

Media Plans Book



SKYY VODKA

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Situation Analysis

Macro Environmental Consideration

SKYY Vodka prides themselves in being the best vodka available on the market, yet their sales do not show this trend. Because of a poor media mix plan, many people do not consider SKYY when they are looking for vodka. Most people buy liquor for two reasons: to get drunk or to live up to a social status image. When people are buying vodka for reasons that involve just getting drunk they are not willing to pay the excessive price high quality vodka like SKYY entails, so these people will pay half the price for a cheaper alternative that will have the same effect on their bodies. This aspect of the current market is out of SKYY's control until they can change their marketing strategies and alter their brand image.

Many social and cultural aspects affect the entire vodka market, not just the SKYY brand. Family advocacy groups and religious organizations alike condone the use and advertisement of substances such as vodka. Therefore, it is more difficult for the companies in this industry to succeed unless they create an image for themselves that outweighs the backlash they receive from these advocacy groups.

Liquor companies such as vodka not only has to worry about the social stigma toward their brand, they also must take into consideration the local and national laws regarding advertisement and distribution of their product. Several laws exist that prohibits the sale of all alcoholic beverages on certain days and between certain hours. Compa-

nies, such as SKYY, have no control over these environmental bans and must think of alternative ways to promote their brand.

Company Analysis

HISTORY

SKYY was developed on a singular vision: to create exceptionally smooth vodka (SKYY Vodka). The brand was founded by an engineer with no spirits experience in 1992. SKYY was finally able to differentiate itself by using quadruple-distillation and a triple-filtration process which produced a vodka with the fewest impurities than any other leading brand. Again, in 1993, SKYY broke through the product industry by introducing the blue bottle. This cobalt blue packaging was the first stylized bottle in the vodka industry.

The company received immediate accolades and soon partnered with Italy's Gruppo Campari, a Milan based spirits company, and was soon able to become a leader in the global market. Driven by passion and compassion, SKYY has also helped fund arts and education institutions, as well as numerous other philanthropic endeavors (SKYY Vodka).

MISSION & POSITION

SKYY Vodka revolutionized the spirits industry with its proprietary quadruple-distillation and triple-filtration process that consistently ensures exceptional quality. Distilled in America with American grain from the Midwest and 100% pure filtered water, SKYY Vodka is one of the leading super-premium vodkas in the US. SKYY and sells over 2.5 million cases globally and is the largest domestic super-premium vodka brand in the U.S (SKYY Vodka).

LEADERSHIP

- Gerry Ruvo, Chairman & Chief Executive Officer
- James McLachlan, Chief Financial Officer
- Andrea Conzonato, Chief Operating/Marketing Officer
- Matt Davenport, Vice President of Sales
- Sarah Petrik, General Counsel (SKYY Vodka)

Product/ Brand Analysis

SKYY Vodka is proud to be the leading vodka with the fewest impurities and a smooth, clean taste. Innovative four column distillation and a triple filtration, as well as proprietary reverse- osmosis process, gives SKYY this distinctively smooth quality. Independent tests prove that SKYY has fewer impurities than other leading vodkas (SKYY Vodka).

The personality of SKYY and their product marketing have hindered their sales and with improved strategies, SKYY could be a top five vodka leader by the first quarter of 2012. The current target market, young social females, has created a personality for the brand and has led to the luxurious social status image that it has today. SKYY has many substitute products and compared to other products, also has a very short life-cycle. Once liquor is drunk, it is gone. Because of the unique packaging that SKYY has, some people choose to save the bottle- which leads to more brand awareness over time.

Being ninth in the current market among vodka sales allows SKYY to be on the offensive. This strategy gives the company room to experiment and win over vodka drinkers from other brands. The past and current advertising campaigns for SKYY have been

very racy and are aimed more directly towards young, sophisticated women. The company has gotten much media attention over their choice of out of home advertising, which are normally billboards placed in busy cities. Both positive and negative feedback has led to curiosity from numerous people who want to see and find out the stir behind the new SKYY Vodka advertisements.

Three vehicles are used in SKYY's advertising campaign strategy. These three vehicles are magazines, internet and outdoor. The majority of the money is used to promote magazine advertisement awareness. However, even though SKYY spends less than half of their media budget on outdoor ads, most of the attention and audience that is drawn to the brand comes from out of home advertisements.

