

The history of absolut vodka

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Absolut created a luxury market for a premium vodka and has since become the thirdmost popular spirit brand in the world. Targeting middle age consumers, Absolut vodka competes on the market with selling the lifestyle image that is associated with the brand, By using the iconic bottle shape and witty advertisements, the company is able to charge a higher price tag. Absolut, which is owned by the Swedish company Vin & Sprit, is in control over the entire product process, including distribution and promotion. This Marketing plan will look into the marketing of product by diving its market segment through geographic regions between Europe and America and to develop a new product for both the regions and analysis of market for that product using Swot analysis and 4p's model.

Company Description

Pernod Ricard was created in 1975 by the link-up of two French anise-based spirits companies, Pernod which was founded in 1805 and Ricard founded by Paul Ricard in 1932. Pernod Ricard is a French company headquartered at Paris, France is today the world co-leader of Wines & Spirits. Pernod Ricard has built a unique portfolio of Premium brands on an international scale. Pernod Ricard has one of the industry's biggest marketing expenses, which represent 19% of its net sales. The Group's growth model is based on five pillars. Pernod Ricard has built a unique portfolio of Premium brands on international scale. Its acquisition of Vin & Spirit, for €5.6 bn euros which is owner of the Absolut Brand ' Absolut' and a leader in the PremiumVodka category makes the Pernod Ricard a co-leader of the Global Wine and Spirits Industry

Its portfolio of brands includes, Global Icons - Absolut Vodka and Chivas Regal. Premium Spirits brands-Ballantine's Scotch whiskey, Havana Club Rum, Jameson Irish whiskey, Beefeater Gin, Malibu, Ricard pastis and Kahlua liqueurs. Prestige Spirits- Martell Cognac, The Glenlivet and the Royal Salute Scotch Whiskey.

Pernod Ricard is built around 6 Brand companies with 75 Market Companies and 98 Production sites spread across Europe, Asia, and the Americas. The company employs around 19,000 employees across all the continents. Pernod Ricard had a turnover of 8.215 billion Euros during 2011/2012 period.

The Absolut History

In 1979 a Swedish vodka company was about to take the biggest steps so far as to start exporting vodka to the United States of America. The making of vodka is based on 400 years of tradition, a tradition roughly 200 years older than the tradition of the United States. In the late 1800's Lars Olsson Smith revolutionized the vodka industry in Sweden with a new technique for purifying vodka with continuous distillation, he called this Vodka - Absolut. Bränt Brännvin from Århus that's Swedish for Absolut pure vodka. Lars Olsson Smith registered the brand name in 1879, over the next 100 years the vodka was refined and improved until it is ultimate proof. Absolut vodka was ready for the export market in 1979, but before the international launch the product needed a suitable container, which is based on a traditional 18th century pharmacy bottle found in the antique shop in old town of Stockholm. When introduced in 1979 Absolut vodka redefined the vodka category and challenged the establishment. In 5 short years Absolut vodka was available <https://assignbuster.com/the-history-of-absolut-vodka/>

in 18 countries and by 1985 absolut vodka was No 1 among vodka's imported in the united states. Today it is one of the leading spirits brands in the world. Over the years Absolut has expanded the brand to encompass art, fashion, an interactive website and even an ice bar.

The Absolut Product

The consumer takes one look at the Absolut vodka brand and knows that there is something different about the brand when compared to others. Absolut's main competitor is Smirnoff and in order to have product differentiation, Absolut had to create unique and memorable ad campaigns and introduce flavored vodkas onto the market. It was not an easy task, convincing the American market, 60% of the world's vodka drinkers, that they should stop buying cheap vodka and start purchasing Absolut vodka, which had a much higher price tag. The company created a luxury goods market for vodka, and they did this by first selecting the iconic bottle shape. The general theme of the campaigns is art and humor. Absolut promotes its superior side with cunning and unique ways of getting their message across. There is always a clean and contemporary feel to these ads. With crisp lines and little distractions, these ads distinguish this brand from the rest of the competition. Two examples of this would be found on the Absolut web site where two gift packages are featured. One is called " Absolut Disco" and this shows an eye-catching bottle covered in little mirrors made to look like a disco ball. It encourages people to go out, dance and have a goodtime. Another gift package is called " In an Absolut World Every Night Would be a Masquerade". This product is covered in sequins and it is putting across the message of being mysterious and magical. These two themes of disco and a

masquerade clearly how the glamorous and artsy side of the product.

