

Social media and digital transformation: the case of Pernod Ricard

by

■ **Alexandre Ricard** ■

CEO, Pernod Ricard

■ **Antonia McCahon** ■

Global digital acceleration director, Pernod Ricard

Overview

Pernod Ricard manages a unique portfolio of worldwide brands, each of which has a very strong visual image with its consumers who are sometimes experts, passionate about the products. The digital revolution has fostered a closer relationship between the company and its consumers by limiting the role of communication and advertising agencies, and enhancing interactions within very active social networks. After getting to know its clientele for years because of information gleaned from social networks, Pernod Ricard has been able to use this information in order to establish an accurate impression which consumers have of each of its brands, in every country, and to discover the exact 'moment of conviviality' when its products are consumed. This precise knowledge allows the Group to carry out marketing activities which are well targeted, more reactive and less costly. This is a huge step forward.

Report by François Boisivon • Translation by Rachel Marlin

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A value chain which is based on the consumer

Alexandre RICARD: The reason we decided to undergo digital transformation at Pernod Ricard was to bring us closer to the consumer and to create value. These two objectives are very closely linked. In 1932, when Paul Ricard founded the company, the advice he gave his colleagues was ‘make a new friend every day’. Having ‘gone digital’, we now make thousands of friends every day! We see digital technology, which enables us to limit the role of intermediaries in the market, more as an opportunity than a threat. Reducing the number of intermediaries can take place both upstream (with regard to our suppliers and advertising agencies in particular) and downstream, because we can now establish direct links with our consumers.

This change is very recent, and the profession of ‘data scientists’ (who work in this sector) did not even exist ten years ago. We are now at a turning point where we have two options: either we seize the opportunity we have been given and create an important competitive advantage; or we ignore it at our peril. This is true for the entire value chain.

A ticket to a 90-minute football match costs 250 Euros, whereas a 70-centilitre bottle of Chivas whisky which has matured for twelve years only costs about 30 Euros. This goes to show how important it is to understand consumer behaviour.

We use digital technology to create value in four main ways. Firstly, it allows us to get to know our clients and consumers better. Secondly, because of digital technology, we are more efficient in the relationships we have with the media and advertising agencies as well as targeting our consumers. Thirdly, we are able to open new distribution channels due to e-commerce. Finally, we have access to new experiences and services.

Better knowledge of clients and consumers

We have just launched a device called ‘Prime’. It will help us to measure in real time and using significant samples how our brands are faring. This is based on information collected from social media, including certain specific networks which bring together consumers from all over the world (into so-called ‘communities’). Collecting and manipulating the data with adapted algorithms also helps us to identify associated rival brands.

Our industry has changed because consumers have changed their habits. Past generations were loyal to just one product: at that time, people would change bars or shops just to find the product they wanted. Today, the consumer is still loyal but now he has a list of products which correspond to specific times when consumption takes place which we call ‘moments of conviviality’. The most popular convivial moment in France is the pre-dinner drink (the aperitif) which is associated with drinking pastis or Lillet, our wine-based aperitif. Vodka and champagne tend to be consumed at other convivial moments, such as at night when there is a festive atmosphere.

Basing our strategy around times of consumption is a huge change for us. Because of these moments, we are able to measure brand salience, in other words the importance of the brand with regards to its competitors. Rosé wine, beer, cocktails and Ricard pastis are all rivals in the aperitif sector. We rarely promote pastis for consumption in night clubs, or vodka as an aperitif. We know what the consumer drinks, depending on whether he is with his friends, his family, his work colleagues, at week-ends or during the week, whether it is a product or a brand, and if it is the first time he has tasted this drink or if this drink corresponds to a specific social occasion. At weddings in China, for example, people drink Martell cognac; in Cambodia, 18-year-old Chivas whisky; and in France, champagne; whereas in the United States, more and more people are drinking cocktails at weddings. We have also greatly improved the knowledge of our ‘key accounts’, in other words, our major customer sectors. For example, when analysing the hospitality industry (café-hotel-restaurant sector), we know more about the sort

of establishment where our products are consumed (whether it is a bar open during the day or just at night; and whether it is a local bar or a bar known to be frequented for late-night activities). The products consumed and the characteristics of our consumers vary depending on the nature of the key account.