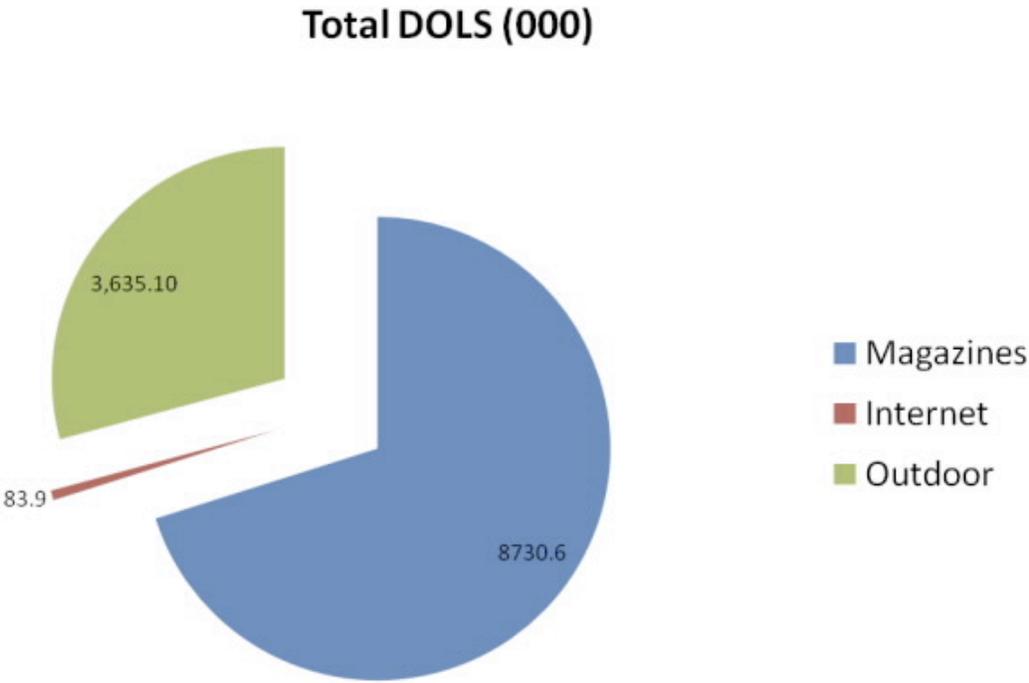
SKYY has many sweepstakes and sales promotions going on all at the same time. One of these promotions is a free poster of one of the advertisements used for the brand awareness. All a person has to do is sign up and they can win a free poster to hang up on their wall at home. This promotion will boost brand recognition and in turn boost sales. Every year SKYY also hosts their very own search for the Best Bartender in the World. People come from all over the world to compete and be known as SKYY's best bartender. This event creates much PR and social buzz about the brand and has led to the social status image that it has today.

Competitive Analysis

The three major competitors for SKYY Vodka are Smirnoff Vodka, Absolut Vodka, and Grey Goose Vodka. Like SKYY Vodka, all three of these competitors are premium brands. Each of these brands is well known and market toward the same target audience. Although each brand has the same audience that they market toward, they each use different advertising vehicles. In their advertising, they all want to portray that their vodka is of the highest quality, trendy, and offers a little more than the competitor. Each brand uses

trendy and fashionable advertisements in order to attract their target audience. Because these brands offer similar product features, benefits, positions, and values, each of these brands have a specialized and unique marketing mix that works better or worse for certain brands depending on the advertising vehicle.

All four of these brands chose not to include Network Television in their marketing mix; and only Grey Goose chose to include Sunday Magazines in their marketing mix, which is just a fraction of their total advertising.



SKYY Vodka only uses magazines, US Internet, and Outdoor mediums in its marketing mix. The other competitors use at least eight vehicles in their market-

ing mixes. Although Sky Vodka uses magazines the majority of their advertising, they have the least Share of Voice. Grey Goose Vodka controls the Share of Voice in most categories, which shows the control that they have in the vodka industry.

SKYY vodka needs to change their marketing mix because they have the least Share of Voice out of all four brands. Smirnoff Vodka has been successful using Cable

Television, Spot Television, and National Spot Radio advertisements. Absolut Vodka has been successful using Magazines, National Spot Radio, and Outdoor advertisement. Grey Goose has been successful using Sunday Magazines and National Newspapers.

In conclusion, SKYY Vodka lacks Share of Voice compared to other premium vodkas. In order to create stronger a stronger Share of Voice, SKYY Vodka needs to expand and reconstruct their marketing mix in order to control their leading competitors.

Consumer/ Market Analysis

SKYY Vodka's target market is men and women ages 18 to 49. The majority of the target market didn't graduate from college and resides in the Southern region of the United States. (MRI Plus)

Purchasers prefer SKYY over other types of vodka because of quality and social appeal. The loyalty rate of our users is high and we have noticed after one use of the product they are likely to use our product again.

