

# Miller Lite Marketing Plan

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## Company History

Miller Lite won a gold medal at the Great American Beer Festival for American-Style Lager in 2010 and 2014 (Miller Lite, 2016). As stated on the Great American Beer Festival website, the criteria for a gold medal means, “A world-class beer that accurately exemplifies the specified style, displaying the proper balance of taste, aroma and appearance.” (Brewers Association, 2016). This beer has been known as a staple American domestic beer, and reaching these kinds of awards and recognition could not have been achieved had it not been for their effective marketing strategy. This product is a subunit of the parenting company, MillerCoors LLC. It was founded in 1975 when two long-time rivals companies, SABMiller and Molson Coors Brewing Company, came together to join efforts (MillerCoors LLC, 2015). The ownership is split 58% SABMiller based from the United Kingdom and 42% Molson Coors from the U.S. Today, this company is the second largest beer company in America, and makes up 30% of total beer sales in the United States. The company’s mission statement is as follows; “MillerCoors vision is to become the best beer company in America by driving profitable industry growth. MillerCoors insists on building its brands the right way through brewing quality, responsible marketing and environmental and community impact” (MillerCoors Increases Second Quarter Profits, 2011). One way this company strives to meet its objectives is the vast variety of beers.

For example, they offer light beers such as Miller Lite and Coors Lite. They offer a more full-calorie beer with Miller Genuine Draft and Coors Banquet. For individuals looking for a more affordable beer, they offer products such as Keystone Light, and Miller High Life. For people that are interested in the diversity of imports, they offer, Peroni, Grolsch, Pilsner Urquell, and Molson Canadian. They also offer craft brews like Leinenkugel, Blue Moon, and Weinhard.



They have developed more innovative product lines called Sparks, and Miller Chill (MillerCoors Increases Second Quarter Profits, 2011). MillerCoors LLC is headquartered in Chicago, Illinois, they also have eight breweries in different states along with two microbreweries (MillerCoors LLC, 2015).

With increasing demand for microbrews, there has been a decline in core brands such as Coors Light and Miller Light. Along with the threat of microbrews, beer industries in general have been struggling with an increase in different wines, and spirits. MillerCoors has had to reorient their strategies to market the higher-end microbrews that yield a better profit margin such as Blue Moon and Peroni. Luckily, when the two companies merged, they reduced costs through sharing production, distribution, and marketing costs. Through the joint venture, they also increased growth through bringing a larger portfolio of beers to the market (MillerCoors Increases Second Quarter Profits, 2011).

## **Product Description**

This company has been introducing new beers and ciders since it's been brewing, but it all started with the signature Miller Lite. It was once said that, "Miller Lite is the great tasting beer that established the American light beer category in 1975" (MillerCoors Increases Second Quarter Profits, 2011). This beer was revolutionary to the industry, because it was the first "diet beer" which was a strong selling point when there was a trend in the 70's where men watched their waste line. People loved the fact that it was a reduced calorie brew, and it raised the bar for other companies such as Budweiser and Coors to match (Kell, 2015). In 1975, it reached the 10-million barrel level and advertisements were very memorable and catchy. They hit the 19 million barrel mark in 1990, and then it went up and down for a few decades, and then went



stagnant. In 2014, beer consumed dropped from 56% to 48% percent. However, they made a comeback in the second half of 2014 and sold 43 million cans, which was more than the total cans sold during the year of 2013 (Kell, 2015). Miller Lite's sales from 2015 were 1.9 billion dollars, and they could not have achieved this without a strong strategic plan (Beer Sales of Miller Lite and Coors Light in the United States in 2015, 2015).

## **Competitive Advantage**

Although they have had a few decades of declined sales, they continue to grow and to learn from previous decisions that were made. They still have a competitive advantage over the rest of their competitors in that they were the first company to make a light beer. This makes customers want to purchase the “original” because it's trendy and the brand is a staple in the market. They have product differentiation, but they need to figure out how to regain their title of being the original. There is tough competition in the light beer industry and Miller Lite has to make it known that they were the first company to produce that style of beer. This should be one of Miller Lite's main marketing objectives.

The company could do this through keeping the label the same and keep the marketing messages consistent. If they capitalize on this idea of being the original when advertising for Miller Lite, the differentiation would give them an edge over competition. There are various ways Miller Lite could start this process. One way is through outside advertising via billboards or on the sides of different forms of public transportation, because these tactics have high reach. Through doing this, the image will become a top of mind awareness for consumers. Another way of implementing this could be through different television advertisements. Miller Lite could set up various comical scenarios that shed light on the idea of being the “original.”



Another marketing characteristic the company should capitalize on is that Miller Lite is the lowest calorie beer its category. This is a large competitive advantage against all of the other competitors in the industry. The company should think of this advantage when coming up with the marketing mix for years to come, especially with the increasing number of Americans that are watching their weight.

