

Published: August 19, 2013

MillerCoors and Anheuser-Busch InBev Bet on Boozier Brews

New Products Carry Higher Alcohol Content, Risk Raising Watchdog's Ire

Is big beer's comeback bid all about boosting drinkers' buzz?

That appears to be part of the playbook for <u>MillerCoors</u> and <u>Anheuser-Busch InBev</u>, which have turned to pricier, higher-alcohol line extensions to recapture share from growing liquor brands. The latest entry: Miller <u>Fortune</u>, which will debut next year at 6.9% alcohol by volume with a marketing strategy aimed at luring millennial males during nighttime drinking occasions.

The brew, in the works for months, follows A-B InBev's recent launches of Bud Light Platinum and Budweiser Black Crown, which both check in at 6% ABV, compared with 4.2% for most light beers. The goal for brewers is to reach variety-seeking drinkers whose habits lead them to the liquor shelf and away from beers their fathers drank. Fortune will be priced similarly to Platinum, whose average case price is \$26.17, compared with \$20.11 for regular Bud Light, according to IRI. While higher-alcohol brands are growing in popularity, light beers still command much larger shares. Bud Light has 20% of the market, compared with 1.15% for Platinum, according to IRI, which excludes bar and restaurant sales.

MillerCoors VP-Innovation David Kroll said Miller Fortune will broadly appeal to millennial males, "but it's got a sweet spot with Hispanics and African-Americans." He referenced testing showing that 81% of millennial males are interested in buying Fortune, with even higher numbers for Hispanic and African-American males.

MillerCoors hasn't disclosed ad plans for Fortune, but if the brewer engages in that kind of demographic targeting, it could risk backlash from health advocates. It is "beginning to look like we are going down the road of the old malt-liquor wars of the "90s," said Michael Scippa, publicaffairs director for watchdog group Alcohol Justice (formerly the Marin Institute), referencing African-American-targeted ads for brands such as St. Ides and Colt 45. "What's next, a 40-ounce version at 12% alcohol?"

In a statement, MillerCoors said it wants to "provide beer drinkers with great brands that fit a wide range of drinking occasions" and noted most of its portfolio is under 8% ABV.

The company said, "When compared to hard liquor, which mainly features brands at 40% ABV and higher, there's no question beer is the right choice and the beverage of moderation."

By law, beer brands are not allowed to play up alcohol strength in their advertising, said David Jernigan, a professor of health, behavior and society at the Johns Hopkins Bloomberg <u>School</u> of Public Health. But he said brands use code words such as "edge" to achieve that effect. In a memo to distributors, MillerCoors described Miller Fortune as a beer with "an edge, intrigue and charisma." An early image shared with Ad Age includes the caption "Open Pandora's bottle." The brand's agency is <u>Saatchi</u> & <u>Saatchi</u>, New York.