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### Industry Background: Thecasesolutions.com

- Vodka was created in Russia in the 1600's with the demand of Serfdom!
- Vodka came to the US in 1963 with the imported Stolichnaya followed by Smirnoff
- In 1979 was launched Absolut
- In the 1990s, premium vodkas were introduced into the market such as Grey Goose, Absolut, & American O.V.
- The expansion of vodka brands increased
  - the desire for high price liquor
  - and awareness of the quality and appeal of vodka.
- The brands such as Piquet, Gardski's, McCormick and famous brands priced under \$30 still had higher volume of sales.

### SWOT Analysis

- Strengths**
- High quality at mid-level pricing
  - Rating Svedka 99, classifies the Vodka as "Best Buy"
  - Soft, smooth taste associated with fruit vodkas
  - Large target market
  - Unique Swedish product
  - Cheap to produce with low inventory cost
  - Fun, unique and cool
- Opportunities**
- Vodka consumption represents 24% of all total spirits consumed in the USA
  - Target market estimated to represent 40% of the vodka market
  - New Premium vodka available at a high price point
  - Consumers became increasingly aware about the look, quality and range of vodka
  - Capture the new vodka drinkers and (regulators who were looking for drink were other than the standard)
  - No other vodka products are positioned at mid-range
- Weaknesses**
- Unknown market
  - Vodka market is dominated with other established brands
  - Target market has low levels of brand loyalty
  - Low marketing budget
  - Misconceptions
- Threats**
- Spirits industry is highly scrutinized and regulated
  - Cannot sell to retailers, distributors must be on board
  - Pricing too low can perceive product as low quality while pricing too high weakens the brand positioning
  - Unknown market is a risk as a whole

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# SVEDKA Vodka (B) Thecasesolutions.com



### The Situation

- Who : Guillaume Cuvelier founder an managing director of Spirits Marque One
- What : Svedka was launched as the first midtier Vodka marketed to 21-35 year olds
- Where: In states across the U.S.
- Why: Cuvelier believed customers were willing to stretch their wallets.

Summary Of The Case



### Questions?

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PROBLEM STATEMENT

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How Cuvelier have to invest in the several alternatives their tiny budget for Advertising that get back the opportunity to positioning his brand in the market, and can create a new market segment and obtain 3% MS

### Alternatives Thecasesolutions.com



### Problems

- Budget**
- Without the flexibility of a larger budget, Cuvelier needed to allocate his budget carefully and was limited to selecting only a few areas and vehicles to deliver his message.
- The middle-tier market has not been capitalized on. Persuading new vodka drinkers who are non brand loyal and the "upgraders" who sought something better than the basic is the key.
- Pricing**
- Svedka is a product that should be perceived as high quality and high value. Pricing too low questions its quality and pricing too high makes consumers question its value.
- Distribution**
- 18 states or "control states" were impossible to distribute liquor to due to state government control. In addition, selling on-premise or off-premise had both advantages and disadvantages.

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# SVEDKA Vodka (B)

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# Industry Background: Thecasesolutions.com

- Vodka was created in Russia in the 1860's with the demand of Smirnoff
- Vodka came to the US in 1965 with the imported Stolichnaya followed by Smirnoff
- In 1979 was launched Absolut
- In the 1990s, premium vodkas were introduced into the market such as Grey Goose, Absolut, & American Skyy.
- The expansion of vodka brands increased
  - the desire for high priced liquor
  - and awareness of the quality and appeal of vodka.
- The brands such as Popov, Gordon's, McCormick and Barton (each priced under \$10) still had higher volume of sales.

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# SWOT Analysis



## Strengths

- High quality at mid-level pricing
- Rating Svedka 93 classifyin the Vodka as "Best Buy"
- Soft, smooth taste associated with finer vodkas
- Large target market
- Unique Swedish product
- Cheap to produce with low inventory cost
- Fun, unique and cool

## Opportunities

- Vodka consumption represents 24% of all total spirits consumed in the USA
- Target market estimated to represent 40% of the vodka market
- New Prestige vodkas available at a high price point
- Consumers became increasiling aware about the look, quality and origin of vodka
- Capture the new vodka drinkers and upgraders who were looking for drink something better than the standars
- No other vodka products are positioned at mid-range

## Weaknesses

- Unknown market
- Vodka market is cluttered with other established brands
- Target market has low loyalty toward vodka brands
- Low marketing budget
- Monopolies

## Threats

- Spirits industry is highly scrutinized and regulated
- Cannot sell to retailers, distributors must be on board
- Pricing too low can perceive product as low quality while pricing too high weakens the brand positioning
- Unknown market is a risk as a whole

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# Problems

## Budget

Without the flexibility of a larger budget, Cuvelier needed to allocate his budget carefully and was limited to selecting only a few areas and vehicles to deliver his message.

The middle-tier market has not been capitalized on. Persuading new vodka drinkers who are not brand loyal and the "upgraders" who sought something better than the basic is the key.

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## Pricing

Svedka is a product that should be perceived as high quality and high value. Pricing too low questions its quality and pricing too high makes consumers question its value.

## Distribution

18 states or "control states" were impossible to distribute liquor to due to state government control. In addition, selling on-premise or off-premise had both advantages and disadvantages.

# Alternatives

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- Cuvelier could spend his marketing budget on traditional media- magazines, TV and radio in order to communicate his goal of brand awareness prior to launch. (Trade press and PR)
- Or could invest in Brand Visibility (POS)
- Or could participate in shows to develop brand recognition. (Trade Shows)
- Or could focus in the Creative using POS materials and Trade Press bring all branding elements to have a cohesive look and feel for internal and external audiences.

## PROBLEM STATEMENT

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# Questions?

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