Our information from social media comes from all over the world, and our targets represent four million establishments worldwide. The more precisely we are able to subdivide our market based on this information, the more adapted is our marketing approach. Figuratively speaking, today our sales staff play the role of a GP (general medical practitioner); in the future, as a result of digital technology, they will be surgeons. Knowing our clients and being informed about how our brands are faring enables our sales staff to define their objectives as precisely as possible. Digital technology provides more exact analysis about consumer insight, including, for example, consumers' dissatisfaction about a product which the brand has not yet resolved. It is therefore a powerful tool which gives us guidance about consumption.

Greater efficiency in our relationships with the media and advertising agencies

Pernod Ricard buys its advertising directly from digital media, and its principal suppliers include Facebook, Twitter, Google and Instagram. Advertising agencies are no longer the intermediary, earning a commission. Savings from advertising directly are substantial: for every 100 Euros which we used to pay an advertising agency, perhaps only 30 Euros was allocated to the message which was relayed to the consumer. Now we have our own in-house teams which carry out these programmed purchases and guarantee us better consumer targeting.

The following example may make it easier to understand what exactly has changed. One morning, a few years ago when I was in New York, I was watching the television at breakfast-time when I saw an advert which I had launched for Jameson whiskey. Clearly, this was not the best time of the day to advertise whiskey! I called up the person in charge of our marketing. She said that the advertising agency had sold her a 'package' with a discount of 80% for this specific time-slot! Even if the discount had been for 100%, a campaign at this time of day was useless. Television adverts for these sorts of products should be broadcast at 6pm on the ESPN sports channel which is the most popular channel in bars at the end of the working day. Of course, the rates are highest at this time of day, but this is the most efficient time-slot. Today, we are increasingly able to choose the advertising supports we want to use ourselves, and when we want to advertise our products. Consequently, due to this, we were able to launch a campaign for Kahlua with the tag-line 'buy a bottle and keep yourself warm' just before a snowstorm! This sort of flexibility and the possibility of pinpointing a specific time to place an advert were impossible before.

The travel retail channel presents another very telling example of the change in advertising. Air travellers are targeted from the minute they make their on-line reservation to their movement through the airport. The minute they land, they receive adverts on their Smartphones guiding them to the shop where their favourite products await them at discounted prices. In their hotel, they find their favourite brands in their room's mini-bar : for example, a Chinese traveller who does not like Ricard pastis will find a Martell cognac in his mini-bar instead. In airport corridors and along walkways, we try to entice transit passengers with targeted advertising: on the arrival of a Chinese flight, the advertising billboards on the walkway show a Martell advertising campaign; if the next flight, two hours later, is from India, then the passengers will walk past changing panels advertising Chivas whisky; and if there are Americans on the same walkway at the same time, but in the opposite direction, they will see our campaign for Absolut vodka.

Increasing turnover as a result of e-commerce

E-commerce, even though it is growing fast, still remains a minor source of retail sales for us. Whereas ten years ago we only had two distribution channels (mass retail and the hospitality sector), today we have three more channels which have all been affected by digital technology. They are travel retail, e-commerce, and, most surprising of all,

'hometainment' (or 'going out at home') which covers services offered in private homes and experiences which go beyond what the products have to offer.

At the present time e-commerce represents approximately 2% of our activity. It ought to increase to 5% in the next three years. Essentially, it is a form of indirect access, via on-line sales websites, to our mass retail clients or 'pure play' retailers like Amazon. When a client shops in a supermarket, he can choose a bottle of Ricard from a 10-metre-long shelf. If he shops on-line, the bottle of Ricard is no better showcased on his screen than a Pastis 51 bottle or the supermarket's own brand of pastis. In other words, the relative importance of a brand cannot be enhanced on-line. We solved this problem by using a plug-in. Our clients' webmaster merely has to download it in order to access three thousand pages of product references, each with a photo and product description available in eighteen languages.

