distribution in "some months".

moral implications are powerful, too.

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Analysis: What does Pernod Ricard's Russia U-turn mean for brands?

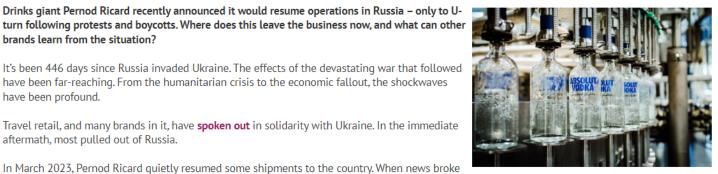
By KRISTIANE SHERRY | Wednesday, 17 May 2023 0:41

Drinks giant Pernod Ricard recently announced it would resume operations in Russia - only to Uturn following protests and boycotts. Where does this leave the business now, and what can other brands learn from the situation?

It's been 446 days since Russia invaded Ukraine. The effects of the devastating war that followed have been far-reaching. From the humanitarian crisis to the economic fallout, the shockwaves have been profound.

Travel retail, and many brands in it, have spoken out in solidarity with Ukraine. In the immediate aftermath, most pulled out of Russia.

that the Jameson, Absolut and Beefeater owner was active in the country once more, there were protests and calls for boycotts. Absolut was the first brand to walk back the activity, following a strong consumer backlash in its native Sweden.



Absolut Vodka was the first Pernod Ricard brand to walk back its presence in Russia.

Consumer and political pressure

On 27 April, Pernod Ricard released a statement. While it had always "utterly condemned" the invasion and had "significantly reduced" imports, its activity in Russia was to "protect" local teams, their livelihoods and welfare.

The resumption of trade also meant avoiding "intentional bankruptcy", a criminal offence in Russia, which carries with it a "significant risk" for employees.



Beefeater is another Pernod Ricard brand in the spotlight in recent weeks.

On 12 May, 15 days later, the business released another statement. It confirmed it had halted all imports to Russia at the end of April, and will cease

What changed between then and now? It's worth noting that Pernod's share price has remained relatively stable throughout the whole affair. Depending on personal perspectives, that's either reassuring or deeply disappointing.

It is tempting to cite consumer pressure. And indeed, the outcry was ferocious. #BoycottJameson was trending on social media, and politicians in Finland, Sweden, the UK and Ireland spoke out against the company.

There was also confusion. If a retailer had delisted Russian brands, should it now do the same with Pernod Ricard? Yes, sanctions play a role. But the

And then there's the small matter that, while Pernod Ricard has hit the headlines, it's far from the only drinks company operating in Russia.



Consider the grey market. It's been widely reported that brands, especially the higher-end ones, can still be found in Russia, entering via countries

Additionally there's a loophole - for the most part, spirits imports into Russia from the UK and EU were never actually banned entirely. With the super-rich the target, it was only bottles priced over around €90 per 75cl bottle that were prohibited* as part of the wider luxury goods sanctions. Of course, brands can simply choose to not export to Russia.

Brand accountability

In the age of social media, companies will be held accountable. Brand reputation takes years to build and moments to crumble. But consumers can

also be fickle. Nike, Nestlé, Coca Cola and McDonald's have all faced various levels of boycott over the years. They're all faring well now.

an uphill battle to win that back.

including India and Moldova.

One of the main tenets of brand strategy is that consistency is key. Consistency builds trust, which makes a brand more persuasive. Once you can persuade your customers that your brand is right for them, they'll buy. Inconsistencies – especially on major emotive issues – erode that trust. And it's



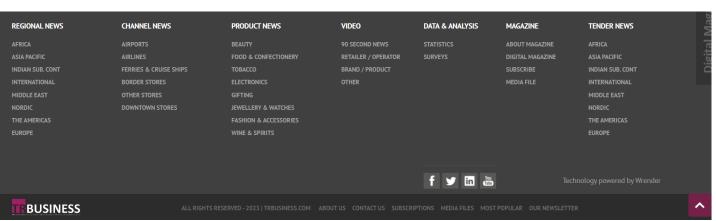
And quote eBay director, Scott Cook: "A brand is no longer what we tell the consumer it is - it is what consumers tell each other it is." And drinks

consumers are saying a lot right now. Pernod Ricard were approached by TRBusiness and declined to provide additional comment.

*https://finance.ec.europa.eu/system/files/2022-08/faqs-sanctions-russia-luxury-goods_en.pdf Like what you're reading? Follow TRBusiness on Linkedin:

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[&]quot;In doing everything we can to manage the situation, the reality of exiting Russia is both complex and extremely challenging," the statement continued.