Absolut wants to be considered as classy, yet affordable vodka in order to compete with other high-end brands such as Grey Goose, Sky, Belvedere and of course Smirnoff. The vodka, the product itself, is just a simple clear and odorless beverage, but Absolut turns it into a lifestyle, making it fun and exciting

Swot Analysis

Strength

No. 1 among premium vodkas around the world

No. 4 in spirits worldwide

Strong position in Europe and Asia markets

Robust production capabilities

Weakness

Depleting market share in America

Lack of retailers who can work face to face with the customers to generate brand and product awareness

All of the ad campaigns are appealing only to the women.

Opportunity

Growing global spirits market.

Well positioned to capitalize on consolidation in American markets

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Capitalize the loyalty of the adorers.

Threats

Regulations regarding alcohol trade in different countries

Increase trade in counterfeit alcohol

Rise in cost of labour

Economy downturn leads to negative effect on people's spending

Market Segments

Out of two broad group of variables used to segment consumer markets which are Descriptive characteristics – Geographic, Demographic Markets and the other is Behavioural Characteristics of the consumer market.

Regardless of which which type of segment is employed the key for the marketing plan is to recognise consumer differences which can be profitably adjusted In this marketing plan the market segment employed was of Geographic characteristics between Europe and Americas

Analysis of business activity by Geographic area

11. 4 Million cases of 9 litre were sold which is a 3% increase in volume a compared to last year. Absolut know the characteristics of its clientele by its demographics area of the countries

AMERICAS

Market Situation

Challenging Economic situations were the key factor for Absolut to deplete by 1% in the US market in terms of growth in volumes, No. 1 Position in among imported Vodka; s brand. US market is recovering with absolut depletions back to growth at 2%. 4. 6 Million cases were sold in America with a growth of 6% in Sales volume. Americas has been the biggest and highly competitive market for Absolut

Product Information

Produced, Distilled and bottled in Ahus, Sweden

Imported by Abosolut Spirits Co, USA

40% Alcohol Volume (80% Proof)

Competition

Pernod Ricard - Absolut is establishing its own market in the US, although there are quite a few diffrent indirect competitors who also produce american vodka with their unique brands. But these companies have yet to become the direct competitors Absolut is the only brand which introduces and launches diffrent flavours of vodka through its continious process of Innovation.

According to International review of spirits there is a staggering no of 49 New entries representing from Russia, Poland, Ukraine New Zealand and Canada in the vodka category.

Distribution

V&S brands are currently distributed in the US by Future Brands (a joint venture held 49% by V&S and 51% by Fortune Brands) through a distribution agreement currently in place until beginning of 2012. From an operating stand point, V&S controls the marketing and A&P strategy for its brands.

Travel Retail business

On Premises - Institutional markets - Bars, Restaurants, Cafes, Pubs.

Off Premises - Retail Markets - Super Markets, Discount Markets, Off License Stores, Convenience Stores

Swot Analysis

Innovation and Creativity and Product initiatives strengthens its position among key players

Forever fashionable or Forgettable Fad

Flooding the market with different flavours of vodka confuses away customers

Opportunities

Potential for Absolut remains high both among established and emerging markets

Changes in its ad campaigns to promote the brand among the men, as of now the brand has created an image which is only for women.

Threats

A downturn in the economy graph could have a negative impact on the customers spending

Fierce competition from already established and and future competitors in the market

Financial Objectives

The Objective of of Absolut company is to increase the profit 2 % pr quarter through efficiency and economy of scale gains. And Maintain a significant development and research budget for future product developments. As compared to europe's double digit growth last year, it has to achieve the same results in the Americas.

