

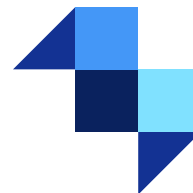
# MASB Financial Value of Brands

**Jim Meier**

**The Truth About Brand Boycotts**

**Summer Summit 2023**

**August 10, 2023**



**Marketing  
Accountability  
Standards  
Board**

## Bud Light "Boycott" May Not End, Here Is Why

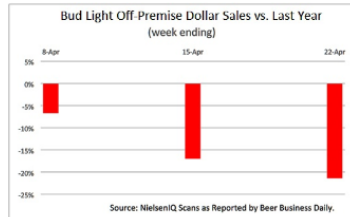
05/10/2023

For the past month, **AB InBev**, parent company to the Budweiser and Bud Light beer brands, has been facing what many are calling a product [boycott](#). [1] This situation started in early April when transgender social media influencer Dylan Mulvaney released March Madness-related, sponsored Instagram posts promoting Bud Light. These posts were immediately met by a wave of criticism within social media with many self-identified long-term Bud Light drinkers announcing they would no longer purchase the brand, with some encouraging others to join them. Within days, the news media was heavily covering the "Bud Light Boycott" story.

A sizable portion of this news coverage downplayed the likelihood of a significant monetary impact to AB InBev generally and Bud Light specifically. Citing conventional wisdom from public relations experts, they prognosticated that sales declines would be minimal, short-lived, and possibly more than offset by a counteracting [buycott](#). [2] **This has proven NOT to be the case.**

### Substantial Impact on Sales of Bud Light

Sales for Bud Light fell substantially in the first week after the campaign. As weeks passed, declines intensified. By the third week, off-premise dollar sales versus a year ago dropped by over 21%. [3]



Competitor Molson Coors' Miller Lite and Coors Light branded beers have been the primary beneficiaries of Bud Light's decline. In the third week, Bud Light lost 8.3 share points in the domestic premium beer segment. Correspondingly, Coors Light gained 4.1 points and Miller Lite gained 3.7. This is almost a one-to-one transfer of market share from Bud Light to its two closest competitors.

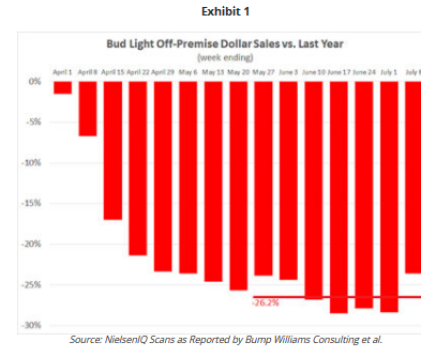
Investors may have taken note of these trends, with the AB InBev (ticker "BUD") stock price falling and Molson Coors (ticker "TAP") advancing, both in absolute terms and relative to the benchmark Dow Jones Industrial Average (ticker "DJ"). In absolute terms, AB InBev was down 3.1% while Molson Coors was up 17% in the month since the campaign broke, while the benchmark was up 2.3%. [4]

## Bud Light "Brand Divorce" Continues - with no end in sight

07/26/2023

On May 10, 2023, the Marketing Accountability Standards Board (MASB) released its briefing, [Bud Light 'Boycott' May Not End, Here Is Why](#). It opined that the travails of Bud Light which began in early April were not a consequence of a traditional boycott. Rather, Bud Light faced a much more permanent "**brand divorce**" whereby previously loyal consumers changed their brand preference - in many cases permanently - away from Bud Light.

An updated chart (Exhibit 1, below) from our first publication illustrates Bud Light's continuing struggles. For the seven weeks spanning the category-important Memorial Day through Independence Day time period (weeks ending May 27 through July 8), Bud Light off-premise sales **averaged a 26.2% weekly drop** versus the same period the previous year. And, as we will explain, this latest trend is much worse than it appears on the surface.



