



## Keeping Spirits Bright

## Moët Hennessy

December 2020

This is an edited version of IRI's Growth Insights [C-Suite Conversations](#) featuring **Seth Kaufman, president and CEO of Moët Hennessy, North America**, maker of upscale wine and spirits brands. Kaufman shares insights on pandemic transitions, servant leadership, supply chain, marketing and pricing strategies, the importance of data and analytics, and much more.

### IRI: Servant Leadership

**Seth Kaufman:** The leader's job is to obviously connect the dots and understand the business enough to set the vision and strategy for the business. But after deploying that strategy and vision throughout the organization, the most important thing that I can do as a leader each and every day is break down the barriers and obstacles that get in the way of my team achieving that vision, that strategy. And the easiest way to accomplish that is by literally flipping the organization upside down so that the most important person in the organization, the person at the top of the org chart, if you will, is the person closest to the consumer. And there's no scenario where the CEO of a business will know more about what's going on than that person on the frontline, than that person closest to transactions. Having the humility to understand that that frontline, the people engaging with customers, the people seeing our consumers every day, know the most and need to be empowered to make decisions in real time to drive the business is a really important realization.

### IRI: Consumer Experiences at Home

**SK:** Moët Hennessy is all about crafting experiences for our consumers. We are luxury brands that have incredible *savoir faire* and hundreds-year histories. So when the crisis began, the team, thinking about how to continue to craft experiences but in a new context, has been the biggest unlock to what has been a record year of performance. Yes, our consumers are no longer going into bars, restaurants, hotels, nightclubs, in some geographies not at all and other geographies much less than they were before. But the team's agility in pivoting and creating the opportunity for consumers to experience our brands in different ways at home has been a massive unlock for the business.

### IRI: E-commerce

**SK:** It goes without saying that e-commerce has become super-critical. Our *maisons* tell incredible stories, and digital platforms are a phenomenal way to tell those stories. So we put a lot of resources into e-commerce. We started with great momentum, but we lost a little bit of share in the beginning because so many companies were pouring resources into e-commerce. But we kept at it, continued to resource it, and not only have we captured back the share that we lost in the very beginning, but now we are in a much better share position in e-commerce than we were before the crisis. And I'm quite confident that that will pay dividends for years and years to come.

### IRI: Supply Chain Adaptations

**SK:** Coming from an industry where as long as you have the raw ingredients and the supply, you could make it, to an industry where it's about aging in a material way, it's a huge pivot. But our *maisons* have done a wonderful job of supplying the demand. Have we had some challenges? Yes. Have we had some hiccups? Yes. Have we overcome all of that in creative ways throughout the entire supply chain? Yes. I'm really happy with how we've been able to keep up the momentum of the business and not have too much disruption within the supply chain.

### IRI: Branding and Pricing

**SK:** We are luxury products, and there's a willingness to pay for our products that is certainly well above products that are not luxury. We would be crazy to not think about optimizing promo spend, to not think about some of that this year. At the same time, we don't want to take advantage of our consumers. Many of Hennessy's core consumers have been impacted negatively during the pandemic, more than other consumers. So for us to take price up during that time is actually working against the consumers that have helped us

build this incredible business in the U.S. So we've used data analytics to inform our approach. Again, we'd be crazy not to figure out how to try to optimize it, but we've been very, very careful. Very careful not to move too much, too aggressively, against our consumers who have been loyal, who still love our brand. And our *maisons* and our brands very much also love our consumers, so it's a balance. It's an absolute balance.

## IRI: Data and Analytics Tools

**SK:** Thinking about everything from primary consumer research to syndicated, to looking at our customer data, to looking at shipment data, to understanding our distributors' data, to breaking down some of the data that we're getting from some of the e-commerce partners is all critically important. The one thing that we try hard to guard against is the cliché: analysis paralysis. And this goes back to the servant leadership. I will say that some of our most important "data" comes from our employees who are closest to the consumer. It's their stories and it's what they're seeing. The team has done a really nice job of integrating the hard data with the soft data that we get from our colleagues on the frontline in order to make quick decisions and hopefully the right decisions in support of the business. I'm really satisfied with the data and analytics capability we are building, but we're not doing that alone. It has to be also about the nuanced understanding of what's going on in the marketplace.

## IRI: Consumer Centricity

**SK:** Consumer centricity is absolutely at the heart of whether it's the hard data, the soft data, whether it's someone anecdotally telling a story about an observation of a consumer or something that we're talking about in headquarters. We are, every single day, super consumer-centric. And as a part of that, one of the things that we've been really focused on is: wine and spirits as a repertoire category and how the same consumer consumes different things in different contexts. A lot of times, that is at the core of how we deploy different programming in different settings to be able to have strong velocity and strong engagement with our products. So the two biggest things that were absolutely critical for me from CPG to apply in this business were consumer centricity with a best-in-class data and analytics capability wrapped around that, and then really buttoned-up commercial planning with clear priorities in each time window.

## IRI: Addressing Social Issues

**SK:** We saw the systemic racism in this country as a huge problem and felt that we had an obligation given what was going on. So we created a program called Unfinished Business with the goal being to provide capital, as well as mentorship, advice, etc., to small businesses that were Black owned, Latinx owned, or Asian-American owned. We are getting close to having supported 2,000 small businesses with capital and

tons of additional businesses with mentorship and other support that they needed because not all of the applicants needed capital. We are now about to deploy a second round of funding for that. We have many of our external partners also engaged in it and putting their money into this pot. I feel really good about the impact that we're having for many of these small businesses that were the staples of their community and were at massive risk for never being around again because of the disproportionate impact in their communities and then the inability to get access to capital and support that they needed.

Then the other thing that I would say is we spent a lot of time working on our I-D-E agenda. The E is critical – inclusion, diversity and equity. And if you don't have all three, you cannot make the right progress. So we're working a lot on how we change our own processes, how we change the makeup of a leadership team, what we could do internally, what we could do in partnership with our distributors to really drive this agenda forward. I'm so inspired, not only by the energy of the leadership team on this, but I'm inspired by the transparency and the candor of my entire organization in telling me and telling us what we need to fix. And we're fixing it with dollars. We're fixing it with processes. We're fixing it with external programs. We're fixing it with internal programs. It's going to be a long journey, though. It's one that we are committed to as an organization.

## IRI: Sage Words of Wisdom

**SK:** Operate with both humility and empathy at all times. Operating with those two things allows you to learn more than you'd ever learn. It allows you to impact teams and people more than you'll ever have impacted them without it. And importantly, with that, the business results always follow. And don't be humble, don't be empathetic because you want the business results; do it because it's the right thing to do for your team, and I promise you that business results will follow. Because at the end of the day, no business is successful without a super-strong underlying health of a team that makes that business successful. 



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Corporate Headquarters: 150 North Clinton St., Chicago, IL 60661, USA, (312) 726-1221

