

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



STELLA ARTOIS - BREWING A BETTER REPUTATION

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BRUNO DEWEVER

Tenth Edition
Master Student Case Papers

2023

Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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Stella Artois - Brewing a Better Reputation

WRITTEN CASE

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DENISE VORK

HELENA ABRAHAMSSON 2

BRUNO DEWEVER

Introduction:

Imagine that it is June 19th, 2007, and you work for U.K's largest brewery, InBev. That morning, an article appeared in The Argus titled: *"City Judge Condemns 'Wife-Beater' Booze."* In the article, John Hardy, judge at Brighton's Crown Court, says the following: *"there are keywords which recur all too frequently in cases involving young men and alcohol. They are 'Stella' and 'binge drinking'."* You know that Stella, one of InBev's crown jewels, has faced declining sales in the UK ever since 2003. This article is just the latest example of how Stella has become associated with negative connotations and you fear that this could cause irreparable damage to the brand.

You decide to take action and set up a meeting with the management to discuss your perspective and approach to Stella's increasingly negative reputation.

Background pre-incident positioning

Around 600 years ago, in the late Middle Ages, marks the origin of the well-known Stella Artois beer. Precisely in 1366, this happened in Leuven, Belgium. It may be hard to visualise it now but back then, Leuven was home to a flourishing brewing community that served as a basis for the current world-wide consumed beer. In 1466 Den Hoorn brewery was established. At this time Den Hoorn's brewery reimagined how beers were fermented by using different methods which yielded more enjoyable beer.

The first appearance of the name Artois in the history books was in 1717. Sebastian Artois bought the brewery Den Hoorn. It was at this time that the brewmasters of Den Hoorn were rethinking the "magic" of fermenting beers, which at the time were typically sour and darker brown. Sebastian was a pioneer, managing to bring in numerous new beer varieties and placing the brewery at the apex of the trade. With his hard work, eventually Artois' brewers concocted a golden lager inspired by German and Czech Pils (or Pilsner). After Sebastian's passing away, the brewery kept on existing and was handed down to later generations.

Subsequent to several generations of experimentation and research into beer within Artois brewery, Stella Artois' golden beer was created during Christmas in

1926. Artois Brewery initially launched Stella Artois as a seasonal Christmas beer for the Belgian market. To honour the occasion and the holiday, the brewery donated the beer to the people of Leuven by naming it "Stella" (meaning "star" in Latin). Originally created as a holiday gift, Stella Artois has always been about giving.

However, due to its surprising widespread success, it soon became available all year-round in Belgium. After the war, Stella's first international expansion took place into France, followed shortly by its expansion into the United Kingdom in 1976.