Marketing Strategies

Place

Location is everything. It is necessary for Absolut to be in the appropriate place that is convenient to the customer. Every drop of Absolut vodka that is consumed in theentire world comes from only one location and that is at their distilleries in Ahus, southSweden. This region is known for making premium vodka. From this one small town, Absolut packages millions of liters of vodka a year. Absolut has 100% control over every part of the production and distribution of their product When expanding into the United States market in 1979, Absolut put its bottles in bars, clubs and pubs, specially focusing on hot spots such as New York, Chicago and LosAngeles. The product became instantly recognized by the bottle shape and for the fact that it had no label. Absolut printed all of its information directly onto the

bottle, which stood out from what the rest of the competitors were doing. Blue lettering was chosen because researched showed that it was the most eye catching and it was the most attractive. Even though Absolut now changes their word colouring to match the flavor of the vodka, blue is still the iconic colour used for the original

Promotion

Absolut vodka has an element of fine art to it. It all started when the famous artist Andy Warhol becoming intrigued by this bottle of vodka. Most famous for his paintings of the Campbell's Soup can, and also Marilyn Monroe, Warhol started to paint Absolut in the mid 1980s. It was this new art form of expression that started Absolut down its road of fine art like advertising. Warhol was not the only one to make fine art out of this fashionable bottle, other artists started to paint their renditions too and publicly posted them. Today, many of these paintings by over 400 artists are featured in museums around the world. This is a unique form of an advertising campaign, but this brand is not one to think inside the box. The Absolut brand boasts about its relationship to the arts. It is a mutual benefit for both the brand and contemporary artists because it provides

EUROPE

Market Situation

Despite the continuation of a challenging economic situation Absolut vodka delivered solid growth in some of its key markets in the Europe region. It achieved a strong progression showing accelerated demand for international spirits. Double digit growth 36% in Russia, 32% in Poland and France

compensated the results obtained from south eastern countries in Europe facing economic downturn, 4.9 Million cases were sold in Europe with a growth of 16% in net sales volume as compared to last year

Product Information

Produced, Distilled and bottled in Åhus, Sweden

Imported by Absolut Spirits Co, USA

40% Alcohol Volume (80% Proof)

Competition

As compared to Americas, Absolut has some serious direct competitors in the Europe region from Smirnoff Vodka, which is a brand leader owned by the Diageo Group, and Premium brand vodka – ‘ Stolichnaya Elit’, ‘ Original Luxury’ from Poland and ‘ Grey Goose’ from France

Distribution

V&S’ brands are currently distributed through Maxxium, a joint venture between V&S, Fortune Brands, The Edrington Group and Remy Cointreau, each partner having a 25% shareholding. Pernod Ricard will exit Maxxium within 2 years from closing for a low contractual cost.

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Marketing Strategies

Promotion

the absolut ' drink' campaign saw further developments during the year in the European region, and included spectacular out-of home advertising and the release of two new creative drinks interpretations for absolut wild tea and absolut orient apple. the related drinkspiration application was launched for the iPad, including

features to enable new options for cocktails.

Through focus on innovation and creativity across marketing and product initiatives, the brand will continue to further strengthen its position amongst the key players, in order to become the number1 spirit worldwide in value

Product

The marketing strategy will seek to first create awareness about the new product in the offering and then focus on developing the consumer base, the message that Absolut seeks to offer is that Absolut to offer most reasonable and the absolut vodka by varying its products to different categories of consumers through variety of methods and offer the consumers an opportunity to purchase its products through variance in prices The first strategy would be its website which is a rich source of information on its products with a perception of total professionalism of its new product. The second will be with its new ad campaigns and alcohol related various magazines which is supports with its glossy magazines and designs to promote it and lastly through a number of small retail outlets, and value chain hyper markets pubs, and restaurants which will create a demand for the new product and the cost will me very minimal as it has launched its previous products through the similar channels