beer sales, it still affects the economy’s employment. There is no product out there that is purely ‘recession proof’, but Bud Light in particular is one of the closest to it.
NATURAL ENVIRONMENT

Anheuser-Busch InBev, including Bud Light, has proven to be aware of its environment and how its actions as a producer affect the brand image. Internally, the company has made advancements in the ways of usage of water, energy and their recycling. For instance, within their breweries AB InBev has a 99.6% recycling rate and 1 in 6 beers are brewed by renewable fuels (“Environment”). Furthermore, multiple locations throughout the nation use alternate forms of energy including solar energy in New Jersey and California. In New Jersey, the company has invested in 7,000 photovoltaic solar panels and at peak production is capable of producing up to 10% of the brewery's electricity needs. Also, using heat and power turbines in Florida and Missouri as well as wind turbines in California that at peak production, can supply 20% of the brewery's electricity (“Environment”).

Externally, the company has advertised their efforts and attempts to expose that to the public. In 1978, the Anheuser-Busch Recycling Corporation was established to aid the company's sustainability efforts - helping them become a leader in aluminum recycling. Furthermore, Bud Light’s exposure to the public, especially with its partnership with the NFL gives it incredible opportunities. For instance, the creation of the America Recycles Day encouraged its consumers to be eco-wise and recycle. Bud Light created an all-aluminum field goal post called the “Bud Light Recycling Zone” to engage its consumers in activities to promote the day. "As the official beer sponsor of the NFL and one of the nation's largest producers of aluminum cans, the Bud Light Recycling Zone was a fun way to keep recycling top-of-mind for football fans this season," said Shana Ruffus, Environmental Outreach for Anheuser-Busch ("Bud Light Celebrates America Recycles Day.") Through the production of its brand in multiple factories around the nation, Bud Light continues to consider the implications of its production.
and use of alternate energy forms to encourage recycling behavior internally and externally out to its consumers.
TECHNOLOGICAL ENVIRONMENT

Although the beer industry may be perdurable and persistent, it is not unchanging. Anheuser-Busch InBev has been brewing a variety of beer since 1852 and established themselves as a household name for beer drinkers worldwide. It has created the perfect balance of evolving with the times of our society while simultaneously preserving their age-old brewing process that is the foundation of their success.

Over the last few decades, the beer industry has technologically changed in ways that consumers would approve and support. Brewers have appealed to consumers by engaging them directly and by using effective production and distribution practices. Behind the scenes, brewers are using newer forms of technology to increase the efficiency of their supply chain in order to save money in the long run and provide a more competitively priced end product. In an effort to work more efficiently, “At present, a majority of beer distributors engage in electronic funds transfer (EFT), utilize their suppliers web sites, take advantage of portable data collection terminals and employ vehicle-based portable computers” (Christman). Along with these recent advancements, distributors also use GPS and handheld devices that work in sync with their retail trading partners. All of this technology creates an easy distribution flow and helps support a lean and problem free supply chain.

The beer industries as a whole and its multiple companies have implemented new forms of technology. For instance, Redhook Brewing factories focus heavily and monitor the brewing process. This technology allows for every step of the brewing process to be monitored in extreme detail. By using this innovative technology, Redhook can produce better beer at a faster rate. Anheuser-Busch InBev also uses a special kind of technology in their brewing systems called Bio-Energy Recovering Systems (BERS). Bio-Energy Recovering Systems is, “a method of
turning the nutrients in wastewater from the brewing process into renewable biogas” (Energy Conservation). BERS was introduced to the company at their New Jersey yeast facility in 1985 and is currently used at ten U.S. breweries. This technology now generates 9.5% of the company’s fuel needs and benefits them in other ways, such as: lowering the demand on community wastewater treatment facilities and substituting biogas for fossil fuels. These benefits have increasing positive effects on the production of Bud Light that allow the company to fulfill their duties of being efficient and environmentally-friendly.

The technological advancements do not just apply to production. Beer distributors are also utilizing technological reforms in advertising efforts and reaching out to customers through various mediums such as television, print ads, billboards, and radio ads. Alongside these advertising approaches, beer makers are also visible within social media via Twitter, Facebook, YouTube, Instagram, and a variety of others. This technological breakthrough in advertising, which Bud Light so heavily uses, has put them at the top of the beer industry.
POLITICAL / LEGAL ENVIRONMENT

Regardless of new technological advancements, it is no doubt that the consumption of alcohol can be a delicate subject to many. Due to its controversial issues, time after time, alcoholic companies such as Bud Light must be aware of new bills that could affect their product and brand image. A New York Times article in May 2013 highlighted a new initiative from the National Transportation Safety Board that, “recommended that the states reduce the allowable blood-alcohol concentration by more than a third, to 0.05 percent from 0.08 percent” (Wald 1). This new initiative encouraged states to decrease the legal blood-alcohol concentration. Deborah A. P. Hersman, a supporter of the suggestion and chairwoman of the board said, “Foreign countries with stricter standards have had substantially more success, according to the board” (Wald 1). Others argued these recommendations were absurd, such as Sarah Longwell, the managing director at the American Beverage Institute, a restaurant trade association, when she called the idea ‘ludicrous’ and continued to say that moving from 0.08 to 0.05 would criminalize perfectly responsible behavior” (Wald 1). Evidently, this bill is extremely important as it could change Bud Light’s marketing strategy.

If the bill became a law, it would negatively impact sales of Bud Light due to the strict legal blood-alcohol limit. Consequently, social drinkers would be less likely to drink more alcoholic beverages due to the fear of surpassing the legal limit. Although this could have a negative implication on the brand, the proposed legislation could also present Bud Light with favorable opportunities. If the blood-alcohol level concentration were decreased to 0.05, Bud Light could also use this as an opportunity to create a new marketing campaign where Bud Light is marketed as the preferred choice due to its “light” effects and slightly lower alcohol by volume (abv) concentration than its competitors such as Corona and Heineken. The implementation of
this bill could also help Bud Light not only market its brand as the preferred choice, but also market it as the “safer” choice to young adults.

Apart from dangerous bills that could negatively affect Bud Light, it is imperative that Bud Light stay updated in key decisions made by agencies such as Arizona’s Department of Liquor Licenses and Control. This state agency is extremely important to Bud Light because this department regulates the number of licenses given to businesses to sell alcoholic-beverages such as Bud Light. On a national level, the U.S. Department of Treasury Alcohol and Tobacco Tax and Trade Bureau is also extremely important as this agency controls alcohol permits, regulations, statutes, labeling, and taxes among other key decisions made in the beer industry.

Within the corporate realm of Bud Light, it is also important to note that in spite of past terrorism accidents, fortunately, Bud Light has not been affected by fear of terrorism. In fact, research shows that Bud Light has been very fortunate to have no reports that address fear for terrorist among employees, corporate bankruptcies, or severe fraudulent allegations. However, unlike their previous positive experiences, Bud Light was involved in an email scam where an imposter was sending emails as a Bud Light Lime representative. The email asked people to allow their cars to have a plastered ad labeled “BUD LIGHT LIME”. These people were incentivized to add these “plastered ads” to their cars by receiving a small stipend for their participation. In the end of the email, those who were interested were asked to send an email with all of their contact information including address, phone number, and other important contact information to a hyperlinked email address included in the email. Apart from this email scam, Bud Light has not come across detrimental fraudulent activities and continues to serve its consumers ethically and responsibly through established laws, policies, and procedures.
SOCIAL / CULTURAL ENVIRONMENT

Changes in the social and cultural environment can greatly influence a brand’s marketing strategy, and Bud Light is no different. Bud Light has gotten to its perch as the best selling beer by being responsive to the changes in consumer and business lifestyles. Being that U.S. male adults between the ages of 21 and 34 are the brand’s primary targeted demographic, Bud Light has done well in their effort to incorporate its consumer’s social values into its marketing strategy. For example, football is a cultural phenomenon that Bud Light has tapped into. Now, it is not uncommon for American beers to be associated with the sport, and Bud Light is further developing this relationship with its most recent campaigns (Dupré). However, there are recent social and cultural trends that Bud Light will need to react to and consider in its marketing strategy.