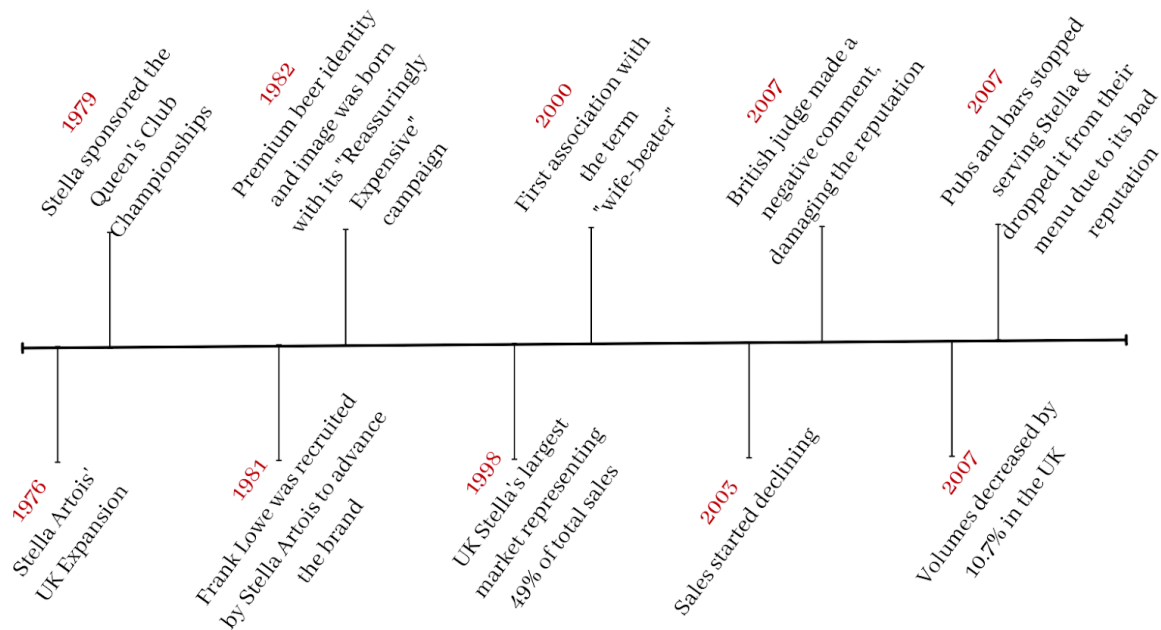


Figure 1: Timeline Stella Artois

A "reassuringly expensive" positioning

When Stella Artois was first released, it was meant to be a gesture of generosity. Nevertheless, when it reached Britain, the first promotional effort (see **Figure 2**) focused on its high alcohol content and drew attention to the idea that drinking strong beer such as Stella is a sign of masculinity. The use of forceful words like 'take' and visuals including barbells and dumbbells were meant to communicate that drinking strong beer, like Stella, was a masculine behaviour. This campaign relied heavily on emotional branding tactics in order to create an emotional bond between customers and the brand. This contributed to how the brand laid the foundation for the beer's masculine image.



Figure 2: First physical advertisement “*Stella’s for the fellas who take their lager strong*”.

But beyond the focus on masculinity, Stella primarily aimed to be premium, thus positioning itself as a premium continental lager. However, this did not happen overnight. High duty taxes on high alcohol content beverages in the United Kingdom made Stella Artois more expensive than other beers. Because of this, many beer drinkers viewed the Stella Artois beer as a more premium and costly lager. Consequently, many beer drinkers opted for a more economical option.

This is when Frank Lowe was recruited by Stella Artois to advance the brand, and in 1981 he created a fresh image for the beer with the launch of an effective campaign, “Reassuringly Expensive”. And with that, their premium position was born. The slogan “reassuringly expensive” was printed on the bottle label for 25 years.

Stella's motto was daring, and the advertising campaigns that accompanied it were even bolder. Some of their printed campaigns were titled, “*Come along, gentlemen. Don't you have mansions to go to?*” and “*Of course the price is criminal. The beer's done time,*” (see figure 3 & 4). Through its campaigns, Stella Artois sought to humorously defend its pricing by emphasising the superiority and status of its product. Although it is merely an average beer in Belgium, in the United Kingdom it was promoted as a distinguished and reputable high-end beer. Moreover, Stella has sponsored the Queen's Club Championships since 1979 until today (2007). The tournament bears the name Stella Artois Championships, features many famous players and is widely regarded as the warm-up for Wimbledon.



Figure 3 & 4: Printed bold campaigns

A premium price, a premium alcohol volume

Besides its premium price, Stella differs from the UK's standard beer in terms of its alcohol content, and that was a major factor in its success as a premium beer in the UK. While the average alcohol by volume (ABV) of the best selling beers in British pubs was only 4.1%, Stella's ABV was a full 5.2%. This allowed Stella to stand out from the crowd and become a favourite of beer drinkers in the UK. It was also unique among other international premium beer brands in the UK, as Heineken had been selling a weaker 3.4% version of its original 5.0% beer up until 2003. However, Heineken suddenly abandoned the weaker 3.4% version of its beer that same year, leaving Stella as the only premium beer with a higher ABV. This gave Stella an even greater edge over its competitors and helped it to become one of the most popular beers in the UK.

