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## Fundamentals of luxury brand-building will not change: Diageo exec

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*Johnnie Walker scotch whisky barrels*

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By JEN KING

For its marketing communications spirits distributor Diageo centers its strategies on a “living luxury” concept that brings innovation, brand relevancy and accessibility into the daily lives of affluent consumers.

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**Luxury Daily**

As with all industry sectors, the definition of luxury is changing due to the rise of emerging markets and shifts in cultural context and consumer behavior, thus forcing marketers to create meaningful, experiential and personalized communications to match the sentiment of target individuals. For Diageo Reserve, the distributor’s portfolio of high-end spirits, its marketing communications are based off of the heritage, craftsmanship and innovations of its brands and positioned through narrative storytelling to share brand ideology.

“Marketing has evolved so that spirits are a lifestyle concept, not just product – we have more ways to engage, more ways to tell our brand stories and more ways to allow participation in those stories,” said James Thompson, chief marketing & innovation officer for [Diageo North America](#), Norwalk, CT. “But we still believe that the fundamentals of brand-building don’t change and won’t change: acting on simple, powerful consumer

insights, developing big ideas, injecting flair into marketing strategies, always working with agility, executing to a high standard.

“We use three key techniques to activate our brands and reach the consumers,” he said. “These are Influence, using unique physical spaces to create brand worlds and generating Fame for our brands. Creating Fame for our brands through these experiences is important as an unknown brand is usually an unwelcome gift.”

Raise your glass high

Diageo Reserve includes Johnnie Walker Blue Label, Gold Label Reserve and Platinum Label blended scotch whiskies, Ketel One and Cîroc vodkas, Zacapa rum, Don Julio tequila and Tanqueray N°10 gin. Bottles of Diageo Reserve begin at an affordable price point of \$40, but can be purchased for upwards of tens of thousands of dollars as well.

In the luxury space, high-end scotch whiskies such as Johnnie Walker Blue Label are becoming increasingly popular in the Asian market. Spirits market analyst **IWSR**'s data from 2014 found that scotch is the largest international spirits category in Asian Pacific countries at 25 percent of global sales.



### *Johnnie Walker's John Walker & Sons collection*

Diageo is a clear leader in the scotch market with a share of 39 percent, which continues to grow in super premium and above. For its scotches, Diageo places emphasis on craft, specialization and heritage to appeal to the spirits aficionados as these touchpoints become social and experiential hallmarks of luxury marketing.

This strategy has resulted in Diageo investing into the Johnnie Walker House concept, both physically and online, to present scotch whisky drinkers with a way to immerse themselves in the history, heritage and pioneering spirit of Johnnie Walker's “founding

fathers” and as a brand. For example, Johnnie Walker is aiming to increase digital interactions with wealthy spirits drinkers through the introduction of “Johnnie Walker House — World of Privileges.”

Johnnie Walker House is a series of stand alone and airport boutiques dedicated to the whiskies distilled by Johnnie Walker. Located mainly in Asia, the Johnnie Walker Houses are designed to inform consumers about the brand’s products, while the new digital component will serve as a membership rewards program.

Regional interest in whiskey has prompted Johnnie Walker to open a series of Johnnie Walker Houses. Locations include outposts in Beijing, Chengdu and Shanghai in China, Seoul, South Korea and airport shops in India’s Mumbai International Airport and Taiwan’s Taoyuan International Airport ([see story](#)).



### *Johnnie Walker House locations in Asia*

The latest development in the Johnnie Walker House concept has been the introduction of mobile trunk shows. These events give consumers an exclusive opportunity to appreciate, taste and purchase a selection of rare spirits distilled by Johnnie Walker and John Walker & Sons.

Johnnie Walker trunk shows, which are invitation only, allow the brand to provide enthusiasts with a highly personalized experience that is based off conversation and storytelling. According to Mr. Thompson, the trunk show program has been successful for Johnnie Walker and appealing for ultra-high-net-worth individuals in Singapore and Malaysia.

In the first three months of trunk shows, more than \$76,000 in net sale values were delivered to affluent consumers. Due to its proven success, Diageo plans to expand the trunk show calendar for South East Asia and is adopting the program for other market

such as the United States, Australia, the Middle East and the distributor's travel retail outposts.



### *Johnnie Walker Platinum Label*

It has been suggested that as emerging markets become increasingly stable, 400 million new consumers will be purchasing from luxury categories by 2020. The influx of consumers will only benefit the luxury spirits industry, which is worth \$15 billion annually, as wealthy individuals “up-trade” toward higher-end spirits.

“Our growth is robust across all geographies, reflecting the increasingly global nature of the luxury business,” Mr. Thompson said. “We can see a new Silk Road emerging for luxury goods, a road that now circles the globe. Luxury no longer only moves along the old dimensions of ‘West to East.’”

“Consumer movement and behaviour is dynamic. There are around 130 million luxury consumers in emerging markets,” he said. “More than 10 million new people are entering the market each year, and many occasional consumers are becoming more immersed in luxury brands.”

“Diageo Reserve’s presence in all key geographies means that we are positioned to capture this growth from all ports of call along the new Silk Road.”

### Outside experiences

While Diageo spends an immense amount of time and effort on ensuring affluent consumers have branded opportunities that are personalized and intuitive, its products do not have the same degree of branded control in all occasions. Given the nature of the third party liquor store and the bar and restaurant circuit, high-end spirits brands do not have much oversight as to how the product is presented to consumers.

However, the introduction of mobile integration technology has aided spirits brands in continuing branded and controlled, marketing efforts while the consumer is in-store, regardless of the atmosphere or setting.

In March for example, Johnnie Walker, unveiled an interactive smart bottle concept that when scanned by a smartphone will provide marketing materials.

Johnnie Walker officially showed its concept, which may soon grace the sides of its Blue Label bottles, at the Mobile World Congress in Barcelona after announcing the project in late February. The concept was developed by Diageo Technology Ventures and printed technology maker Thin Film Electronics ASA and may have potential in other sectors such as apparel and beauty.

The connect bottle label, which functions as a more advanced QR code, will work to enhance the consumer experience through the use of printed sensor tags developed by Thinfilm.



*Johnnie Walker bottle with an OpenSense sensor*

Thinfilm's OpenSense technology is embedded into the printed labels and will track the whisky's journey from store shelves to the consumer's home in real-time. Also, the OpenSense sensor will be able to detect the sealed and opened state of each bottle.

If and when the bottle's label is read by a consumer's smartphone, data is sent to Diageo. Once data is received, Diageo will send personalized communications to the purchaser of Johnnie Walker Blue Label's mobile device ([see story](#)).

Diageo has developed additional steps to ensure the quality placement of its Reserve spirits.

"We prioritize our commercial focus and investment toward the so called Trend Leading

Accounts because building strong brands here influences the parts of the market where we get scale,” Mr. Thompson said.

“Since 2009 we have grown our dedicated Reserve sales force, focusing on these top accounts, four-fold to approximately 400, not including resources based with third party distributors or joint ventures,” he said. “In F14 we will continue to expand our Reserve sales force in both developed and emerging markets. It is key to understand that Reserve salespeople visit half the number of accounts per week compared to our regular sales people.

“This ensures that they spend enough time to build and nurture important relationships at all points of influence, be it the account owner, manager, bartender, wait staff or influential consumer. We visit these outlets to build relationships and educate customers about the value of our brands. Then in collaboration, the salesperson and customers activate our brands to reach out to end consumers.”

Final Take

*Jen King, lead reporter on Luxury Daily, New York*

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