

# SUNTORY WHISKY



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KAMPAI GROUP

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# 01

## HISTORY

WHISKY & SINGLE MALT  
- SUNTORY WHISKY



# WHISKY OR WHISKEY?



# WHISKY'S HISTORY



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## 1000 - 1200 AD

Distillation arrived to Scotland and Ireland via traveling monks.

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### Is not “Scotch” if

It was not made in Scotland.



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## SINGLE MALT WHISKY

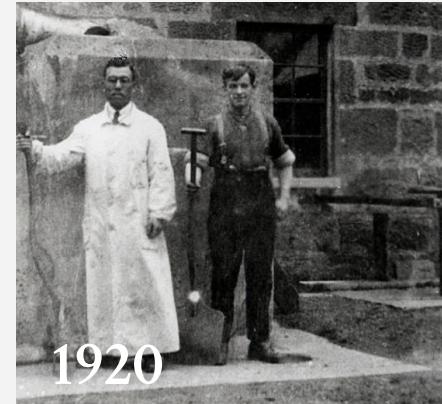
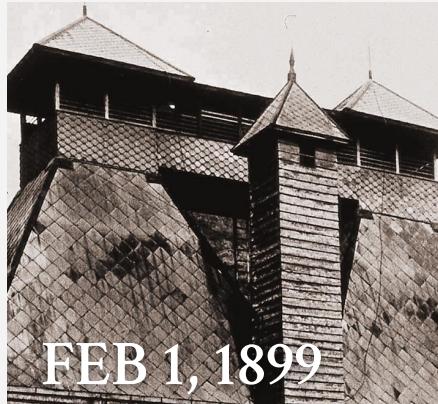
Made of 100% barley  
Barley is "malted". Enzymes are released  
and unfermentable starch is converted  
into fermentable sugars.



## BLEND WHISKY

Made of 30% barley & 70% other alcohols.  
Invented by Mr. Walker as he claimed that  
single malt whiskies tasted horrible.

# SUNTORY WHISKY'S HISTORY



01

**Shinjiro Torii** founded Suntory in Osaka, Japan to sell imported wines.

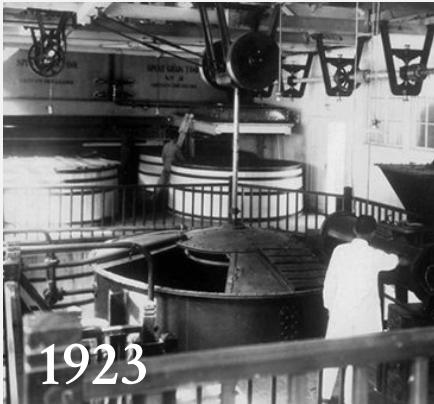
02

**Masataka Taketsuru** started a summer course to study organic chemistry at the University of Glasgow, Scotland.

03

**Taketsuru** started focusing on the art of distilling and after three apprenticeships in Scotland, decided to return to Japan.

# SUNTORY WHISKY'S HISTORY



1923

04

Japan's first malt whisky  
(Yamazaki Distillery)



1929  
SUNTORY WHISKY

05

Suntory Shirofuda (white label),  
Japan's first genuine whisky was  
introduced to the market.