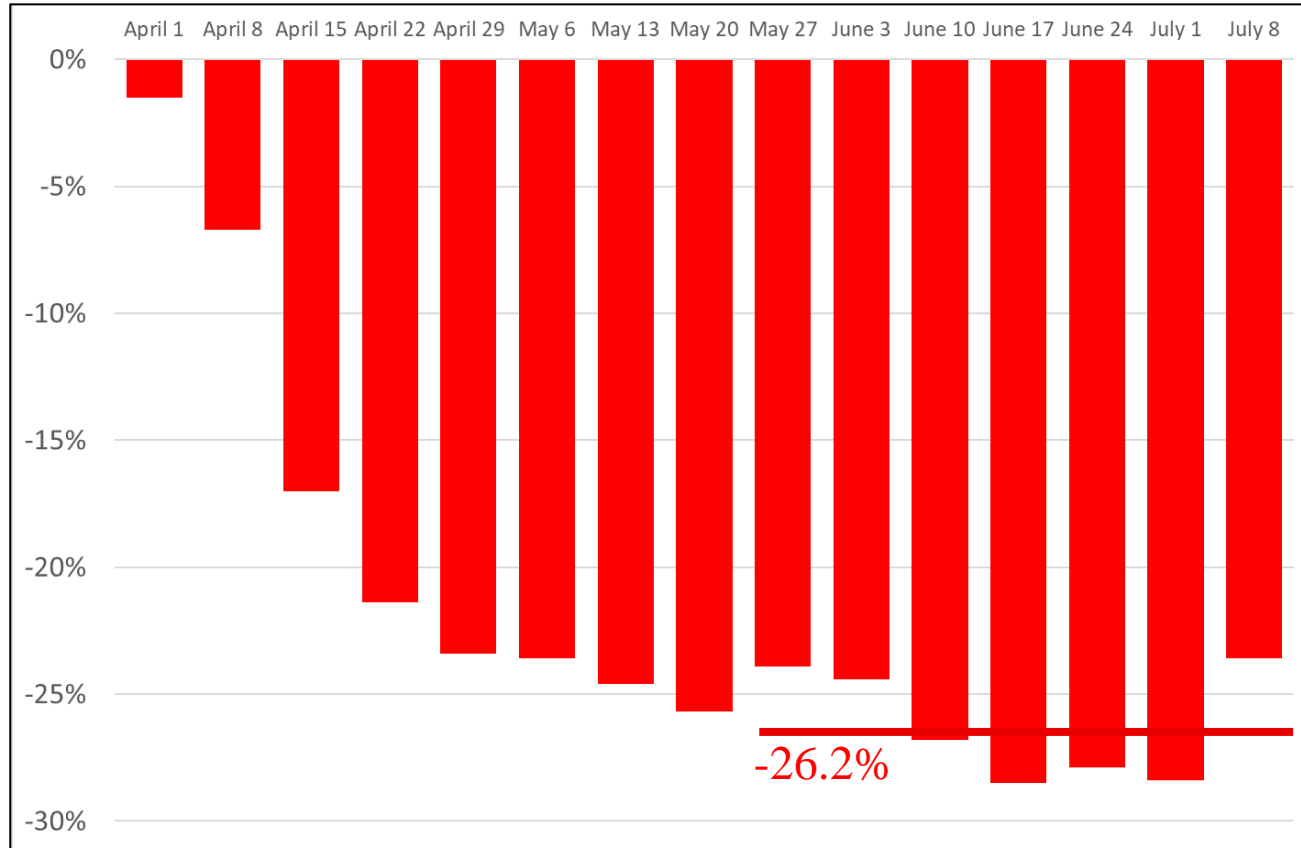
We previously surmised a high probability that Bud Light would price-promote aggressively over Memorial Day. Even we were surprised at the magnitude of their aggressive promotions. Rebates of \$15 on multi-packs proliferated across the country. In some instances, the net impact was the consumer being paid to take beer.