One of the social and cultural trends affecting Bud Light is the growing popularity of craft beer. According to David Decker, president of Consumer Edge Insight, “After a long period when these domestic premium light brands dominated the U.S. beer industry, many beer drinkers, particularly younger ones, are finding that they prefer the stronger and more varied tastes of imports and craft beers instead” (Rotunno). The craft beer market is not nearly as large as Bud Light, but its growth is something to be aware of. It may signify a change in the consumer’s taste or a possible opportunity for expansion. Before more of the market share goes towards craft beer, Bud Light needs to recognize this growing trend and try to tap into this opportunity.

Additionally through the past couple decades, Americans are more health conscious, and as a result, are drinking less beer. One explanation is that American drinkers are more health-conscious today because there are so many studies and media reports of studies that make it
impossible to be less health-conscious. This has hurt the sales of high sugar and empty calorie
drinks that face relentless press criticism (Thompson). With the widespread obesity in the United
States, health is a major point of contention in today’s society, and it is reflected in the popularity
of different health solutions. In many of these dietary solutions, they advise against the
consumption of alcohol. While Bud Light is intended to be the low calorie alternative of
Budweiser, it remains a source of empty calories and therefore continues to face constant
criticism of consumer’s health concerns.

Another social trend crosses heavily with the technological aspect of the marketing
strategy and that is the increased use of mobile media and smart phones. More than half of the
adults in the United States own smartphones (Rogowsky). Bud Light has picked up on this and is
currently making efforts to incorporate this into its marketing strategy. However, it is now
necessary to make this a high priority due to its rapid growth.

As these trends progress and new ones begin to appear within the social environment,
Bud Light must continue to add and reform its strategies.
RECOMMENDATIONS

Bud Light has made many considerable decisions in regards to its products, marketing, production and sales. Many of which have escalated it to be the superior beer product, however, there is always room for improvement. The beer industry has always had a hard time tackling one certain demographic, women. Beer has always been deemed as a male beverage and one that is used to stereotype and define the male species. While 75% of men will drink beer, only 50% of women do; acknowledging that women are more prone to drink wine and champagne products rather than beer. ("Three in Ten Americans Drink Alcohol at Least Once a Week."). Although Bud Light has created multiple products that can help entice this demographic, they may need to spend more of their resources on advertisements that target these products to women. For instance, further investment in women appearances with the Bud Light Lime product in commercials and printed ads.

During tough economic times, Bud Light should also change their marketing routine. Endorsing the fact that they carry a cost efficient beer but also managing to keep a high quality taste as well. More consumers will be attracted to the low price and high quality beer during tighter economic periods. This company needs to remember that although the beer industry is not ‘recession-proof’; their product is very close to it; and must always remember that marketing is key in every segment of the economy.

As far as aiding in sustainable efforts, Bud Light has been a visible role model and member in sustainable activities. One additional push that could assist its efforts and overall image would be to publicize its environmentally friendly and “green” advancements in their commercials as well as push its consumers to do the same.
In order for Bud Light to remain on top in the market, the company should take a more innovative approach on technological developments. They should spend more of their resources on research and development of new technologies of beer and the brewing process.

Overall, Bud Light has been very professional in their political and environmental affairs. Although proposed bills such as the one discussed can be costly to the beer industry, Bud Light has been very proactive in finding opportunities where others would only see threats. It is imperative that Bud Light continue to stay in compliance with local, state, and federal regulations and aware of new potential legislations in order to continue to grow and maintain their dominance in the beer industry.

The changes in a social environment should be a concern to Bud Light, for instance the growing popularity of craft brews. While there is a large portion of its customer base that enjoys the taste of its product, they may need to introduce a new product to attract the portion of the customer base that is growing tired of the taste. Also, the changing culture of the target demographic, who are people who have grown up in a world of Internet, makes mobile and internet marketing of utmost importance. Additionally, the health aspect should not be overlooked, and Bud Light must address this issue in its marketing strategy. By re-emphasizing the “light” portion of the Bud Light brand, they may be able to draw back health conscious customers. The growing unrest internationally is something Bud Light needs to be mindful of in its marketing strategy.

Although Bud Light had displayed success in multiple realms of its marketing strategies, making these small sorts of adjustments to meet the needs of their marketing environment are crucial to the life of the brand.
SECTION 2:
CONSUMER MARKETS, COMPETITION, SEGMENTATION, AND POSITIONING

Positioning Statement:

“Bud Light caters high-quality beer at a cost-efficient price for fun adults to enjoy responsibly. Bud Light is a superior beer brand that ensures its products have a crisp and refreshing taste made from state-of-the-art brewing processes. Our products provide a superior taste with the perfect combination of sweetness that gives Bud Light consumers the ultimate taste. Unlike other beer brands, Bud Light provides a great combination of drinks for beer and malt drinkers with our triple filter brewing processes. In this way, Bud Light gives customers a sophisticated product line variety that ensures our products have a smooth, and refreshing taste that no other drink can compare to.”
COMPANY

The legacy of Anheuser-Busch and the Bud Light brand began when German businessman, Eberhard Anheuser, immigrated to St. Louis and took ownership of a Bavarian Brewery and renamed it E. Anheuser & Co. As brewing became the principal industry in St. Louis, Eberhard had the opportunity to meet and partner with brewery supply business man, Adolphus Busch. It was not until after Eberhard’s death in 1880 that Adolphus Busch morphed the brand into one that would revamp tradition and “appeal to the tastes of many different people” ("History.").

Through its history, the company has always proved to be an innovator. During the 1800’s, most brews were only sold in the community of their origin but through technological advancements like pasteurization and artificial refrigeration, Adolphus was able to grow and distribute the company’s products further distances without spoilage ("History."). After Adolphus’ death in 1913, the company still maintained their successful and iconic image. Even through intense economic times like the prohibition and Great Depression, the company reacted by beginning production of other products such as soft drinks and ice cream.

As it expanded with its internal brand product, Anheuser-Busch began further novelties, such as the creation of Bud Light in 1982 that marketed by emphasizing stereotypical male tendencies combined with humor. This sector of the company took off quickly and in 1988, Bud Light became the third top selling beer in the United States (Russell). The brand continued to grow. In 2001, with the help of new trends, Bud Light pushed away the old fashioned patriotic beer, Budweiser and took the place as the top selling beers in the United States ("Top 20 selling beers of 2012."). More recently in 2008, Anheuser-Busch was acquired by Belgian Brewer, InBev, to create the world’s largest brewer that consists of nearly half of the United States sales.
and has an outstanding global image. Bud Light still maintains the number one spot within the United States and with its family products - further cannibalizes the Budweiser brand.

Clearly, Anheuser-Busch InBev has established itself as the premier world brewer and maintains this identity through its goals and promises to customers, employees, and vendors. AB InBev surrounds its mission around its Dream, Culture and People. “… our dream, our people, and our culture provide a roadmap to our employees as we work in conjunction with wholesalers, retailers, consumers and partners for our dream to be the Best Beer Company in a Better World” ("Dream-People-Culture.")

The company’s mission fits incredibly well within their skill set, as it was created with the ten guiding principles that have acted as a foundational resource to shape the company to this point. These guidelines connect their ‘Dream’ and ‘People’. It emphasizes a shared dream applied by trained employees. Most importantly, the company indicates that they will be judged as a whole and by the quality of their teams. Furthermore, it applies their sense of ‘Culture’ and increasing their market share through a market orientation basis that relies on what customers deem as “excellence” and any and all results from customers will fall directly upon their owners.

Internally, implementation strategies can be an extremely intricate process. Their guiding principles are the base of their implementation strategies and state to maintain simplicity and common sense, have tight financial control and lead through example of the company’s foundations; hard work, quality, and consistency ("Dream-People-Culture."). Anheuser-Busch has adapted its company based upon such rules, and with its recent merge with InBev, it continues to produce such results on a global scale.

