

## ABSOLUT VODKA'S FIRST LIMITED EDITION FOR CHINESE CONSUMERS

*Yifu Lu, Ohio University*  
*Craig Davis, Ohio University*

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### Introduction

In 2010, vodka was not favored by Chinese consumers. Chinese consumers were more likely to purchase other imported spirits like whisky or cognac, which entered the market earlier and have come to represent the aspirational ideal of foreign luxury consumption.

The sales of vodka in China grew from 1.3 million liters in 2004 to 2.4 million liters in 2007, but since that time, vodka sales had declined and remained flat. See Table 1.

**Table 1: Sales of Spirits in China by Subsector in Millions of Liters**

	2004	2005	2006	2007	2008	2009
<b>Vodka</b>	1.3	1.8	2.4	2.1	2.0	2.0

*Source: Consumer Trends. Wine, Beer and Spirits in China, 2010*

This downward trend was impacting the Pernod-Ricard Company, the importer of Absolut Vodka in China. The company faced a unique and difficult marketing challenge. The most critical challenge was that of consumer perception. The Chinese thought that great vodka came from Russia not from Sweden. Why would they consider Absolut Vodka when it came from a country not known for vodka?

Pernod-Ricard executives and the Absolute brand team had to address this consumer issue head on in order to reverse the downward trend of vodka sales (Labbrand, 2010). How could executives develop a brand strategy that would be welcomed by Chinese consumers?

### Penrod-Ricard Holdings & the Absolut Company

The Absolut Company was owned by Pernod-Ricard, the world's second largest wine and spirits marketer. Pernod-Ricard was the number one company in the premium spirit segment and the largest imported spirit firm in China (Pernod-Ricard, 2013). Its portfolio included leading spirit brands like Martell, Chivas, Glenlivet, and Ballentine.

Pernod-Ricard Holdings was headquartered in Paris, France, and it was organized by brand companies and marketing companies throughout the world. *Brand companies* were located in their home countries and were responsible for the management of production and brand

development strategies. *Marketing companies* were located not in the home countries but in different countries and were responsible for growing markets and generating local profits.

In 2008, Pernod-Ricard acquired the Swedish Absolut Company in Sweden for \$8.3 billion dollars (Lagorce & Spain, 2008). The Absolut trademark was registered in 1879, and one hundred years later, in 1979, the first modern Absolut vodka with its signature classic bottle shape was launched in the United States. One year later in 1980, the Absolut Vodka Company and TBWA\Chiat\Day/New York, firms advertising agency, launched the first Absolut Vodka ad that featured the bottle and the headline, "Absolut perfection." This launch landmarked its journey as the world's leading vodka brand with one of the most famous advertising campaigns in the beverage category.

At the time, adman Geoff Hays of TBWA in New York was asked to come up with a campaign for Absolut vodka. Absolute executives set up specific guidelines - all advertising should center on the bottle. The product should not be identified with a particular lifestyle. The creative should have a timeless yet contemporary feel.

Since its launch, the Absolut brand became a success due to its consistent messaging and pricing strategy. Famous advertising campaigns included the *Absolut Statehood* campaign in 1991, the *Absolut Tracks* campaign in 2005, and the *In An Absolut World* campaign in 2009. Every campaign highlighted its link to the creative community. Throughout history, Absolut Vodka had collaborated with famous artists like Andy Warhol, and musician Spike Jones (Absolut Company, 2012).

Absolut vodka had a tradition of creating special edition products for selected markets and occasions. For example, it created seven city editions for the U.S. market and six city editions for foreign markets (Wikipedia, 2013).