We also have a multi-faceted device called 'Drinks & Co' which allows us to make both specific sales (such as for weddings), as well as 'shop-in-shop' sales: a client who shops on-line on a retailer's website can buy our brands on that same website. This is the same principle used by large Parisian department stores which have floorspace given over to brand boutiques located within their stores, but on the Internet. The 'shop-in-shop' concept presents our products in a very interactive and agreeable way. This sales format is growing very fast, especially in China. Even though the percentage of our sales related to e-commerce is still small, in some sectors this distribution channel has already become important: for example, in the United States 55% of all wine sales are made on-line.

Access to new experiences

We try to attract the consumer with digital technology. A 'connected' bottle is a good example of this. On bottles of Ballantines whisky, we experimented by replacing the label with a small screen which displayed visual and audible advertising. Similarly, Mumm launched the first 'connected' bottle of champagne which, when opened in a night club, is able to automatically change the music, the lighting and so on by means of a magnet, controlled by an RFID (Radio Frequency IDentification) tag. These products are expensive, but they are popular and sales have been promising.

When one listens to music on dematerialised supports, there is an 86% chance that one has a glass in one's hand at the same time. This then opens up a variety of possibilities. Our concept of 'hometainment' is that we visit people's homes with a specialised start-up company to organise a party. We provide the spirits and sometimes the mixologist, a bartender who knows about cocktails but does not necessarily stay behind the bar, and instead mingles with guests. The consumer can order this sort of party using an app on his Smartphone. Hometainment began in Colombia where drinking at night in bars was very dangerous. This concept encourages sharing, and is less expensive than drinking in bars.

Digital technology allows us to offer services with our products and to come into contact with consumers, keeping them loyal to our brand. We do not want to alienate ourselves from our clients in the hospitality sector; we want to work with them. For example, if we hire the mixologist of a bar on the day that his bar is closed, we give him free publicity.

We offer our clients experiences both in the early and later stages of our product process. Using 3D technology, our consumers will be able to have a drink with someone who is on the other side of the world via a concept called 'distant togetherness'. We also co-create products with communities which are linked, as will be the case for the next launch of one of our single malt brands.

In two years' time, all our bottles sold in China will be connected with an RFID tag to monitor the distribution of the product, and a QR code to then share the experience via an Internet web portal. It will be impossible to produce counterfeit bottles. When we share the experience, we can spread information which identifies the product and tells the story of that product. In this way, the connected Jameson whiskey bottle will be able to let people know that the brand is an integral part of the communications process because a great-grandson of the founder of the distillery is none other than Guglielmo Marconi, the inventor of radio.

Two pillars of development: technology and law

The Group's IT teams have changed in size over the past five years. They have developed a special IT platform, incorporating more than fifty software packages which allows us to collect data from all over the world, and provides us with information about our consumers. Our brands have their own geographical location and 'home'. For example, the Martell Foundation is in Cognac; the headquarters of Mumm is in Reims; and the old Jameson distillery – which welcomes 500,000 visitors every year – is in Dublin. Information about every visitor to each of our sites is collected in the database which is the starting point for an interaction which may last a lifetime. We created this network with our digital and legal teams because laws regarding the protection of anonymity vary from one country to another, and are constantly changing. Our legal specialists work in our headquarters in Paris as well as on a local and brand level.

We currently have information ('profiles') about five million people, and this is likely to increase exponentially. Our target to have one hundred million profiles will soon be reached. Every time we organise an event, in other words, four or five times a day somewhere in the world, we are collecting new information. As long as the people who give us this information do not change their minds, they expect some sort of interaction with us. Having tested this initially, we know that it is a very powerful way of increasing our sales.

People at the heart of the project

Our colleagues and associates who work both in the company and outside Pernod Ricard grow within a hierarchy which has entirely changed (I do not have a fixed office, for example). Leadership is no longer based on who controls information and its circulation, but the use of that information once everybody has access to it. The suppliers, in other words the communication agencies which are directly affected by our wish to limit intermediaries, should no longer focus on the purchase of media, but rather on their creativity which is where they can truly give added value. Finally, retail trade has changed. Sears, one of the giants in the mass retail sector, is about to file for bankruptcy. Amazon has a larger capitalisation on the stock exchange than Walmart which nonetheless is the world's largest retail distributor, and the largest private employer in the United States. It bought Jet.com, an on-line sales platform, for more than 3 billion dollars last year. Our clients, in other words distributors who are the intermediaries between us and our consumers, have been turned upside down by digital transformation. In the light of this, we must not overlook the human aspect. We must ensure that our 18,500 employees understand that the digital sector is an opportunity which will enable us to target our clients and consumers better, and which changes not only the ways in which we work together (we now produce our own publicity without using advertising agencies), but also our state of mind. It is the employees in the organisation who make it a success.

