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Light Beers Are Brewing

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Probably no better example of product warfare exists than that of "Light Beer." Our objective is to present a clear picture of this product war. In order to understand light beer wars one must understand the history of this product, the positioning of light beers, and the tactics and strategies that have been used to the manufacturers' benefit.

THE ONSET OF MILLER LITE

In 1967 Meister Brau, a Chicago brewer, launched a low-calorie beer under the name of Lite. It was distributed nationally but sold poorly. Though Meister Brau had extensively studied the market before determining the need for a light beer product, it did not back the product with sufficient advertising resources for it to catch on. In early 1972, Miller Brewing Company, then owned by Philip Morris, acquired Meister Brau and created a whole new image for the "Lite" product. Miller was impressed with Meister Brau's marketing research which showed more consumer interest in a low calorie beer than sales had reflected. It took Miller only three years to develop Lite and launch it into the marketplace.

By 1975, Miller Lite was nationally distributed and a runaway success (*Time*, 1978, p. 74; Flanagan, 1978, p. 76). The major attribute Miller centered on was calories. Miller wanted to establish the product in the consumer's mind as being just like regular beer, but with fewer calories. Miller's slogan, "Everything you always wanted in a beer and less," did just that. Philip Morris used a similar strategy with its low tar cigarettes. Both products are aimed at giving customers some psychological relief whenever they indulge in something they feel is bad for them, creating the feeling of making small sins out of large ones. In addition, Miller Lite sold for 25 cents more per six pack than other beers, giving it the aura of being of greater value (Flanagan, 1978, p. 75). Miller also launched the product with an expensive advertising campaign featuring Mickey Spillane and ex-football player Bubba Smith to give a macho image to Lite. Through this three-part marketing strategy Miller Lite succeeded in being first in the consumer's mind.

LIGHT BEER BATTLES BREW

In actuality, Beer War tactics have not changed dramatically since the era of Al Capone. In the early decades of the twentieth century, when a new saloon opened, the company that put in the beer pipes, or the lighting, or paid a cash bribe to the proprietor was the one whose beer was sold over the bar. Today, the company that gives the best price, the one which backs the product with advertising, or the one that sponsors events, gets the business. In each of these marketing strategies, consumer demand plays a central part (Flanagan, 1978, p. 74).

By July of 1978, Miller's success had already spawned 18 imitations. As of 1991, light beer comprised 30% of the total beer market. Though many believed light beers were targeted at women who do, in fact, drink more light than regular beer, young men between the ages of 25 and 34 make up the largest consumption group (Bittman, 1991, p. 206).

SCHLITZ AND BUSCH STALK CLOSE BEHIND

Following Miller Lite's success, Schlitz attempted to get in on the new light product market with the creation of "Schlitz Light." A line extension product, Schlitz Light soon fell by the wayside because it was viewed as a "me too" product or an "imitation" of Miller Lite. It was also confused with regular Schlitz.

Anheuser Busch's entry was "Natural Light." The name was descriptive; indeed, it may have been too generic. Consumers did not feel the name described the product. Anheuser-Busch's launch was an offensive attack based on a lower pricing structure; however, lower pricing was only part of the strategy. Anheuser-Busch set out to reposition Miller Lite—an ingenious offensive move. Attempting to use the Lite name against Miller, Anheuser-Busch adopted the slogan "Ask for a Natural, don't get misconscrewed" (Norm Crosby, Ries and Trout, 1991, p. 146). This approach derived from Anheuser-Busch's belief that many consumers viewed ordering a Natural as less hassle than ordering a Lite and then having to indicate a Miller Lite. This strategy has had some effect, for Natural still holds a good position in the light beer market.