We have also noticed some geographic differences that relate to SKYY's consumers. Such as how SKYY is more heavily consumed in the Midwest and Southern areas of the United States when compared to the West and Northeast . From that information we can infer that subsequent advertising will be needed more heavily in the areas that are not heavy purchasers of SKYY Vodka.

Consumers look for convenience, superb taste and the idyllic blue bottle when recognizing the brand. Perceived product benefits of SKYY include smoothness in taste, fewer impurities, social ambiance and ability to mix simply with cocktails. The criteria people use to make purchase decisions for vodka are availability, flavor, price but most is based on if they have had the brand before.

Problems and Opportunities Analysis (SWAT)

SKYY Vodka is among the Top 10 Vodkas, however, there is always room for improvement. After evaluating SKYY Vodka, the brand equity yet there are some areas that could be increased to better enhance the brand's image and profits.

SKYY is the fastest growing super-premium vodka in the market. The entire SKYY line of vodka projects an image that is fashionable and a top choice among vodka drinkers. The quality of SKYY Vodka is known for having the fewest impurities, smooth taste, mixing ability, no bitter aftertaste, and it chills better than most vodkas (SKYY Vodka). SKYY advantage of market dominance when they introduced SKYY Infusions, a line that blends the quality taste of SKYY with different flavors and then again when they company introduced SKYY90, the ultra-premium vodka (SKYY Vodka).

SKYY's target demographic is the people in their early to late twenties. They market toward the younger crowd in hopes of drawing in the middle to late twenties demographic (SKYY Vodka). This is because SKYY is more expensive than what the younger demographics are willing or even able to pay. Also, at that age binge drinking is more popular than the sophisticated image that SKYY portrays.

SKYY is a top competitor in the vodka market; SKYY has done so by having great brand equity. Users are loyal to the product and the company has a great retention rate; meaning that once a person knows they prefer SKYY vodka, it is their vodka of choice. This top-of-mind awareness is what SKYY is striving to have for everyone who drinks vodka. SKYY is also seen as a very trendy, popular, and higher class brand of vodka than

some of the other out there (SKYY Vodka). This stigmatism that comes from SKYY has allowed them to not market as heavily as others.

The media vehicles they use to achieve this goal is using magazines and outdoor marketing. Then of course they rely on word-of-mouth to market the product. Compared to other vodkas that have a higher position on the Top 10 list, SKYY does not market as much. In fact, they do not use most of the markets unlike their competitors.

SKYY's brand equity does have weaknesses however. The data shows that the users of SKYY are the demographics of college students who may not have disposable income required to consume SKYY Vodka on a regular basis (MRI Plus). This target market views SKYY as the drink of choice if there is an occasion that is acceptable to spend the little extra is costs to purchase this top shelf vodka. SKYY is also heavily marketed toward women, which leaves out the entire male demographic. SKYY Vodka needs to re-focus its target demographic toward the upper middle-class, men and women with extra money.

SKYY Vodka is well known, but does not have the top-of-mind awareness that other vodka in the same category might have; for example, Grey Goose. Users of SKYY Vodka are loyal to the brand, but more users are always better. The data supports the issue that SKYY may not have top-of-mind awareness because the brand does not capitalize on all the marketing tools available. SKYY spends most of its advertising dollars in the areas of magazines and outdoor media. (MRI Plus). They are missing an opportunity to expand their reach by not using TV advertising. Another way SKYY could advertise more effectively is by getting celebrity endorsements.

Other competitors use different types of media and these brands are placed higher on the Top 10 Vodka list. Although SKYY does have a high quality brand image, there is

nothing to differentiate between SKYY and its competitors. The bottom line is the fact that there are too many substitutes for SKYY.

On the other hand, the weaknesses can be used to SKYY's advantage. There needs to be more of a distinction in the vodka market between SKYY and the other vodkas. This can be done through better advertising, more spending on the advertising, or choosing a different advertising vehicle.

SKYY Vodka took advantage in competing with other brands when it introduced SKYY Infusions and SKYY90, but to fully reach its potential and go for more category control, SKYY could introduce a less expensive line. By doing so, it creates an opportunity to compete with other brands and reach a different set of consumers. This line's target demographic group could be college students or people who more susceptible to binge drinking and do not care about the quality. For example, Burnett's vodka is known for its inexpensive product, but it still has decent flavor. If SKYY were to come out with a product that was still a quality product, which is has built a reputation around, then it would have an opportunity to have power in another market segment.

