

L2 EXCERPT from the 2013 **Digital IQ Index®: Spirits**
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Joe's LIQUORS

LIQUORS
WINE
SPIRITS LOW! CALL JOE LA. 3-0770

LIQUORS

LIQUORS
SPIRITS LOW?
CALL JOE! - LA. 3-0770
WE DELIVER

LIQUORS CHAMPAGNE

BRANDY

WINE

COLD BEER



DIGITAL IQ INDEX:

Spirits

January 8, 2013

SCOTT GALLOWAY
NYU Stern

Thirst

The Spirits industry is a digital laggard when compared to its prestige peers. Strong regulation and an opaque online path to purchase coupled with baby boomer executive leadership has resulted in digital underinvestment. However, we believe the industry is poised to evolve from a patchwork of pet projects to a hotbed of digital innovation as several factors converge:

- Digitally savvy Millennials will be the next decade's primary engine of growth. The 78 million-strong cohort encompasses the most active consumers of alcohol and social media. Millennials are 50 percent more likely to cite user-generated content as their primary influence on purchase decisions.
- The returns on Spirits brands' traditional marketing investments, including high-budget TV campaigns, celebrity endorsement contracts, and event partnerships, are increasingly recognized via extended engagement online. From Diddy's prolific tweeting for Cîroc to Johnnie Walker's "House of Walker" program, brands are leveraging digital programming to build equity and capture market share.
- The emergence of a "cocktail culture" makes digital programming a practical place to invest in educating consumers about mixology.
- Fifty percent of all retail purchases now begin online.¹ Although regulation, to date, has hamstrung e-commerce for Spirits, brands and retailers are starting to get in the game. Evidence includes Diageo's enterprise site thebar.com. As e-commerce comes into focus, Spirits brands have a seminal opportunity to leverage advances in technology and processing power to establish direct relationships with their end consumers.
- Creative digital programming provides a brand "halo" effect, strengthening a marque's association with innovation. Digital is the marketing equivalent of "skinny jeans," helping a brand appear younger and hipper. As Spirits brands increasingly reallocate capital from traditional broadcast and print to digital channels, there is an opportunity to sprinkle an Apple—and Burberry—like pixie dust across their range of products.
- The shift is beginning; alcohol marketers plan to increase digital spending 43 percent in 2013. Specifically, they expect to allocate an additional 36 percent to digital

display ads, 34 percent to search engine marketing and 59 percent to digital video. Spending on mobile is expected to increase 71 percent.²

Digital IQ = Shareholder Value

This study attempts to quantify the digital competence of 69 global Spirits brands. Our aim is to provide a robust tool to diagnose digital strengths and weaknesses and help brands achieve greater return on incremental investment. Like the medium we are assessing, our methodology is dynamic and we hope you will reach out to us with comments that improve our methodology, investigation, and findings. You can reach me at scott@stern.nyu.edu.

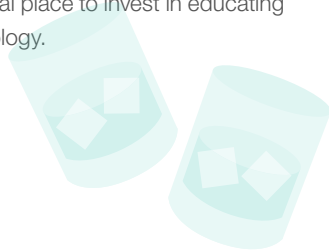


SCOTT GALLOWAY

*Professor of Marketing, NYU Stern
Founder, L2*

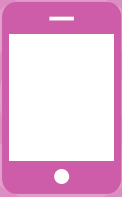
1. ["The Local and Mobile Future of eCommerce,"](#) Ian Griffith, BevSites, April 15, 2011.

2. ["Beer, Wine & Spirits: Engaging Millennials \(and Drinkers of All Ages\) via Social Channels,"](#) eMarketer, September 17, 2012.