If the company incorporates these two advantages to their marketing efforts, we project that Miller Lite should increase market share by 10%. This would make the market share for Miller Lite and Coors equal in two years time. This should be a feasible goal for Miller Lite for the upcoming years starting 2017. If they start in January 2017, they should be able to reach their marketing goal by January of 2019. Increasing it by 20% over the next two years would be a significant step toward becoming more of a threat for the competitor, Bud Light. As of 2015, Bud Light had 2,010.2 million and Miller Lite had 862.6 million dollars of the market share (Beer Sales of Miller Lite and Coors Light in the United States in 2015, 2015). Through implementing 10% for two years, they would get to 1,034 million respectively and would be better positioned to compete with Bud Light (see appendix figure 4). This marketing objective is advised for Miller Lite for the upcoming year.

## **Competitive Analysis**

Miller Lite has three main competitors: Anheuser-Busch, The Boston Beer Company, and The Gambrinus Company. Out of those three, Anheuser-Busch is the largest competitor with its similar light style beer, Bud Light (Subhash, 1992). Anheuser-Busch is the world's largest brewery and is based in Belgium. They hold about 43.8 percent of the market share in the industry of breweries in the United States (Petrillo, 2016). It has a large portfolio with over 200



beers (Anheuser-Busch InBev SA/NV, 2015). In the beer market, Busch has the competitive advantage of diversity to meet the needs of everyone. They constantly are expanding new products, and make sure those beverages have a strong brand name in order to outperform its competition. For example, O'Doul's is their non-alcoholic beer, and it has outsold its direct competitors. Also, if they notice a decline in sales, they will change the label in order to make sure sales get to the target projection (Subhash, 1992).

Anheuser-Busch costs a little bit more than competitors, which gives them a larger profit margin. They also have the most profitable marketing mix, along with the largest volume of business. This huge advantage lets them spend more money for promotional advertising than their counterparts. This could help explain why they are the number one brewer in United States. Another reason could be from selling beer in more than fifty markets along with joint ventures with Mexican company Grupo Modelo, and Japanese company, Kirin Brewing Co. They also have over 900 independent wholesalers, and 22 partially owned distributors in the United States (Subhash, 1992). This company has a lot of strong business practices in the beer industry, including their extensive portfolio in order to capture a large audience. Anheuser-Busch also focuses on innovation and targeting specific regions with different products that fit the needs of the people. For example, they came up with a limited time edition of a premium flavored beer called the "Cubanista" that was only available in the U.K, France and Belgium. They also have a balanced exposure across many different nations. Their presence is in developing, emerging and developed nations, which reduces risk mitigation. On the other hand, their weakness is that they have no post-retirement fund and that affects the company's liquidity. In 2014, their planned assets were 5,773 million, but benefit plans totaled 8,585 million, so they had an unfunded pension obligation. They are then forced to use regular cash contributions, which

pressurizes the liquidity (Anheuser-Busch InBev SA/NV, 2015). Fortunately, they have way more advantages than disadvantages, and they will eventually figure out how to solve this problem.

## **SWOT Analysis**

On the other hand, Miller Lite and its parenting company MillerCoors LLC, also have numerous internal strengths. Ultimately, Miller Lite has a lower calorie beer than any of the competition, and they claim that it tastes better. Miller has conducted comparison tests of Cendant Corp's Avis and PepsiCo's Pepsi, and runs ads saying Miller Lite beat Bud Light in taste tests. They also hold taste challenges in nationwide nightspots and bars around the United States (Kell, 2015). Along with the appeal of lower calories, they also have a strong brand image. Miller Lite is a very common label in most sporting venues, restaurants and bars. This company was also the first company to come out with a light style beer. Miller Lite has many advantages, but they also have a few weaknesses.

As mentioned above, Miller Lite sales trends have gone through stagnation the last few decades and have recently been on the rise. This could be due to their inconsistent marketing and labeling throughout the years. They produced a few commercials that were somewhat offensive and lost a lot of customers as a result. They also do not spend as much on advertising as Anheuser-Busch does. Miller needs to look at what has worked in the past and be consistent with their marketing and labeling, and make long-term relationships with consumers and stakeholders.

Along with these weaknesses they also have some external factors that could threaten business. There are multiple facets that contribute threats to the business such as political and





legal, economic, technological, sociocultural, and environmental factors. A few legal conflicts could be tax changes, increasing interest rates, rising cost of raw materials, and financial capacity. Economically speaking, there is always a chance of a recession that could lead to uncertainty regarding food prices, high unemployment and increasing energy costs. Besides a possible economic downturn, there is a strong competitive market in the alcohol industry, and concerns regarding the increasing popularity of wine, spirits and craft beers. Also, this company relies on technology quite a bit for processing and distributing, so they could have a huge setback if something fails along the supply chain. Another aspect to consider is health trends in the United States. If there is a fad that labels beer as an unhealthy choice of alcoholic beverages, then this could negatively impact sales for Miller. The last threat could be environmental issues, and governmental regulations such as the carbon tax (Sab Miller Swot and Pest, 2011). Companies have to figure out ways to reduce carbon emissions throughout the supply chain in order to reduce cost and lessen their effect on climate change.

