

Econ 243

October 29, 2018

Beer Paper Discussion

- Alcoholic Beverage/Beer restrictions:
 - public health implications
 - variation across states in presence and nature of restrictions
 - container size: 12-18 oz versus 18+ qualitative difference use variation across time
 - » no data on restaurant/bar, only take-out.
- advertising
 - public health → impact on underage drinking? spirits, beer, wine
 - » nothing measurable in that not targetting (but did target 20-somethings)
 - » spillover? no data, but possible impact
 - total consumption?
 - » no impact
- advertising superbowl
 - beer & soda paper
 - » overlapping time periods
 - » return on investment (ROI). Budweiser was exclusive advertiser, estimated 150% return
 - » Coke & Pepsi if only one 150+% return, if both no benefit ←→ PD game
 - generic paper
- advertising
 - consumption ⇒ advertising: no link
 - craft vs mass market: craft is 20-somethings, 50+ drinking decreases so irrelevant
 - » craft not formal advertising, more local / word-of-mouth
 - » but not clear that comparable products. 80% macrobrews / not substitutes.
- craft as subset beer: historical overview, institutional framework
 - 1970s homogenization of macrobrews
 - variety is a normal good
 - » not a lot of value added in their approaches?
- craft: local vs "mass"
 - variation across retail outlets

- » small stores more local
 - » logic of distribution networks for volume sellers
 - = limited shelf space "facings"
 - theory-driven: how define "craft"? process vs product

- NAFTA and globalization
 - Mexico → US and Canada but little US/Canada → Mexico. Modelo, Corona
 - seems general result for developing vs developed markets
 - globalization: "peak beer" at GDP/capita when both consumption and national focus diminish.

- nutrition: healthy not dangerous?
 - cf. red wine as "healthy"
 - » stress / emotional benefits
 - » use as marketing tool
 - developing countries:
 - » locally produced inexpensive but with "macrobrew" government taxation → p↑
 - » substitute for "food" so bad for nutrition? but budget constraint really like that?
 - ∑ neither particularly compelling

- EOS especially mergers
 - production function for publicly traded firms, calculated assorted metrics
 - » did it fit MolsonCoors?
 - » found synergies but advertising, administrative not production costs
 - global study: market share vs advertising, distributing, production as share (net) revenue
 - » production side again meager
 - » advertising, distribution do bring benefits
 - = context of high SG&A

- MillerCoors merger
 - perhaps efficiency but not price
 - tacit collusion Budweiser