In a financial aspect, the Bud Light product continues to have top sales and the company is performing well. AB InBev is the leading American brewer and holds a 47.6% share of sales
to retailers and distributes through a network of more than 600 independent wholesalers ("About Anheuser-Busch InBev."). The company stock through the New York Stock Exchange, Anheuser-Busch InBev (BUD), has steadily increased for the past few years - growing 155.39% since July of 2009 (Figure 1). The continued advancements, coupled with the recent merge of InBev in 2008 has stimulated the growth of this stock.

Figure 1: Anheuser-Busch InBev stock chart. October 15, 2013. "Anheuser-Busch InBev SA/NV (BUD)." (Yahoo! Finance)

SWOT ANALYSIS

Strengths

- Recognizable brand name
- Customer loyalty – top sales 2012
- Leading beer in young male demo – graphic
- Strong advertising campaign and official sponsor of NFL

Weaknesses

- Many competitors within beer realm and realm of alcoholic beverages
- Limited market size
- Lower “good taste” ranking
- Limited to global environment as it has the “American” brand label

Opportunities

- Falls within trend of a “healthier” beer option – therefore higher access to women than other alcoholic beverages
- Utilize global AB InBev company and expand to a global level

Threats

- Many alternatives to beer realm
- Government regulations and restrictions with alcohol consumption
In order for a company to be successful, it must first find a niche in the market that will have the desire and resources to buy their products. In more established markets, companies such as Bud Light have managed to expand their product far beyond the niche, enabling them to expand their market share. Established brands such as Bud Light are great examples of well-known brands that cater their products nationwide. In the past 8 years, there has been an expansion of the beer industry with the increased number of brewers in the United States. According to an annual study made by the Beer Institute, data requested from the Tax and Trade Bureau shows that the United States had 441 more active brewers in the fall of 2012 than it did in the fall of 2008 (Brewers Almanac, 2013). With a total number of 1,635 active brewers in 2008, the United States has continued to see a constant and average growth rate of about 60% which led to 2,751 active Brewers in 2012. This incredible growth rate supports previous research presented in project 1 where Bud Light displayed little negative effects in sales and market growth (if any) in the economic recession of 2008. Similar to the positive trends the United States statistics portrayed, Arizona followed in the same direction. According to a study from the Beer Institute, in 2008, Arizona had 33 active Brewers compared to the 46 active Brewers reported in 2012. The constant growth in the Beer industry statewide and nationally supports the constant demand of beer such as Bud Light.

In addition to the growth the beer industry has experienced, the market size has been equally successful. In the chart below you can see a summary of the beer industry market in the U.S. compared to the total industry. Although we can see slight pitfalls during the recession in 2008, the numbers were not significant enough to affect lucrative beer brands like Bud Light.
The total consumption of beer (in 31 gallon barrels) was increasing at a steady rate at the beginning of 2002, until there was a peak increase in 2006 with a continuous steady growth until 2009 when consumption dropped. After 2011, the beer consumption in the U.S. has again continued to increase with tentative data results for 2013.

![Number of breweries in the United States](image)

As a market leader of the beer industry in the United States, Bud Light has done a great job of marketing its light and cost-effective beer to young adults and college students. Bud Light has effectively targeted the younger demographic through a party atmosphere campaign. In last year’s marketing campaign, Bud Light’s Super Bowl commercial was about a rescue dog named “Herewego”. In the commercial, every time someone said “Herewego,” the dog was trained to bring the person a bud light – hence their slogan “Here we go”. This commercial depicts a party type atmosphere with young adults throughout the commercial. Bud Light incorporates humor in
this commercial by increasing the number of people the dog needs to bring a beer to in each scene. The commercial begins with only one man and then the group increases to about 15 people where the dog is rolling a keg to the party. The commercial ends sarcastically where a group of about 50 people come in and the dog just moans. This gives the impression that everyone at the tailgate/party wants a Bud Light (Bud Light 'rescue dog' 2012 Super Bowl commercial). Clearly, this commercial emphasizes Bud Light’s young target demographic of 21 years or older. Although Bud Light’s target demographic tends to aim towards a certain age group, other characteristics such as gender and income do not seem to be as prominent. Among other characteristics, Bud Light’s target segment also includes a relaxed and “chill” person. In the commercial, the atmosphere is very relaxed and casual – with different outdoor and pool scenes helping create the relaxed feel. In all, Bud Light’s target profile is of 21+ young adults who are ready to have a good time regardless of gender, income, and/or geographic location.

Bud Light has done a great job of positioning their product to the target segment highlighted above; however, other potential market segments that Bud Light could market to are women, couples, and older generations. These segments could be profiled as a means to increase Bud Light sales. Women could be targeted as the main segment for Bud Light’s line extension products such as Bud Light Lime or Lime-A-Rita and Straw-Ber-Rita beverages. These extensions could help them increase their sales with these specific products. Bud Light could also use their product to profile it to couples as ideal for a relaxed date. This could give the impression that Bud Light is also popular among couples and date nights. Another segment that Bud Light hardly markets to is older generations. Bud Light could use older generations to profile their product as a light drink where people can enjoy this delicate beverage after work, during a weekend happy hour, or during vacation.
COMPETITION & RIVALRY

In such a competitive industry, Bud Light has proved its dominance by leading sales year after year. Beer has shown to be a very tough product to market differently than its competitors. There is only so much that each company can do to alter a consumer’s perception of their product. Furthermore, light beers can be a little more difficult to differ because of its unique purpose. To give the user a high quality tasting beer that is also calorie conscious is a tough feat to accomplish.

“Even more intriguing is the fact that Bud Light, the number one selling beer in the country sold close to 270 million cases, which is a whopping 60 million cases over the combined amount of sales done by the #2 and #3 brands Coors Light (101,760,300 cases) and Budweiser (101,651,900 cases). While Bud Light maintains a strong grasp amidst the top three brands, Coors Light took a jump to the #2 spot while Budweiser noticed a drop in sales from 2011 to 2012,” said Elie Ayrouth (Ayrouth).

According to most statistics, Coors Light seems to be a main competitor of Bud Light in the light beer industry. In 2012, Coors Light sold a staggering 101.7 million cases of beer resulting in over 2 billion dollars in sales. Though it seems like a dominant number, Bud Light towered over Coors Light with 269.1 million cases sold – more than 5.4 billion dollars in sales. The next two brands that made the top charts were Miller Lite and Natural Light. Miller sold about 86.6 million cases, while Natural Light only sold about 72 million cases. It is clear that Bud Light is the market leader with 18.6% market share and Coors Light having a loose fitted title of a market challenger at 8.7%, statistics shown by E.J. Schultz (Schultz). This only leaves Miller Lite and Natural Light as the market followers.
In such a competitive market, Coors Light seems to be Bud Light’s biggest competitor since it still has a lot of potential to grow and succeed into the number one position in the beer industry. Strengths of the Coors Light product and company include credibility and a strong reputation behind their name in which people trust. In an industry that can fluctuate at any given time, Coors Light is right behind Bud Light. Unfortunately, fluctuation is not a weakness of their brand but of the industry that they are in. With such a tight existing market, it is becoming harder for each competitor to draw the limited mix to their product. This limit of demand can become another opportunity for Coors Light, as well. One tactic is to attract the recovering economy towards their product. A major threat to Coors Light is the dominance and market share Bud Light already has. When a company is at the top, they can dictate a larger portion of the economy - this is something Coors Light would have to try and overcome.

“Prospects for future growth remain strong with volume growth primarily driven by developing markets. In developed markets, the focus will be on premium brands, new variants and pricing. Together with increasing economies of scale and efficiency savings, these trends should ensure steady margin expansion and strong cash flow,” according to the beer industry outlook from the SABMiller website. Though, not a leading market shareholder, this statement holds true for all beer companies. The industry is still very attractive, in spite of current rough economies. Fierce rivalry only equals room for profit and growth.