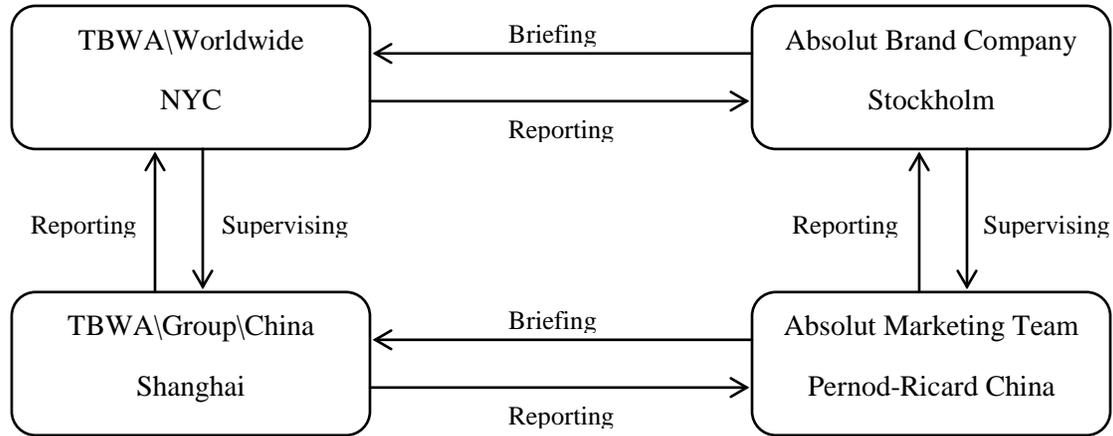
## **Context**

Absolut vodka was famous throughout the world due to its fashionable brand image. However, like other imported spirits, vodka was not yet an established product in China. China's total consumption for imported spirits was much smaller than local liquors. In 2009, Chinese local spirits contributed 84 percent of total sales to the China market, which left imported spirits with a limited marketing opportunity (International Markets Bureau of Canada, 2010).

## **Collaborators**

In 2010, TBWA\Group\China, a branch agency of the TBWA global agency network headquartered in New York, became Absolut's leading creative agency in China. The marketing organization and structure is shown in Figure 1.

**Figure 1. Collaboration Structure of the Absolut Company and TBWA**



Unlike other vodka brands that positioned themselves with brand heritage and brand tradition, Absolut Vodka was positioned as bold, creative, unconventional and inspiring to target the younger generation (Labbrand, 2010). Creative platforms were used, key ones being art, fashion and music. Therefore, a key part of Absolut’s strategy was to associate and collaborate with famous creatively renowned people who were part of the popular culture scene.

**Competitors**

According to *The Drinks, International Millionaire Club*, the world’s top five best selling vodka brands in 2011 were Smirnoff, Absolut, Nemiroff, Khortytza and Grey Goose. Key competitors in the China market for Absolut Vodka were Smirnoff and Grey Goose, as seen in Table 2 below.

**Table 2. Top 5 Best Selling Brands of Vodka Worldwide**

	<b>Vodka Brand</b>	<b>Company Name (Headquarters)</b>	<b>Sales in 2010</b>	<b>Percent Changes to 2009</b>	<b>Status</b>
1.	Smirnoff Vodka	Diageo (London, UK)	24.30 million cases	+1.3%	International brand
2.	Absolut Vodka	Pernod-Ricard (Paris, France)	10.90 million cases	+ 8.7%	International brand
3.	Nemiroff Vodka	Nemiroff Ukrainian Vodka (Nemyriv, Ukraine)	9.21 million cases	+ 1.2%	International brand
4.	Khortytza	Khortytza Distillery (Zaporizhia, Ukraine)	9.00 million cases	- 2.7%	International brand
5.	Grey Goose Vodka	Bacardi (Hamilton, Bermuda)	3.65 million cases	+ 5.5%	International brand

Source: *The Drinks International Millionaires Club report 2011, various.*

Absolut's key competitor, Smirnoff, was owned by the world's largest liquor company -- Diageo. Smirnoff was a Russian vodka brand that positioned itself to party lovers. Its advertising campaigns emphasized purity and its premium status.

Grey Goose, owned by Bacardi, was marketed as a premium brand of vodka for those who valued refined subtleties in all aspects of life (Coward & Holman, 2010).

## **Distribution**

Imported spirits in China were distributed in two ways: *on-channel* and *off-channel*.

*On-channel* distribution was defined as locations or occasions when consumers drank on site. e.g., bars, pubs, family KTVs and high-end KTVs. In general, KTVs were locations that offered large wall-mounted TV screens in rooms where Chinese went to sing and have fun (Walewinder, 2013). Family KTVs were more affordable while high-end KTVs were more costly and posh. High-end KTV attendees were usually business people and government officials.

*Off-channel* distribution included outlet channels such as duty free stores, liquor stores and supermarkets. As a premium vodka brand, Absolut could be consumed in *on-channel* family and business oriented KTVs, bars and pubs, and *off-channel* duty free stores in airports, and 24-hour convenience stores. Because Absolut originated from the country of Sweden, Absolut vodka was also sold in the Swedish home furniture store chain IKEA.

## **Target Audience**

In China, Absolut vodka targeted young adults 18-25 years old. They were segmented into four groups: artists, broadcasters, fans, and the general market.

*Artists* liked to create art and share opinions together. They shared their works on professional art blogs. They had their own interest groups and followers on social media, and they used digital tools creatively to develop trendy artwork.

