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Usual Country of Origin versus Proud Made-In: Examples and Perspectives from the Vodka Industry

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Abstract

For a long time we thought that good vodka comes from Russia, Poland or Scandinavia. It was also a well known fact that vodka is not among the expensive drinks. Contradictory to this the market, which experienced the highest growth rate in the past years is the ultra-premium segment of vodkas consisting of bottles priced at 25 or more US dollars.

And surprising as it is the winner in this category was France! There are other prestige vodkas from Scotland, Ireland, Switzerland, Austria, and even from New-Zealand and Japan. The most intriguing is that, while in the past even non-Russian vodka brands tried to be a little Russian with their labels such as Gorbatschow, from Germany, or Kalinka, from Hungary, the new and ambitious brands are particularly proud of their origins.

This changing world order can only be accomplished along with the openness of customers. They are the ones intentionally looking for "exotic vodka brands". The case of vodka clearly shows that today being different and new can mean much more than traditions even in the case of the most traditional markets.

Keywords: marketing, county of origin, made-in, globalization, vodka

1. Introduction

„From ashes to ashes - From dust, to dust – but in the meantime let's enjoy a gulp of vodka” – explains an Old Russian proverb the role of vodka. But for us it is more important that we can demonstrate the power of marketing easily on a product like vodka. The most important character of good vodka is that it is clean, that is to say that all characters of this category are colorless, scentless drinks, which are mostly different because of their packaging and marketing. The only other similar product is perhaps mineral water. But as a matter of fact, the two are directly related since vodka in Russian means 'little water'.

Whether it was them or the Polish, who made the first vodka, is still under debate. According to a legend, around the 1500s', Russian monks made the drink in their hidden monasteries, where chemical experiments were made regularly and scientific discoveries were made. – writes Himelstein [1].

Contrary to this, the Polish found a document from the year of 1405, and referring to this, they say that the Russian just took over the "recipe" from them. Anyway, starting from the northern east-European farmers, the drink reached bigger and bigger geographical territories and became widely known. So much so that considering global numbers, on the market of spirits, vodka is the leader with a 25% share [2].

To add to the popularity of vodka there are other facts that are worth considering compare to other alcoholic drinks. Drinking vodka does not cause a headache; it can be consumed with any type of food and can be appropriate for any type of events. It can be drunk clean – there are some people who think it is better ice cold, others say it is better at room temperature. Moreover it is the basic ingredient in most cocktails; just think of the Cosmopolitan, Bloody Mary, Screwdriver, or the simpler ones like vodka tonic, vodka orange, vodka martini, or vodka Red Bull, the favorite these days.

Producing vodka is easy and cheap, which also contributed to its widespread popularity. There is no legerdemain in it like in the case of whisky or cognac, where oak barrels are used often to age the spirit for 3, 6 or 12 years even.

However, there is "legerdemain" with the use of marketing: what quality is the basic product, what kind of packaging used, where is it sold, at what price and how is the communication, the advertisement. This has been like this from the 19th century and it is very well portrayed by the example of Smirnov (later Smirnoff) vodka in a book titled: "The King of Vodka" written by Linda Himelstein in 2009.

2. Smirnov, the King of Vodka

The book says that Pyotr Smirnov believed that he managed to elevate the producing of vodka to artistic levels. He thought quality was very important and adhered to the original recipe, working with the best raw materials, asserting that his vodka is the most delicious.

He learnt some basic lessons at his uncle during his childhood about the distribution as well: Grigory could choose his inns brilliantly. All three were in the center of town, where the pedestrian traffic was big. Preceded his rivals in the renting of the most popular properties and snatched from his competitors the legal paperwork necessary for opening these shops. Knowing that the farmers, in contrast with the wealthy citizens, get up at five o'clock in the morning and they have nowhere to go from the cruel cold, he asked for permission to be able to open at seven o'clock in the morning, and with this opportunity he managed to lure new crowds of paying customers for himself.

At the same time, Pyotr Smirnov saw to it that nobody would get drunk at his place. In contrast to other pubs, he wanted his own to be highly respected. He took good care of his good image. It was important to him to be thought as someone who not only worried about profit, but also about his regular customers – so basically Smirnov pioneered image building. [1]



Fig. 1. Pyotr Smirnov pioneered vodka marketing in the 19th century: he used personal branding, public relations, advertising and guerilla marketing as well

Smirnov was on the cutting edge of personal branding as well: He wanted not just his vodka to be famous but himself as well. He decided to get leader positions, practice charity and collect any possible award and appreciation. He was shy and withdrawn by his nature, but now he had to push himself into the limelight. Later he chose his third wife in order to help his social judgments.