Stella drinkers and their mansions

The United Kingdom was the largest market to Stella, as it represented 49 per cent of the total brand's worldwide sales in 1998. By 1998, Stella Artois obtained a 7.6 percent market share in the UK with 3.5 million hectolitre litres. Over the following year, sales increased by 25 per cent and by then, Stella was sold in 32,000 locations on draft.

Sales were going very well given that so many locations wanted to serve Stella, but at the same time a noticeable shift was beginning to take place in Stella and its consumption. Stella drinkers not only drank their beer in pubs, but as Stella's bold campaign mentioned earlier (**in Figure 4**), they started drinking their beer at their "mansions". With Stella's rise to the top, consumption started to shift towards consumption at home. As presented by **Figure 5**, in 1971, only 10% of the total sales volume were off-licence sales, and by the 2000's, off-licence sales represented over 40% of the total sales volume.

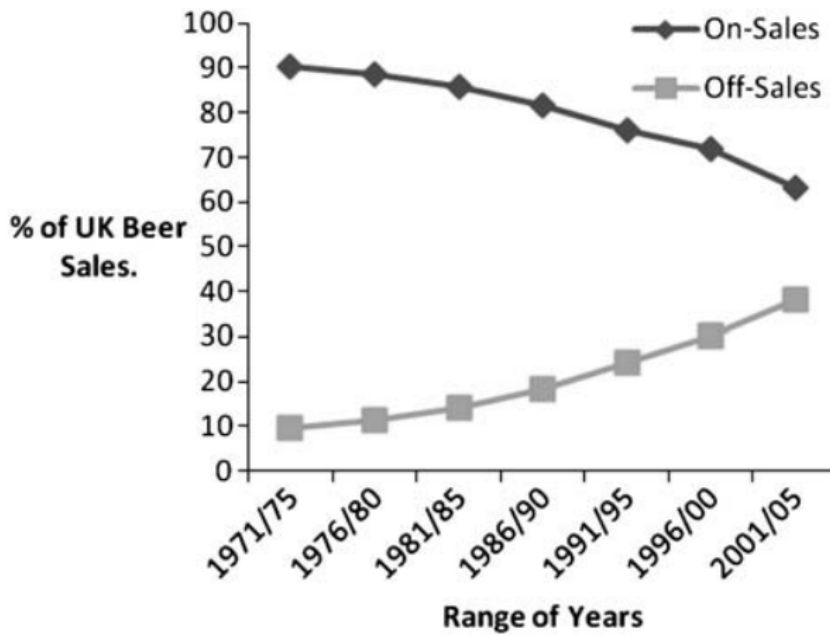


Figure 5: Beer Sales 1971-2005 by on- and off-licence vendors. Figure provided by the British Beer and Pub Association (2007).

As a result, Stella was introduced to many off-licence locations such as large supermarket chains. At the time, when Stella hit the shelves, it was regularly discounted with the aim of driving sales, bringing in new customers, and gaining market share. The “reassuringly expensive” Stella was for instance sold at a price as low as 33 pence a can, on the condition that you buy three cases of Stella, which is the equivalent of 60 cans at once. Discounting had the desired effect of attracting new customers and increasing sales. However, the new customers did not choose the brand for its high-quality and premium identity, but rather for Stella’s low price per unit of alcohol.

Happy wife, happy life they say...

Drinking a beer is often viewed as a social activity, one that brings people together to celebrate, share stories, and enjoy life. For many, it is a pleasant and enjoyable experience. Unfortunately, the negative image that followed for Stella, did not elicit the same warm and positive feelings for many women...

Stella Artois was once considered a reputable high-end beer in the UK, but in the early 2000s, Stella was nicknamed "wife-beater". What first started out as a joke soon became serious due the linkage of binge drinking men and Stella Artois in high-profile cases of domestic violence. The term is used to describe men who are perceived to be violent or abusive towards their partner. The media popularised the term "wife-beater beer" to refer to Stella Artois, leading to its association with

domestic violence in popular culture. But how did Stella Artois in particular get associated with the image of domestic violence in the home, instead of other beers?

