Brand Doctor

Brand Check-up

Bud Light

As of March 26, 2024

Status: Bleeding

Bud Light is still bleeding: it lost the top spot in U.S. stores after the 2023 boycott, and weekly sales were still about 30% down in January 2024.

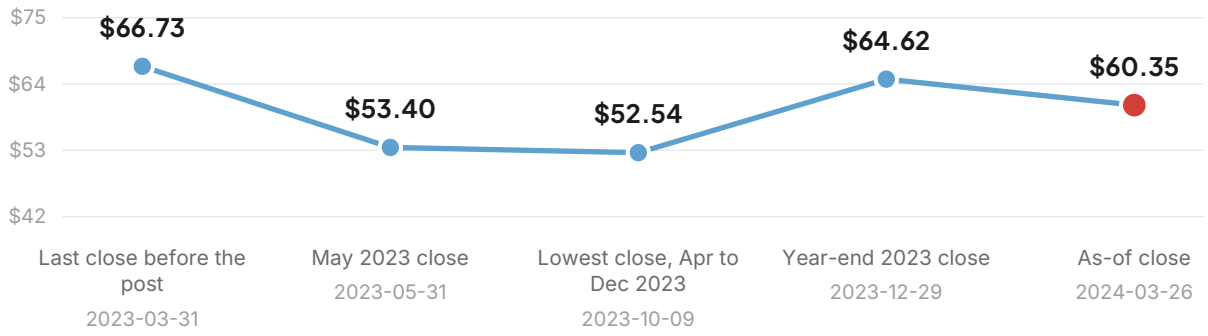
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on March 26, 2024. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [4, 5, 6, 3]



Share price

$60.35

NYSE: BUD close, March 26, 2024 [3]

Change since the promotion

Down about 9.6%

From $66.73 close on March 31, 2023, the last trading day before the April 1 post; unadjusted closes [4, 3]

AB InBev revenue, 2023

$59.38 billion

Group total, up 7.8% organically; volume down 1.7% [1]

North America revenue, 2023

$15.07 billion

Down 8.3% organically; normalized EBITDA down 21.1% [1]

U.S. sales to retailers, 2023

Down 11.9%

Down 12.1% in Q4, which AB InBev attributed primarily to Bud Light volume [1]

Bud Light weekly sales

Down 29.9%

Week ending Jan. 20, 2024 vs a year earlier; Bump Williams Consulting analysis of NielsenIQ data [13]

Timeline

2023-04	Dylan Mulvaney posts a sponsored Instagram video for a Bud Light March Madness promotion on April 1; calls for a boycott follow. [7]
2023-04	Anheuser-Busch CEO Brendan Whitworth issues a statement on April 14 that does not explicitly address the partnership. [8]
2023-05	Modelo Especial outsells Bud Light in U.S. retail, ending Bud Light's run of more than two decades at the top. [9]
2023-07	Anheuser-Busch announces about 350 layoffs, which it says affect less than 2% of its U.S. employees. [10]
2023-08	AB InBev reports second-quarter U.S. revenue down 10.5% and sales to retailers down 14.0%, primarily due to Bud Light volume. [2]
2023-10	Bud Light signs a multiyear deal as UFC's official beer partner in the U.S., starting January 1, 2024. [11]
2024-01	Circana data show Modelo Especial's 2023 dollar sales at $4.025 billion, $240 million ahead of Bud Light. [12]
2024-02	Bud Light announces its "Easy Night Out" Super Bowl spot on February 6, a return to comedy. [14]
2024-02	AB InBev reports 2023 results on February 29: North America revenue down 8.3% organically, U.S. revenue down 9.5%. [1]

Symptoms

- Sales 17% below the prior year in the week ending April 15, 2023.
- Lost the top spot in U.S. retail beer sales to Modelo Especial in May 2023 and for the full year.
- Sales still 29.9% below the prior year in the week ending January 20, 2024.
- AB InBev's U.S. sales to retailers down 11.9% in 2023 and North America normalized EBITDA down 21.1%.
- Criticism from both sides of the debate, and staff changes in the brand's marketing team.

Diagnosis

1 A habit brand with easy substitutes

Light lager buyers can switch at no cost, and sales of rivals Coors Light and Miller Lite rose as Bud Light's fell in April 2023. By the four weeks ending June 3, 2023, Modelo Especial held 8.4% of U.S. retail beer sales to Bud Light's 7.3%, and it stayed ahead for the full year. [7, 9, 12]

2 A small activation with mass exposure

The promotion was one sponsored Instagram post on one influencer's account, plus a custom can sent to her. It reached far beyond her followers: conservatives on social media called for a boycott, and Kid Rock posted a video of himself shooting at cases of Bud Light three days later. [7]

3 A response that satisfied neither side

The CEO's statement came on April 14 and did not explicitly address the partnership. The brand faced a conservative backlash, and transgender rights supporters also turned away from it, saying the company did not do enough to support Mulvaney. [8, 15]

4 Losses that spread through the system

U.S. EBITDA fell 28.2% in the second quarter of 2023, and AB InBev said about two-thirds of that decline came from market share performance. For the full year, U.S. sales to retailers fell 11.9% and North America normalized EBITDA fell 21.1%; the company also announced about 350 layoffs and invested in measures to support its wholesalers. [2, 1, 10]

Prognosis

As of March 26, 2024, Bud Light is a large brand in slow repair. AB InBev says its U.S. beer share improved gradually from May to the end of December 2023, and the brand says it still leads in volume shipped to bars, restaurants and stadiums. Retail sales tell a harder story. From April 2024, year-on-year comparisons will be against months already hit by the boycott, so they will look kinder. We will watch three things: whether share gains hold once that effect is set aside, whether rivals keep the retail sales they gained in 2023, and whether the UFC and Super Bowl work brings back lapsed buyers.

Treatment

- Return the brand to the broad, light humour its buyers knew, as the 2024 Super Bowl spot did.
- Put spending behind large shared platforms such as UFC and the Super Bowl, where the brand reaches its whole audience at once.
- Work with wholesalers and retailers to keep the brand in front of shoppers before rivals' 2023 gains become permanent.
- Set clear rules for future partnerships: who approves them, who speaks first under pressure, and what the company will say.

Lessons for growing companies

Habit is not loyalty

If customers buy you mostly out of routine, a small push can send them to the next option on the shelf. Find out which customers would look for you if you were gone.

Plan the hard reply before launch

Decide before a campaign goes live who will speak, how fast, and what the company will say if part of the audience objects. A late, vague statement can draw criticism from every side.

Read weekly signals in a crisis

Quarterly results arrive months after the damage. Weekly sales and shelf data show where customers went while there is still time to act.

Sources

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

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