ABOUT THE RANKING

The Methodology



20% Mobile

Compatibility, optimization, and marketing on smartphones and tablets

Mobile Site

- Compatibility
- Functionality
- Load Time

Mobile Applications

- Availability
- Popularity
- Functionality
- iPhone/iPad/Android Differentiation

Innovation

- SMS
- Geolocal (Foursquare)
- Other Mobile Initiatives

30% Social Media

Brand presence, community size, content, and engagement

Facebook

- Likes
- Growth
- Tabs & Applications
- Responsiveness
- Engagement

Twitter

- Followers
- Growth
- Frequency
- Programming

YouTube

- Views
- Number of Uploads
- Subscriber Growth
- Viral Videos
- YouTube Search Visibility

Emerging Social Media

- Instagram
- Google+
- Pinterest



30% Site

Functionality & Content 80%

- Age Gateway
- Site Technology
- Navigation & Site Search
- Retail Locator & Account Capture
- Brand Content
- Product Page
- EU5 Presence

Brand Translation 20%

- Aesthetics
- Messaging & Visuals



20% Digital Marketing

Search, digital media, and email marketing efforts

Search

- Traffic
- Web Authority
- SEO & SEM:

Advertising & Innovation

- Display
- Retargeting
- Brand Initiatives

Blog Mentions & User Generated Content

- Mentions
- Sentiment

Email Marketing

- Frequency
- Content
- Social Media Integration
- Promotion

Digital IQ Classes

Genius 140+

Digital competence is a point of competitive differentiation for these brands. Campaigns are consistently integrated across dimensions and promote path to purchase.

Gifted 110–139

Brands are experimenting and innovating across site, mobile, and social media platforms. Brands integrate digital in both offline events and wider marketing.

Average 90–109

Digital presence is functional yet predictable.




Challenged 70–89








Investment in digital is limited or inconsistent across platforms. Success in one dimension does not influence the others.








Feeble <70

Investment does not match opportunity.

DIGITAL IQ RANKING








RANK	BRAND	DIGITAL IQ
1	 Pernod Ricard	140 GENIUS
1	 Bacardi	140 GENIUS
1	 Beam Inc.	140 GENIUS








RANK	BRAND	DIGITAL IQ
4	 Diageo	137 GIFTED
5	 Diageo	135
6	 Moët Hennessy	130
7	 Beam Inc.	128
7	 William Grant & Sons	128
9	 Brown-Forman	127
10	 Bacardi	123








RANK	BRAND	DIGITAL IQ
11	 Diageo	122
12	 Diageo	121
13	 Moët Hennessy	116
14	 Diageo	112 GIFTED
15	 Pernod Ricard	108 AVERAGE
16	 Diageo	103
16	 William Grant & Sons*	103

GENIUS
 Absolut
 Bacardi
 Jim Beam
 GIFTED
 Johnnie Walker
 Smirnoff
 Hennessy
 Maker's Mark
 Sailor Jerry
 Jack Daniel's
 Grey Goose
 Jägermeister
 Captain Morgan
 Belvedere
 Cîroc
 AVERAGE
 Jameson
 Baileys Irish Cream
 Stolichnaya
 Chivas Regal
 Crown Royal
 Southern Comfort
 Ballantine's
 Malibu
 Patrón
 Sauza
 The Glenlivet
 Rémy Martin
 Ketel One
 Hendrick's Gin
 Cointreau
 The Macallan
 Woodford Reserve
 CHALLENGED
 The Balvenie
 Havana Club
 Kahlúa
 Finlandia
 Courvoisier
 Campari
 Don Julio
 Beefeater
 el Jimador
 Highland Park
 Jose Cuervo
 Knob Creek
 Laphroaig
 Ardbeg
 Grant's
 Svedka
 Glenfiddich
 Grand Marnier
 Glenmorangie
 Tanqueray
 Skyy
 Disaronno
 Bombay Sapphire
 Bushmills
 St-Germain
 FEEBLE
 Martell Cognac
 The Famous Grouse
 Wild Turkey
 Three Olives
 Bulleit Bourbon
 Dewar's
 Ultimat Vodka
 Russian Standard
 The Botanist
 J&B
 1800 Tequila
 Aberlour
 Mount Gay Rum