1934

06

**Masataka** left the company to  
start his own distillery,  
*Nikka Whisky*.

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# 02

## EXECUTIVE SUMMARY



## SITUATION ANALYSIS

- Internal Environment
- Customer Environment
- External Environment





## INTERNAL ENVIRONMENT

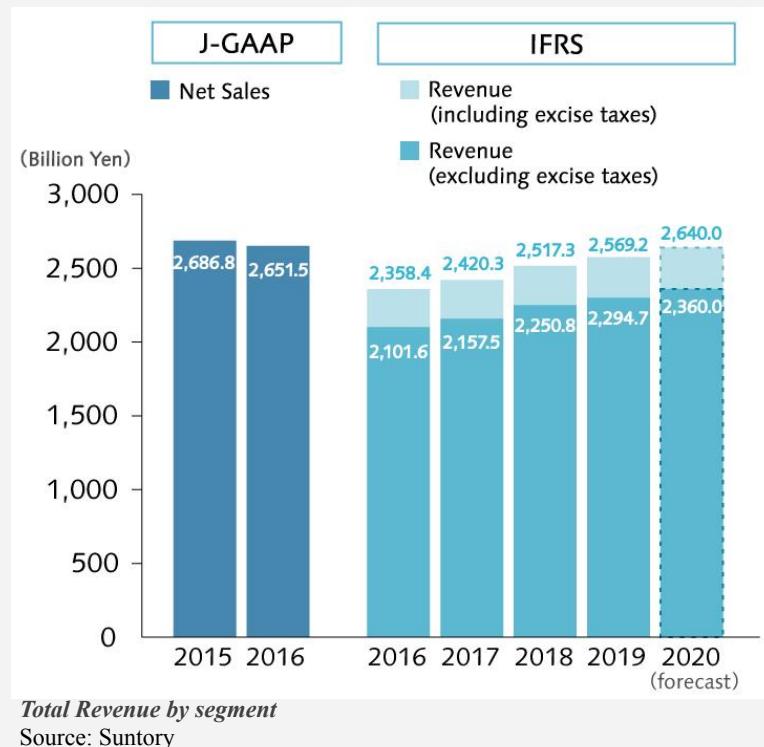
# GOALS & OBJECTIVES

- Portray Suntory whiskies as a brand with a wide array of premium products: ranging from high end to super premium
- Target niche audience of high end consumers and whiskey fanatics
- Increase single malt whiskey popularity
- Expand US market share
- Increase profitability



# CURRENT PERFORMANCE

- 2%** Increase in revenue / 1 year  
¥ 2,294.7 trillion (2019)
- 9.2%** Increase in revenue  
During a 4-year gap
- 3.5%** Growth - Operating Income  
In a 4-year gap
- 4 yr.** Inconsistent increase in Profit  
Forecasted to decrease in 2020



# CURRENT PERFORMANCE - II

**71%** **Goodwill**

Is from the alcoholic beverages

**3.2%** **Increase in revenue A.B.S**

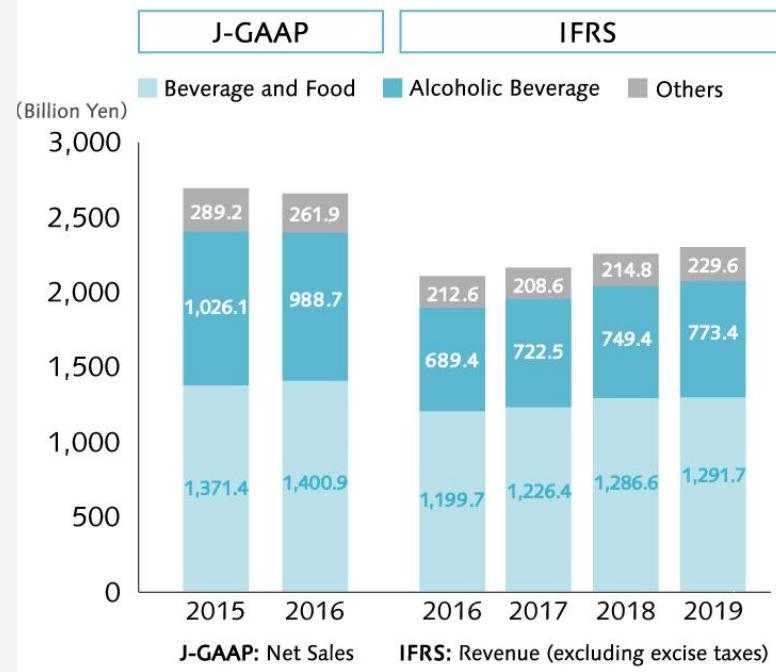
Excluding excise taxes (1 year)