Bud Light is the number one in sales. They know how to market their product and dominate the industry. Despite lack of popularity and giant competition, most startups could have a chance, especially with the growing attraction of craft beers as a whole other product that seems to have potential.
CUSTOMERS

Bud Light has been the best-selling beer in America for years. AB InBev brewed over 47.4 million barrels of the lager in 2010 ("The Most Popular Beer in the World ("It Isn't Bud"). Despite its popularity in the market, Bud Light does not seem to be viewed as a good product by avid beer drinkers. On websites like beeradvocate.com and ratebeer.com, where consumers get to voice their opinions about the beers currently on the market, Bud Light has gotten consistently bad ratings on various platforms. On ratebeer.com consumers can rate beer based off of its “Aroma,” “Appearance,” “Taste,” “Palate,” and provide an overall rating. One reviewer of Bud Light gave the beer a one in every category and commented, “If I could give a lower score I would.” (ratebeer.com). Other beers associated with the Bud Light brand have also gotten unsatisfactory scores. Bud Light Platinum was made to sway spirit drinkers to switch to drinking beer and failed in that attempt. Bud Light Platinum is said to be better than Bud Light and has received better consumer reviews than Bud Light on ratebeer.com, but still is not a first choice for the consumers of its target market. Bud Light’s Straw-Ber-Ita, a malt drink, has higher reviews than the latter and the former beers, but again, it still does not have a great reputation on these types of rating sites.

Although there seems to be an agreement between beer drinkers of America about their negative opinions of Bud Light, there are also many lovers of this light beer. Thefearlesscritic.com believes that Bud Light is, “an excellent example of a light beer,” and that it is, “a technically impressive beer.” There are enough people in the country who enjoy the taste of Bud Light to make it the best selling beer in the country.

In 2012, a Nielsen Category Shopping Fundamentals study was done to detect the patterns in the buying behaviors of consumers purchasing alcoholic beverages. The study
grouped together consumers who purchase different kinds of alcoholic beverages such as malt-based beverages, spirits, wine, traditional beer and craft beer. Consumers who purchase malt-based beverages, like Bud Light’s Lime-a-Rita and Straw-Ber-Ita drinks, usually do so based off of impulse. The study states that 69% of alcoholic beverage purchases are planned, these malt-based drinks do not fall into that category and in-store efforts usually affect the purchaser’s decisions. Traditional beer drinkers tend to plan out their alcoholic purchases more than any other consumers in this market. Beer consumers tend to, “exhibit a high level of planning and habitual in-store behavior” (Newswire). When it comes to purchasing beer, buyers tend to make preplanned decisions regardless of which brand they are buying. The beer brand does not affect when a consumer will buy a beer, it only affects which beer the consumer will buy. Price, calories, taste, and even the design of the bottle are all low-involvement factors that go into the buying decisions of beer consumers.

When it comes down to a customer making a purchasing decision, they tend to weigh the different costs and benefits of buying one beer brand over another. A consumer evaluating the customer value of Bud Light is considering all of the pros and cons of the beer in relation to other beers or even other types of alcoholic beverages. On the cons side, Bud Light is not known online for being the best tasting beer and is not targeted to an older demographic compared to younger ones. Bud Light brand drinks also tend to have a higher calorie count than other light beers in the market. On the positive side, Bud Light is still the highest selling beer in the country, is an official sponsor of the National Football League, and is cheaper than the majority of other beers. Bud Light also provides many different options, trying to expand its reach to other demographics and making its brand more open in regards to its target market.
RECOMMENDATIONS

The foundations of AB InBev are incorporated into the Bud Light brand and company strategies are definitely well implemented into the brand as well. Some recommendations for this brand are to push the walls of its comfort zone and follow the original goal of the company to appeal to different tastes. Also, the brand could truly utilize their parent company and expand outside of the United States to increase their market size, global market share and to expand beyond its limiting only “American” identity.

A good recommendation for Bud Light involving its customers is to perform intensive market research for its brand and identify why its beer gets bad reviews on multiple websites. Perhaps doing multiple surveys through mail and online and following up with paid in person taste test surveys could assist their efforts. Fixing certain problems like the taste or even perception of the color of beer or design of the bottle to match customer desires can better the image of Bud Light and make it a more coveted item amongst beer lovers.

By making certain changes and testing new flavors, colors, and beer bottle designs, Bud Light could potentially expand its target market. Bud Light could profile its drinks to a larger demographic such as couples and older generations. Although this is something they have already began, they can continue to make a stronger focus on this segment going forward through ads and commercials and demonstrate that Bud Light can be had without having to be at a party. Bud Light could also use other characteristics such as income and geographic locations to profile their products to certain regions of the world. For example, Bud Light could release an ad commercial in AZ where people love drinking a beer in the midst of a hot summer day.

Overall, Bud Light should implement a strategic plan where they outline their marketing strategy for the next couple years. By following our recommendations, we believe Bud Light will
increase its online consumer rating and remain competitive in its industry. Their continuous innovation and smart risks will keep Bud Light as the #1 selling beer.
SECTION 3:
PRODUCT AND PLACE STRATEGIES
WHAT PRODUCTS ARE AVAILABLE?

Anheuser-Busch InBev has an extensive brand portfolio featuring more than 200 brands and are divided between 3 main categories: Global Brands, Multi-Country Brands, and Local Champions (“Brands”). AB InBev offers so much in the realm of beer with global products like American Budweiser, Belgian Stella Artois, and German Beck’s. These product lines like others in the company, provide great depth and offer the varieties of lighter, darker, or sweeter tastes to cater to their current segments as well as branch out to others within that market. On the Multi-country level, AB InBev offers the Leffe line that consists of Leffe Blonde, Brown, Triple and Radieuse that provides the full spectrum of tastes. Furthermore, the Local Champions include Michelob and Bud Light. Although these beers are produced on a smaller scale, they provide their own family of products. Clearly, even though the company has proved itself in the beer realm, their product lines do not stop there. For example, in 2012 popular Belgian beer Juplier re-launched an extension – Juplier Force. This new product is a non-alcoholic soft drink alternative within the popular Juplier family and has 3 different flavors — Fresh Lime, Blood Red Orange and Zesty Hop ("Anheuser-Busch InBev 2012 Annual Report").

For the Bud Light brand, they now provide the original product in different packages as well as a variety with its family products. Bud Light can be purchased in packs of six to thirty beers with different size containers. Additionally, just like the other products of AB InBev, Bud Light has a whole family that provides variations of its original flavor. For instance, Bud Light Platinum was released in 2012 as an upscale version that provides a higher alcohol content to gear towards hard liquor/spirit drinkers (Logan). Also, there is now a subversion, Bud Light Lime. This product further tackled other segments and was advertised as a “flavorful 100% natural lime flavored beverage” that can be consumed during summer, by the pool and out with
friends – still keeping up with the “having a good time mentality” of Bud Light ("Bud Light Lime"). In this family there are options like Lime-A-Rita and Straw-Ber-Rita that brings an even more branched out taste compared to the normal limited beer taste.