Because he has his vision from the beginnings: He wanted the whole country to know his name. He wanted all Russian to drink his vodka. But his main wish was to be known by the czar, and wanted him to drink Smirnov vodka as well.

This was not just a new business, but it was straightly pioneering, because the brand names and branding were almost unknown at that time. Moreover, advertisement was an unknown phenomenon in Russia. According to the famous short-story writer, Anton Pavlovich Chekhov, Smirnov bought an own column for himself in the Moscow Daily newspaper, from where he was unburstable [1].

Smirnov's family was on the cutting edge in social responsibility, today known as CSR as well. His uncle, Ivan was for example the most generous donor of the Saint Maxim church. Pyotr himself started with the House of the Beggars – for which he received the appointment of Councilor at once. There were some people, who thought of this in another way: The more serious the merchant's sins are, the bigger bells he makes, and the bigger churches he builds.

But if we are looking for the roots of guerilla marketing / guerilla advertising, this can also be found at the Smirnovs. The vodka king, Pyotr's sons for example, appeared with real bears in the fair of Nizhny Novgorod, who drank so much vodka that they could not stay on their feet – and understandably the audience enjoyed it very much of course. The vodka king himself also used "astroturfing". He gathered 15 persons on the Kitrov market, he invited them to dinner and asked for the following: "I want you to order a meat-soup, and after that ask for Smirnov vodka everywhere you go in. When the owner arrives say the following to him: < How is it possible, that in an excellent place like this there is no Smirnov vodka, when it is beyond dispute the best of all? >." Smirnov added that they should not take any other vodka instead of his, and leave the place offended. "After that, go into the next bar and start the whole play from all over again"! And the result: Smirnov got orders right from the first night and the orders kept coming in. Following this, for the next round, he asked the 15 men to get on a train, and get off at every station, where they should ask for Smirnov vodka. As Himelstein explained [1]: Smirnov practically transformed his good and cheap vodka into a trendy drink – and he made a fortune with it.

Thank to his genius marketing campaign he could sell huge amounts of his vodka. But for the time being his vodka was mostly consumed by lower class people. For his next target group, for the Russian aristocrats, he needed to use other tactics: target them through the North-European upper class. Because of this he participated in every event abroad where he could, like the international exhibition in Vienna in 1873, in Philadelphia in 1876, and in Chicago in 1893. And when he won the official supplier title from the tsar in 1886, his first move was to show the change in every vignette, and he bought advertisements in more newspapers' cover pages as well, to advertise the big news. Winning awards and communicating them to the public has always been important in brand building, as we will see it later in the example of Grey Goose.

The legal protection is also key concept in brand building, and Smirnov had to struggle with many forgers as well – there were some who went as far as writing on their bottles that it was made at the request of P. Smirnov's. Because of this, he introduced the cap and cork in 1881, the latter with the arms of Russia and his own signature. He sealed the cork with a resin, a white, wax-like material.

3. American war

Smirnov was on the cutting edge in international marketing as well: he became the supplier of the Swedish, Norwegian and also the Spanish royal court. But he targeted Japan and China as well. Thanks to the Russian (and later Soviet) historical events, that the brand – then known already as Smirnoff – was reborn in the USA between the two world wars.

The owner of the legal rights, Rudolph P. Kunnet had to start from the beginnings because the Americans did not have a clue as to what vodka was. He emphasized in his advertisements: The name Smirnoff was known in every corner of the Russian Empire. What is more, he showed the four arms of the government and the supplier of royal court title as well. Still it was hard to convince the Americans to give up their favorite beer, gin and whisky in favor of an unknown Russian drink. In the first year (in 1934) he sold only 12 boxes, each one containing 12 bottles [1]. He only managed to grow this number to 5000 in five years. [1]

The next owner, John Martin made a real brand out of Smirnoff. One of his friends tried to sell his root beer and they figured out a new cocktail with the following ingredients: vodka, root beer and lime. Its name was nothing else but "Moscow Mule". Martin was on the cutting edge of guerilla marketing as well. He got one of the first Polaroid cameras, and he went through the bars of Los Angeles. In the first bar he shot two photos of the bartender while he was making a Moscow Mule. He gave one photo to the bartender as a reminder and gave the other to the bartender in the next place where he showed how the competition sells Moscow Mule cocktail with Smirnoff vodka. He took two pictures here as well, and went ahead.