Although there are multiple threats, there are just as many opportunities. With the increasing trend of globalization, borders are becoming more transparent and organizations have more chances to reach other economies around the world. MillerCoors and Miller Lite have a chance to market their light style “American” beer abroad. They can look at sales in the countries they currently operate in and determine the demand in other nations, and come up with a strategic plan and target audience. They can reach different demographic segments within the United States. This topic will later be discussed. MillerCoors can also start purchasing smaller breweries with the rise of craft beers. They could also invest in new innovations in order to increase their beer portfolio in order to compete with Anheuser-Busch. Another way to seek growth is to look at health trends and food allergies, because many consumers are becoming

concerned with what is in their products. For example, they could try to make an affordable gluten-free beer or a higher-end organic beer. There are so many potential opportunities to explore in the beer industry.

## Marketing Mix

The current marketing strategy implemented by MillerCoors LLC has seen early success. This success may be attributed in part to the current “Bodega” advertising campaign which uses humor to connect and engage a variety of target markets. This campaign includes numerous television advertisements which star a member of several different target markets in order to appeal to a wide variety of potential consumers. More specifically, “Bodega” commercials feature the following;

- Millennial woman seeking a birthday gift for her “friend”
- Millennial woman “rebelliously” choosing Miller Lite over Chardonnay
- Millennial man preparing to sing karaoke
- Latino “rivals” who find common ground over a case of Miller Lite
- Latino Millennial man preparing to throw a big party
- Generation “X” African-American male twins who agree on Miller Lite
- Generation “X” white man with a unique and humorous job enjoying Miller Lite

These commercials air in both English and Spanish and clearly take a humorous stance on choosing the right beer (Gianatasio, 2015). MillerCoors LLC made sure the message being conveyed was consistent in order to eliminate confusion for citizens that were bilingual and saw both commercials (Schultz, 2015). The addition of Spanish commercials featuring Miller Lite shows the emphasis on capturing a greater market share of Latino consumers. The campaign also features a lot of millennial men and women in order to maintain the recent increase that Miller Lite experienced in that target market. Along with “Bodega,” Miller has noticed that Instagram is becoming a more frequently used source of social media for millennial-aged



consumers. Beer advertising is a new concept to Instagram's advertising program because of the age verification. On Instagram, one must verify that they are over 21 years of age in order to view Miller Lite's content. The Instagram push made by Miller Lite has been catalyzed by engaging fellow social-media users to participate and spread the word by using the hashtag; #ItsMillerTime (Johnson, 2015).

The company has also utilized different forms of social media, such as Twitter and Facebook, to promote Miller Lite. Miller Lite as a product has its own Facebook page and currently has over 2 Million likes. The page is often updated to inform consumers of new promotions and share media which may be relevant to someone who likes Miller Lite (Miller Lite Facebook, 2016). MillerCoors also went one step further by creating an official Miller Lite Latino page with over a quarter million likes (Miller Lite Latino Facebook, 2016). On their website, MillerCoors shares recipes that incorporate Miller Lite in some way, shape or form. Along with the recipes they also promote the Miller Lite Free Rides program, which allows patrons to receive a safe ride home free of charge. They also post all of their commercials online, along with different types of Miller gear (Miller Lite, 2016). These promotions along with the change in design of the label have led to an increase in popularity.

Labelling has been something that Miller Lite has always struggled with, and it has changed multiple times since its creation. However, last year they changed the label to the retro style they had in the 70's, and sales were boosted. It was supposed to be temporary, but it increased sales so much that they decided to keep it. They saw increased sales in men above 40, who remember seeing the Miller Lite commercials when they were kids. They also observed that the market share rose from 6.2% to 7.5% in one year from Millennials ages 21-27 (Kell, 2015).



Miller Lite is a pretty affordable beer that costs \$17.44 for a 24 pack of 12 fluid ounces at the La Crosse Wal-Mart (Miller Lite Beer, 12 fl oz, 24 Pack, 2016). Price varies from store to store, but is generally somewhere around there. This price point has proven to be effective in the past and therefore should remain similar going forward into the next year. One thing to note is that increasing spending on advertising for Miller Lite will not lead to an increase in price because the advertising will make up for this increase spending because it will lead to an increase in quantity of units sold. They sell to people in the U.S and also internationally in Mexico, Canada, China, The U.K, and Puerto Rico. In general, the beer is sold to distributors for resale and then to retail stores (Lexisnexis.com). They have a long-term goal to improve relationships with their distributors and regain trust that has been strained in the past (Subhash, 1992). Miller Lite is also available in a wide variety of establishments including taverns, large wholesalers, commercial venues, sports venues, and much more thanks to an intricate and elaborate distribution strategy.

