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(Author Full Name)

(Professor Name)

Analysis of Absolut Vodka

Companies make growth and advancement strategies for their products to meet the ever growing and changing demand for products. These strategies ought to realign the company with market trends by providing viable links between the realized strategy and the unrealized and intended strategy.

Managers always try to formulate precise and targeted plans and then strive towards implementing them with minimal expenditure.

The Absolut Vodka faces a major challenge from new entrants into the alcohol market. The change of the drinking characters by consumers and the awareness about the dangers of alcohol are also among the several challenges that Absolut Vodka manufacturers faced. According to a report, very little has been done by the company (Absolut Vodka manufacturer) in the recent past in its advertising campaigns and by the time the management realizes this, its market share will be shaky. New brands of vodka are being formed every day, and this translates to strict competitions for market share every time. These events have led to the planning approach by the company to evaluate, analyze and select the measures to compact and face the challenges.

Questions

- What was the main motive for Pernod Ricard acquisition of V&S (including Absolute Vodka) in 2008?

This acquisition was part of an overall strategy to increase the company's

production capacity so as to ensure its availability in the market. According to a book, the production increased from 75 million liters to 91 million liters of in 2009. It became the largest vodka producer. As per the official Pernod Ricard Press, ABSOLUT, being premium vodka worldwide, is an ideal brand for acquisition as it will complete Ricard's portfolio in being the second-largest alcohol distributor in the United States. In addition to international market dominance, V&S brands will help its critical mass in the Nordic market.

- Which alternative marketing strategies does V&S Absolut Spirits have to implement to increase its market share for:

(a) Absolut Vodka in the USA?

The company should evaluate its products and marketing channels and encourage promotions. In the USA, V&S Spirits already have an established business that faces threats from new entrants in to the alcohol industry. Therefore, simple marketing techniques can improve their market share rather than grand-scale corporate re-structuring.

(b) Absolut Vodka in Europe (including Eastern Europe)?

The company should launch aggressive marketing and selling and distribution campaigns to advertise the product. It should also offer relaxed credit terms, promotions, free samples and offers to customers so as to increase their awareness and develop their taste for Absolut Vodka.

(c) Absolut Vodka in other parts of the world?

Introduce a mechanism of pricing so as to maximize profit while building strong customer relationships. Revising the channels of product distribution to ensure it positions itself in the market. In some parts of the world (such as

Asia), the demand for Vodka is low. Creating artificial needs as part of a marketing strategy will boost their shares and enable them to emerge as market leaders.

- In which region (country) of the world would you recommend V&S Absolut Spirits to allocate more marketing resources?

V&S Absolut Spirits should allocate more marketing resources to the regions where the vodka business is low, but with room for growth and aggressive expansion, and where the company is interested in positioning itself as a leader in that particular business. In this case, the company ought to focus on Asia (particularly south-east and far-east) and in central and north Europe where V&Ss' own market share is low due to the competition by other vodka manufacturers and distributors. Particular countries where greater resources can be allocated include India, China, Malaysia, the United Kingdom and Norway.

- Did Absolut Vodka have the right competences for achieving international success for its Absolut brand?

Based on a report, the company did not have an effective and efficient corporate strategy and even if it did, the implementation was not according to the plan. The company is facing inefficiency and slow-down in marketing with some countries, such as Canada, lacking its product. The company also lacks any marketing and expansion approaches with their product Absolut being sold and consumed in USA only. It has also failed to advertise and promote its products.

- Should Absolut Vodka re-launch a mixer product in the global FAB market?

The market trends currently are unpredictable due to the drastic changes

that are taking place every day, particularly in the brewing and alcohol industry. As a result, the company should diversify its products and aim at making them available and affordable to the consumer. Vodka mixes; cocktails and mocktails could be introduced to increase sales revenue and turnover for the company.