Michelob, Anheuser-Busch's premium product, attempted a guerilla attack in the light beer category in 1978. Its tactic was to brew a premium light beer. Michelob hoped to gain the upper end of the light beer niche, and initially it won its battle. By 1985, Michelob controlled a respectable 7% of the light beer market (Prince, 1992, p. 82). Not content with this success, however, Michelob tried to go after more market share by expanding its battlefield. Instead of maintaining and defending its premium lite niche, it moved out and attempted to compete against the other non-premium light contenders. As a result, Michelob Light fell out of its niche and lost market share. By 1991 its market share had fallen to 3.9% of the light beer market. This retreat was also due, in part, to the fact that Michelob introduced another line extension, Michelob Golden Draft Light (Charlier, 1990; Flanagan, 1978). As with most line extensions, the new product took sales away from the original product.

COORS NOT PREPARED FOR LIGHT WAR

Coors was actually one of the first companies on the light beer battlefield in the early 1970s; its regular Coors product was lighter than other beers. In fact, Coors' slogan was "America's Fine Light Beer." However, at that time Coors distributed its beer only within a small region of the U.S., and it failed to emphasize the beer's fewer calories. In short, Coors was not ready for battle. In 1978, Trout and Ries Inc. urged Coors to use the fewer calorie angle to its advantage. However, Coors never attempted to fight the light battle with its regular product. Here, Coors was a pioneer, only it failed to emphasize the very factor which differentiated its product from the others: its fewer calories.

Coors used a far different approach to position its Coors Light in 1978. Some 23 light beers were in existence at the time, and Coors hoped to capitalize on its "Rocky Mountain" image and its use of pure Rocky Mountain spring water which had been successful in selling regular Coors. Coors was indeed popular for its mountain mystique; however, its marketing plan was less inspired. Coors believed its light product would be as popular as regular Coors and just "walk off the shelves." Coors Light did become popular, especially in California. However, this success was gained at the expense of regular Coors. In truth, since Coors already had a low calorie beer in its regular product, Coors Light was redundant.

THE MARKET GETS SHOOK UP

In 1985, Miller Lite held 54% of the light beer market. Coors Light maintained a 17% share, while Anheuser-Busch's Michelob Light hooked 7%, its Natural Light possessed 5%, and its Bud Light, 1.6%. The remaining 15% was shared by various small brewers (Prince, 1992, p. 82). In the 1990s, the number of light beers has increased dramatically. Among the big three, the market share formerly divided among five brands is now divided among 11 beers. As of 1991, Miller Lite held a 34.7% market share, and is still the largest seller. The rest of the market is shared by Coors Light with 21.4%; Bud Light, the lite beer making the greatest gains, with 21.3%; Natural Light, which is up slightly, at 7.8%; Michelob Light, which fell to 1.7%; and the new entrants since 1985 (Prince, 1992, p. 82). If one looks only at barrels shipped, Miller has remained virtually the same. However, Bud Light is coming on strong, with Natural Light not to be discounted. During recessionary times Natural Light has an advantage because of its lower price.

BUD FLANKS WITH SPOKES-DOG AND BUD BOWL

In the late 1980s, Bud Light successfully flanked the "younger" niche originally held by Miller Lite through the appeal of it spokes-dog, Spuds Mackenze. Spuds was highly popular among young drinkers, which allowed Bud Light to take the younger niche (Charlier, 1990, p. C12). Another Bud Light flanking move was to increase its marketing in the sports arena. Bud Light has always capitalized on tie-ins with sports and sporting events. It is now working to gain a bigger share of the Super Bowl crowd by staging its own "Bud Bowl." Bud Light is also flanking the market by leaving traditional T.V. advertising, which is highly competitive, and moving its efforts to advertising during sporting events such as the Super Bowl (Lipman, 1990, p. B1).

However, it seems just when a company is doing something right in the warfare game, it becomes greedy and does something wrong. In April 1991, Anheuser-Busch introduced Bud Dry on a national level. In attempting to head off Miller's brand extension, Anheuser-Busch confused the consumer with one of its own. Instead of marketing warfare, we have brand extension warfare and all the players are sure to lose. The airwaves are now saturated with ex-sports stars promoting beer.