Besides, he started an aggressive advertising campaign: at first he showed the Americans that they can drink vodka with every liquid. Later, famous stars gave their faces and names to the drink like Woody Allen, Groucho Marx or Eva Gabor. But the real breakthrough came when Smirnoff became the drink of the Bond-movies. And the result: in the 1970s more vodka was consumed in the United States than gin or whisky. And the market leader was by far of course Smirnoff.



Fig. 2. "Absolut Perfection" – The campaign of Absolut vodka made the Swedish brand world famous: this was the first time that people began to desire something else rather than Russian or Polish vodka.

In the past years both Absolut and Smirnoff had to face a growing number of competitors: Only in the US, 300 new vodka brands appeared in 5 years [2]. These brands naturally try to position themselves according to the already existing ones. The Polish Sobieski for example tries to flip Absolut with its "Truth in Vodka" campaign. According to their message the truth is in the vodka. Simply in the vodka and not in the bottle, or in the premium price, or in the packaging, nor is it in the marketing techniques. But of course the "truth in vodka" campaign is also marketing, even though according to their professional materials it belongs to the "anti-hype" category. This seems to have worked out for them as in the first year in 2007 they were able to sell 255.000 six pack bottles in the US. This became the most successful vodka introduction of all times [6].



EVER FEEL LIKE YOU'RE NOT
GETTING YOUR MONEY'S WORTH?



Fig. 3. The Polish Sobieski vodka pointing out that the truth is in the bottle – the consumers can feel that they are getting their money's worth

4. Grey Goose

While Absolut Vodka's advertising campaign is still often discussed in marketing and advertising conferences, the international community talks more and more about the vodka called Grey Goose. This brand is a good example to show the extent to which our world has changed in terms of communication: the brand was purely built on PR and their ads were also based on public relations in which various news were presented. The drink was invented in the middle of the 1990s by Sidney Frank. It was literally invented as he observed that after the dot-com bubble burst there were many newly rich young people, who wanted something special to drink and Absolut was not enough for them. The Swedish brand at that time costed 15-17 dollars and was a market leader of premium vodkas. Sidney Frank realized that there was another category above the premium: super-premium or ultra-premium. So he instructed his colleagues to go the France (!) and return with a bottle of vodka! France was a good pick, because many of its cognac producers were forced to close, so it had a lot of free production capacity. The logical

reply from his co-workers was: "Shouldn't we go to Scandinavia or Russia boss? No. People are looking for something new. If we charge double price for vodka we need to justify ourselves." Moreover the story needs to be attractive, easily remembered and deliverable. In the case of a French brand the positioning is straightforward: It is from where most of the luxury products are made, this is a handmade masterpiece [7].

From this perspective the name can be the only strange factor: Grey Goose. However, this allows for a special bottle: the flying geese on the bottle shining, making it easily recognizable for bartenders and representing a quality product. This was further facilitated by the wooden case in which it was delivered, just as good French wines. The awaited success soon came: in 1998 the Beverage Testing Institute chose Grey Goose to be the best tasting vodka on the market [8]. Although taste in the case of vodka is somewhat difficult to distinguish, from a PR perspective this was an important result, which had to be communicated wherever possible. This notion appeared in all of their ads saying that Grey Goose is the number one tasting vodka in the world. And where did these ads appear? In the Wall Street Journal! As Sidney Frank says "we have to influence the influential". To get in the most fashionable clubs and to give the drink to the coolest people was the aim. Well, this came true as for example in the TV series "Sex and the City" the Cosmopolitan cocktail is often requested to be made with Grey Goose. But the brand is also important in the movies "Ocean's 11", "12" and "13". Who knows, maybe even James Bond is going to switch his Smirnoff for a Grey Goose in his Martini.

Sidney Frank justifies the success of his brand saying that people always want to keep up with their neighbors. Simply put, when we are standing at the bar we go for the cooler, more fashionable drink then the person next to us. And although a Ferrari or a couple thousand dollar watch is something that not many of us can afford, this does not apply to a 25-30 dollar vodka. This statement is so true, that in 2002 Frank sold the rights of the brand to the American Bacardi Corporation for 2,2 billion dollars. In the same year the computer giant established in 1981, IBM sold its hardver business for only 1,75 billion... [7].



