

ABSOLUT.[®]

PRESSURE:

*The Challenge of Mixing Relevance,
Performance and Sustainability
One Shot at Time*





TODAY'S COCKTAIL:

16% - Background & History

16% - Context and Challenges

40% - Details and Discussion

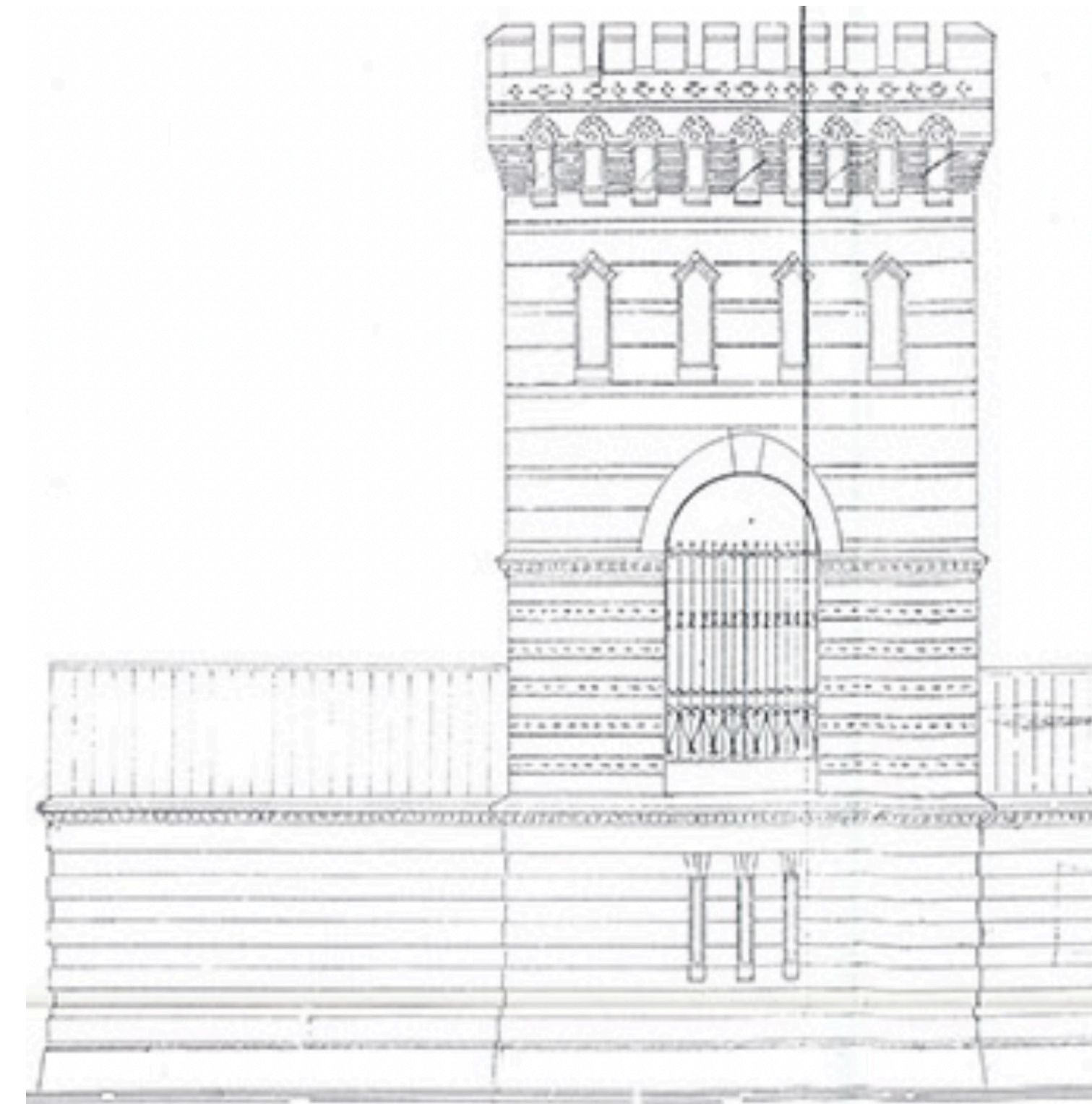
16% - Management Decisions

12% - Conclusion

BACKGROUND & HISTORY:

1. The Foundation of a Swedish symbol

- Founded in 1879 by L.O Smith
- Progressive mindset, supporting equality and sustainable principles
- In the 70s, Smith's heritage was managed by Vin & Spirits, a state-owned company.
- Absolut was exported for the first time in 1979, as a Swedish symbol.



BACKGROUND & HISTORY:

2. The Global Rise of an Iconic Brand

- Became a huge success among New York's creative community in the 80s
- One-of-a-kind advertising campaigns
- First brand to publicly support the LGBT community
- Consolidation as a premium product, with the status of a culturally-relevant icon



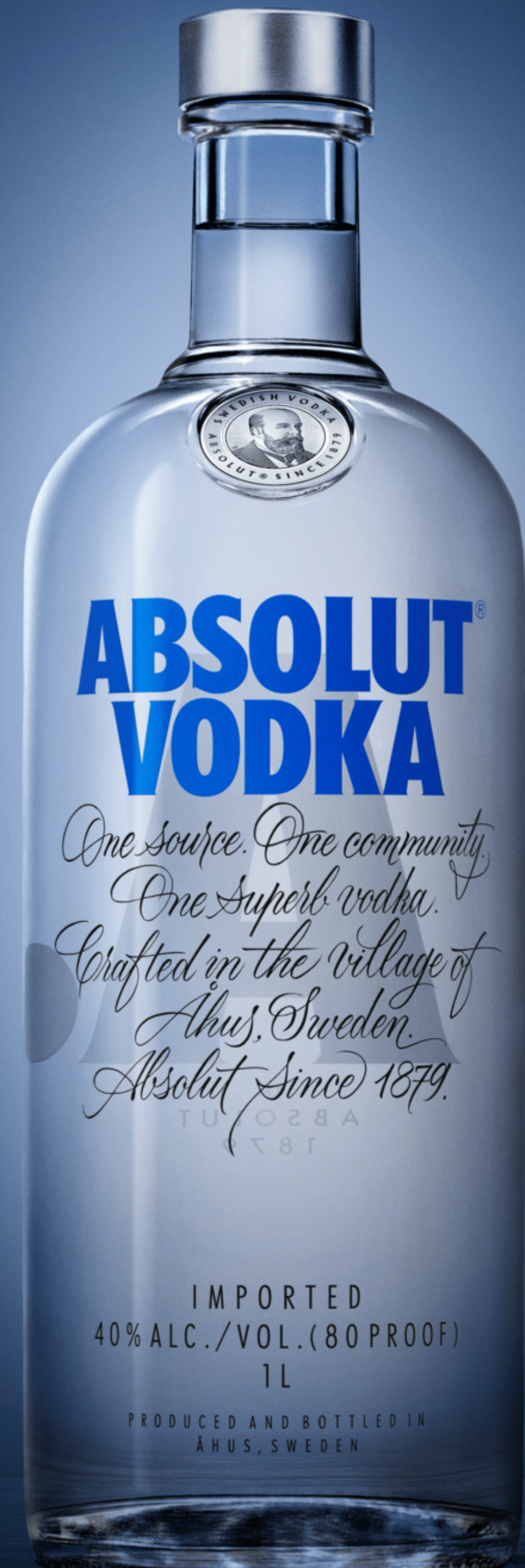
BACKGROUND & HISTORY:

3. A New Owner for Absolut Vodka

- The Swedish government decided to privatize Vin & Spirits in 2008
- Already established as the main premium vodka brand
- The company (and Absolut's brand) was sold for the French group Pernod Ricard in a 5.6 bln euros deal