Somewhere in the early 2000's some lads satirically started to call Stella the 'wife-beater', as they would drink it to get piss drunk. The first online mention dates back to 2004, where users discuss the cheapest beers on a forum. As can be seen in **Figure 6** user 'Peadar' says the following: *"I drank a wagon load of Stella Artois. It's septic. I think it's a grand beer. Best fun and cheapest night I've had in years. Stella or 'Wife Beater' as you may know it"*.

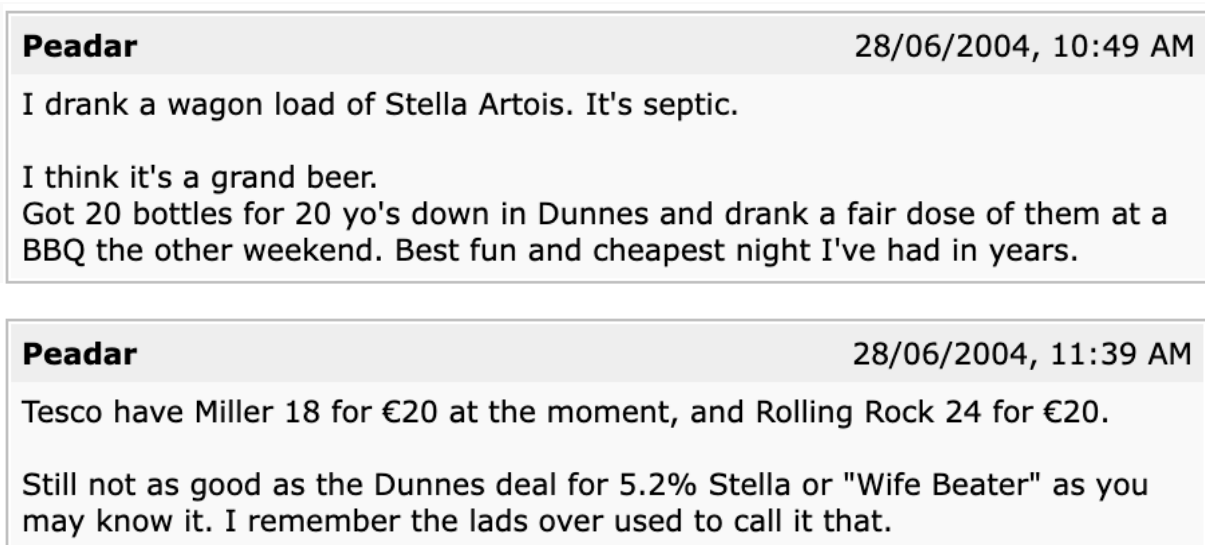


Figure 6: First online mention of Stella's Wife-Beater nickname in 2004 on a forum.

After Stella Artois was mentioned in different media forums in the beginning of the 2000s, the negative reputation of the beer was reinforced by several high-profile court cases where defendants were reported to have been drinking Stella Artois. In 2007, the negative association was highlighted by a verdict of a British judge. In a case where a labourer had assaulted his ex-partner's new partner, Judge John Hardy said *"There are two key issues which continually pop up in cases where young men and alcohol are involved. These are 'Stella' and 'binge drinking'"*. Additionally, journalists and columnists used the term to refer to men who engaged in domestic violence while under the influence of alcohol, with Stella Artois being cited as a specific brand of beer often consumed in such incidents.

One theory and reason behind this nickname was that Stella Artois was launched in the UK with the same alcohol percentage of 5.2% as in its home country of Belgium, which made it unique among beers on tap in the UK as it had a higher alcohol percentage than other available options. This factor made Stella Artois a popular choice for heavy drinkers at pubs, contributing to its association with excessive alcohol consumption. Stella Artois' high alcohol content made it a popular choice for people during nights out, which contributed to its association with negative qualities in some people and ultimately led to its reputation.

