

# MASB SUMMER SUMMIT 2025

## *How Can “Old” Brands Survive in the Current Environment?*

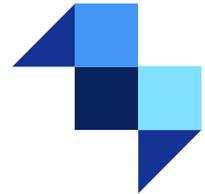
an open discussion led by

**Jim Meier**

retired VP of Commercial Finance, MillerCoors  
MASB Trustee & Treasurer

**August 13–14**

DePaul University – Kellstadt Graduate School of Business



**Marketing  
Accountability  
Standards  
Board**

# Recent media coverage and other commentary

**“Procter & Gamble Says Consumers Are Under Stress: The company behind brands like Tide, Charmin and Pantene says it is seeing signs of slower spending across its product categories”**

— The Wall Street Journal, July 29, 2025

**“Kraft Heinz Is Planning a Breakup: Company stock has underperformed since its megamerger a decade ago and changing consumer tastes have hampered results”**

— The Wall Street Journal, July 11, 2025



# Market caps are significantly driven by intangible assets

**Exhibit 1 — Selected Balance Sheet Information**

(Dollars in Billions)	Current Assets	Current Liabilities	Working Capital	Property, Plant & Equipment	Market Capitalization
<b>Procter &amp; Gamble</b>	\$25	\$26	(\$1)	\$22	\$389
<b>Coca-Cola</b>	\$12	\$17	(\$5)	\$ 9	\$273
<b>Kraft Heinz</b>	\$8	\$7	\$1	\$7	\$36
<b>Constellation Brands</b>	\$4	\$2	\$2	\$8	\$33

*Amounts shown are based on the most recently issued Form 10-K's as of Jan. 31, 2025. Current liabilities exclude current portion of long-term debt. Market capitalizations are as of Jan. 31, 2025.*

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# Kraft Heinz emerged from two major transactions

## Key dates and transactions:

June 7, 2013 — Berkshire Hathaway and 3G Capital acquire Heinz

July 2, 2015 — Heinz buys Kraft

## At year-end 2015:

Goodwill = \$43.1B

Intangible Assets = \$82.1B

Within Intangible Assets, Brands = \$58.1B



# Selected financial metrics of Kraft Heinz

(Dollars in Millions)

Fiscal year	Net Sales	Advertising	Adv/Mktg	A/M % of NS	GW W/off	Int W/off	
2014	\$10,922	\$241	n/a	n/a	\$0	\$0	
2015	\$18,338	\$464	n/a	n/a	\$0	\$0	
2016	\$26,300	\$708	\$1,221	4.6%	\$0	\$18	
2017	\$26,076	\$629	\$1,115	4.3%	\$0	\$49	
2018	\$26,268	\$584	\$1,140	4.3%	\$7,008	\$8,928	
2019	\$24,977	\$534	\$976	3.9%	\$1,197	\$702	
2020	\$29,185	\$646	\$1,070	3.7%	\$2,343	\$1,056	
2021	\$26,042	n/a	\$1,039	4.0%	\$318	\$1,316	
2022	\$29,485	n/a	\$945	3.2%	\$444	\$469	
2023	\$26,640	n/a	\$1,071	4.0%	\$510	\$152	
2024	\$25,846	n/a	\$1,031	4.0%	\$1,638	\$2,031	
					\$13,458	\$14,721	\$28,179

**Advertising:** costs to obtain physical advertisement spots in television, radio, print, digital, and social channels.

**Adv/Mktg:** Advertising, plus marketing costs such as shopper marketing, sponsorships, and agency advertisement conception, design, and public relations fees.



# Constellation marketing increases are 4.6% of Net Sales

Per Investor Day 2023 deck: “~9% of Annual Net Sales to be Reinvested in Marketing, FY24-FY28.”