**11.8%** **Increase in the Americas**

¥2,569,230 trillion (2018-19)

**14%** **Total Revenue was**

From sales in the Americas



*Sales by segment*  
Source: Suntory

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# MISSION STATEMENT

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## 01 Suntory Group

*“Our Mission is the fundamental reason for Suntory to exist, and guides and inspires our organization. We will focus on the needs of our customers and consumers. We deeply respect nature and will strive to protect the environment.”*

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## 02 Suntory Whisky

*“Suntory Whisky is the fusion of the delicate forces of Japanese nature itself combined with the passion and precision of the best Japanese artisans.”*

# CURRENT STRATEGY

## According to online research - 2015:

1. Reinforcing the products management and redefining the distribution channels strategy.
2. Developing effective marketing strategies to promote its core whisky brands by focusing on customers' demand.

## According to Suntory Strategy Announcement - 2020:

1. Developing the brand value and focusing more on strategic brands
2. Providing customers with qualified products and services



# CURRENT STRATEGY

## Sociocultural & Political Changes



**STOP HATE FOR PROFIT**

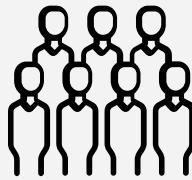
*Facebook Advertising Boycott*

- Advertisers are abstaining from the platform due to the way they handle misinformation and hate speech
- All Facebook advertising halted through July
- Suntory will evaluate possible changes beyond July
- At least \$604,500 in ad spend has been confirmed to be cancelled
- Halt occurs during a crisis where digital marketing & e-commerce are essential to the business.

# ORGANIZATIONAL CHANGE

| Relevant Groups                 | Companies | Change  | Purpose   |
|---------------------------------|-----------|---|---|
| Suntory Holdings Limited        |           | Establishing Global Public Relations Department                       | To plan and implement public relations strategy to enhance corporate brand value globally.  |
|                                 |           | New name: Global Alcohol Responsibility and Sustainability Department | To clarify the mission to comprehensively implement policies and strategies to address alcohol-related issues from a group-wide perspective |
| Suntory Beverage & Food Limited |           | Establishing Cross Region Development Department                      | To promote core brand innovation and the development of new businesses across regions   |

# ORGANIZATIONAL RESOURCES



## People

- 40,210 employees (Suntorians)
- Top talent and strong company values & culture



## Experience

- Founded in 1899, Suntory has superior experience over many competitors



## Financial

- Financial stability
- Consolidated operating income of 259 billion Yen (\$2.4B) in 2019



## Customer Relations

- Strong relations with key suppliers
- Availability among high end food & beverage outlets nationwide