The world of beer is always changing and AB InBev has had a reputation of catering to these trends successfully. Bud Light is a brand with a high market share in a dynamic sort of industry. Consisting of the highest sales last year and its incredible promotion campaigns, it is a “star” brand on the company. Similarly, there are other brands that have recently proven to be successful but they are in a separate sector of the industry. The Juplier Force soft drink line as mentioned above is in the industry of soft drink beverages that is a slower motioned and harder to enter realm. After the initial launch of the Juplier Force product in 2011, the company was able to study the reactions of consumers and re-launch it just last year and is currently “enjoying a strong repurchase rate” ("Anheuser-Busch InBev 2012 Annual Report"). At this point, the product is more of a cash cow, however if it does not continue to be supported by consumers, it can easily become a “dog” in the market. Although it has reached success in this realm, AB InBev has attempted to combine its current brewer strength and apply that into alternate forms of beverages, like “alcopops”, alcoholic energy/soft drinks. Two particular products, Bud Extra and Tilt, caffeinated malt liquor beverages were put into the fast growing energy drink industry. Although consumers did express interest in the product, the brand soon became a problem child. Not only was there a large number of credible competitors, but the product brand image did not collaborate with the corporate mission and soon faced health and legal ramifications. Francine Katz, vice president of communications and consumer affairs for AB stated, “We have determined that competing in the prepackaged caffeinated alcohol beverage sector may detract from our reputation as the global industry leader in promoting responsibility among adults who
drink and discouraging underage drinking” (crossroadsforwomen). The company explained it would be reformulating the formula to no longer include caffeine. However, this was not the company’s only attempt into alternate realms and in 2006, released a new product item in its line of 180 energy drinks, 180 Blue. This product line began in the early 2000’s and this new product was hoped to spark more interest towards the brand in such a fast-growing industry. “With 180 Blue, we didn’t set out to create just another energy drink. We set out to give energy drinkers something unique, something unexpected and something they’ve never had before,” said Andy Goeler, vice president, Import, Craft and Alliance, AB (“Anhesuer-Busch Launches New Super Energy Drink 180 Blue with Acai”). With the energy drink industry being so fast growing and competitive, this additional product was hoped to be successful to the 180 line, however does not currently make up a high portion of the company’s sales and therefore has too, become a problem child.

Currently, the energy drink product lines do not seem to be an integral part of the business and have either been discontinued or should be discontinued. Both sets have proved to be just an area that AB InBev does not have a core competency in or have a heavy interest in exploring and advancing.
DIAGNOSTIC PRODUCT PROFILE

‘The sure sign of a good time,’ is the opening statement on the Bud Light website. This value proposition is a clear statement of what Bud Light’s mission is to its customers’. What Bud Light wants the customer to perceive is the simple fact of enjoying themselves while drinking their product at an affordable price. Bud Light is aimed at giving their customers’ the highest quality beer for the most affordable and convenient price.

Throughout Bud Light’s commercials, advertisements, and any other marketing strategies they use, the company is consistent with their target market. Their tactics are efficiently positioned so that their value proposition is consistent with all aspects of their company. Bud Light is extremely talented in showcasing their product to the consumer base that loves their brand the most. Likewise, the Bud Light value proposition is a primary reason why they are the leading sales in all beer.

Throughout each of the three life cycles’ (industry, brand, and product form), Bud Light has reached its maturity stage in all of the above. One primary reason for this is that they are the leading sales of beer throughout the world. Once a brand reaches the number one position there is nowhere else to go but to stay at the top or the next stage, the decline. The “maturity” stage consists of a few factors: intense competition, emphasis on improvements and differences in competitors’ products, weaker competitor’s exit the market, and distribution may expand to the global market. “Because of increased competition, a company's brands will eventually reach the maturity stage of the product life cycle. During this stage, competition for market share may be fierce,” said Rick Suttle of Chron (Suttle). Fortunately, Bud Light is the leading market share of Beer and can set the tone for the rest of its rivals.
Bud Lights brand equity is very strong. This can be seen through the amount of sales and revenue the brand produces every year, continuously leading the top charts of beer sales globally. The strong Bud Light brand equity can be seen through their latest brand extension, Bud Light Platinum. “Anheuser-Busch InBev NV (ABI), the world’s biggest brewer, reported higher sales and profit in the first quarter after U.S. beer shipments were aided by sales of Bud Light Platinum and Stella Artois,” said Clementine Fletcher (Fletcher). This statement alone shows that when Bud Light Platinum was first revealed, consumers’ brand equity encouraged them to try the new product. I believe whatever strategy they are using for their strong brand equity, should continue to be implemented.

Bud Light’s personality is to be outgoing and fun. They are the life of the party and want everybody to have a good time. Bud Light’s mission at a social gathering is for everyone to enjoy themselves through good times with friends and family. Their personality resembles simplicity and relaxation.

Bud Light has continued to be very successful because they already have a differential advantage in their industry. Their distribution strategy plays a key role because it is integrated into their marketing strategies. From every point of distributing their product, Bud Light does an excellent job at marketing the whole process. Being that they are number one in the industry, I don’t see much of an obvious change that they can do. There is no radical adjustment that Bud Light should even consider doing because it is clear that what they are doing now is operating great. One recommendation I would have for Bud Light is to always stay ahead of the competition. As mentioned before, the only way to leave the maturity stage is to enter the decline stage. There is no company that is safe from this stage; it is only a matter of time. Bud Light, however, is a top tier company and I think they will be at the top for many years to come.
NEW PRODUCT DEVELOPMENT

Bud Light has made a considerable effort to cater new products to meet arising customer demands. In their effort to help meet new customer demand, Bud Light has introduced a couple of new products in the last couple years. Just last year in 2012, Bud Light announced two new products. The first product that was launched in January of 2012 was the Bud Light Platinum beer. The new product extension (Bud Light Platinum) of the Bud Light brand “retains the key characteristics of Bud Light – it’s refreshing and drinkable – with a slightly sweeter taste and 6% ALC/VOL* (Bud Light is 4.2%), delivering a unique light beer experience” (Bud Light Family).

Just a couple months later, Bud Light launched another product – the Bud Light Lime, Lime-A-Rita. This new product was strategically introduced with the intention to market this product as the most refreshing margarita of the summer. In Anheuser-Busch InBev’s press release webpage, Bud Light introduced the new addition to the Bud Light product line by, “Blending the flavor of an authentic margarita with a refreshing splash of Bud Light Lime, Lime-a-Rita is an 8% ABV margarita-flavored alcohol beverage that meets a growing demand among adult drinkers seeking sweeter alternatives” (Bud Light Lime Lime-A-Rita). Comments from executives at Bud Light supported Bud Light’s strategy to market this product during the summer when they said, “As warm weather starts to take hold across the country, people want light and refreshing beverages to keep them cool all summer long,” said Mike Sundet, vice president, Bud Light. He continued to explain the Lime-A-Rita when he said, “This is our take on the traditional margarita. Beer drinkers were already mixing Bud Light Lime into margaritas to create ‘beer ritas’; Lime-a-Rita just adds a new level of convenience by providing a beverage with the perfect balance of flavors” (Bud Light Lime Lime-A-Rita). I think this is a great
example of Bud Light’s leadership in the beer industry. Their innovative culture allowed them to introduce new products that will continue to meet emerging customer demands.

Bud Light’s two new products in 2012 were so successful, that Bud Light continued to think of new ways that it could create innovative products to increase sales and continue to meet latest customer demands. In preparing for their product’s new launch, Bud Light voiced the recent success of their latest products in 2012 when they said, “last April, Bud Light Lime Lime-A-Rita hit shelves, and in less than eight months, became the leading flavored malt beverage brand on the market, selling more than 500,000 barrels. The successful launch of Lime-A-Rita was second only to Bud Light’s other 2012 innovation, Bud Light Platinum, which was the No. 1 top-selling new product in the alcohol category” (Bud Light Lime Introduces Straw-Ber-Rita).

With the success of their new products, Bud Light was eager to release another product that would gain the same acceptance among consumers as the previous products. Being so confident on the success of their recent products, in March of 2013, Bud Light launched the Bud Light Lime Straw-Ber-Rita. On the day of its launch, a press release by Anheuser Busch described their new product when they said, “today, Lime-a-Rita will launch its much-anticipated new flavor: Bud Light Lime Straw-Ber-Rita, an 8% alc/vol flavored malt beverage that blends the refreshment of Bud Light Lime with the taste of an authentic strawberry margarita” (Bud Light Lime Introduces Straw-Ber-Rita). Again, the introduction of the Bud Light, Lime Straw-Ber-Rita seemed to hit the market at a perfect time to market their product for the summer. Bud Light was able to leverage their already popular malt drink: The Bud Light Lime Lime-A-Rita and add a different twist to it that gave it the common Strawberry flavor already popular in margaritas.

