



BY JEFF BORDEN // FREELANCE WRITER

truth or dare

PREMIUM VODKA MAKER
LAYS IT ON THE LINE

VODKA IS EASY to make. Mix 60% water and 40% alcohol and bottle it. Voila—it's ready for market.

Selling vodka, however, is not so easy. This is particularly true if you want to compete in the heavily marketed premium segment: Well-established brands, including Grey Goose, Belvedere, Chopin and others, fetch prices of \$30 a bottle and up.

But with vodka accounting for more than 26% of all distilled spirits sold in the United States, and with high-end brands generating profit margins of up to 40%, the segment continues to attract new entries. *The Wall Street Journal* recently reported that more than 250 vodka brands were introduced between 2001 and 2005.

Robert Cooper, vice president of marketing at Charles Jacquin et Cie in Philadelphia, knew all that as he readied Pravda Vodka for launch into the crowded liquor segment in 2003. Yet he was convinced Pravda—made in the foothills of

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Carpathian Mountains of southern Poland—could carve out a niche if he could get people to taste it.

"We want to be known by the quality of our vodka," he says. "There are a lot of brands that depend on smoke and mirrors and Madison Avenue marketing. They think they can be a player if they *tell* people they taste great. The only way we can step out from under that black cloud is by ... *proving* our quality."

Now, a combination of viral marketing, Internet buzz and blind taste tests in the Philadelphia area are helping build the Pravda brand name and creating a model for use in other areas.

Created by a Polish family named Nissenbaum, the distillery is located a half-mile from a clear mountain stream—Jacquin also bottles and sells the spring water worldwide—and uses late-season rye grain. Rye is the most expensive grain; many vodkas use other grains such as wheat and corn while others use potatoes. But rye produces what vodka enthusiasts say is a sweeter but spicier flavor.

Cooper came across the vodka by accident, while in Warsaw on business. "The flavor was distinct, so radically different, so smooth and palatable," Cooper recalls. "We thought if we could get [Pravda] into people's mouths ... we could get a 10% or 20% market share [of premium vodkas]. We were looking right away at taking on Grey Goose directly."

At the time, Grey Goose was selling about 1 million cases of vodka a year in the United States, a number that has since tripled, while Belvedere was selling about 300,000 cases. With profit margins of about \$80 a case in the premium vodka segment, Pravda could generate \$8 million to \$16 million annually by taking away a 10% to 20% share of Grey Goose's customers.

"It's almost an unfairly profitable segment of the market, relative to other products," says Cooper, who notes that Scotches, bourbons, whiskeys and other liquors spend years aging in special barrels and vaults before they can be sold, while the distillers carry the costs of the inventory.

Jacquin was in the process of negotiating a supply contract with the Nissenbaums when the family patriarch died. Jacquin bought the business from his children in 2003, and introduced the brand in the United States later that year. (Jacquin, which was

founded in 1884 by a French immigrant, also sells other liquors and food products, including a French-made fruit spread sold in 85 countries worldwide.)

Pravda carved out shelf space in a number of liquor retailers. Nevertheless, by 2007 the brand still was overshadowed by its more famous competitors, despite print advertising that encouraged vodka drinkers to compare Pravda with other premium brands. Intrigued with the idea of using blogs and the Internet to build awareness, Jacquin hired O3 World, a Phila-

'Hi, my name is John I just took the test and I took a Pravda shot and I took a shot of Finlandia and by far my favorite choice was Pravda. Thanks for the opportunity.'

From Pravda's TastetheTruth.com

delphia-based brand communications firm specializing in Web design and development.

"Rob (Cooper) had seen what was going on with Web 2.0 and ... he saw how powerful it was," explains O3 World co-owner Keith Scandone. "He felt that while other vodkas had big marketing budgets, the consumer was not able to differentiate between them, but if his vodka went up against the others, it would win out. So, I put it to him: 'Are you willing to put that idea to the test?' And he was."

The result was "Taste the Truth," a campaign designed to offer vodka drinkers the chance to compare Pravda with other brands, then air their opinions on the www.tastethetruth.com Web site—even if the drinker chose another product over Pravda.

"A lot of consumers are gun-shy," Cooper says. "Unless we do (taste tests), we will automatically be categorized with other decent vodkas in pretty bottles. We have to establish credibility with buyers."

Employees of O3 World began visiting Philly-area bars in April 2007, armed with a bottle of Pravda and a business card. They approached people enjoying a glass of vodka and asked them to participate in a blind taste

test. If the bar patron agreed, they were given the card with a telephone number linking them to the Web site, where they could vocalize their response.

"A big, big component was the creation of software that enabled people to call in, and allowed us to take the exact audio file and upload it to the Web site," Scandone says. "We'd even lend them our cell phones so they could make the call right there. That kind of instant gratification is an enormous component of the campaign."

Visit the Web site and you'll find a collection of more than 200 brief audio files. Some of the clips—most run shorter than 15 seconds—extol Pravda while others say outright they prefer another brand. Interactive features allow visitors to see how Pravda fared against other brands. Meanwhile, users can link to retailers carrying the brand and look into offers to host a tasting party. The cost of the Taste the Truth campaign is about \$100,000.

Since launching the campaign, O3 World also has linked Pravda to a number of events, such as the Philly Fringe Arts Festival and World Café Live, likely to draw an audience of young hipsters. Taste the Truth also advertises on about 15 blogs that serve the Philadelphia metro area.

Altogether, the campaign has increased the number of page views on Tastethetruth.com from a little more than 3,000 per month to more than 20,000 per month.

Additionally, the vodka was an official sponsor of the 40th anniversary of *Rolling Stone* magazine at the Hard Rock Hotel & Casino Las Vegas and has been served at parties for Fashion Week, the Style Network and a Jennifer Lopez film.

"We're at a point now where we're getting pitched instead of us doing the pitching," Scandone adds.

Pravda is available in 40 states at prices around \$31 per bottle—a dollar or two higher than Grey Goose—but Jacquin is confident the marketing push will generate stronger sales.

"Pravda is beating the competition overall (in the taste tests), which is a big part of its success, but beyond that, this campaign proves the marketing value of the Internet," Scandone says. "It's the best way to get the message out there." ■

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