## CUSTOMER ENVIRONMENT

# THREE (3) SEGMENT DIVISION



01

STARTING

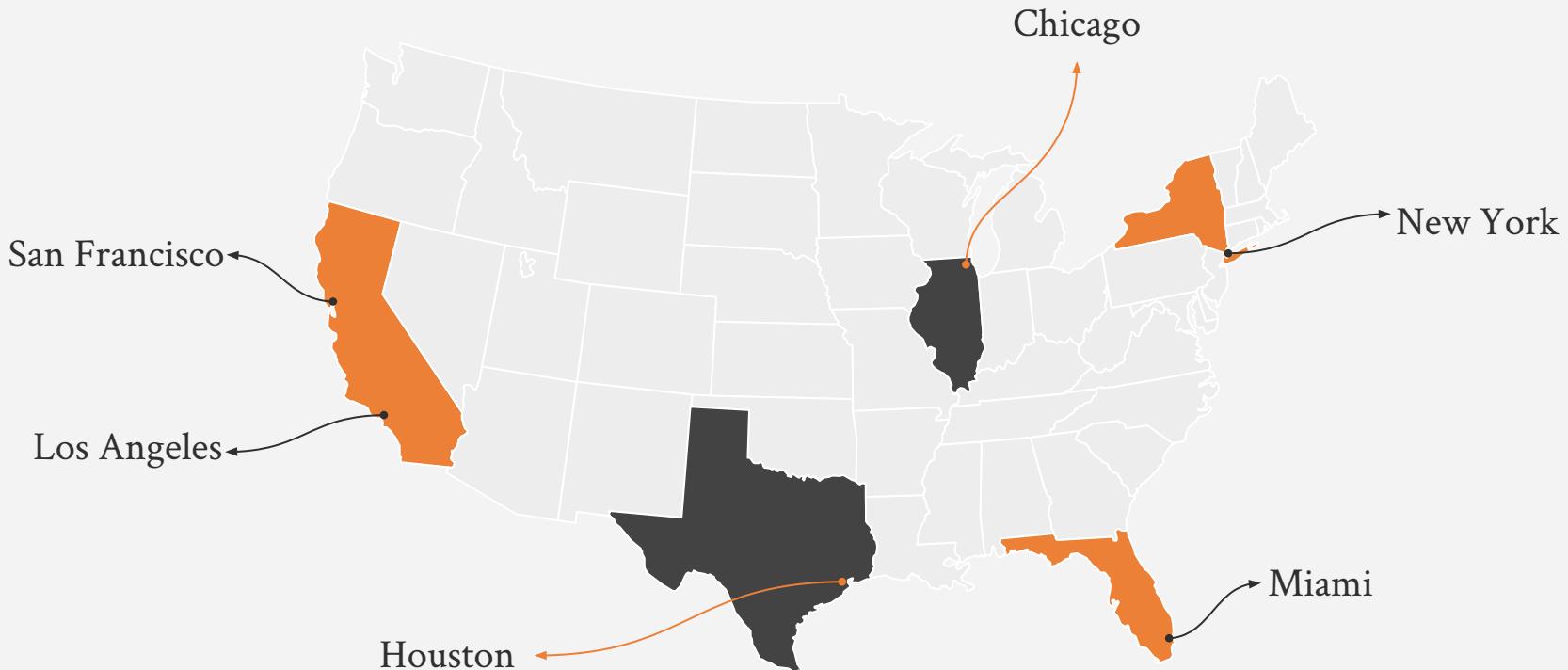
02

MEDIUM

03

EXPECTS

# TARGETED STATES



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# CURRENT CUSTOMER

Heavy to medium users

## Demographics:

- Male
- 45 to 65 years old
- Married
- High-level of education
- High-income
- Knowledgeable about distillery world

## Psychographics:

- Social drinkers - drinks mostly at home
- Wise investors
- Likes to travel and study - mostly history
- Enjoys a luxurious lifestyle