Fig. 4. Grey Goose is proud of its French origin – in the beginnings it was shipped in wooden cases with the slogan: "From the best vodka region of France"

5. Luksusowa

Soon a lot of competitors appeared in the ultra-premium category discovered by Grey Goose. Most of them even called themselves luxury vodka and this would appear in their ads, or on their bottles. The following can be read on the packaging of Kauffman vodka: "luxury Russian vodka". The bottle resembles a perfume and its price is also similar: 150 dollars. The explanation was that this is the first vintage vodka – similar to several wines, it is made when the crop is the best [9].



Fig. 5. The packaging of Kauffman vodka resembling a perfume – On the bottle we can read: "luxury Russian vodka"

Slightly cheaper, the Polish Ultimat costs 140 dollars. This is the only vodka in which wheat, rye and potato are all present, in other words all the three ingredients, which are separately used to make vodka. Moreover it is the bottle that justifies the 140 dollars price as it is made in 24 hours by craftsmen.

We can buy two bottles of Snow Queen for the above price as it "only" costs 70 dollars. This vodka is produced in Kazakhstan with water from the foot of the Himalayan Mountains, wheat from the Russian Steppes, gathered besides the Silk Road and filtered through birch charcoal.

Some imagine the luxury positioning in another way: the owner of the Russian Imperia vodka, Roustam Tariko rented Liberty Island for the market introduction of his vodka and invited the cream of New York [10].

Another brand, the Belvedere (which sounds French, but actually is Polish) also aims the gallants and girls of the city, but instead of the importance and solemnity, parties are in the focus. That is why it was introduced in clubs, but the party due to the Belvedere Private Room service can go to your house, along with a private bartender, a poker specialist or a masseur [11].



Fig. 6. The slogan of the Polish Belvedere: „luxury reborn” – the Belvedere Private Room service includes bartenders, poker experts, and of course masseurs

The Belvedere also invokes hip-hop stars for the promotion of the brand. Among others the famous Ludacris has appeared with the drink. They say that in order to build a luxury brand in the US, it is essential to get into the hip-hop "circle". That is because they not only consume these beverages, but also show them in their video clips and can even build these brand names into their lyrics. Jay-Z for example praised the Scottish Armadale vodka in his songs, and later bought the rights of distribution as well [12]. The French Ciroc vodka has no other than P.Diddy as its brand manager.

The rapper and fashion designer positioned Ciroc as the "official vodka of New Year's Eve" – hoping that it will be drunk not just on new year's eve, but on parties which are as huge. He also emphasizes its slogan: "Ciroc – The Art of Luxury" [13].



Fig. 7. The brand manager of the French Ciroc vodka is no other than the hip-hop star, P.Diddy

Another brand of vodka did not worry about services, commercials or hip-hop stars, yet we immediately know that it's a luxurious beverage. It is called: Luksusowa.



Fig. 8. The Polish Luksusowa's name suggests a treat of luxury

The brand Diva at the same time dismisses all of the above: "Come on, these are distant from luxury." Because one bottle of Diva vodka can cost one million dollars (!), and even in the luckiest case it is minimum 100 dollars. Why? The bottle contains a glass tube that can be filled with various gems. The standard variation is cubic zirconia, smoky topaz, pink tourmaline, amethyst, citrine and peridot. But the various combinations can be discussed with the Diva team, and if someone desires an emerald, that is also possible. And for the absolute feeling of luxury: the drink is filtered not only through charcoal but also through diamonds, and gems.



Fig. 9. One bottle of Diva vodka can even cost one million dollars: the bottle contains a glass tube that can be filled with various gems

6. Carnival of nations

The Diva brand comes from a country from where we would probably expect whisky: Scotland. The same is true for Ireland – where the above drink is written like this: "whiskey". After all, the Irish too have their own vodka: the Boru. And the list is by far incomplete!



Fig. 10. Countries indicated in dark are where vodka traditionally comes from – however new countries from Europe and from all over the world have joined the list in recent years

Traditionally vodka comes from the countries indicated with dark color, however in the last few years countries from Europe and the rest of the world have joined the list [14]. The Dutch for example have their own vodka long before: the Ketel One is an internationally recognized brand. The Effen has a story of a hundred years, but it became truly successful for the first time after it received first place on the world spirit competition in San Francisco in 2008. The Vox brand is also becoming more desired due to its various flavors. However from this point of view the Van Gogh vodka carries the day. It has flavors of vanilla, coconut, wild cherry, mango, orange, pomegranate, pineapple, banana, and crab apple. And the extreme flavors are yet to be mentioned: Dutch chocolate, espresso and double espresso.