In all, Bud Light has proved to be very successful in the launch of their new products. Although their new products have become market leaders within their category, Bud Light could
have made these products even more successful by creating a strong marketing plan that catered to a broader audience through social media. Some ideas include putting a code on the inside of the Bud Light Lime Lime-A-Rita and Straw-Ber-Rita cases and then incentivizing people to submit their code online for a chance to win a prize. This amount of “activity” online can be a very cost-efficient and prominent way to have people market for Bud Light in a way that they don’t even realize. Another idea could also be to run a campaign through Facebook and or Twitter to generate more “activity” and receive more “likes” and or “followers” on their fan page. The more fans Bud Light has, the more people are going to be well updated on Bud Light’s events, new products, and giveaways. This also allows Bud Light to interact with their customers during holidays, special occasions and special promotions.

Among Bud Light’s high sales and loyal customers, competition among other favorite beer brands has been a key motivator of Bud Light’s new innovative products. One of Bud Light’s strongest competitors is Coors Right. In the infographic, we can see that Bud Light has a strong grasp of the beer market sales in 2012. With a whopping 3 billion dollars in sales, Bud Light has held a constant advantage against other beers such as Coors Light and Budweiser (Ayrouth). A recent new product of Coors Light was the “Super Cold Activation”
Coors Light Beer (Coors Light). This new innovative beer tells its consumers when their beer goes from cold to super cold. This new product was an effort from Coors Light to make their product more sophisticated and sensational. This product would also meet the needs of customers who only enjoy their beers “super cold”. However; although the new convenient and cool temperature meter on the Coors Light did spark some fun, Coors Light and other competitors alike have not been able to surpass Bud Light’s large customer base and sales.

Based off of my previous research of Bud Light and its competitors, I believe there should be three new product ideas that Bud Light should consider as they continue to release innovative products into the market. The first product idea would be an alcoholic drink that would be served for the winter season. This drink would need to be microwaved for a couple minutes and it could be the perfect combination of warmth and alcohol on a chilly winter night. The second product would be a holiday beer that would only be released during special/certain holidays. For example, Bud Light could use the super bowl or another special event in the United Stated to release a new beer just for that special week. This would increase sales of Bud Light products during the event since loyal Bud Light customers and even some of their competitor’s customers would be eager to buy a beer that everyone is hyped up about and that is only available for a limited time. The third product would be a Bud Light shot. This product would be profiled as a specialty type of liquor because it would go down very smooth and still contain high alcohol content. Bud Light could then package a party case of Bud Light products, which would include a variety of their beers, malt drinks, and shots.

All the product ideas mentioned above are great brainstorming ideas that could help give Bud Light an idea of how customer needs will evolve. However; the creation of a hot – alcoholic drink that can be served during the cold would be a groundbreaking product in the alcohol and
beer industry. If Bud Light could develop a warm alcoholic drink that people loved, it would revolutionize the way people think about alcohol and beer in general. Not only would it be the leader in warm alcoholic beverages, it would also have a competitive advantage against its competitors as the leader in the market in yet another type of alcoholic drink.
CHANNELS OF DISTRIBUTION

Bud Light is at the top of its industry. In 2011 and 2012 it out sold both Coors Light and Budweiser with sales of almost five and a half billion dollars both years (Ayrouth). With over 269,000 cases sold in 2012 (Ayrouth), it brings up the question of how all this beer gets from the AB InBev factories into the hands of the consumer.

Beer goes through a three-tiered distribution process, similar to most retail items on the market. A typical case of beer is produced at the brewery, sent to one of many beer distributors where it is then delivered to millions of retailers around the globe, and then hopefully purchased by lots and lots of thirsty consumers. The distributor in this three-tiered system is the most important member. “The distributor does the on-the-ground sales and marketing for the producer, and the distributor’s sells the beer to retailers” (Spiess). Distributors have refrigerated warehouses where they store the beer until it needs to be delivered to each retailer. Having the middleman distributor makes marketing and selling the product easy on the producer while also making the price of the beer higher. Unlike the common beer production and distribution process previously described, AB InBev owns and operates distributors in thirteen cities throughout the United States. The brewery works with more than 500 independent wholesalers in the United States that distribute cases of Bud Light to millions of retailers in all fifty states.

AB InBev uses distribution channels to create a competitive advantage in the beer industry by owning its distributors. This allows for more control over a large part of the supply chain, which can result in better business practices. By having as much control over the supply chain as possible, AB InBev can choose its wholesalers and retailers wisely to get the product out to the right consumers and to make a higher profit. With the Internet becoming an important advertising tool for lots of companies, many wholesalers are allowing retailers to purchase Bud Light in large
quantities over the Internet. This also allows retailers and customers to easily access Bud Light, which, in turn, increases revenues.
RECOMMENDATIONS

Although the fallen attempts of breaking into the energy drink business, AB InBev, may benefit from pushing into producing certain types of soft drink beverages. This sort of idea was recently presented with the Julpier Force product line, and after analyzing reactions from this version, could further expand in that realm. As far as their strengths, the company has displayed a great success with Bud Light and the multiple product extensions within it. AB InBev should consider taking its current brands and providing more extensions to those brands. For instance, a Multi-Country brand, Hoegaarden has not followed the trend of a deep product line and could benefit from additional products.

Bud Light should continue to use their marketing strategy because it has been proven to work year after year. They do have to make sure to always stay ahead of their competition because they are in the maturity stage in each facet of their industry. Their consumers’ love them and have strong brand equity, a level that is very difficult to achieve. Bud Light has mastered their products and how they attract their buyers’. Bud Light can create more differential advantages through its distribution strategy by targeting their exact consumer base. Although I do not see radical change, I believe Bud Light should keep progressing with upcoming trends. My recommendation is to keep conquering the beer industry through their proven techniques.

Bud Light should also consider potential products outlined above. In order to better respond to its product availability and profile, Bud Light should continue to release innovative products into the market. In regards to its distribution strategy, Bud Light should consider profiling stores where their product sells best and use these locations to their advantage when releasing new products. It should distribute different products to different locations based upon
the customer’s product preference in that area. In all, implementing this strategy will help them better cater their products to their target market; which as a result will help increase sales.

AB InBev has been making and distributing beers for decades and has been forced to evolve with the drastically changing alcohol market, from prohibition to the re-legalization of alcohol and so on. The company could work with warehouses more to broaden the channels of distribution over the Internet. Most business practices are done online and with easier access to buying Bud Light, profits could increase drastically. In all, Bud Light should consider adapting some of the recommendation above to avoid entering the decline stage and to continue to be the top selling beer brand for years to come.
SECTION 4:
PROMOTION STRATEGIES AND PRICING STRATEGIES
THE MARKETING COMMUNICATION MIX

Competitors in the beer industry heavily utilize the promotional tool of advertising. Since beer is such a convenience product, it must go beyond the lines of direct marketing, personal selling and public relations and make heavy initiatives in the realms of advertising and sales promotions to reach the full spectrum of the market. Bud Light has successfully dominated the advertising realm with its commercial advertising and strategic sponsorships.

Bud Light capitalizes with many of its commercial advertising campaigns. After the brands release in the 1980’s, it soared with its initial slogan, “Make it A Bud Light” ("Marketing and Advertising."). Since then, it has created certain types of campaigns to reach out to potential new customers, as well as maintain its current target markets. The Bud Light “abilities series” consists of advertisements that say one will achieve a special ability when drinking a Bud Light. These abilities include x-ray vision, flight or hearing animals talk and ends with a malfunction in the special power resulting in “no longer served in Bud Light”. These sorts of antics help the Bud Light brand differentiate itself to new consumers, even though the additional power is obviously a humorous joke. Also, there are other commercials that follow the “Keep It Coming” campaign. These maintain the remaining stigma of Bud Light being the preferred beer you consume to have a good time and keep the good times coming. With the continuing scenery of a party/social scene, the attractiveness of the beverage escalates as it is associated with a good time.

Bud Light continues to hold the No. 1 spot in sales and does a great job of retaining its market through its advertisements as well. Particular campaigns like “Always Worth It” and “Whatever It Takes” displays an image that it is worth to get a Bud Light at any cost. The multiple ads reinforce the buying decision during their post-purchase and/or pre-purchase phase. However, some argue that such a tag-line is not a strategy and that many advertisements
across the board have the same executional format; suggesting more ads should be structured to target other markets.