Discussion



An innovative and structure-promoting network

Question: *Everyone talks about acting instantaneously, as if in an emergency, but you show that preparatory work, which can often take years, is essential. You talked about the limitation of intermediaries such as communication and advertising agencies. It seems that you also got rid of external consultants and IT specialists...*

Alexandre Ricard: In 2011, we were among the first in Europe to launch a social network which subsequently became the infrastructure shared by a decentralised Group . This social network joined our digital transformation at a time when few of us really understood what was at stake. This initiative saved us numerous discussions and a great deal of time. The integration and adoption of digital technology in the company between 2012 and 2013 required more effort. Now there is a strong level of commitment. The network has four or five thousand communities. Each brand has its own community. Additionally, thanks to the Group community , each of the 18,500 Pernod Ricard colleagues can communicate with the other communities. I use the community network a great deal: it helps me to address communities directly when we have meetings every six months.

We only resort to consultants about very specific subjects which require an external point of view. Otherwise, their presence most often reveals the lack of something within the Group. Finally, the problem is the same with the agencies which, when they are competent, give us another perspective which is essential, a break-through, and is creative. I like the fact that my teams are able to develop their own approach.

Antonia McCahon: We see this form of ‘Uberisation’ as an opportunity. It helps us to have a deeper and more important influence on the management of our corporate image which is essentially based on conviviality. The core of our profession is still our product, namely a bottle and its contents, but we also realised sufficiently early on that it was a good idea to include experiences which are associated with consumption. We see the limitation of intermediaries as a means of getting closer to our consumers. Today, we are able to combine this concept of conviviality with the way in which the company operates.

Renewed talents...

Q: *Have the 18,500 employees of the company changed over the course of the last few years? Have you recruited or trained lots of people? The creation and installation of your data base must have required very high-level skills.*

A. R.: The IT department changed radically. We appointed its director in 2013, barely a year after the arrival of Antonia McCahon who was recruited to speed up the Group’s digital transformation.

A. McC.: We had several projects. We started with our sales and marketing activities. Each time, we identified where the use of digital technology had added value. We realised that our communication was becoming much more efficient, and the adaptation took place on this basis, little by little. The transition, prompted by the introduction of artificial intelligence tools, took place in synergy with the corporate project. The backbone of digital organisation is a databank.

Q: *I assume that the older employees were not necessarily very well versed in social media. They must have had to ‘learn up’ about this aspect.*

A. R.: In 2013, we trained the marketing community over a period of six months using a programme which went beyond the simple digital framework. By the end of June 2017, we will have trained 92% of the 6,000 marketing and sales people in the Group in ‘building passion brands’ where digital technology is at the forefront. Work methods and techniques are very closely linked. However, the digital sector also enters into management methods, and training is then centred more on the capacity for change and less on uses. We have three training modules

in place regarding leadership which correspond to different levels of responsibility in the company: 'Blenders' (for the top 200 Group executives), 'Shakers' (for senior leaders who want to get out of their comfort zones) and 'Mixers' (for young, future leaders). This training is based on the capacity to embrace change, work in teams, and develop agility.

... on a global scale ...