Moreover, during this period, pub owners observed a decline in the behaviour of their patrons, as more loud and disruptive customers caused regulars to leave prematurely. What stood out among these patrons was their common preference for a pint of Stella Artois. One pub owner put it bluntly, saying "*With Stella, we got a minimum amount of drinking and a maximum amount of aggravation,*" and adding that "*It didn't appear to be a social drink and seemed to have an adverse effect on people. Everyone who was drinking Stella was a pain.*". In short, the product had shifted from being associated with a certain level of refinement to being linked with people of wrong reputation.

InBev, the owner and producer of Stella Artois, reported a continuous decline in sales from 2003 up until 2008 of its flagship premium beer in the UK. Stella Artois experienced a significant drop in sales in 2007 as a result of being associated with the association "wife-beater" and its negative reputation. The company acknowledged that it had lost market share to competitors in a fiercely competitive UK beer market. In 2007, the company announced that Stella's volumes had decreased by 10.7% in the UK, meanwhile the UK's beer industry volume declined by 3,7% in 2007. Additionally, many pubs and bars stopped serving the beer and dropped it from their menu due to its reputation for attracting aggressive customers and causing trouble.

Being a part of the management team of Stella Artois you now have to come up with a plan of action to deal with the declining sales in the UK and the negative reputation of a "wife beater beer". Where the brand first positioned itself as premium, it has ended up in the market with a standard beer image that is drunk among blue-collars*. Firstly, how would you make sure to eliminate or reduce the reputation of the beer as a "wife beater"?

Secondly, how would you ensure that Stella becomes a premium brand again and how can you reverse its declining sales (in the long term)? See Figure 7 for the actual versus desired position.

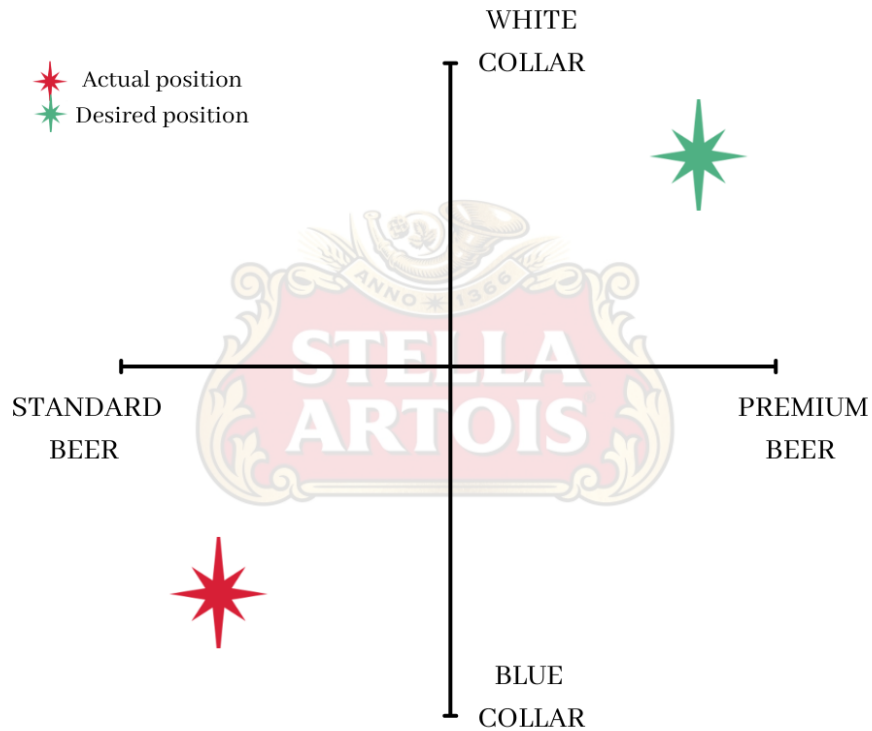


Figure 7: Positioning matrix actual position vs desired position

*A blue-collar is someone from the working class who performs manual labour. A blue-collar can consist of skilled or unskilled labour. Blue-collar work often consists of building or maintaining something. They are associated with a lower status in society. A white-collar, on the other hand, worker is someone who performs professional, desk, managerial or administrative work. White-collar work may be performed in an office or other administrative setting. They are associated with higher status, the elite of society.