

Pr strategy essay sample

[Business](#), [Branding](#)



1. PR's Competitive Advantage

Pernod Ricard has a competitive advantage due to numerous factors, Pernod Ricard is currently ranked as the second largest Wine and Spirit Company, the strategy utilized to get to this position was a very deliberate and strategy of timely mergers, acquisitions and planned alliances which created a Pernod Ricard portfolio consisting of high market shares in global wine and global spirits.

Other advantages for Pernod Ricard includes their public image, well established and recognized brand, and a continuous growth of new products line and distribution channels. Pernod Ricard has a domestic and international market which results in a global market. Pernod Ricard also has a skilled workforce which helps to reduce labor costs.

The fact that Pernod Ricard focuses on a single business line of wines and spirits and do not participate in the beer industry is another factor in achieving their competitive advantage. Pernod Ricard has an extensive collection of premium brands and is poised to becoming the number one in the wines and spirits industry especially if they continue to have consistent growth in all segments on the global scale.

2. External Conditions in the General and Industry Environments

The business environment within which dealers in the wines and spirits industry operate has experienced several changes. These include: political, social and technological, increased competition, increased government oversight, political reforms and unfavorable economic conditions. All these

changes can significantly affect the growth and performance of Pernod Ricard.

One of the social factors is awareness of health concerns, this leads to selective and wise consumption patterns which result in less alcohol consumption and reduced sales. A technological factor is the use of the internet for online alcoholic purchases. Pernod Ricard can leverage internet retailing to increase the growth of alcoholic sales.

3. Key Components of PR's Strategy

Pernod-Ricard's has several components to their strategy. Pernod Ricard has a very strategic way of financing and investing heavily in specific brands and companies around the world. Pernod Ricard is determined to turn the portfolio into a premium portfolio with the purpose of speeding up growth and profit. Pernod Ricard takes advantage of the opportunities in developing markets that offer sturdy growth outlooks. Pernod Ricard focus is to always actively seek advantageous opportunities to consolidate the Wine & Spirits sector.

Over several years of quick mergers and acquisitions, Pernod Ricard developed a solid portfolio of premium brands on an international scale. For example, after the creation of Pernod Ricard in 1975, the following year the acquisition of Campbell Distiller and the purchase of Cuisenaire was the start of their success. From that point, Pernod Ricard has consistently and strategically acquired and acquisition companies to increase their portfolio and goal to success. To continue toward the goal of being the global leader,

Pernod Ricard has to consistently seek progress in all wine and spirits segments or risk being overtaken by competitors. For example, in 2005 after successfully acquiring Allied Domecq, Pernod Ricard became the world's number 2 in wines and spirits.

Most of its brands enjoy a leading position in international markets. The company has adopted a decentralized operational structure to manage its global operations, based on fifteen key brand companies and 75 market companies.

4. Competitive Comparison

Pernod Ricard top competitors include Diageo, United Spirits, Suntory, and Constellation Brands to name a few. Most wine and spirits markets have limited major players however there are numerous local competitors.

To compete Pernod Richard has to stay strategically focus to maintain their current position as the number 1 in Europe and Asia and number 2 on the American continent after his principal challenger, Diageo. Pernod Ricard strategy to diversify its portfolio by way of mergers and acquisitions of other famous alcoholic brands has been successful.

In 2004, the global wine market was ranked Pernod Ricard number 5 out of the top 10 wine companies by volume, Constellation Brands was first, followed by E&J Gallo. In 2004 Pernod Ricard was ranked 2nd among the major global spirits companies.

The ranks and positions of the wine and spirit competitors change as strategic plans of mergers, acquisitions, and partnerships develop. Pernod Ricard leverages every opportunity to keep growing and competing.

5. Biggest Challenges Facing PR

There are numerous challenges facing Pernod Ricard, from increased competitor to numerous barriers. Government rules, regulations, policies, rigorous advertising regulations and political decisions all can impact Pernod Ricard future and creates a big challenge when it comes to performance and sales. Also, intense competition from other brands and local products and increase production by competitors, tax regulations & increase duties, underage drinking issues, consumer health issues and increase in labor cost. These issues and challenges can lead to decrease growth and drop in sales. Pernod Ricard is not present in the beer market if they choose to participate this move could result in an increase in production and revenue.

Conclusion

My recommendation for Pernod Ricard's ongoing success is to establish a powerful corporate strategy. Pernod Ricard should concentrate on key brands, develop strong local and regional brands and wholly-owned distribution networks in all major markets, and motivate talented employees through a highly-decentralized organization. I also recommend that Pernod Richard invest in the beer industry. I am very optimistic that if Pernod Ricard follows my recommendations, PR will be the number player in the wine and spirits industry globally.