Q: *In the space of less than twenty years, the Chinese have become world leaders in patents. In 2008, they started to become interested in brands which they develop very quickly. Are you concerned about the emergence of direct competitors, or do you think that all brands will benefit from this change?*

A. R.: Chinese demography is such that they can start moving into the manufacture of spirits which are different to their traditional alcoholic drinks ('baijiu'). It is up to us to work with them, which is what we have done by developing a wine with them. We did not even try to make baijiu, as we know that we are not able to do so. However, we do know how to make wine, and we have created synergies with our Australian teams in the southern hemisphere who go to China in the northern hemisphere once grape harvesting is finished in Australia. We have created a Chinese wine, 'Helan Mountain', which, after five or six years of work, is starting to reach maturity. We know that people in emerging countries buy whisky in Scotland. Differences between the various whiskies do not depend on where the rival is located geographically, but on the marketing and creation of the brand, and this is where our size gives us a competitive advantage. Not only does the digital sector have the effect of eliminating intermediaries in the chain of value creation, it also fragments the offer, as well as market access. It is therefore necessary not only to be careful about our own innovation capacity (which represents one-quarter of our growth), but also to be reactive about how we manage our portfolio. We have to identify the 'golden opportunities' and then buy them.

Q: *In the United States, Amazon has also become a grocer and knows its clients. Is there a risk that Amazon will decrease your margins there? Or do you see this as an opportunity?*

A. R.: We have to avoid both the Scylla (Amazon) and the Charybdis, in other words, traditional mass retail. The centre of value creation in the distribution chain is moving towards the company which has ultimate contact with the consumer and which knows him best. If we work hand in hand with mass retail, our potential problems arise if mass retail no longer wants to be involved in logistics but instead to create brands. Our answer to the Amazon strategy is very different to this. We try to guide the consumer towards our products by strengthening the links between product and brands as much as possible. If these links are sufficiently strong, clients will not search on the Internet for a whisky, but specifically look for a Chivas, Glenlivet or Ballantine's. In the high-end range, our target consumers are ready to spend fantastic amounts of money in order to have a specific experience. Therefore, they do not ask Alexa, Amazon's voice-interaction personal assistant, to find them a whisky or even specifically a Chivas, but a drink which corresponds to a particular situation, for example an event which they are organising. To do this, they enter the profile of their guests into our information data base. This information allows Alexa to calculate all that is necessary in order to create an exceptional experience. The company which controls, or influences, these profiles is the company which is able to control or influence the market. Our competitors realise that knowledge of the consumer and contact with him are the key components one must have in order to gain a share of the market. For us, this is very important because if we have knowledge of our clients, we are then able to influence their behaviour, regardless of whether they shop in hypermarkets or on Amazon.

Q: *In France, the directorate general for vocational training in the digital sector is preoccupied by the speed of changes in the industry. We have to avoid being caught between the Scylla (the speed at which training methods go out of fashion) and the Charybdis (the insufficient number of trained staff). There is a gap between the needs of companies to have trained staff and the training offered by the State. The overview is lacking between what companies request and what the government receives financially. Do you have people in-house who can train employees, or do you resort to external training staff, or even people who have been trained outside the company? What categories of professions do Pernod training programmes cover?*

A. R.: There is a discrepancy between people who are looking for jobs, and an industry which has needs. There are many IT specialists but not all of them have specific knowledge and certain approaches. Recently, we have started to look for mathematicians and statisticians. Proficiency in data analysis is very recent. In 2012, I met a young man who had been in charge of targeting the first Obama presidential campaign, and subsequently advised him as President. The results he achieved, from gleaning information from social media in order to predict behaviour, were astounding. Our needs in this field are not huge and we do not have any recruitment problems. Most of our training takes place in-house: we want to be coherent and create cohesion, but we do have partnerships with companies which specialise in stocking and analysing data.

Q: *Is there a possibility that you will create your own digital personal assistant?*

A. McC.: We are working on the necessary tools for voice recognition. In England, we have a project based on cocktail recipes – currently with Alexa – but the project can be adapted.

... to join the party and be one of the club

Q: *Will the advent of artificial intelligence cut the number of your staff? Will it change the tasks of your colleagues?*

A. R.: We continue to recruit sales people, especially in countries which are growing fast, and in countries where contact with consumers makes sales staff necessary. In China, we now have two networks. The second one is very recent, and we are in the process of establishing a third. In the United States, we have created three networks and are thinking about launching a fourth. We have also created a new network in France, which is not located at our headquarters, called ‘les Nouveaux Distillateurs’. It is made up of about twenty people and only distributes new or handcrafted products which we want to sell to our key accounts, such as bars which do not handle mass trade. In France, we recruit people for roles throughout the world which is why, for instance, our data scientist works in our French headquarters.