In the chart above, the sales numbers for the weeks subject to the rebate would not factor in these rebates, which are processed independently of the register transaction. This particular offer extended through July 11, thereby including the second major beer holiday of the summer, the 4th of July. While we understand the predicament faced by the brand, these efforts to "buy volume" can lead to a brand-value death spiral. We believe this is likely already underway.

### How the MASB Brand Investment & Valuation Model Supports This Conclusion

Why did MASB see this coming and why do we believe that Bud Light's future is extremely challenged? The foundation of our

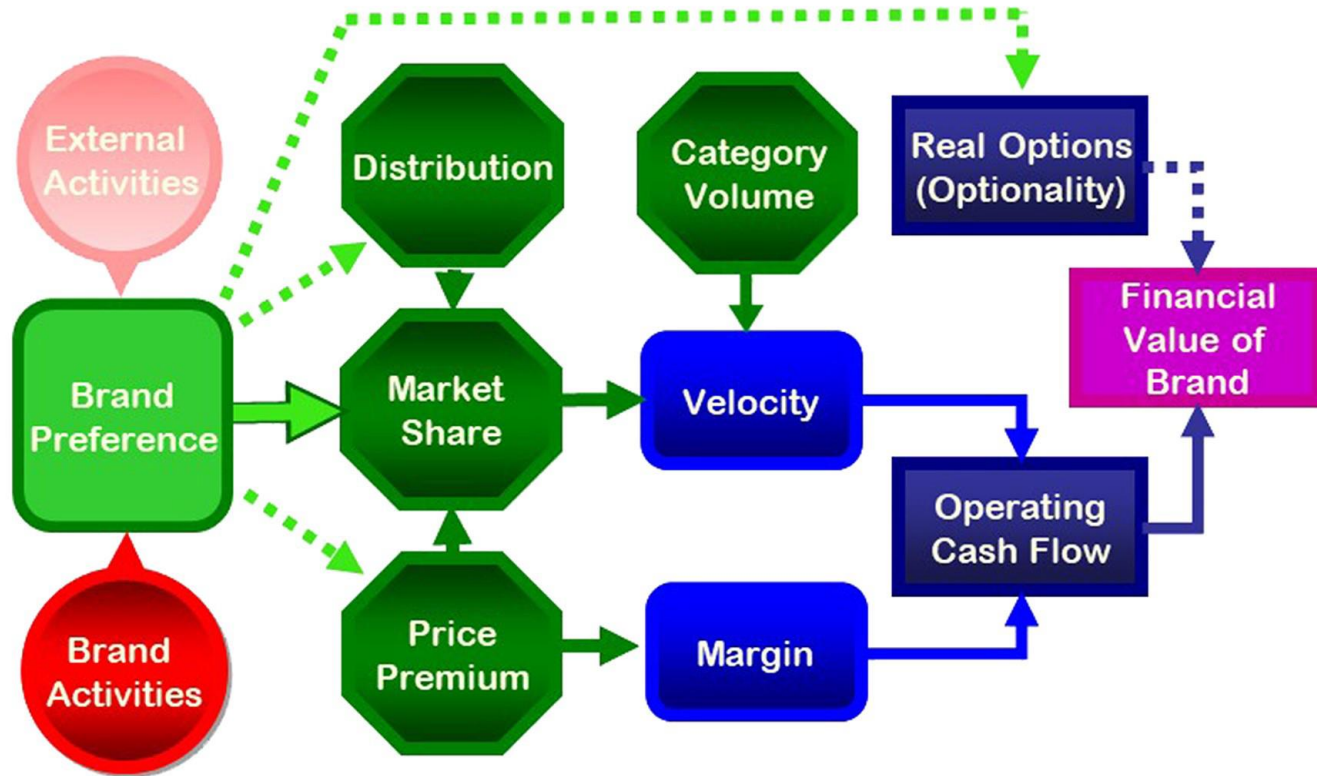
# Bud Light Off-Premise Dollar Sales vs. Last Year (week ending)



Source: NielsenIQ Scans as Reported by Bump Williams Consulting et al.