As a company looking towards the future, MillerCoors LLC will be striving to build on recent momentum that they have generated in the market. As the “original” low-calorie beer, Miller Lite has a distinct product identity that ensures that the product should remain the same. People have grown to love the current product and changing the way that it is produced or the way that it tastes may lead to customer dissatisfaction. Distribution of Miller Lite should also remain the same over the coming year because it is already available in a sufficient number of locations across the countries where it is sold. The future of Miller Lite may be to grow into more diverse geographic locations, however, capturing a larger market share in their current distribution area will prove to be more beneficial than expanding at the current time. Rather than focusing on entering different geographic markets, which has a great deal of risk involved,



MillerCoors should focus its energy on penetrating some of the demographic markets that currently do not prefer Miller Lite through increasing promotion. As was stated earlier, MillerCoors is seeking to repair relationships with their distributors and therefore should focus on staying consistent over the next year. Healthcare professionals, women, minority groups, and elder men over the age of 65 are the segments that show the most potential for growth in the coming year.

Woman and healthcare professionals are different market segments, however, due to some overlapping interests and motivations, healthcare professionals and women may be targeted using similar promotional tactics in this case. In order to persuade these segments, Miller Lite can run some informational advertisements which focus on the low-calorie attribute of Miller Lite. Through target market analysis, one can see that healthcare professionals have stayed away from Miller Lite. By endorsing the healthier benefits of consuming Miller Lite compared to its competitors, Miller Lite may be able to capture a greater share of the women's/healthcare professional market segments. Miller Lite can do this by using television advertisements that air on a flighted media schedule of every other month. These advertisements will air on channels such as Oxygen, Lifetime, and VH1 which target women as their main demographic. This allows for precise audience selectivity to avoid wasting money on advertising the correct message to the wrong audience. In order to reach healthcare professionals, Miller Lite will be advertised on billboards that are strategically located near major hospitals. The billboards will have the same health-oriented message. This advertising will obviously require a slight increase in the promotional budget, but will be worth it in the long run. For a more detailed description of financial implications, please see Figure 2 and Figure 3 in the appendix.



The next market segment that MillerCoors should seek to promote to is 65+ year old males. The SWOT Analysis showed that there is a huge opportunity for growth in this market. MillerCoors should promote to this demographic through the newspaper and radio. These forms of advertisement may be effective for older adults who still read the newspaper daily and also tune into their favorite radio stations rather than listening to music online. These advertisements should focus on the nostalgia of Miller Lite and hopefully encourage older adults to “drink the original” light beer. Along with this, Miller should also use some creative labeling in order to capture this market. May is Military Appreciation Month. During this month, Miller Lite should be produced in camo cans and cases. These cases will be special because each will honor a fallen hero from one form of the military or another through a photograph and a short description of their experiences. See Figure 2 and Figure 3 from appendix for more information on financial implications of promotional strategies.

The demographics that already prefer Miller Lite should not be ignored in the coming year. The Bodega Campaign should continue to run throughout the summer and until they originally planned to have it finished. This campaign has done a great job targeting millennials as well as different minority groups. Upon completion of the campaign a team of employees from MillerCoors should analyze the effectiveness of the Bodega Campaign. If the campaign was effective, the company should either continue running the ads, but less frequently, or should develop new and similar ads in order to maintain the interest that Bodega has generated. If the analysis shows that the campaign was not as effective as the company had hoped, then a team should put together a different promotional campaign which once again focuses on millennials and minorities, but does so in a different way.



## Target Market

In order to increase sales on current products it is crucial to understand the demographics of current customers and look at how to strategically maintain relationships with them along with how to reach different markets. When looking at occupations and work hours, engineers and architects are most likely to purchase Miller Lite. The occupation that is least likely to be consumers are those in the healthcare industry as mentioned above. Also, people that work 1-14 and 40 or more hours per week are expected to purchase Miller Lite, see appendix figure 7 to see a visual of this likelihood. Interestingly, employees working for a private company are more likely to purchase this product than those that work in the public sector.

It is advantageous for Miller Lite to examine the demographics, age and life cycle of current consumers. Looking at gender, males are more likely to purchase Miller Lite than females. While examining race, people of European descent are more frequent consumers than those of an African American descent. People that are 21, 25-49, and 60-64 years old are more likely to buy, while people that are 22-24, 50-59, and 65 plus are not likely to purchase, see appendix figures 5 and 6 for more detail. Also, looking at the head of the household, the men are more likely to be customers. Individuals that have never been married or are presently married are purchasing Miller Lite, where individuals that have been widowed, divorced or are separated are not likely to buy this product. People that are grandparents and parents were less likely to be consumers of this product. Also, households that have 1-4 people are more apt to purchase Miller Lite than households with 5 or more people.