DIGITAL IQ RANKING








RANK	BRAND	DIGITAL IQ
		AVERAGE
18	 Pernod Ricard	102
19	 Diageo	101
20	 Brown-Forman	99
21	 Pernod Ricard	98
21	 Pernod Ricard	98
23	 The Patrón Spirits Company	97
24	 Beam Inc.	96








RANK	BRAND	DIGITAL IQ
24	 Pernod Ricard	96
26	 Rémy Cointreau	94
27	 Diageo	93
28	 William Grant & Sons	92
29	 Rémy Cointreau	91
29	 The Edrington Group	91
31	 Brown-Forman	90
		AVERAGE








RANK	BRAND	DIGITAL IQ
32	 William Grant & Sons	89
32	 Pernod Ricard	89
32	 Pernod Ricard	89
35	 Brown-Forman	87
36	 Beam Inc.	86
37	 Gruppo Campari	85
37	 Diageo*	85
		CHALLENGED

- GENIUS**
 Absolut
 Bacardi
 Jim Beam
GIFTED
 Johnnie Walker
 Smirnoff
 Hennessy
 Maker's Mark
 Sailor Jerry
 Jack Daniel's
 Grey Goose
 Jägermeister
 Captain Morgan
 Belvedere
 Ciroc
AVERAGE
 Jameson
 Baileys Irish Cream
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 Chivas Regal
 Crown Royal
 Southern Comfort
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 Rémy Martin
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CHALLENGED
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 Courvoisier
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 Knob Creek
 Laphroaig
 Ardbeg
 Grant's
 Svedka
 Glenfiddich
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 Glenmorangie
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 St-Germain
FEEBLE
 Martell Cognac
 The Famous Grouse
 Wild Turkey
 Three Olives
 Bulleit Bourbon
 Dewar's
 Ultimat Vodka
 Russian Standard
 The Botanist
 J&B
 1800 Tequila
 Aberlour
 Mount Gay Rum

DIGITAL IQ RANKING








RANK	BRAND	DIGITAL IQ
46	 Pernod Ricard	84 CHALLENGED
46	 Brown-Forman	84
48	 The Edrington Group	83
48	 Diageo	83
50	 Beam Inc.	83
50	 Beam Inc.	81
52	 Moët Hennessy	80




RANK	BRAND	DIGITAL IQ
46	 William Grant & Sons	79
46	 Constellation Brands	79
48	 William Grant & Sons	77
48	 Moët Hennessy	77
50	 Moët Hennessy	76
50	 Diageo	76
52	 Gruppo Campari	74

RANK	BRAND	DIGITAL IQ
53	 ILLVA Saronno Holding	73
54	 Bacardi	71
55	 Diageo	70
55	 Cooper Spirits International	70 CHALLENGED
57	 Pernod Ricard	69 FEEBLE
57	 The Edrington Group	69
59	 Gruppo Campari	67

GENIUS
 Absolut
 Bacardi
 Jim Beam
GIFTED
 Johnnie Walker
 Smirnoff
 Hennessy
 Maker's Mark
 Sailor Jerry
 Jack Daniel's
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 Dewar's
 Ultimát Vodka
 Russian Standard
 The Botanist
 J&B
 1800 Tequila
 Aberlour
 Mount Gay Rum

DIGITAL IQ RANKING

RANK	BRAND	DIGITAL IQ
60	 Proximo Spirits	FEEBLE 66
61	 Diageo	62
61	 Bacardi	62
63	 The Patrón Spirits Company	61
64	 Roust	58
65	 Rémy Cointreau	57
66	 Diageo	53

RANK	BRAND	DIGITAL IQ
67	 Proximo Spirits	50
68	 Pernod Ricard	39
68	 Rémy Cointreau	39 FEEBLE

- GENIUS
- Absolut
- Bacardi
- Jim Beam
- GIFTED
- Johnnie Walker
- Smirnoff
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- Russian Standard
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- J&B
- 1800 Tequila
- Aberlour
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KEY FINDINGS