COORS USES "SILVER BULLETS"

In the early 1990s, Coors launched a mildly successful offensive campaign for its Coors line with its slogan "The Silver Bullet Won't Slow You Down." This was backed by silver cans and in-store promotions. Coors also pulled off a guerilla attack against Anheuser-Busch's Natural Light by introducing Keystone Light. This new low priced product, not associated with Coors, is taking off. Indeed, Coors is working to position its Keystone Light product in the blue collar worker niche (Teinowitz, 1991, p. 21). Perhaps Coors is now taking the Ries and Trout advice it ignored during the introduction of light beers and is stressing Keystone's low calories as well as low price.

MILLER RETREATS AND REGROUPS

Looking back at Miller Lite's success, we believe Miller was simply lucky to have been the first in the consumer's mind. However, in 1992 Miller Lite made a classic positioning error. It began moving away from the clear identity it had established in its earlier promotions (Teinowitz, 1991, p. 1). Miller began using the slogan "It's It," a phrase lacking a clear message. The slogan was trying to convey that Miller Lite was the best beer, rather than the first light beer, which only confused consumers (Lipman, 1992, p. B5).

Since this advertising fiasco, Miller has shown more wisdom in pursuing a truly defensive strategy. Not to be outdone by the rising Bud Light, Miller Lite began testing a new beer, Lite Ultra. This beer was to have only 77 calories as compared to 96 in a bottle of Miller Lite. Miller will try to position this beer as the "new generation of light beers." It hopes Lite Ultra will be the coming trend in beers, appealing to a younger, fast paced crowd. Through this initiative, Miller is attacking Bud Light and Coors Light, along with itself. This clever defensive move will allow Miller to steer away from the confusion created with it earlier Lite extensions. However, the ultimate question is whether the lighter light beer (and its alcoholic content) will satisfy expectations sufficiently to attract the old light beer crowd (*New York Times*, 1991, p. 59).

Miller's Lite Ultra raises another warfare question as well. Al Ries, consultancy chairman of Trout and Ries Inc., has said that:

> Nobody has ever turned around a declining brand, except by lowering the price. I should think they should harvest the brand [Miller Lite] and put as little as possible into it . . . . People think of Miller now as Genuine Draft not as Lite. (Teinowitz, 1991, p. 54)

FUTURE BATTLES ARE POSSIBLE

The future of the light beer wars is uncertain. With the exception of Coors Light, not one company has a clear marketing war strategy. Miller Lite has been stagnant for some time and has not increased its market share proportionally with the increase of the market. Miller may have a chance with Lite Ultra, however. Bud Light, on the other hand, has the new problem of Bud Dry. It is doubtful that the market will be able to distinguish between the two. Bud is still working offensively against Miller Lite in an attempt to out-promote Miller. Both brands have exhausted the advertising market in their use of ex- sports heroes. They will have to find new angles. Coors appears to be the one company holding down the fort. It is working to stay in the battle without introducing a new Coors product. However, in an attempt to keep up with the others, Coors may make the same mistakes.

In the flanking and guerilla war, Michelob Light should be able to hold its own in the high end niche—if it is wise. In the low end niche, the light beer out-performing all the others is Anheuser-Busch's Natural Light. By attacking Miller Lite's name and employing a low price strategy, Natural Light has overcome its own name problem, carved a clear niche in the market and is gaining in market share. Another favorite in the low end is Keystone Light. Coors has done an excellent job of moving Keystone Light into the market and flanking its way into the low end niche.

CONCLUSION

The principles of marketing warfare are evident in the light beer war. One sees the "principle of force" in the expensive advertising campaigns being waged, and the superiority of defense in Miller's use of a variety of tactics—some more successful than others—to remain at the top of the light beer market. Furthermore, guerilla warfare is being waged in the premium light beer category, while an offensive move is occurring in the low price niche. With such a scenario in place, the light beer war seems likely to continue for years to come.

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