Being the official sponsor of the NFL, Bud Light has had numerous opportunities with advertising. Matching its previous methods, it has most recently created the “What’s your Superstition?” campaign. This sort of campaign has the ability to reach out to all sorts of football fans and have them relate to a personal segment of their football teams and their win game superstition. Whether that means you eat the same meal, sit in the same seat or whatever that entails - it is promoted alongside the Bud Light brand.

Bud Light has also taken initiatives with sales promotions. For instance, Bud Light recently launched the “Instant Win Game” where consumers could unlock and scan a QR code from the Bud Light Facebook page. From boxes of Bud Light products to promotional materials, anyone could win prizes such as cash or music downloads (Bud Light Music First Instant Win Game”).

Competitors in the industry have also utilized advertising – but with different campaigns. For instance, Miller Lite, a strong competitor to the Bud Light brand features many popular commercials. The typical theme in comparison with Bud Light is that this beer is consumed for you and your close friends: you are probably having a good time, but it is mainly about who you are drinking it with as opposed to location or activity. Recently, the company re-evaluated its marketing strategy and brought back the “Miller Time” slogan with the Miller Lite product.

“Miller Lite really is about real beer and real friends, and we believe that Miller Time captures that whole idea of real friends coming together over real beer,” MillerCoors Exec VP-Chief Marketing Officer Andy England (Schultz). Miller Lite has also invested in sales promotions. One Miller Lite promotion allowed any consumers with the first, middle or last name of Miller to
visit one of nine participating cities during the promotion time frame to receive a gift card equivalent to the cost of a case of Miller Lite. This promotional case would be given so that they can enjoy a little “Miller Time” with their friends (Nason).

Another competitor, Coors Light is not as heavy and known for commercial advertisements but has offered “sweepstakes” advertising. The most popular is the Coors Light Silver Seat Sweepstakes that enters you to win football tickets by entering in a special code word. Another sweepstakes promotion gave fans the chance to win the Coors Light “Refresherator” a custom limited edition fridge provided by Coors Light.
As we can see above, Bud Light emphasizes advertising through all channels of communication. Their objectives are very simple and straightforward; to attract their target market to buy their affordable yet quality-tasting beer for all types of occasions. In their most recent advertisements, they went through a New York advertising agency, Translation. The Translation agency deals with many big name clients including: The Coca Cola Company, McDonalds, State Farm, Trident, and now Bud Light. The main objective of the series of commercials they made was to interconnect with not just each other but take advantage of the football season as a whole. These included the superstition series, of which 2 commercials were titled, “Ramsey” and “Quinoa.”

Bud Light raises attention through their highly endorsed marketing campaigns. “Bud Light has poured nearly 97% of its media budget this year into TV,” according to TNS Media Intelligence.” The TV budget was largely led through network TV, with 71% of its spending going to the Big Four, leading with CBS to support its Super Bowl placements, followed by NBC and then Fox,” said Antony Young of Adage (Young). This statistic alone shows how much capital actually goes into catching the viewers’ attention about their product and brand, so it would only make sense to partner with a premier advertising agency to create these commercials. In both the “Ramsey” and “Quinoa” videos, they create a sense of passion for the game of football and the love for the NFL. “Bud Light, for the fans who do whatever it takes,” is the only narration towards the end of the video. This commentary creates a subconscious interest for the Bud Light beer, proving to them and others that this is the brand that will help their team win games.
Both of these videos also do a really great job of creating a loving desire for the Bud Light brand. By tapping into consumers’ internal passions, such as NFL Football for example, fans start to tie in both their beer and game into one category. Thus, turning this desire into action. Consumers’ become under the impression that they must buy Bud Light if they are dedicated fans. “We know NFL fans believe that their superstitions—no matter how esoteric or nonsensical—have real-world consequences on the outcome of the game,” according to the Translation Agency’s website regarding this campaign of commercials (Translation). Pushing them to buy something not only because they want to but also because now they feel obligated to.

Choosing the Advertising Agency, Translation LLC, was a great choice for the Bud Light brand. The company itself earned the title of Lead Creative Agency for the brand this past summer. Not to mention, CEO & Founder Steve Stoute, was awarded Ad Age’s Executive of the Year back in January of 2013 according to the Ad Age website (Morrison). There is no coincidence that Bud Light happened to choose the right agency for one of their most demanding seasons of the year, football. They knew Translation would be a perfect fit for their brand that would be very effective.

Looking at Bud Light’s previous advertising strategies, their strategy has not changed incredibly over time. Being consistent with their brand and their value, Bud Light knows exactly how to target their consumers’ through certain appeals. The brand has always used two advertising appeals, rational and emotional. Through the rational outlook of advertising, Bud Light is one of the most affordable beers that can be purchased. While discussing the emotional appeal, Bud Light does an excellent job of connecting with their buyers on a personal level. By advertisements of people drinking their beer with friends and family at memorable events and
outings, consumers’ feel a sense of comfort while drink their product. Both appeals can be seen through each commercial.

To look deeper into one commercial, “Quinoa” can be used to easily dissect what Translation and Bud Light’s goal was to accomplish. By starting out with a regular Philadelphia Eagles’ fan that is tailgating like the average person, we can target a broad spectrum of communities. Next, the fan realizes that he must eat the ‘cardboard-like’ veggie burger in order to fulfill his duties as a diehard supporter. What this does is test the consumer to see how passionate they are about their team and the NFL. Our group definitely recommends this video because it caught our attention. The efforts and intentions of the ad are to increase sales and incorporate dry humor into a short clip to have all consumers enjoy while watching.
The beer industry’s competitive nature has forced many of the quality beer brands to change their price to meet other competitive prices in the market. In a price comparison of Bud Light’s products at Target, Pro Ranch Market, and Wal-Mart; most of the prices were held constant. For example, at Target the 12-pack of Bud Light Lime – A – Rita and Straw – Ber – Rita were each on sale for $11.99. When comparing these prices with their competitor’s 12 pack malt drinks, their prices were lower, given Smirnoff’s party pack of 12 and Mike’s Hard Lemonade party kit were $14.99 and $15.99, respectively. Bud Light’s prices at Target could be lower due to the product’s recent release and lack of popularity and loyalty. However, when we move on to the standard 30-pack of 12 oz. cans, Bud Light’s price was held constant with competitors’ prices at $21.99. Examples of the some of the competitors were Budweiser and Coors Light; which proves the increasing competitiveness of the beer industry.

Let’s continue to see other store prices of Bud Light products and compare their similarities and differences. Since Bud Light has increased their presence in the Hispanic market through promotions and sponsorships, we thought it would be best to compare prices in other target market stores. Pro Ranch Market, a large supermarket that targets the growing Hispanic Market had similar prices with the 30-pack of 12 oz. cans also at $21.99. However, unlike Target, Pro Ranch Market offered several Bud Light packages on sale. The 12-pack 12 oz. bottles were $10.99 when they usually cost $10.49. This is extremely interesting because although the Bud Light bottles seemed to be advertised in Pro Ranch Market’s weekly sale, the price did not seem to have anything significant decrease in price.

In all, Bud Light’s price seems to stay relatively constant with other competitor’s prices. Although Bud Light does not distribute many coupons for its products, other forms of
advertising such as in store promotions and weekly ads offered small discounts. For example, in this week’s ad, Albertsons offered Bud Light’s 30-pack of 12 oz. cans for $19.99, a two dollar discount from Target and Pro Ranch Market’s price. These types of in-store promotions seemed to have small discounts on the original price.

Additionally, we have seen big and successful marketing campaigns through their sponsorship of the NFL and of the Hispanic soccer team. Although Bud Light does not issue many coupons and or discounts for its products, in store promotions have really helped retail stores boost their sales for price-sensitive shoppers who are looking for the most cost-efficient products and sales in the market.
Bud Light, a brand that has been around for a few decades, has used a unique variety of different public relations and direct marketing strategies and internet promotions to build their widely successful brand. Bud Light incorporates all aspects of its customer’s lives to reach out and give the brand a familiar and foundational image to the consumer. Bud Light’s most fruitful PR strategy was becoming the official sponsor of the National Football League. This opportunity has allowed Bud Light to reach its target market in a way that its competitors cannot compete with.