# POTENTIAL CUSTOMER

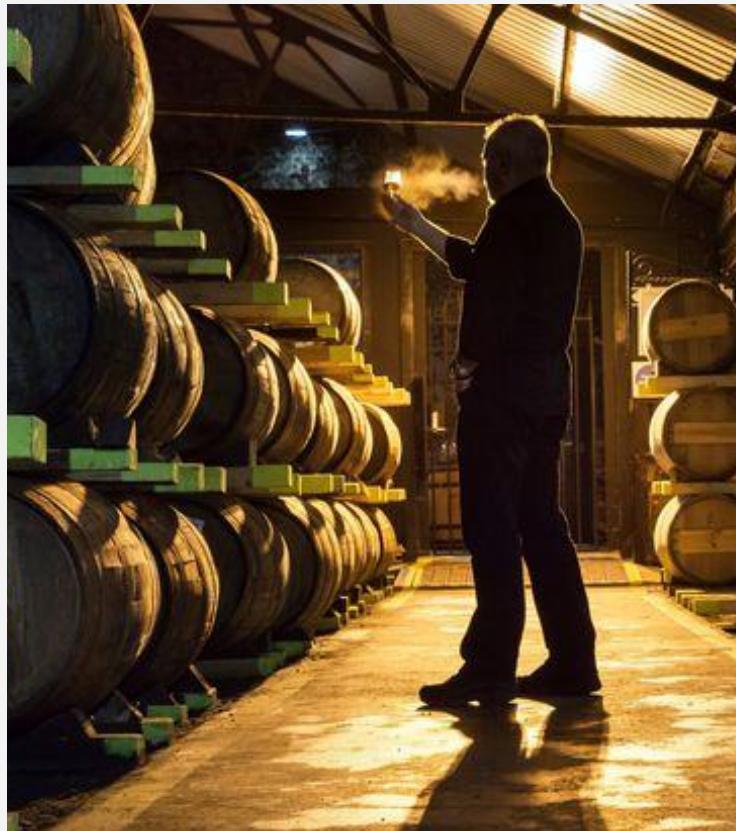
Light to medium users

## Demographics:

- Male and female
- 35 to 45 years old
- In serious relationship or married
- High-level of education
- High income
- Having kids or starting a family

## Psychographics:

- Socially active
- Like to hang out with friends
- Like to learn new things and
- Pay for experience



# RELEVANT PLAYERS

**In different process:**

- **Purchasers** → Consumers
- **Users** → Consumers, friends.
- **Influencers** → Whisky experts, websites, whisky groups, friends
- **Bearer of financial responsibility** → Consumers.



# CUSTOMER ENGAGEMENT



# MERCHANTS (US MARKET)



## F&B Outlets

- High-end bars
- High-end restaurants



## Store-based retailers

- Liquor stores
- Specialty stores
- Grocery/super markets

Drink delivery from our app to your door.



## Ecommerce

- Drizly
- Minibar



## Wholesale

- Costco



## EXTERNAL ENVIRONMENT

# SUNTORY'S COMPETITION



Nikka



- Second largest distillery in Japan
  - Founded by Masataka
- \$59.99 - \$184.99