On a corporate level, we recruit in dribs and drabs. I am against increasing the number of senior executives who carry out reporting jobs. I am not keen on bureaucracy; I prefer working in the field.

Pure sales per se are conducted by about 6,000 employees, but in truth, we have 18,500 salespeople. We created a small, in-house platform called Elevate which is an app. I am a user. We tested it with 500 volunteers who agreed to be ambassadors for our brand. We put press articles and various contents on the platform so that these people can then distribute them to their personal networks in a few clicks, according to their taste and sense of humour. Not all Elevate users are salespeople.

Think BIG

Q: *What have new technologies changed with regard to your acquisitions strategy?*

A. R.: We set up BIG (*Breakthrough Innovation Group*) which is interested in areas which are not our core business, but which are consistent with our desire to be ‘creators of conviviality’. BIG was the first body to develop a ‘connected bar’ in a private home. This time, the BIG innovation is not about bottles containing our products, but books. Books which contain recipes for every possible cocktail can be consulted via an interactive platform. BIG was responsible for perfecting a vodka infused with caviar using an encapsulation technology (borrowed from the cosmetics industry) which keeps the product cold and preserves its taste until it is consumed. A BIG employee is in charge of identifying start-ups with promising projects in which we might want to invest. We are also looking for new brands launched by agile entrepreneurs who would benefit from the size of our network. Our decentralisation enables them to keep a minority share. This is how we bought Smooth Ambler, a bourbon from West Virginia, little-known at the time, and Monkey 47 gin, sold in 50-centilitre bottles and distilled in the middle of the German Black Forest in installations which are works of art, and which feature with the brand on social media and in the press. We also bought Avión tequila which first came to light as part of the fictional storyline in ‘Entourage’, the HBO television series, before becoming a real, true-life drink!

The rise of ‘intraprisers’

Q: *Do you encourage your employees to innovate thanks to your ‘intrapreneurship’ programmes?*

A. R.: We have a few intrapreneurs. Åsa Caap launched the Our/Vodka brand whose company model is based on local distilleries whose creation we financed, and which are located in well-known cities. Today, Our/Vodka has distilleries in Berlin, Detroit, Amsterdam, Los Angeles and London; distilleries in Miami, Houston and New York (which will be the first distillery in Manhattan) are coming soon. This kind of strategy takes into account the taste of new generations of consumers for local and handcrafted brands in their choice of drink. BIG is designed to be aware of new ideas in companies. I dream about a company where everyone could become an entrepreneur to some degree. In fact, I would like to use artificial intelligence to remove useless budgetary forecasts which always end up with an average value, and replace them with a predictive model whose anomalies could be corrected manually. This would free up more time for us to have serious discussions about strategic moments or innovations on which forecasts are based.

A strong, cohesive sales force because it is integrated

Q: *Is there not a risk that digital transformation will create divergences within the Group?*

A. R.: Just like any organisation which undergoes rapid digital transformation, we wondered if everyone in the Group understood the reasons for the change, and the advantages of digital practices. There have been moments of hesitation, but today, everyone has come to terms with our digital strategy. Some people adopted it straightaway; others rejected it categorically; and the majority were a little resistant. We made it easier for those who were against our strategy to leave the company. Now our employees want it to be successful even though many of them still need our help. Our sales team is especially worried. They need to realise that digital technology will not take away the importance of human contact; it is just an accelerator. On the other hand, the profession, like people, will change, and employees come and go. Forty years ago, the sales manager of Irish Distillers welcomed clients into his office, smoking a cigar and assigning each of them their products. Twenty years ago, he had to go to his clients in order to take their orders. Today, even in emerging countries, nobody writes down orders on paper any more. Sales people are becoming the sensors for marketing tendencies.

