Beam Suntory
Winning at retail through focused distribution
Client Profile

Beam Suntory is one of the world’s largest premium spirits companies. It was established in 2014 through the merger of a world leader in bourbon and a pioneer in Japanese whisky to form a new company with a deep heritage, passion for quality, innovative spirit and commitment to sustainable business practices.

Opportunity

Beam Suntory recognized a significant opportunity to increase and enhance its distribution capabilities in two of its important spirits categories: cordials and tequila. The company sought a new way to profitably grow its brands as well as a means to secure a competitive advantage over its peers. Furthermore, as retailers became increasingly proactive in managing their shelf selections and product assortment, Beam Suntory wanted to capitalize on consumer and demographic differences to develop a tailored growth strategy for its brands.

Previous attempts to grow distribution for these categories had failed to meet expectations or fully-overcome challenges including fragmented local distribution, regional taste preferences and local competitors, complex product portfolios, the inability of independent retailers to successfully identify optimal product assortment and stretched sales resources. To address these issues, Beam Suntory needed to understand which products and markets to focus its attentions on, and which channels to use to get the right products in the right stores. To this end, Beam Suntory engaged Axia Ltd., a strategy consulting service provider subsequently acquired by Accenture and hereafter referred to as Accenture Strategy, to identify and implement opportunities to profitably increase distribution of its cordials and tequila brands, both on and off premise.

Solution

Accenture Strategy adopted a five-step approach to bring discipline and consistency to Beam Suntory’s efforts, including: strategic alignment; analytics; prioritization; field execution; and maintenance.

For each category, the project included a three-month strategic alignment, analysis and prioritization phase and a 6-8 month execution phase during key focus months, followed by ongoing maintenance to ensure sustained performance.

Accenture Strategy developed a proprietary strategic methodology to align Beam Suntory’s complex portfolio with observable consumer buying behavior at the local level to help drive sustainable, optimal distribution. Using a focused distribution approach, Accenture Strategy identified accounts where targeted products were likely to perform strongly and determined the size of potential distribution growth opportunities within each account.

Statistical analysis was used to correlate sales of these products with several factors, including the performance of the client’s other spirits products at the store level; detailed account characteristics such as channel or venue type; and demographic variables such as urbanization or ethnicity.

The Accenture Strategy team collaborated closely with Beam Suntory and its distribution partners to ensure the account lists and selling materials were aligned with the needs of the local sales teams. These teams were provided with detailed account lists to determine which products in which accounts were expected to yield the most sales, as well as selling materials with relevant product facts and selling strategies. In order to increase likelihood of compliance, goals were aligned with already established key performance indicators.

Following the initial implementation of focused distribution for the cordials category, the approach was evaluated and refined to help ensure distributors and sales teams had enough lead time to focus on it. The Accenture Strategy team worked with Beam Suntory to outline the core areas where implementation support was required, as well as developing sample output and materials to highlight the approach and potential opportunity. The team also met with key business leaders to identify other parts of the portfolio where the program would have the most impact and tequila was identified as the next area that was similarly complex and ripe for improved distribution.

Accenture Strategy also developed performance assessments and ongoing measurement and reporting capabilities to track results. Moreover, while the results of the first category were manually tracked, Accenture Strategy developed automated reporting within Beam Suntory’s existing systems to easily demonstrate outcomes for the next one. Finally, the team created detailed knowledge transfer assets with descriptions and explanations for the processes/steps in each of the five stages of the focused distribution model.
Results

Through its collaboration with Accenture Strategy, Beam Suntory is able to realize the benefits of scale, while retaining its agility at the local level, connecting key brands, extensions, flavors and sizes with accounts where they would be most likely to perform strongly.

Accenture Strategy provided actionable and impactful insights based on actual consumer behavior, enabling distribution growth through optimal product assortments at a hyper-detailed account and store level. To facilitate the sell-in process, Accenture Strategy also developed sales collateral and portfolio overviews for the sales teams, distributors and retailers/account owners.

Focused Distribution allows Beam Suntory to fill high-quality distribution gaps and improve performance through consistent and disciplined sales execution. In the initial trial of the program, the accounts that were identified performed over 20 percent better than those which did not fill any gaps. Participating accounts also had higher reorder rates than those of other accounts. In the extended cordials program, distribution is expected to increase between 10-50 percent for each of the products selected and in the tequila program, the increase in distribution is expected to result in annualized revenue growth of 10-20 percent, with select products growing as much as 30 percent.

“During the course of the program, your markets closed 13,403 critical distribution gaps. This resulted in almost 10,000 new cases of tequila just during the program time period – those new accounts will continue to deliver volume for our tequila brands over the coming months and years.”

Senior Director, Tequila, Beam Suntory
About Accenture Strategy

Accenture Strategy operates at the intersection of business and technology. We bring together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise wide transformation. Our focus on issues related to digital disruption, competitiveness, global operating models, talent and leadership help drive both efficiencies and growth. For more information, follow @AccentureStrat or visit www.accenture.com/strategy.

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