Path to Purchase

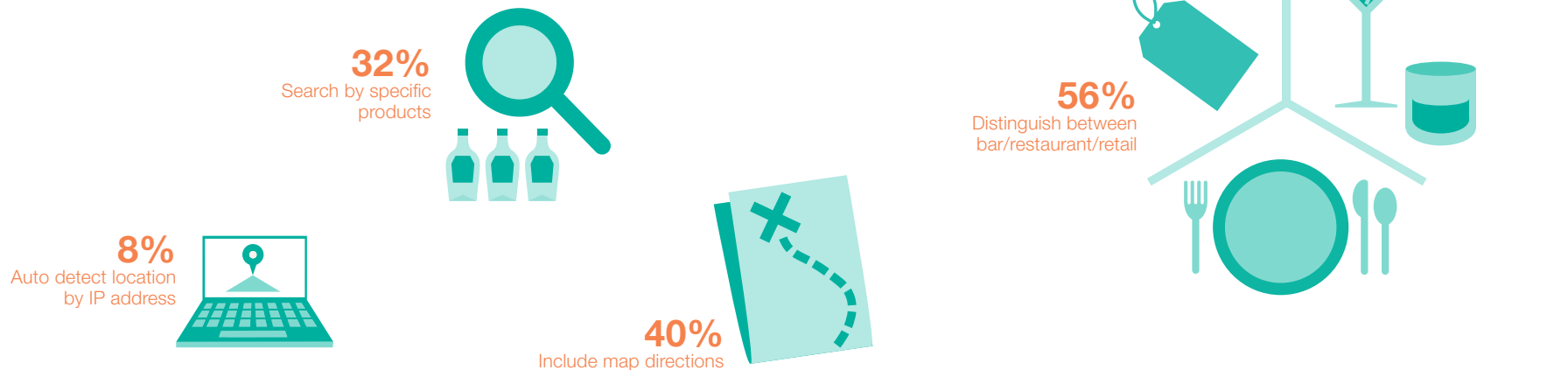
While regulatory constraints prevent end-to-end e-commerce, top brands are utilizing their sites to drive users to on and offline points of purchase. Thirty-six percent of brands incorporate retail locators (taking an average of two clicks from the main page to find a destination). Just 40 percent of brands with retail locators featured maps and directions, and only eight percent auto-detect location through IP addresses.

The Beam locator is ubiquitous across the parent's six brands, though it is not always deployed in the same way. In some cases, the locator is fully integrated into the brand site (Jim Beam) while in others, it is incorporated through a pop-up window (Maker's Mark) or a separate URL (Knob Creek). Diageo's Don Julio and Crown Royal both link to thebar.com for retail locations while Brown-Forman's el Jimador and Southern Comfort use Google Maps.

Retail Locator Site Features

Percent of Sites with the Following

December 2012, n=25



KEY FINDINGS

Loyalty

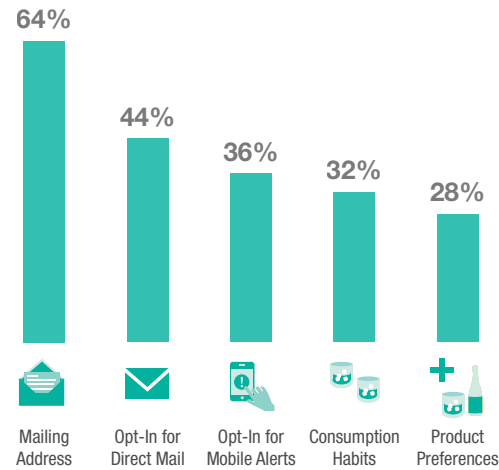
Only 36 percent of brands offer account sign-up through their sites, suggesting a significant missed opportunity.

Brands with account functionality captured between six and 30 data points upon sign-up with an average of 16.5. This ranged from mailing address (64 percent), opt-ins for direct mail (44 percent), and mobile alerts (36 percent), as well as varying degrees of consumer product preferences (28 percent) and consumption habits (32 percent).

Incentives also varied. Some brands lured loyalty members with news and events that went largely unseen. Others provided rewards like personalized bottle labels or bags. Patrón and Laphroaig were among the strongest, offering bottle registration/lookup, which allows the brands to track purchase location and habits.