*Broadcasters* liked to be the first to know everything and express their own opinions to the public. They knew what was going on in the creative industry, and they went to niche websites frequently to get exclusive content. They were opinion leaders and they wanted to be the first to post or comment on web contents. They were social media savvy and they knew how to better share information with friends and other followers with tactics.

*Fans* liked to update and discuss. They found and shared creative ideas by following community websites. They followed opinion leaders' accounts or brand official accounts on social media and subscribed to get updated information. They were eager to try new things, and they liked to participate in commercial activities to get exclusive or limited goods or access.

Research showed that Chinese consumers had a dramatic change of attitude towards their own local culture. According to Richard Cotton, the Business Director in charge of the Absolut account at TBWA\Group\China, "Chinese consumers five years ago were more interested in

foreign culture like Japanese, Korean and American pop culture. However, after the success of the Beijing Olympic Games in 2008, the Chinese local culture became a hot topic among Chinese young consumers.” Cotton also said, “with the growth of purchasing power, Chinese consumers began to consume luxury goods and art-related goods more than in the past.”

Absolut decided to design a new bottle that contained Chinese elements.

### **Marketing Strategy**

Based on the research gained and the unique characteristics of the Chinese market, Absolut decided to design a new bottle that was unique to the Chinese market. The marketing strategy for Absolut vodka was to launch a Chinese special bottle edition to help drive consumers’ affiliation to the Absolut brand and its products.

Limited editions were popular in the publishing industry and were later adopted by other industries. This strategy had been used to promote other types of products, including automobiles, clothes and watches. The benefit of releasing a limited-edition product was to create excitement with consumers (Choundhardy, 2010).

Absolut asked Yu Gao, a renowned young Chinese artist, to design a limited edition bottle which was later named Absolut 72Bian. Yu Gao was an 80’s graduate from Sichuan Academy of Fine Art, a leading art institute in China. He became famous for his cartoon illustration series about panda bears.

Both the design of the bottle label and its naming of the Absolut 72Bian was inspired by the famous character at the heart of Chinese mythology -- The Monkey King (or Sun Wukong). The Monkey King was the main character in the classic Chinese epic novel *Journey to the West* written by Cheng'en Wu in China’s Ming Dynasty.

In the novel, according to Wikipedia, “Monkey King was a monkey born from a stone who acquired supernatural powers through Taoist practices. After rebelling against heaven and being imprisoned under a mountain by the Buddha, he later accompanied the monk Xuanzang on a journey to retrieve Buddhist sutras from India”.

With Monkey King’s boundless creativity, he inspired generations of people to fantasize and dream about their hidden potential. His ability to transform himself into 72 different iterations (72Bian) is the ultimate expression of the possibilities of creativity.

Gao also had chosen China’s national treasure, the Panda, to play the role of the Monkey King. On the bottle, he was depicted with three heads and six arms and a lotus coming out of his mouth simulating a galaxy. See Figure 3.

**Figure 3. Absolut Vodka Key Visuals**



The top Chinese fashion photographer Man Chen was chosen to photograph the key visuals for the Absolut 72Bian advertising campaign. Chen was famous for her boldness and “innate fondness for glamor style, beauty and fashion”, and her photographic works were exhibited around the world (Smith, 2012).

Pernod-Ricard and TBWA\Group\China agreed on a general digital strategy. The strategy was to surprise audiences with an online experience and convert them to content distributors and encourage them to recommend campaign information to others on social media.

Two phases were planned.

In phase one, the campaign content was exposed to artists and broadcasters on the art, creative, fashion blogs, social media sites and selected bulletin boards and portal sites. Phase one aimed to build anticipation and word of mouth within creative communities, and spread the word to reach fan audiences.

During phase one, Absolut launched the 72Bian campaign site, and seeded the behind the scene video for the design of the bottle and photo shoot. The objective of phase one was twofold.

1. Share the Absolut brand's history of creative collaboration and its signature bottle shape and limited edition for different themes;
2. Show that this was the first limited edition launched only for China, exclusively designed by Chinese artists for the Chinese creative community.

Phase two was aimed to engaging general creative fans and the general market on social networks, where audiences could get information about the brand's creative heritage, updated campaign information and offline activities.

In these two phases, different audiences played different roles. Artists were invited as content creators, broadcasters were invited to spread word of mouth in blogs and bulletin board sites. Fans drove mass awareness about brand and campaign information on social networks and helped generate online and offline sales.

