

Getting a feel for the luxury market in Africa



By Leigh Andrews

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Prestige marketing isn't just about classy shots of high-end products - you still have to follow the tried and trusted marketing methods that make people relate to your brand. Here, Niall Gately, currently overseeing Pernod Ricard South Africa's luxury portfolio drive, tells us how he does so...

Did you know the French-based Pernod Ricard Group is the world co-leader of the wine and spirits industry? It delivers on leading premium brands such as Chivas Regal, Jameson Whiskey, ABSOLUT vodka and G.H.Mumm Champagne.

But over the past 20 years, it has also grown significantly within the local market and continues to thrive, with Pernod Ricard South Africa part of a network of 80 international market companies that promote both the Group's international brands and manages local and regional brands, along the likes of Red Heart Rum and Olmeca Tequila. With headquarters in Cape Town and regional offices across the country, the Pernod Ricard South Africa family employs more than 270 proud employees.

One of these is Gately. He tells us how marketing to a prestige segment incorporates extraordinary quality, a firm belief and point of view, an ability to create mystery through myth-telling, developing close relationships, having iconic visual appeal and developing money-can't-buy experiences...

■ 1. Let's start off with you role as Trade Marketing Director at Pernod Ricard and what it entails...



Gately

Gately: Along with traditional trade marketing responsibilities for brand presence and impact at the point of consumer engagement, I manage a number of projects linked to the ongoing growth and development of Pernod Ricard South Africa. This involves a diverse range of initiatives driven by the particular needs of the business at any given moment in time. This includes projects such as consumer and trade product education programmes, bartender and hospitality industry training modules, overall market strategy development and more recently, our Luxury Portfolio approach. I'm also involved in various aspects of the day to day running of our business along with my Exec colleagues and our leadership teams.

A prime example of a current refocus is in the area of Luxury Spirits and Champagnes, which we call the Prestige Segment, where we believe we have an unmatched portfolio and where we feel the time is now right to direct more prioritisation, implementation and investment. So that's currently occupying a lot of space on my desk!

■ 2. Talk us through the Pernod Ricard Group's growth over the past 20 years...

Gately: The company was formed by the merger of two large French anise spirit aperitif brands, Pernod and Ricard in 1975 with a view to international expansion. Ricard itself began in 1932, Pernod stretching all the way back to 1805. In the years subsequent to the merger, the group went on to purchase some of the most iconic brands in the spirits and champagne business including Chivas Regal, The Glenlivet, Jameson, G.H.Mumm, Ballantine's, Perrier-Jouët and Absolut. Today Pernod Ricard is the co-leader globally in spirits and champagnes and the clear leader in luxury spirits and champagnes.



The Prestige range...

We have had a presence here in South Africa since 1994 and we are anticipating reaching one million cases annually in the next year or so. And that's one million cases in the high-end premium and ultra-premium end of the market primarily. Jameson is a significant part of that. South Africa is currently the world's third largest market for Jameson. But we also have very significant and accelerating category shares in Single Malt through Glenlivet, Blended Premium Scotch through Chivas Regal and premium vodka through Absolut, all of which continue to grow strongly in both volume and value. And as discussed earlier, we are very committed to developing our ultra- premium luxury market share. It is a key strategic pillar for our business.

■ 3. *Are there plans to expand across the continent, then?*

Gately: Very much so. Apart from South Africa, we have established direct market presence across sub-Saharan Africa with dedicated local teams in several countries, notably. Angola, Namibia, Nigeria, Kenya, Mozambique and Tanzania. Pernod Ricard's expansion throughout Africa is a real core part of our strategy. We are very cognisant of the accelerating potential within Africa, particularly in the luxury goods market where our portfolio is uniquely aligned.

We are extremely optimistic about Africa's future growth and development and we're both confident and excited about Pernod Ricard's future here. Remember, Pernod Ricard has been established here for over twenty years now. We were one of the first international spirits and champagne companies to commit to South Africa. We deliberately opted not to go down the third party distributor route back in 1994 when we established Pernod Ricard South Africa.

We wanted our own dedicated team of brand custodians managing our own brands locally as is the Pernod Ricard approach globally. It is a long term equity building and human resource development strategy that asserts our long term commitment to South Africa and the African continent.

■ 4. *Tell us more about marketing to a prestige segment and how this differs from marketing to other market segments...*

Gately: I'm reluctant to think of different ways of marketing to one segment versus another because at the core of our business, it's the authenticity and quality of our brands that is the most important value for all our consumers. We are custodians of brands that are up to three hundred years old. Many of our brands are the global leaders in their category and have been for decades if not centuries. They have incredible stories and above all unparalleled authenticity. We don't have to create brand stories out of thin air or fabricate brand values. They are there already. And all consumers regardless of their financial ability seek authenticity.

That said, one has to recognise that luxury consumers differ by virtue of their ability to afford the absolute finest, most exquisite and rarest expressions that we can make available. Some of these expressions and vintages never receive any publicity or exposure but are discreetly purchased and delivered away from the gaze of the media. It is part of the business that is almost contra-marketing. It's very real, very up close and very personal. Reminiscent in fact of the very earliest incarnations of corner shop/consumer connectivity. And while ultra-high net worth consumers have the means to buy what they choose, they are not foolish. They know the value of something and when it comes to spirits and champagnes they are very discerning and very deliberate in their choices. Even though there are different types of luxury consumers, from old money to new money, from long-term accumulators to in-the-moment indulgers, these consumers all ultimately want the same thing: the finest. And that's what our luxury spirits and champagne business is about. Crafting the finest products we can.

■ 5. *Does this include other hot topic market segments, such as the upwardly mobile and millennials?*

Gately: Yes, upwardly mobile and millennial individuals aspire to discovering new experiences in life and new levels of living and insist on quality and authenticity. Clearly millennials are known for their online connectedness and reaching out to these consumers digitally is important. But at some point the experience and interaction has to become tangible and ultimately, authentic. Having said that, the shift to online is actually very appealing to us as a purveyor of low-volume luxury spirits and champagnes. It gives us the freedom to truly express the essence of our brands, to tell the stories behind them and to engage directly with our consumers in a way that traditional media can't match. They are prepared to take the time to explore our brands and we can develop the one-on-one relationships we like to establish.

The upwardly mobile look to key influencers in their lives to give brand assurance and define social status cues but they are

seekers and explorers in their own right. We know they will find us. Our job always remains fundamentally the same. We produce luxury spirits and champagnes and we communicate with our consumers about these products. Things haven't changed that much really in our world since we were supplying Louis XV with Martell Cognac for his social events at the Palace of Versailles during the 1700s. People are pretty much the same in many respects, and so too is the luxury business.

It seems the more things change, the more things stay the same. For more on Pernod Ricard ZA, [follow them on Twitter](#).

ABOUT LEIGH ANDREWS

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