Miller Lite should also consider the level of education and the socioeconomic status of current purchasers because this knowledge is helpful when determining the promotional mix. People that attended graduate school, but did not graduate, students that graduated at a four-year



university, students that attended college for one full year and students that completed three years of undergrad but did not graduate are more likely to purchase Miller Lite. The educational level can be seen graphically in appendix figure 8. Also, people with a household income of more than \$500,000 were the most likely to purchase Miller Lite (Simmons OneView, 2013).

This information is insightful for Miller Lite, because they can see where they thrive and where they could target and penetrate. They have useful knowledge of who's currently purchasing their product and can focus on where they want to go and how they want Miller Lite to be positioned in the target market. They have a large market share in the age range, because it is pretty versatile with a thirty-year gap between the youngest and oldest consumers. Also, they have more opportunities given the customer most likely to purchase Miller has a household income of over \$500,000. Also, educated people are purchasing the product, which is good for future sales because more people are pursuing secondary education.

This also shows where the business can expand; for example, they should market to more women and health care practitioners. They could start advertising the health benefits of drinking one beer a day or any convincing data with statistical significance. For example, drinking one beer a day lowers the chance of heart disease by x amount. They could add promotions using powerful women role models or leaders in society to empower women to purchase Miller Lite. They could also capture more women by focusing on an advocacy advertising campaign supporting organizations such as National American Woman Suffrage Association or the non-profit, Equal Rights Advocate . Women are a great target market for Miller Lite because they make 85% of consumer good purchases each year.

Miller Lite could target more of the Baby Boomer population and individuals over sixty-five, and focus on how to make beer appeal to people entering retirement or that have already





retired. This age group encompasses part of the Baby Boomer generation, along with the Silent generation. Baby Boomers outspend other generations by billions, and they also seek good health and vitality, so marketing Miller Lite as a low calorie beer and mentioning a health benefit would incentivize this group of people. On the other hand, the Silent generation lived through the Great Depression and are frugal in nature. Miller Lite should stress their competitive pricing compared to other beer brands and that purchasing their beer is cost effective.

They could also focus on marketing to African Americans and other minorities through studying common behavior and coming up with an advertising promotion that relates to this demographic. Miller Lite could hire a diverse marketing team in order to generate marketing plans that have expert opinions and have relevant experiences for that segmented market. African Americans along with other minorities have been increasing in population in recent years. These groups have an increasing amount of purchasing power. Looking at this demographic information shows how many opportunities Miller Lite has in order to reach different markets and sustain existing markets (Lamb, Hair, & McDaniel, 2016).

The product's parenting company, MillerCoors, is using a multisegment targeting approach because it offers multiple products with different marketing mixes' and they have economies of scale regarding production and operating costs. Miller Lite will use the concentrated target market approach for their specific product target market. As a recommendation, Miller Lite should plan on targeting more female consumers. Making Miller Lite appeal to both genders is crucial for future growth and success especially in the increasingly competitive beer industry. Another recommended target market for Miller Lite is people over the age of sixty-five and minorities. Minorities are becoming more prevalent in the United States



and there are also quite a bit of boomers and people in the silent generation that remain untapped from Miller Lite sales.

Looking at consumer behavior it is worthy to note that people that are rated above average in regards to environmentally conscious purchases were less likely to buy Miller Lite. However, consumers that recycle often were more likely to purchase. Also, conservative people are more likely to purchase Miller Lite, so the organization could focus more efforts on targeting individuals that are liberal. Interestingly people that are vegetarians are less likely to consume this product.

Geographically speaking, Miller Lite's sales are very poor in Nebraska, Louisiana, and Massachusetts. Unfortunately, they are not in the same geographical zones, but Miller Lite could conduct research and see why people in those states are less likely to consume their product (Simmons OneView, 2013).

There are a lot of different characteristics as mentioned above that could help Miller Lite gain a clearer picture of how to approach their target markets. Miller Lite will have to decide where they want to take the promotional mix given their target markets, and promotions may vary depending on the different target markets the company plans on penetrating. For example, targeting women that are environmentally conscious consumers may be different than targeting minorities that are vegetarians. Keeping these ideas in mind, the recommended target markets are a crucial step in the marketing plan.

## **Financials**

The beer industry is facing a crisis felt among beer producers everywhere. More and more Americans are choosing to switch to other types of alcohol including wine, spirits, and hard



liquor (Marketwatch). The shrinking demand for beer has been especially felt by large conglomerates of beer, including MillerCoors, because of the increasing demand for craft beers which has now reached double digits in the beer market share (Slate). In 2013, sales of Miller Lite dropped by 5.9% and continued to drop until the resurrection of the vintage looking cans (Hoozers). Due to the increase in sales almost all directly arising from the new packaging, Miller Lite should capitalize on the success it has built from the new look.