But let us get back to the nations. It is not a surprise that Estonia joined Russia, Poland and the Scandinavians – their most important luxurious vodkas are Ston and Türi. Iceland is also acceptable, because it can be very cold there – it is no wonder that they sip their own brand of vodka called Reyka.

It is thought provoking at the same time that there is a Swiss premium vodka (called Xellent, which makes you feel the excellence), moreover, an Austrian prestige brand the Puriste (refers to the pureness of the water from the Alps).

The most unusual examples are the New-Zealander and the Japanese vodkas. The prior, the 42 Below was introduced by an ex advertising executive Geoff Ross from his garage in Wellington. The latter was simply named Samurai – and its bottle looks as if a Samurai sword had just split it in half.

The brands above are specifically proud of their origins. They have no intention to mislead us with packaging suggesting Russian (or the late Soviet Union) heritage. They do not try to cover their origins with Russian sounding names such as

Gorbatschow vodka (from Germany), or Kalinka (from Hungary), or Romanov (from India). They are proud of their origins and try to turn this into a benefit. The following chart shows the various countries producing premium and ultra-premium vodkas.



Fig. 11. The Samurai vodka is also proud of its origin

Table 1. Premium and ultra premium vodkas which are proud of their origins

Origin	Premium & ultra premium vodkas (price over 20 dollars)
England	Three Olives
Austria	Puriste
Denmark	Danzka, Fris
Estonia	Ston, Türi
Finland	Finlandia
France	Ciroc, Citadelle, Dragon Bleu, Grey Goose, Nuage, Peureux Perfect
Netherlands	Effen, Ketel One, Van Gogh, Vox
India	Romanov
Ireland	Boru
Iceland	Reyka
Japan	Samurai
Kazakhstan	Snow Queen
Poland	Belvedere, Chopin, Luksusowa, Potocki, Sobieski, Ultimat
Russia	Czar's Gold, Imperia, Jewel of Russia, Kauffman, Russian Standard, Sputnik, Stolichnaya Elit, Zyr
Scotland	Armadale, Diva
Switzerland	Xellent
Sweden	Absolut, Karlsson, Level, Svedka
USA	Skyy, Vodka 14
New-Zealand	42 Below
Ukraine	Nemiroff De Luxe

7. Absolut French

The above examples are of course not always favored by the ancient "vodka nations": the Russians, the Polish, the Swedish, and the Finnish are equally dissatisfied because of the continuous emergence of new competitors. Moreover, these new vodkas are often not even made of grain or potato, but of corn, sugar-beet, sugarcane, or even from grape. The Ciroc is made of grape, and its motto is: "go against the grain!" (which also means "to be different").

This is also possible because the European Union made its vodka regulation when Finland, Sweden and Poland were not yet its members. And apparently they created terms, which enabled for the German and French brands to compete. For example the French have more ultra-premium vodkas apart from Grey Goose and Ciroc: the Citadelle, The Dragon Bleu, the Nuage, and the Peureux Perfect.

Interestingly the biggest protester about the above is the Absolut. This brand is produced in South-Sweden, near Åhus, and the fact that it is a national treasure had been indicated by the Swedish government's share in it.

However, in 2008 they sold their shares to Pernod Richard liquor producer and distributor conglomerate. Thereby the Absolut brand became French. So Swedish vodka owned by the French protesting against French vodkas...

Last, but not least, another interesting fact, if we thought that the advance of the French is a novelty in the vodka industry. In the 19th century among the vodka suppliers of Alexander II tsar only one was Russian. Two of them came from France – Kamill Déprès and Emile Rouget –, the third, Alexander Striter was German. The fact that they were foreigners made these suppliers attractive for the tsar and his aristocrat friends. Russian vodka was associated with primitive methods of concocting, it was considered as a drink of plain people rather than kings and rulers. On the other hand products from France were regarded as particularly subtle, stylish and first class merchandise – writes Himelstein in her book "The King of Vodka" [1]. It looks like that time is here again. The challenge is set for Russian vodkas.

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