Drink in moderation – but not counterfeit

Q: *How has digitalisation helped in the fight against counterfeiting?*

A. R.: Bottles are becoming traceable. In China, we have told our clients that if we discover counterfeits, we will stop supplies. Hotlines exist whereby consumers can call and find out whether the bottles they have bought are counterfeit or not. Unlike fake leather goods, doctored alcohol can be fatal or, to a lesser extent, may intoxicate, or at least disappoint an educated palate. A bottle of Château Lafite Rothschild costs 1,500 Euros when full, and 1,000 Euros when empty – this goes to show the value of the bottle, even to a counterfeiter! The neck of a bottle of Chivas whisky has been made so that it is impossible to refill the bottle when it is empty. In China, Chivas bottles are protected by an RFID tag, a QR code and a sealed cap. There is also a hotline. We used to buy back empty bottles, but these new protective measures have made this unnecessary.

Finding a balance using the best practices

Q: *You insist on the competitive advantage linked to the internalisation of your digital database which you own, but does your digital management not run the risk of rejecting anything which was not invented in-house in the long term?*

A. McC.: We have not totally internalised our media purchases. We have built an internal agency which we call a ‘media hub’ and which works with brand companies and travel retail, but not with all the markets. For the rest

of our media purchases, we continue to work with external agencies and implement ‘rules of engagement’ with them which define good practices.

A. R.: We are organised into six brand companies or poles. Would it be efficient if they all worked at the same time on an innovation targeting the same opportunity, and therefore be rivals? There is no simple answer. We will not launch six innovative projects simultaneously, but we can test all six: it is not very expensive to test a product in about fifteen bars in an area and then interview the bartenders three months later. If people appear to like the product, we then try to understand more precisely why this is the case, and start developing it further. Sharing best practices helps digital technology, and our corporate social network in particular. An innovation does not only involve the product. It also gives rise to services, work methods, and so on.

Global artisans

Q: *How far advanced are your factories, digitally speaking?*

A. R.: Our factories have been completely automated for more than twenty years. Many of the factory staff want to take part in the Group’s activities beyond simply their work in the factory. A few years ago, I launched a campaign in Ireland at Christmas time (a very important sales period) called ‘Adopt your own store’ in which all the staff at the local headquarters took part. It involved two days of training after which the employees had to go and give out discount vouchers when they got home in the evenings or at the weekend in the shop close to where they lived. I also took part in the event. It proved to be very successful. We gained a three-point market share. However, I made a mistake: I did not invite employees from either the bottling factory in Dublin or from our distillery in southern Ireland to take part. Naturally, they complained that they had been left out. Since then, they have been included and the event involves everyone. All the staff are very enthusiastic about this campaign, and this operation has now been cited as a ‘best practice’. On another note, product traceability, which is an important strategic subject, is now starting in factories which are most at the forefront of technology. Digital technology also allows us to improve our sales forecasts and manage our stocks and flows better inside the Group. We no longer need to resort to the old practice of having a ‘cushion’ of enough minimum stock. The human impact can be measured by the pride felt at the factories and along the supply chain which were present from the very beginning, and the ability to demonstrate a very profitable programme. We have ninety-one sites and they all function very well at Pernod Ricard. There are generations of artisans who represent a large part of our brands, and who manage to embrace change by displaying a large capacity for innovation.

Fake news and the use of Facebook

Q: *How much information do you really manage to glean from social networks? And how useful is this for your advertising strategy, or managing customer dissatisfaction?*

A. McC.: We have programmes not only for the ‘key words’ used in marketing our brands, but also for our ‘moments of conviviality’.

Over the past two years we have also been researching videos which are a strong media because people who take part in them can show their involvement in the experience. These data help us to have a better understanding of what people feel about our brands, and help us to identify people with whom we can add information to our social media. When these people work on the social networks, they themselves become forms of media. In China, they can have thousands of followers. We also identify prescribers and work with them, either on the network or in the physical world.

A. R.: We launched a third advertising campaign for Jameson in the United States on the day that a tsunami hit Japan. Our adverts showed a tsunami ‘created’ by John Jameson to put out a fire in Dublin. Of course, the social networks reacted very violently. However, some consumers stepped in to say that we should be left the time to remove the advert, which we did forty-eight hours later. Consumers interact and some defend brands. These days it is possible to run a campaign to explain things on social networks. I am a great believer in collective intelligence.