In 2014, MillerCoors, as a company spent 417 million dollars on advertising (Statista). The immense impact of the new packaging will need to be supplemented with increases in advertising the 'new' vintage look. 83% of MillerCoors sales volume come from retail stores and around 50% of those sales come in the form of aluminum cans (Fool). MillerCoors should increase their budget of 417 million dollars to 427 million dollars, with most of the new funds going towards advertising of Miller Lite cans. After the unveiling of the vintage styled cans, some areas reported an increase in sales as high as 18% (Bloomberg). Of the 10 million dollar increase in advertising, a large proportion would be directly tied into television ads. In 2014, Miller Lite spent only 58 million dollars in television spending as compared to Bud Light's 84 million (WSJ). 6 of the 10 million-dollar increase would be allocated to the television category and would assist in closing the gap between two rival products. Of the 6 million dollars, at least 70% would include images of the vintage can, the main driver of sales. Two million of the remaining 4 million would be directed towards increased advertising in radio and newspaper. The last 2 million dollars of the suggested increase would comprise of magazines and billboards. The two mediums would serve as a reminder and showcase vintage cans. As returns for the allocated amounts of the increase in funding, television spending will yield the best return. The estimated returns from television advertisements would result in an increase of 2%. Using the 1.9



billion-dollar sales figure, 1.9 billion multiplied by 2% would be an increase of \$38,000,000. The ROI would come out to be 533%. The increased spending in radio and newspaper will increase sales by .5%. The increase in sales would come to 1.9 billion multiplied by .5% equaling \$9,500,000. The ROI for radio and newspaper spending would be 375%. The billboard spending would increase sales by .35%, .0035 multiplied by 1.9 billion would total \$7,125,000. The ROI would equal 256%. Although the ROI is higher for the radio and newspaper and billboards than television spending, the \$2,000,000 represents the highest amount of spending will yield the highest ROI. Any excess spending will not increase sales due to its low market reach. The expenses will be taken directly at first out of retained earnings in part because the increased advertising budget. However, due to the high profit margin on Miller Lite, the increase in sales of an estimated \$54,625,000 (fig. 2) will outweigh the total increase of \$10,000,000 (fig. 3); as long as the profit margin remains above 20%, the advertising increase will be effective. It is difficult to determine the exact increase in demand for the Miller Lite for future years. Based on years past information and the increase in sales as stated this would be the expected income for Miller Lite: (Note Expenses directly for Miller Lite estimated).

## Conclusion

Miller Lite and its parent company, MillerCoors LLC have been successful in the past and continue to grow. With their multiple styles of beer, international growth, and innovation they will be able to penetrate more target markets both nationally and internationally. Miller Lite has had trouble in the past with consistent marketing strategies, however, they have a strong enough brand name that it was not detrimental to the existence of the company. The introduction of the vintage cans has sent sales surging and has proved to be an effective advertising technique. With that said, Miller Lite cannot depend solely on the can's packaging to stimulate sales and



they realize that they need to come up with more market-demanded marketing plans and strategies. The increased attention to millennials, women, and older individuals will assist in growing the brand across all demographics. Miller Lite has a prestigious history in the brewing industry and will continue to be the original “American” style light beer with the lowest calories and one of America’s favorite domestics. This is just the beginning for Miller Lite and they will continue to gain market share in the beer industry because of their competitive advantage of product differentiation from being the “original.”



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## Appendix:

<b>Fig. 1</b>	
<b>Income Statement for Miller Lite</b>	
<b>(In Millions)</b>	
<b>Sales:</b>	
2015	1,900
Proj. 2016	1,955
<b>Expenses:</b>	
2015	1,368
Proj. 2016	1,378
2016 Net Profit	577
Profit Margin	29.50%

<b>Fig. 2</b>	
<b>Projected Sales from Increased Advertising</b>	
<b>(In millions)</b>	<b>Proj. Sales</b>
<b>Medium:</b>	
Television	38
Radio + Newspaper	9.5
Billboards	7.125
<b>Total:</b>	<b>54.625</b>

**Fig. 3**

Projected Expenses from Increased Advertising	
(In millions)	Proj. Sales
Medium:	
Television	6
Radio + Newspaper	2
Billboards	2
Total:	10