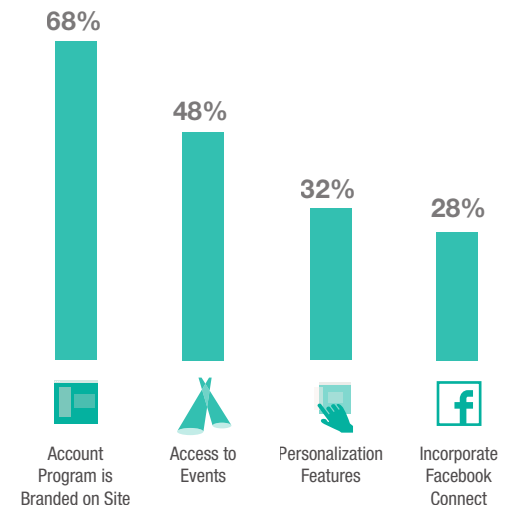
Account Data Collection

December 2012, n=25



Account Features

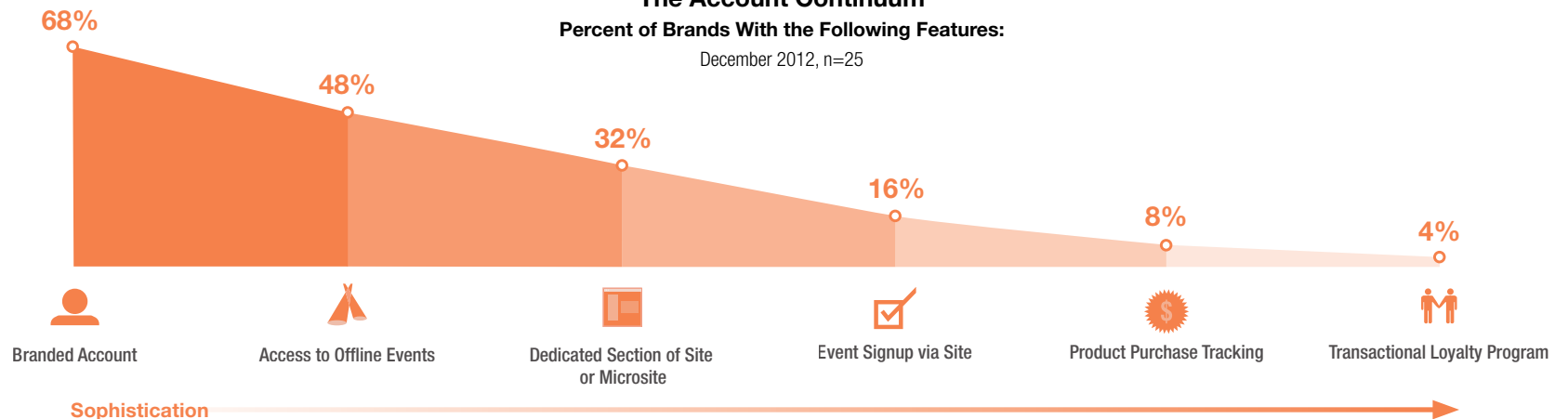
December 2012, n=25



The Account Continuum

Percent of Brands With the Following Features:

December 2012, n=25

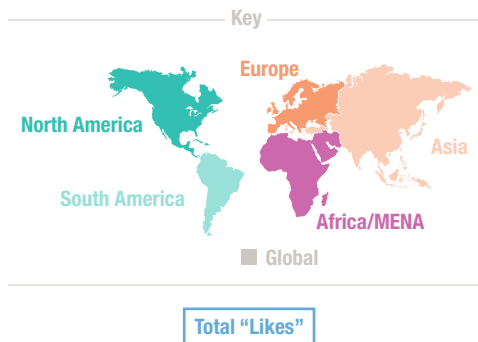


KEY FINDINGS

Facebook

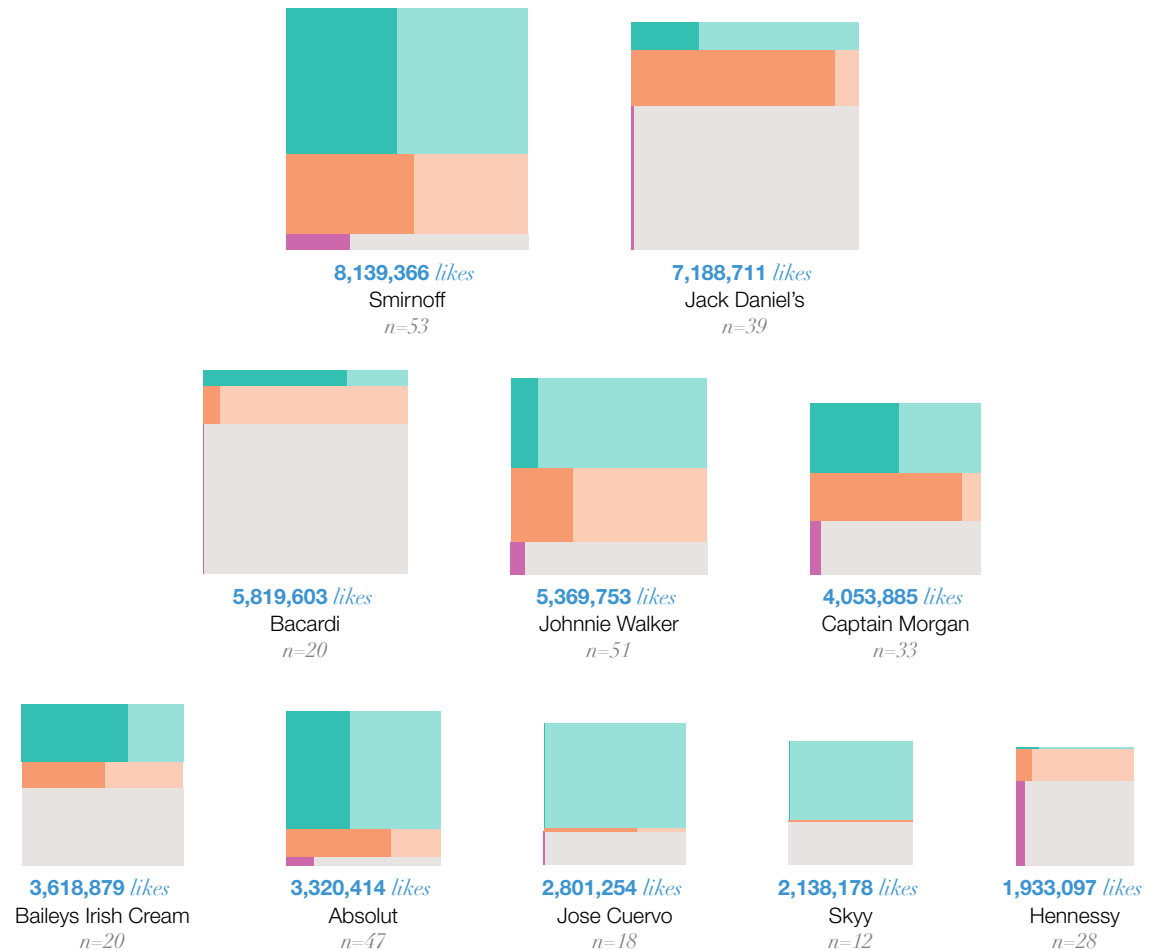
Presence on the big three social media platforms, Facebook, Twitter, and YouTube, is nearly ubiquitous at 100 percent, 94 percent, and 94 percent, respectively, and experimentation on emerging social media platforms is rapidly increasing.