## Exhibit 2 — Constellation Annual Increases in Beer Segment Marketing/Operating Income

(Dollars in Millions)	Marketing Spending Increase	Operating Income Increase
Fiscal 2017 vs. 2016	\$59	\$270
Fiscal 2018 vs. 2017	\$46	\$308
Fiscal 2019 vs. 2018	\$64	\$203
Fiscal 2020 vs. 2019	\$76	\$205
Fiscal 2021 vs. 2020	\$27	\$246
Fiscal 2022 vs. 2021	\$35	\$209
Fiscal 2023 vs. 2022	\$55	\$158
Fiscal 2024 vs. 2023	\$12	\$233

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# Boston Beer marketing spending is >20% of Net Sales

## Exhibit 7 — Boston Beer Marketing Spending and Market Capitalization

	Marketing Spending	Market Capitalization
Fiscal 2016	\$195.0 M	\$2.1 B
Fiscal 2017	\$213.3 M	\$2.2 B
Fiscal 2018	\$243.1 M	\$2.9 B
Fiscal 2019	\$286.5 M	\$4.5 B
Fiscal 2020	\$350.0 M	\$12.1 B
Fiscal 2021	\$440.9 M	\$6.2 B
Fiscal 2022	\$412.9 M	\$4.1 B
Fiscal 2023	\$441.3 M	\$4.0 B

*“Marketing Spending” as shown equals “Advertising, promotional and selling expenses” on the income statement less “Shipping costs” in Financial Statement Footnote B.*

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# Hostess Brands offers a provocative contrast



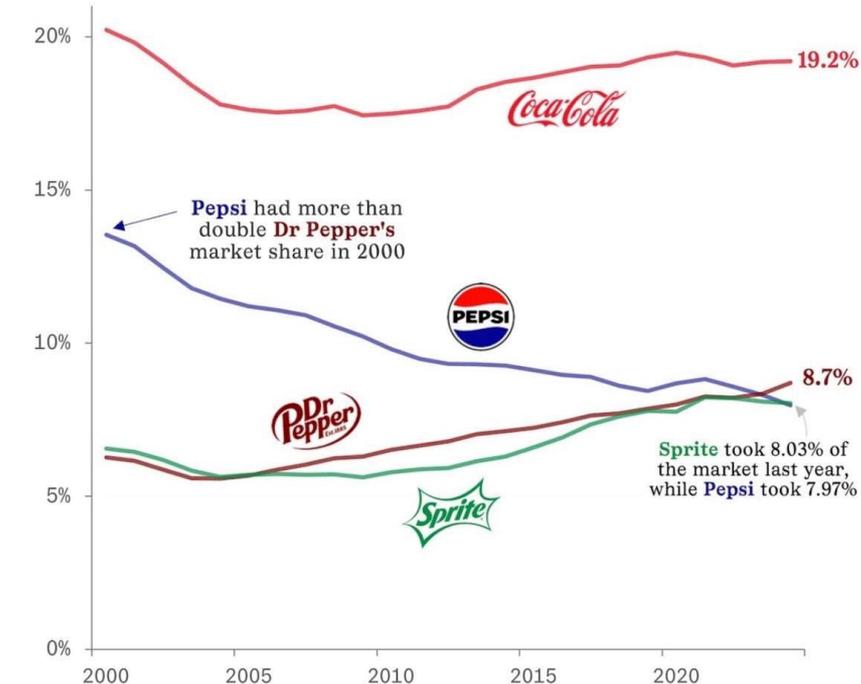
Key dates:							
November 4, 2016 - Hostess acquires business from private holders; market cap ~\$2.0B							
November 2023 - J.M. Smucker acquires Hostess for \$5.6B							
At year-end 2016:							
Goodwill of \$0.6B							
Intangibles of \$1.9B							
Within Intangibles, Brands of \$1.4B							
(Dollars in Millions)							
Fiscal year	Net Sales	Adv/Mktg	Selling	A/M/S % of NS	GW W/off	Int W/off	
2015	\$621	\$32	\$29	9.8%	\$0	\$0	
2016	\$727	\$36	\$31	9.2%	\$0	\$0	
2017	\$776	\$33	\$32	8.4%	\$0	\$0	
2018	\$850	\$35	\$30	7.6%	\$0	\$0	
2019	\$908	\$40	\$31	7.8%	\$0	\$0	
2020	\$1,016	\$46	\$47	9.2%	\$0	\$0	
2021	\$1,142	\$52	\$36	7.7%	\$0	\$0	
2022	\$1,358	\$63	\$41	7.7%	\$0	\$0	
					\$0	\$0	\$0



# Another situation, this from carbonated soft drinks...

## FIZZLING OUT Pepsi Is Sinking In America's Soda Stream

Market Share of US Carbonated Soft Drinks [Based on volume of case sales]



CHARTER

Source: Beverage Digest

***So...How Can “Old”  
Brands Survive in the  
Current Environment?***

**Discuss!**



***Thank You!***