SKYY also has another opportunity to create more revenue and market dominance if they could market two of their products together. For example, create a line of SKYY mixers that blend perfectly with SKYY Vodka to enhance the quality and flavor. Tarantula Tequila took advantage of this strategy when it sold its own brand of margarita mix along with the tequila. SKYY Vodka could use this strategy as another way to market their product instead of using the traditional forms. They could market this special to areas and consumers who know about the quality of SKYY and would buy into the idea of SKYY having a quality-mixing agent.

SKYY Vodka has a quality product and that is what they are known for; superior vodka. However, there are weaknesses that work against the marketing strategy they currently use. By reevaluating how they are spending the money; they might be able to produce more revenue. SKYY's data shows that the company does not use many marketing vehicles; therefore, what they are not spending in marketing they should use that money more effectively (MRI Plus).

Problem Identification Statement

The core challenge that SKYY Vodka faces is placing itself within the innate set in the minds of consumers. With direct brand competitors like Smirnoff, Absolute and Grey Goose, SKYY Vodka contends to be a leading brand in the vodka market but not the main brand.

SKYY Vodka claims the fewest impurities and has a smooth, clean taste. It is created from a reverse-osmosis process, which gives it some unique leverage over other brands. For example, Smirnoff claims to have been voted the best vodka by the NY Times as well as being the worlds best vodka. Other competing brands such as Absolute and Grey Goose also have similar claims which can be confusing or overwhelming for consumers when weighing which brand is a better choice.

So we find ourselves asking how consumers differentiate between choices of vodka and realized that SKYY Vodka must better position itself so that it assures customers that is the brand of choice.

We decided that the best way to communicate the differences between SKYY and other competing brands was to communicate SKYY Vodka's philosophy through

advertising. By doing so we hope to make SKYY more than just a vodka you purchase and consume but a statement and brand consumers can live by.

Marketing Objective

The Marketing Objective is to develop an integrated marketing campaign that projects SKYY Vodka to be the best choice when compared to other competing leading brands, and increase the rating of SKYY Vodka from 9th to the top five vodkas.

Our marketing goal is for consumers to immediately identify SKYY Vodka as the superior choice. This campaign will reach SKYY Vodka's target market and position SKYY as the best in it's market. An increase in sales and optimal cognizance of the product by at least four positions, by the first quarter of 2012 is our overall execution goal.

We hope to make these changes by conducting interviews to better understand the consumers current brand perceptions, research mediums that will have the best reach and frequency for our target market as well as possibly beginning an interactive program for unwavering customers that we believe will help increase sales as well as our relationship with our consumers. Our Marketing Objective sets out to emphasize three important aspects of SKYY Vodka's philosophy: quality, attitude, and lifestyle.

Advertising Objective

We will use Advertising to achieve our marketing objectives by creating a message that exemplifies the benefits of purchasing SKYY and portrays the philosophy behind the “SKYY Lifestyle”.

SKYY Vodka’s communication objectives are:

- SKYY Vodka is the smoothest vodka with the least amount of impurities.
- All vodka isn’t as classy, stylish or as trendy as SKYY Vodka.
- People who drink SKYY Vodka embody a certain ambiance that is unique.
- If you’re not drinking SKYY Vodka then you don’t epitomize the “SKYY Vodka Lifestyle”.
- To relate with humor the overall appeal to drinking SKYY Vodka.
- And most importantly SKYY isn’t just another brand of quality vodka, it offers more.

Utilizing ideal mediums will be key when communicating SKYY Vodka’s message. To best reach our target market with our message we will need to break through clutter with a creatively executed advertising campaign that resonates with our consumers in a profound enough way to alter brand perception in the innate set.

In conclusion, our Advertising Objective sets out to emphasize that when purchasing SKYY Vodka you are not only buying an exceptional grade vodka but you are also buying into a brand that stands for class and embodies everything trendy about drinking.

Executive Summary

Before we began analyzing any of the data, we researched and talked about what we currently knew about SKYY Vodka and any social and cultural stigmas that we thought were associated with the brand. We then looked into our research that we conducted on the MRI website and the CMR data and analyzed the current marketing strategy of the brand.

The marketing goal that we came up with is to be one of the top five competitors in the product category by the beginning of the first quarter of 2012. When we found out whom SKYY's current target market was we realized that the people the company is trying to reach and the strategies are not consistent. For such a high quality brand to be trying to reach the social class that it is does not match and could explain why they are only ninth in the product class of vodka.

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