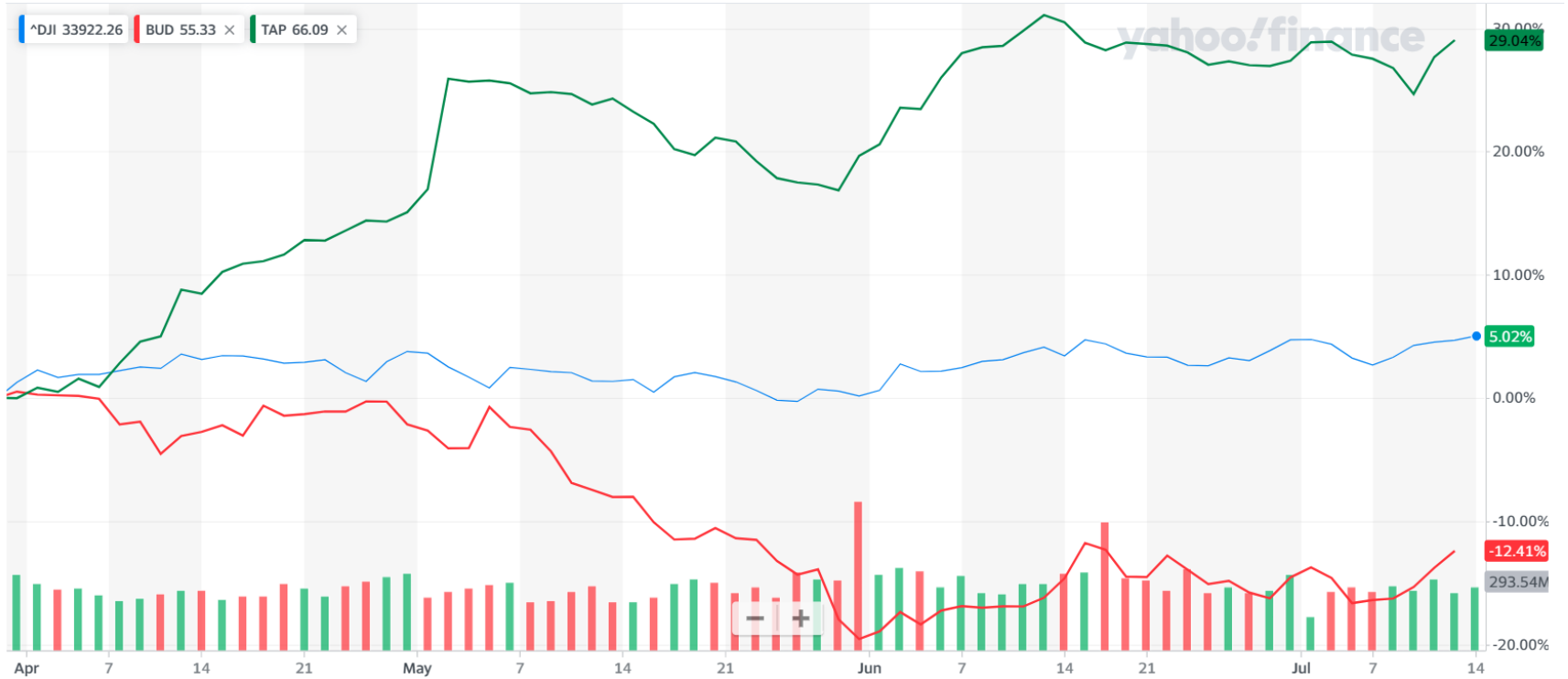


# MASB Brand Investment & Valuation Model (2021)



Source: MASB, The Financial Value of Brands Imperative June 2021.

# Stock Price Trends of AB InBev, Molson Coors, and Benchmark



Source: Yahoo! In partnership with ChartIQ

***Thank You!***