Glenfiddich



- World's Most Awarded Single Malt
- \$54.99 - \$5,499.99



Macallan



- One of the top 5 globally best-selling
- \$34.99 - \$309.99



Teeling Whisky



- Best Irish Single Malt
- \$36.45 - \$128.07

# SUNTORY'S COMPETITION - II



## SHELTER POINT



- Best Canadian Single Malt  
\$56.51 - \$119



## Jack Daniel's



- World famous American whisky  
\$25.99 - \$249.99



## Triple Eight



- Best American Single Malt  
The Notch Nantucket  
\$350 - \$499

# SUNTORY'S COMPETITION - III



## Chichibu Whisky



- Young brand from 2004  
\$100 - \$3,000



## Iwai Whisky



- Focus on blended whisky  
\$30 - \$70



## Akashi



- Former sake and shochu maker  
\$50 - \$200



## Ohishi Whisky

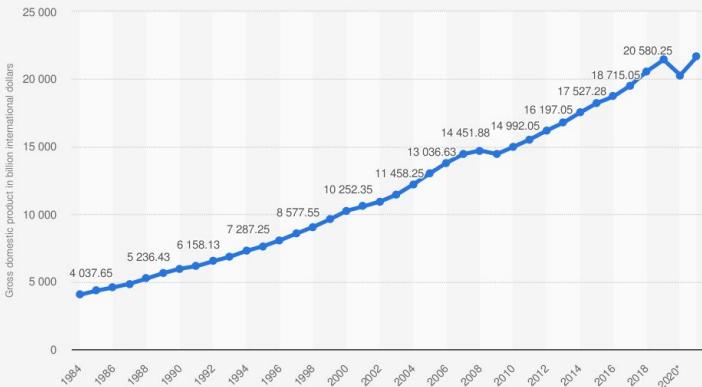


- Export market only  
\$60 - \$250

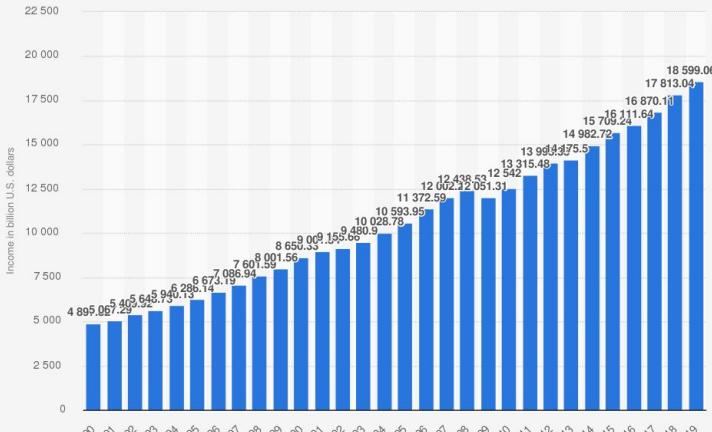
# ECONOMIC GROWTH AND STABILITY

- Relatively stable growth over past 30 years.
- GDP and Personal Income increased in the same pace.
- GDP has reached \$21.43 trillion and Personal Income has reached \$18,000 in 2019.
- It is predicted to decline in 2020 due to unanticipated events, like COVID-19.

Gross domestic product (GDP) of the United States at current prices from 1984 to 2021 (in billion international dollars)



Personal income in the United States from 1990 to 2019 (in billion U.S. dollars)



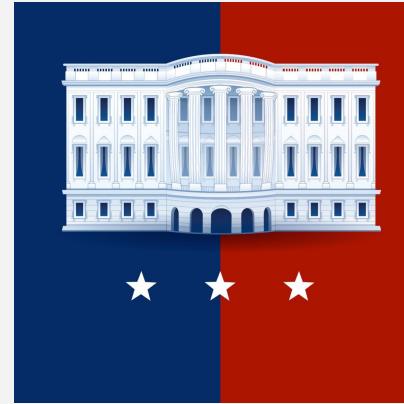
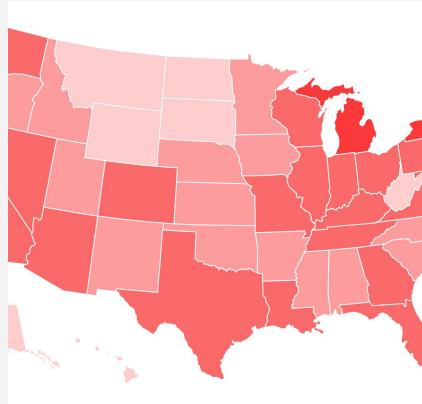
Source  
BEA  
© Statista 2020

Additional Information:  
United States, 1990 to 2019

# POLITICAL TRENDS



Japan & U.S.



01

- Good personal relationship
- Win-win situation from signing the trade agreement:
  - Limited tariff reductions
  - Quota expansions

02

COVID-19's effect on the rise of nationalism

03

Presidential Elections in Fall 2020

# LEGAL AND REGULATORY



- U.S. - Japan Trade Agreement paved the way for further negotiation on alcoholic products
- Tendency of easing U.S. regulations on bottles for alcoholic beverages imported from Japan.
- 21 legal drinking age

