

A return to brands with providence

 By Paul Scanlon

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"Consumers are looking for premium brands."

Consumers are returning to products that have distinct origins, providence and have stories to tell, says the newly appointed managing director of Pernod Ricard South Africa and Namibia, Paul Scanlon.

Scanlon, who has worked on almost every continent in the world in various marketing roles, became regional director: North America of Chivas Brothers in 2002. For the past seven years, he has been based in London in the capacity of Chivas Brothers commercial director. Pernod Ricard's brand portfolio comprises premium brands, including Chivas Regal, Absolut Vodka and Jameson.

"There is definitely a global trend for consumers to go back to products that have distinct origins. In some of the most advanced spirits markets in the world, such as the UK, consumers are moving away from faddish, brightly coloured brands, with no history, towards brands with a rich history, stories, craft brands that have authentic stories to tell or a real place to show consumers where it's made. We've had a big upsurge in visits throughout the world to our distilleries in Scotland and Ireland to see where product is made.

["Beefeater Gin"](#) (established in the 1820s) rebuilt its distillery in London and opened up in May 2014. You can touch and feel the juniper berries, see gin being made, there are limited edition bottles available... It is all about having real stories to tell about brands and their providence.

Scanlon says there is no slowdown in demand for super premium brands in South Africa, which is mirroring international trends which have seen growth in the market for champagne and high-end spirits. "The high-class consumer wants to be seen to be drinking the right product - from Soweto to Cape Town nightclubs."

He said consumers in South Africa are becoming more knowledgeable on products and are very aspirational, so they are seeing the top end of their brand portfolio flying off the shelves. "We can't keep up with demand. We are seeing a lot of premiumisation. People want to show that they have made it..."

He is positive about growth in his premium brand category in 2015. "I am very positive about premiumisation. Brandies and low-end Scotch whiskies will have a hard time. Consumers are looking for premium brands. I definitely see more consolidation of wholesalers and grocers becoming stronger in the trading environment, independents being squeezed."

Regulation

Scanlon does feel that South Africa is going down a dangerous route in terms of regulation and it is becoming a real challenge to try recruit international expertise to help out. "SA has to continue as an open economy to try develop and compete. South Africa can't expect to have experts in every single field. This is a 'watch out' for me."

The mooted "dark market", which will result from a ban on alcohol advertising of every type, needs more open dialogue between the industry, business and government, he says.

The other 'watch out' for him on South Africa is GDP growth. "We have seen GDP growth halve in the past year - that is obviously having a squeeze on consumer's pockets. The growing middle class, LSM 5 and 6 are emerging and we are having incredible volume gains. The middle class are not just looking for cheap and cheerful local products, but are looking for premium products. Definitely the premium brands are looking good."

"I'd be cautiously optimistic about 2015: companies with premium, aspirational, top brands will do well."

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**Paul Scanlon was interviewed by Louise Burgers, specialist editor of Biz Trends 2015.*

ABOUT PAUL SCANLON

Paul Scanlon is the managing director of Pernod Ricard South Africa and Namibia.
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