Figure 4

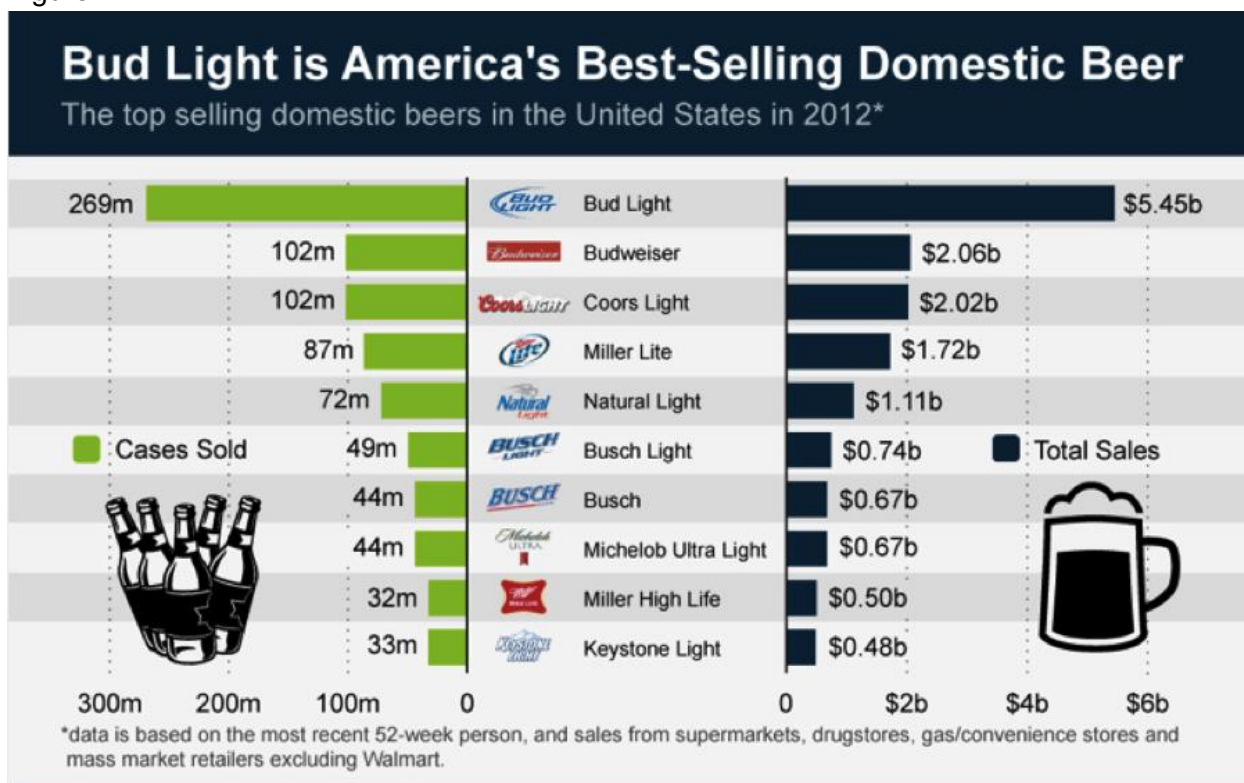


Figure 5

21	Sample	149	** 12
	Weighted (000)	3,420	** 200
	Vertical %	1.49%	** 1.72%
	Horizontal %	100%	** 5.83%
	Index	100	** 116
22 - 24	Total %	1.49%	** 0.087%
	Sample	427	** 21
	Weighted (000)	11,487	** 569
	Vertical %	4.99%	** 4.9%
	Horizontal %	100%	** 4.96%
25 - 29	Index	100	** 98
	Total %	4.99%	** 0.247%
	Sample	674	* 40
	Weighted (000)	18,605	* 1,280
	Vertical %	8.09%	* 11%
30 - 34	Horizontal %	100%	* 6.88%
	Index	100	* 136
	Total %	8.09%	* 0.556%
	Sample	876	* 45
	Weighted (000)	21,251	* 1,455
35 - 39	Vertical %	9.23%	* 12.5%
	Horizontal %	100%	* 6.85%
	Index	100	* 136
	Total %	9.23%	* 0.632%
	Sample	943	63
40 - 44	Weighted (000)	17,617	1,177
	Vertical %	7.66%	10.1%
	Horizontal %	100%	6.68%
	Index	100	132
	Total %	7.66%	0.512%
45 - 49	Sample	1,079	62
	Weighted (000)	21,845	1,124
	Vertical %	9.49%	9.68%
	Horizontal %	100%	5.14%
	Index	100	102
50 - 54	Total %	9.49%	0.488%
	Sample	1,146	* 60
	Weighted (000)	17,246	* 1,007
	Vertical %	7.49%	* 8.67%
	Horizontal %	100%	* 5.84%
55 - 59	Index	100	* 116
	Total %	7.49%	* 0.438%
	Sample	1,250	65
	Weighted (000)	25,700	1,252
	Vertical %	11.2%	10.8%
60 - 64	Horizontal %	100%	4.87%
	Index	100	97
	Total %	11.2%	0.544%
	Sample	1,287	65
	Weighted (000)	19,665	783
65+	Vertical %	8.55%	6.75%
	Horizontal %	100%	3.98%
	Index	100	79
	Total %	8.55%	0.34%
	Sample	1,081	61
65+	Weighted (000)	18,469	1,179
	Vertical %	8.03%	10.2%
	Horizontal %	100%	6.39%
	Index	100	127
	Total %	8.03%	0.512%
65+	Sample	2,621	119
	Weighted (000)	41,928	1,447
	Vertical %	18.2%	12.5%
	Horizontal %	100%	3.45%
	Index	100	68
	Total %	18.2%	0.629%