# TECHNOLOGY ADVANCEMENT

## MACRO



### Agriculture

- Raw materials
  - Lower price
  - Larger amount

### Metalworking

- Distiller
  - Better quality
  - Shorter time

### Transportation

- Export
  - Long distance
  - Shorter duration
  - Fast delivery

### Whisky making (Unchanged)

- High-quality, Aged
- Time
- Craft
- Experience

# TECHNOLOGY ADVANCEMENT

## MICRO



**Big Data Analysis**  
Customization



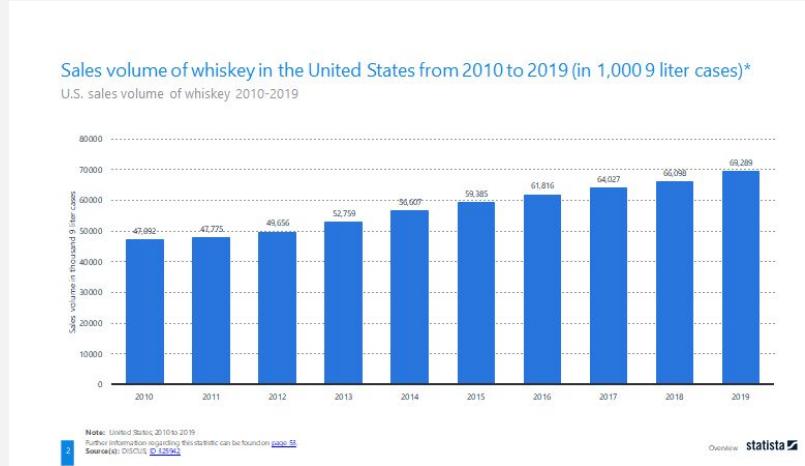
**E-Commerce**  
New distribution channel



**QR code**  
Trust program

**Internet Technology**  
Better customer service

# SOCIOCULTURAL TREND



Source: Statista

## American Whisky Trend:

- Stable growth of whisky sales indicates increasing demand
- Quality is still the most concerning aspect
- Consumers know more about whisky
- People are interested in the brand stories
- Overwhelmed products on the store shelves
- The secondary market is getting popular on Social Media
- Young whisky is more acceptable than before

# SOCIAL RESPONSIBILITIES



- Suntory's implementation of the strict "Guidelines for the Environmental Design of Containers and Packaging"
- The reduction of glass material by lightweighting the container contributes to the reduction of CO<sub>2</sub> emissions by 500 tons per year

# 04

## SWOT ANALYSIS



# STRENGTHS

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**01**

The United States is considered one of the major whisky countries in the world.

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**03**

Clear strategic vision helps Suntory to grow.

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**05**

Fascinating stories behind the classic Japanese whisky brand.

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**02**

Unique production process and technique provides qualified products.

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**04**

Suntory was the first Japanese Whisky distillery (Yamazaki Distillery).

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**06**

Popularity for single malt whisky has increased exponentially in the past 8 years.



# WEAKNESSES

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**01**

The U.S. is considered one of the major whisky countries in the world.

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**03**

Supply shortage.

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**05**

High threshold for potential customers to become a customer

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**02**

Inconsistent growth of the profitability.

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**04**

A wide variety of Suntory Whiskies is hard to find here in the U.S.

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**06**

Large price fluctuations.



# OPPORTUNITIES

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**01**

The US market contains potential for Suntory whisky.

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**03**

A big market scale provides more opportunity to promote its whisky and increase its profit.

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**05**

Technology development can improve Suntory's production and sales in both macro level and micro level.

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**02**

Gain awareness especially in the collectors segment.

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**04**

Become the number one Japanese whisky brand in the U.S market.

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**06**

Place in the top 10 most consumed brands by Americans.



# THREATS

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01

“Supporting locals” could decrease the consumption of imported products.

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02

COVID-19 impacts consumer’s attitude of shopping and power of consumption.

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03

Lack of familiarity with Japanese whisky creating a comfort zone in Scotch, American and Irish brands.

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04

Companies in burdensome situations with production costs and exporting Procedures.



# COMPETITIVE ADVANTAGES



01

Exceptional quality products including “the most awarded blended whisky in the world by far,” Hibiki 21 yr

02

Lower popularity and familiarity within in U.S.

03

Massive opportunity to scale U.S. market share with a strong focus on **education**.

# DEVELOPING COMPETITIVE ADVANTAGES

## Vendor Relations & Product Tastings

Tastings will truly demonstrate the impeccable quality of Suntory Whiskies to the whiskey consumers in the U.S. who are unfamiliar with the brand. This will increase loyal customers and WOM exposure.

## Digital Marketing Focus

Implement a CRM system and build strong database. Focus on digital marketing is crucial as e-commerce becomes more important.

## Target a Niche Audience

Those who are not turned away by the price point may feel the opposite; intrigued by the quality of the product given its price. Education may lead Suntory Whisky as a top choice among whiskey admirers and high end consumers in the U.S. market.