Although Facebook serves as the hub for most social activity, community sizes lag other industries. The average U.S. Facebook community was just over 500,000, while global brand communities averaged just over one million, incorporating regional and product-specific pages. The importance of social media to the industry cannot be overstated, especially given the regulations around site. According to April 2011 data from ROI Research, 15 percent of users purchased an alcoholic beverage as a result of content encountered on a social network. Though this rate of influence lags auto and food, at 21 percent, it exceeds personal care and non-alcoholic beverages (13 percent and eight percent, respectively).³



Top 10: Facebook Brands Number of "Likes" by Aggregate Global Community Size

December 2012



3. "Beer, Wine & Spirits: Engaging Millennials (and Drinkers of All Ages) via Social Channels," Debby Garbato, eMarketer, September 17, 2012.

KEY FINDINGS

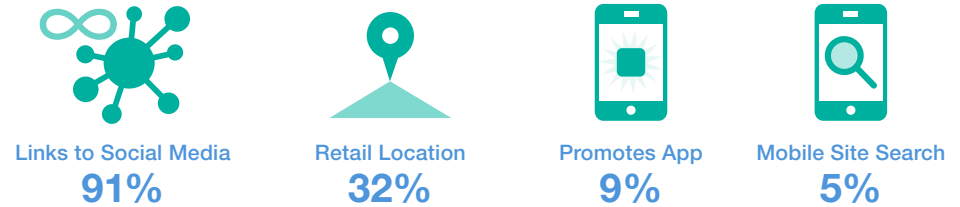
Mobile

While almost 60 percent rely on the desktop version, only one third of brands in the Index offer a mobile-optimized site. Despite the proliferation of smartphones, seven percent of sites are entirely flash-based and do not load on iOS devices. Given that experts estimate upwards of 50 percent or more of mobile searches have some sort of local intent,⁴ the industry is missing an opportunity to direct consumers to a point of purchase or to engage at point of consumption.

In the app space brands are active on both iOS and Android, though Apple remains the most popular mobile app platform with more than half of brands maintaining an iPhone app. Brands are starting to provide directions, retailers' contact info, and product information within their apps.⁵ Most apps include some sort of interactive feature, ranging from Sailor Jerry's virtual tattoo creator and tattoo artist finder to the Jack Daniel's Bar Call app that expedites the process of ordering Jack at a loud crowded bar. Other more retail-centric apps include location-based functionality, such as the Laphroaig bar locator or the Ciroc Celebration Guide with bar/restaurant locator.

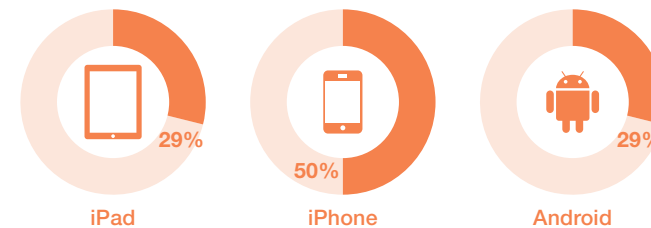
Mobile Site Feature Adoption Percent of Mobile Sites With the Following Features

December 2012, n=23



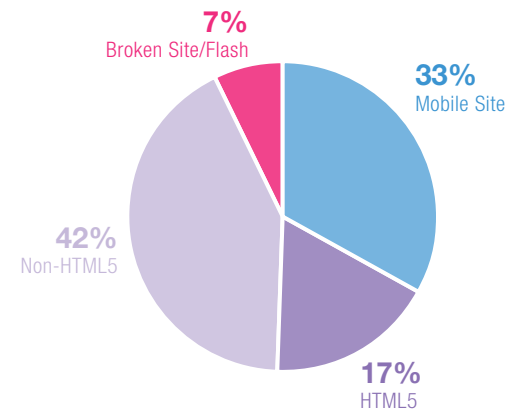
Mobile Application Adoption Rates Brands With a Presence on the Following

December 2012, n=69



Mobile Site & HTML5 Adoption

December 2012, n=69



4. ["50% of Mobile Search Is Local."](#) Greg Sterling, Screenwerk, October 1, 2012.

5. ["Customers Respond to Sites Whipped into Mobile Shape."](#) eMarketer, October 16, 2012.

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