Figure 6

40 - 44	Sample	1,079	62
	Weighted (000)	21,845	1,124
	Vertical %	9.49%	9.68%
	Horizontal %	100%	5.14%
	Index	100	102
45 - 49	Total %	9.49%	0.488%
	Sample	1,146	* 60
	Weighted (000)	17,246	* 1,007
	Vertical %	7.49%	* 8.67%
	Horizontal %	100%	* 5.84%
50 - 54	Index	100	* 116
	Total %	7.49%	* 0.438%
	Sample	1,250	65
	Weighted (000)	25,700	1,252
	Vertical %	11.2%	10.8%
55 - 59	Horizontal %	100%	4.87%
	Index	100	97
	Total %	11.2%	0.544%
	Sample	1,287	65
	Weighted (000)	19,665	783
60 - 64	Vertical %	8.55%	6.75%
	Horizontal %	100%	3.98%
	Index	100	79
	Total %	8.55%	0.34%
	Sample	1,081	61
65+	Weighted (000)	18,469	1,179
	Vertical %	8.03%	10.2%
	Horizontal %	100%	6.39%
	Index	100	127
	Total %	8.03%	0.512%
65+	Sample	2,621	119
	Weighted (000)	41,928	1,447
	Vertical %	18.2%	12.5%
	Horizontal %	100%	3.45%
	Index	100	68
	Total %	18.2%	0.629%

Figure 7

<b>Total</b>	Sample	12,069	619
	Weighted (000)	230,123	11,613
	Vertical %	100%	100%
	Horizontal %	100%	5.05%
	Index	100	100
	Total %	100%	5.05%
<b>1-14</b>	Sample	520	** 27
	Weighted (000)	7,351	** 424
	Vertical %	3.19%	** 3.65%
	Horizontal %	100%	** 5.77%
	Index	100	** 114
	Total %	3.19%	** 0.184%
<b>15-29</b>	Sample	868	* 46
	Weighted (000)	13,964	* 652
	Vertical %	6.07%	* 5.61%
	Horizontal %	100%	* 4.67%
	Index	100	* 93
	Total %	6.07%	* 0.283%
<b>30-39</b>	Sample	925	* 49
	Weighted (000)	18,960	* 946
	Vertical %	8.24%	* 8.15%
	Horizontal %	100%	* 4.99%
	Index	100	* 99
	Total %	8.24%	* 0.411%
<b>40</b>	Sample	1,961	118
	Weighted (000)	42,024	2,246
	Vertical %	18.3%	19.3%
	Horizontal %	100%	5.34%
	Index	100	106
	Total %	18.3%	0.976%
<b>41-50</b>	Sample	1,530	121
	Weighted (000)	33,932	2,445
	Vertical %	14.7%	21.1%
	Horizontal %	100%	7.2%
	Index	100	143
	Total %	14.7%	1.06%

Figure 8

<b>NO FORMAL SCHOOLING</b>	Sample	115	** 3
	Weighted (000)	2,227	** 42.4
	Vertical %	0.968%	** 0.365%
	Horizontal %	100%	** 1.9%
	Index	100	** 38
	Total %	0.968%	** 0.018%
<b>SOME GRADE SCHOOL - 8 YEARS OR LESS</b>	Sample	532	** 15
	Weighted (000)	8,314	** 275
	Vertical %	3.61%	** 2.37%
	Horizontal %	100%	** 3.31%
	Index	100	** 66
	Total %	3.61%	** 0.119%
<b>HIGH SCHOOL - 9-11 YEARS</b>	Sample	1,094	* 35
	Weighted (000)	16,171	* 504
	Vertical %	7.03%	* 4.34%
	Horizontal %	100%	* 3.12%
	Index	100	* 62
	Total %	7.03%	* 0.219%
<b>HIGH SCHOOL - 12 YEARS (GRADUATED)</b>	Sample	3,328	150
	Weighted (000)	72,721	3,658
	Vertical %	31.6%	31.5%
	Horizontal %	100%	5.03%
	Index	100	100
	Total %	31.6%	1.59%
<b>COLLEGE - LESS THAN 1 YEAR</b>	Sample	796	* 42
	Weighted (000)	15,333	* 610
	Vertical %	6.66%	* 5.26%
	Horizontal %	100%	* 3.98%
	Index	100	* 79
	Total %	6.66%	* 0.265%
<b>COLLEGE - 1 FULL YEAR</b>	Sample	698	* 31
	Weighted (000)	14,563	* 782
	Vertical %	6.33%	* 6.73%
	Horizontal %	100%	* 5.37%
	Index	100	* 106
	Total %	6.33%	* 0.34%