## Novelty of Japanese Whisky

In a country with countless local options, some may avoid a foreign product. However, admirers and collectors are often fascinated by different cuisines and tasting beverages from foreign countries

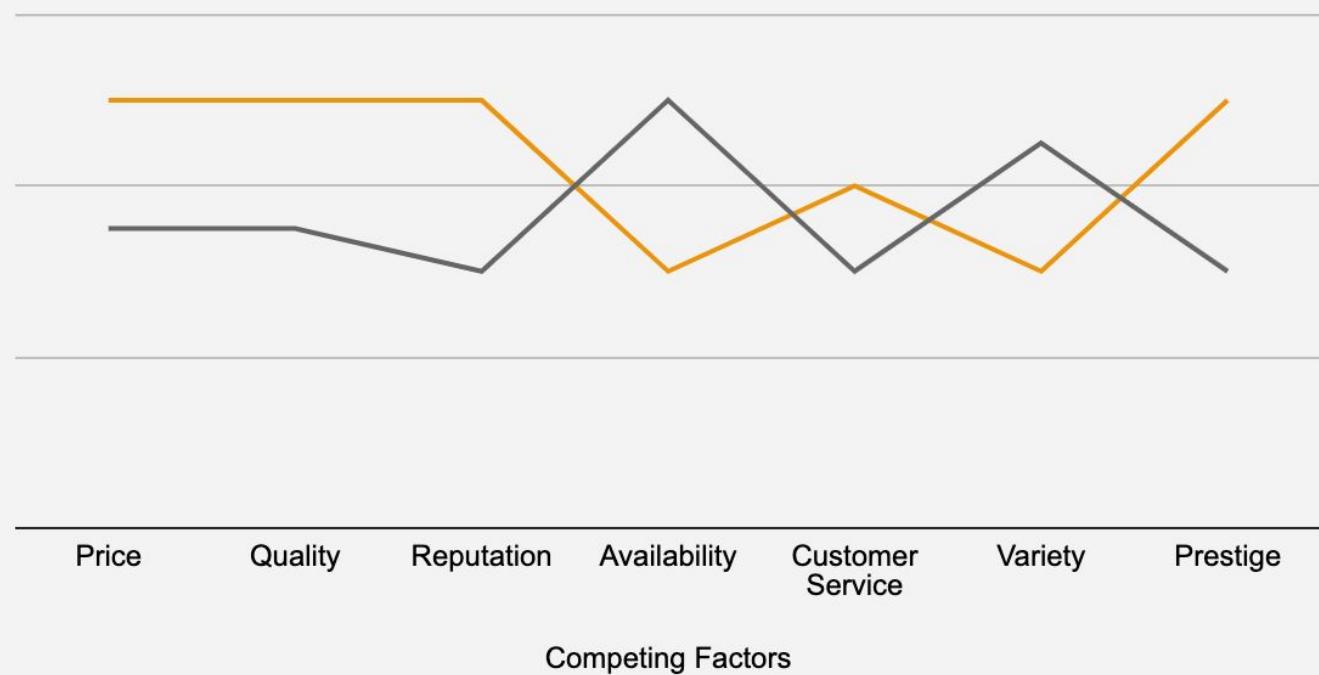
# STRATEGIC FOCUS

## STRATEGY CANVAS

Suntory      Industry

### Strategic Focus:

- Niche marketing
- Retaining current customers
- Converting potential customers



# 05

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## MKT GOALS & OBJECTIVES



# MARKET GOAL & OBJECTIVE

## Goal A : Increasing the popularity of Suntory whisky

- **Objective A1:** Increasing brand awareness of Suntory whisky.
- **Objective A2:** The second objective is to portray Suntory whisky as a brand with a wide array of premium products.

## Goal B : Enlarging the market share and profitability

- **Objective B1:** This objective is to expand the market share of Suntory whisky in the US market.
- **Objective B2:** This objective is to increase the profitability of Suntory whisky business.



# THANK YOU

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Any questions?