To improve the image of Bud Light and to appeal to specific market segments, the popular beer brand has a significant amount of effort doing philanthropic work. At the beginning of 2013, Bud Light donated $100.00 to the Hispanic Scholarship Fund, which “provides Latino families with financial and educational resources to achieve a college education” (Hibbard). In the past Bud Light has also hosted a charity tennis tournament. The brand also achieves a positive public image by implementing environmentally safe practices in its breweries and promoting sustainability through its partnership with the NFL. All of these Public Relations strategies help Bud Light build a strong, positive brand image that consumers will remember.

Bud Light uses the Internet and social media channels to directly reach out to its target market. The brand also uses official NFL events as promotional strategies to directly reach its consumer base. For the 2013 Superbowl, Bud Light took over the Wyndham Riverfront New Orleans Hotel and turned it into the “Bud Light Hotel,” placing the logo and familiar blue color all over the rooms and hallways of the hotel. Bud Light used the hotel to host Super Bowl events for the weekend of the big game and constructed a VIP lounge in the hotel. For a fifth consecutive year, Bud Light will use a cruise ship as the host for the Bud Light Hotel for Super
Bowl 2014. This marketing strategy puts Bud Light in a position that no other brand can come close to. Bud Light also reaches out the consumer through Twitter, Facebook, and other creative mediums. The brand utilizes twitter trends such as #HereWeGo and #WhatsYourSuperstition taglines as marketing campaigns that involve high involvement with consumers. In 2008, Bud Light started its “Dude” campaign that evolved from Television and Internet ads into a text message feature where users can, “send ‘Dude’-encoded messages to their friends’ cell phones” (Dilworth). This campaign allowed Bud Light to reach out to younger, male consumers in a fun and creative way.

Visiting the Bud Light website will provide the consumer with a visual adventure and allow them access to all of Bud Lights social media sights and TV commercials. The website is the brand’s most effective presence on the web because it acts as a home base for all of Bud Light’s social media outlets and provides a great deal of information about the brand while maintaining a high level of entertainment.

Bud Light is a brand that is making moves that other companies should be paying close attention to and taking notes on. Not only is the brand known for its comical TV ads, it is also known for pushing the limits of the marketing realm; and in turn making it the most popular beer sold in the country.
CURRENT PRICING

The price for beer does have a consistent price point across brands. A grocery shopper could purchase a 30-pack case of beer from Bud Light, Coors Light and Miller Lite for the general price point of $20.99. Similarly, one could purchase a 12oz 6-pack or 12-pack for $6.99 and $12.99 across the 3 brands respectively within grocery stores. With such similar products being offered at such comparable prices, the products become more sensitive to the competitive based pricing. Consumers may not know or have a specific preference on a brand especially when they are so similar in price. Additionally, for consumers with little brand loyalty or preference, someone could easily prefer other brands like Keystone since they are priced relatively low at $17.99 for a 30-pack. However, within all of these brands there is an example of psychological pricing with the odd-even tactics displayed by the .99 endings.

Within the Bud Light product line, there are multiple products that are available to the consumer as well. Bud Light Platinum a product created to hold a more professional image and an upscale taste still displays similar pricing. A 12oz 12-pack is still priced at $12.99 in grocers, which is the same for a “normal” pack of Bud Light. There is an instance of different pricing within the Bud Light Lime-A-Rita and Straw-Ber-Rita products. For less product, an 8oz 12-pack, the price was still at $12.99. This showcases a premium more prestige pricing which could be justified from providing more flavor and taste and therefore costs more to the customer. Bud Light leads sales due to their affordability and quality. Bud Light is at a price that is in line with alternative options and is as low as it can be without depleting profit margins and irritating investors. In all, Bud Light’s price is considered to be very reasonably priced.
RECOMMENDATIONS

Bud Light is not incredibly invested in any of the other promotional tools like it is with advertising. The brand should seek more market share from other light beers and test out other promotional tools like more advanced sales promotion or advertising through sweepstakes promotions. Perhaps following the Coors Light promotion and holding a sweepstakes that includes a purchase. The customer can enter a code on the back of bottle tops and offer a prize that coordinates with their sponsorship in the NFL.

Two new communication strategies that can be used for our target market are through campus involvement and event promotions at universities. The event promotions can tie into campus involvement as well. Bug Light realizes that a large portion of their target market is a college student with a limited budget. By realizing that and acting on it, students will the brand even more.

Bud Light should start releasing coupons that would only allow Bud Light to be on sale on a given date/week. This would increase sales because current beer ad sales offer Bud Light along with other beer brands at a discounted price. Doing this would limit people to only see Bud Light products on sale rather than a whole variety of beers as it is in current advertisements where Coors Light, Miller Lite, Tecate, and Michelob are included as well. Bud Light could also take advantage of big holiday and sport events to do this since beer is very popular during these events.

With all of Bud Light’s successes, there have been a few weaknesses in their marketing strategies. Bud Light should put a stronger focus reinforcing the PR image of the brand by giving back more. This could be done through relevant campaigns like ones that are against drunk driving, or just by helping out a market that will satisfy consumers and increase sales. Bud
Light’s new partnership with advertising elites at BBDO and with Justin Timberlake for Bud Light Platinum should help further increase Bud Light’s image for a wide variety of consumers. The Bud Light brand could highly benefit from challenging itself more in product line pricing. Although it does practice this lightly, it could push more within the line to increase profits using one product by offering a good price but should expand its market share with another therefore assisting the full line. However, Bud Light would need to create a new different product to help achieve this.
OVERALL RECOMMENDATIONS

Being an established brand of an older company, Bud Light has done a great job at analyzing its environment of consumers, competitors and suppliers to deliver its right product, at the right place and at the right time and price. However, there are some things the brand can choose to do in order to further advance and maintain their higher market share.

For instance, the brand needs to understand the changing trends that will affect their advertising. With such a heavy emphasis on television commercials, its efforts become weakened from more individuals using DVR and Netflix. In order to react to this, Bud Light could combine sales promotions with current ad campaigns while using new technology and social media. For instance, Bud Light could consider the use of simple QR codes like it has in the past. However, this time have them scan into a landing page that displays a contest that ties in with a current ad campaign like the “superstitions” ad campaign. The landing page would include directions for customers to post a picture of themselves with their game day superstition to either Facebook, Twitter or Instagram and tag Bud Light and be entered to win some sort of prize. Immediately, Bud Light has begun a frenzy that advertises their product, identifies who ands where it is and makes it fun interaction between its customers and little work for company.

As far as its products, Bud Light has recently done very well at following its parent company’s strengths. Bud Light has created its own mini brand portfolio, offering different types of products for different demographics and tastes. Furthermore, it has not only relied on consumer tastes and preferences, but has incorporated seasons into advertising its products, like Bud Light Lime in the summertime. Bud Light would benefit from continuing these sorts of initiatives. Specifically, it could follow the model of Stella Artois (a brand within the AB InBev
family) and create an Apple Cider flavored beer. This will not only appeal to consumer tastes, but the brand could tie it in with the holiday season and market it as such.

Lastly, the brand cannot only rely on its products, it must remain as that right product at that right time and therefore must uphold its image. The brand has been socially responsible and has followed all legal regulations in its production, distribution and advertisement with its “drink responsibly” disclaimers. Furthermore, it has made certain restrictions on its internet sites like its business website and YouTube channel that have a certain age requirement for visitation. However, other beer brands have taken these sorts of measures. Bud Light could make an even better public image for itself by partnering with other end spectrum organizations like MADD (Mothers against Drunk Driving) and SADD (Students against Destructive Decisions) in certain events or functions. This level of transparency would take the next step towards being socially acceptable and responsible and help the efforts of those organizations.
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