A Chinese limited edition bottle was designed. See Figure 2. The bottle followed the traditional design shape and used the same material as the classic bottle. An illustration by Yu Gao of a monkey-faced panda was printed on the label. The product name changed from "Absolut Vodka, County of Sweden" to "Absolut 72 变(Bian), Limited Edition", and the colors changed from the original blue to Chinese traditional red. It was the first time Absolut used a Chinese character for a product name.

**Figure 2. Bottle Shot of Absolut 72Bian and Absolut Vodka**



TBWA's collaborated with the photographer Man Chen also created a set of key visuals for the Absolut 72Bian campaign, including key visuals for different drinks promoted. In the visuals, each Chinese fashion model represented a flavor that Absolut was promoting in the 72Bian Campaign. Elements like fireworks and snowflakes were used to depict the different tastes the drinks provided.

More visuals can be found at <http://site.douban.com/absolut/widget/photos/7438024/>

The campaign was featured in magazine and trade advertisements, giveaways, online ads, the official brand website, on artist community blogs and bulletin boards, and social networks.

To better engage fans and interact with audiences, Absolut launched a poster design competition on the Chinese social network Douban.com. On this site, users exchanged ideas about books, movies, and music. Participants could download the template of the Absolut 72Bian poster with a 72Bian limited bottle image in the middle, and create their own design.

As a reward, the top 72 winners received their own art work professionally printed. The top participants and designers of the best posters received an exclusive gift package including a bottle of Absolut 72Bian, a limited edition watch and 10 copies of the glossy posters designed by the winners.

### Results

Absolut’s first limited edition product tailored for the China market, the Absolut 72Bian, gained large exposure to the Chinese market through online media and social networks. It attracted participants to both the brand official website and social communities, and generated positive buzz around the campaign and product on the Internet. Table 3 shows the summary of campaign exposure on digital platforms:

**Table 3. Campaign exposure summary of the Absolut 72Bian Digital Campaign**

	<b>Platform</b>	<b>KPI (Key Performance Indicators)</b>	<b>Results (up to Nov 4<sup>th</sup>, 2010)</b>
<b>Awareness of 72bian limited Edition</b>	Brand site	N/A	•Page Views: 84,648
	SEM (Search Engine Marketing)	N/A	•Impression: 11,370,581 and total clicks: 75,612
	Bulletin Boards	Page Views: 900,000	•Page Views: 945,706
<b>Engagement with creative community &amp; influential bloggers</b>	Neocha.com (A Chinese Leading Art Blog)	N/A	•Page views for Neocha EDGE post & artist blogs: 32,655 •Page views for Neocha.com/Kaixin.com Sharing: 86,400
	Creative Community	N/A	•Page view (30 artist/design blogs ): 35,300.
<b>Engagement with creative fans &amp; grassroots</b>	Brand site	Wall paper Downloads: 13,242 Video Views: 7,779	•Wall paper downloads: 9,550 •Video Views: 5,204
	Bulletin Boards	Reply: 4,920	•Reply: 3,791
	Douban.com (Social Networks)	Page Views: 17,827 Fans: 4,126 Poster uploaded: 392	•Page Views: 74,932 •Fans: 8,209

Kaixin001.com (Social Networks)	Page Views: 55,827 Fans: 33,690	•Page Views: 23,851 •Fans: 6,490
Sina.com (Micro Blog)	Followers: 13,625 Comments: 200	•Followers: 645 •Comments: 772

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Source: Campaign report from TBWA\Group\China, 2011.

A total of 9,377 posts were created mentioning Absolut 72Bian on different channels of the Internet. 99.9 percent of the posts had positive comments about Absolut 72Bian.

Based on the results reported by TBWA reflected in the Table 3, and the KPI set before launch, the success of communication could be evaluated as following:

- Campaign awareness: better than expected.
- Engagement with fans and grassroots: the Campaign was doing well on certain types of social media platform, like Douban.com, which was an art focused social media platform. However, it performed flat on general digital platforms. For example on the brand site, the bulletin boards, and general social sites.

Table 3 showed the summary of user generated posters related to the Absolut 72Bian limited edition. Campaign information penetrated into art communities online as expected. Campaign contents were downloaded and shared on the social media sites.

The advertising campaign was also award winning: the poster designed for this campaign won a Gold in the liquor category of the 4<sup>th</sup> ROI (Return on Investment) Festival in China. The ROI Festival was one of China's top marketing contests that focused on the return of investment of advertising campaigns from the advertisers' side.

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