Pernod Ricard



**ABSOLUT[®]
VODKA**

*One source. One community.
One superb vodka.
Crafted in the village of
Åhus, Sweden.
Absolut Since 1879.*

IMPORTED
40% ALC./VOL. (80 PROOF)
750 ML

10 YEARS LATER...

CONTEXT IN 2018

Still the 2nd biggest vodka brand and 1st in the premium segment

Biggest brand in Pernod Ricard's portfolio

Relevance affected by the behavioral changes from new generations

Bold campaigns focused on sustainability and transparency

Underperformance in key markets and stagnation in comparison with competitors

Lack of alignment and support when communicating sustainability





THE WALL STREET JOURNAL.

[English Edition](#) ▾ | [Print Edition](#) | [Video](#) | [Podcasts](#) | [Latest Headlines](#)

BUSINESS

Elliott Takes Big Stake in Pernod, Maker of Absolut

Activist hedge fund said inadequate corporate governance and a lack of outside perspectives have contributed to the spirit-maker's underperformance

The hedge fund said Pernod's €6 billion (\$6.8 billion) acquisition of Absolut in 2008 has fallen short of expectations. Absolut, like most big vodka brands in the U.S., has struggled with fierce price competition and customer defection to Tito's vodka or other tipples like gin. Pernod in 2015 took a big write-down on Absolut, blaming a challenging U.S. market.



IMPORTED
40% ALC./VOL. (80 PROOF) 1L
PRODUCED AND BOTTLED IN ÅHUS, SWEDEN

PRESSURE

Shareholders and Competition

- As the main brand in Pernod Ricard's portfolio, Absolut is seen as an "anchor" for the whole performance of the group
- Successive stagnation without significant improvement on market share and/or profitability in 10-years after its acquisition
- Meanwhile, new entrants are succeeding in key markets and main competitors found another ways to perform better

New Generations

- Undoubtedly an iconic and strong brand, but with a cultural relevance that is attached to the past
- New logic of communication and engagement in different channels, mostly digital.
- Behavior changes driving trends such as ready-to-drink beverages; preference for small-batch spirits; and drinks with low/zero alcohol.

Sustainability

- Commitment requested both by investors and consumers from new generations
- Sustainability is part of Absolut's core since its foundation, but even with bold campaigns, this focus seems to not catch all the attention expected for a brand like Absolut
- More investment on sustainability may increase the complexity of achieving better profit
- Lack of alignment with Pernod Ricard in this topic, and main competitors are better positioned





SUPPOSE YOU WERE THE CEO OF THE ABSOLUT COMPANY:

- How should a marketing action plan improve Absolut's profitability and/or market share, and keep its relevance for the future?
- Should the brand keep prioritizing a sustainability approach to attract the new generations?
- What actions does The Absolut Company needs to prioritize?

MANAGEMENT DECISIONS:

- New VP of Marketing was indicated, who previously led a successful viral campaign for Absolut in South Africa.
- Pernod Ricard launched a Sustainability Roadmap, with a special focus on Absolut's operations and clearly stating its long-term strategy
- New campaigns were created, still focusing on sustainability but not limited to it, focusing more on digital content and in partnerships with prominent artists
- Two new brand extensions in form of a ready-to-drink beverage (Absolut Soda) and a mix of vodka with natural fruits called Absolut Juice
- The sequence of actions comforted investors, and the clear alignment with Pernod Ricard's corporate strategy on sustainability stabilized the pressure.
- Absolut is still facing stagnation, but now trying to confront it through campaigns focused on new generations and mainly on digital channels.
- Between the end of 2018 and the end of 2021, Pernod Ricard's stock price increased in 53%



Skål!

iSalud!

Cheers!

Prost!

干杯

Santé!

Saúde!

Bersulang!

Cin cin!

في صحتكم

Proost!