Q: *How do you train your community managers in managing the language used, reacting to 'bad buzz' (a word-of-mouth phenomenon which negatively impacts a brand's image), and handling potential crises?*

A. McC.: This year we realised that Facebook was Pernod Ricard's principal vector of social media. Therefore, we spent more on this media than any other (press and television included). We started using Facebook because the network enabled us to highlight the involvement of communities of friends. Today, 'professionally-generated content' (PGC) – which is important in China – has replaced 'user-generated content' (UGC). All our community managers are now continually trained in the media, and in Asia they are our brand managers, in charge of managing relations with their friends and followers in the virtual world, as they do with their clients in the real world. We have several hundreds of community managers in the Group.

Analysing social networks and media is done by professionals, and is not left to community managers: analysis of the behaviour of consumers with regard to the brand or crisis management is carried out by specialised teams of professionals.

A. R.: Of course, we have to respond to negative rumours and bad buzz, but also 'fake buzz' and false rumours. It is possible to create millions of fake profiles on social media which can then send clusters of information targeting the same subject. The distinction between false and true information can be difficult to ascertain. Even if well-known news agencies such as AFP or Bloomberg are aware of these clusters, they may trust their sources and even go so far as to publish false information.

Heir to a dream

Q: *Where did you work before you joined Pernod Ricard?*

A. R.: The watchword in my education was 'responsibility'. This is emphasised in Pernod Ricard's 'responsible consumption' programme. I got to know the Group as I had carried out some work experience there (which I had wanted to do) when I was younger. After I graduated, I did my international voluntary service in a bank before applying for a job at Pernod Ricard. However, I had a bad interview with the head of human resources, and so I started working for Accenture (ex-Andersen Consulting), and after that, I worked in an investment bank. Then, one day, my uncle encouraged me to 'brush up' my CV because he told me that at Pernod Ricard jobs do not come easily just because of a family connection. I had an interview with the same human resources director as before, but this time it went very well. I even thanked him. He had spared me from joining the Group at a time when I was not ready. In 2011, my predecessor asked me to be part of his small team.

Q: *Are you the person in the Group who is responsible for its social network and innovation activity?*

A. R.: When a new person was hired, my uncle always used to have lunch with him. When I joined the company in July 2003, he had lunch with me, and, at the end, when we were having coffee, he told me 'You are embarking on an extraordinary adventure, created by people who are outstanding.' I also remember what my grandfather wrote: 'The aim of a large nation should not be to strengthen those who are strong or to enrich those who are rich, but rather to raise the standards of living of every individual in the nation. It is a question of eliminating poverty, not wealth.' The same is of course true in a company. These principles were in accordance with my wish to concentrate on social networks and innovation.

■ Presentation of the speaker ■

Antonia McCahon: A digital marketing pioneer, Antonia's current mission at Pernod Ricard is to accelerate the Group's digital transformation across functions – with a specific focus on leveraging data to get closer to the consumers for value generation. Antonia is Australian, and started her career working in communications for an Australian radio network. Her passion for digital was later ignited working in book publishing with Random House subsidiaries in the UK and US where she led projects looking at leveraging digital within the publishing business. In 2001, Antonia joined the FullSix Group based in Paris, where she later became Managing Partner leading the agency's work with International clients including L'Oréal, P&G, Coca Cola, Sanofi on digital, e-commerce and datasmart marketing projects. In 2011, Antonia became involved in various marketing service start-ups, and became an independent consultant on Marketing Transformation topics, working with clients including Mars, Danone and Puig. Antonia joined Pernod Ricard in September 2013.

Alexandre Ricard: Chief Executive Officer of the Pernod Ricard Group, the second-largest wine and spirits group in the world. He is a graduate of ESCP Europe Business School, the Wharton Business School (he has an MBA and specialised in Finance and Entrepreneurship), and the University of Pennsylvania (he has a Masters in International Studies). Having worked seven years at Accenture as a management consultant, and then at Morgan Stanley as a mergers and acquisitions consultant, Alexandre joined the Pernod Ricard Group in 2003. He is one of the grandsons of Paul Ricard, the founder of the Ricard company.

Translation by Rachel Marlin (rjmarlin@gmail.com)
