Consumer Products Case Study

PROJECT OVERVIEW

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Developing Growth Strategies Leveraging Market Analysis and Competitive Benchmarking

A whiskey brand is embarking on a transformation journey to recognize its full potential in a growing market. While the brand was acquired by a major global spirits conglomerate several years ago, they have the opportunity to realize greater commercial success and economies of scale in their operation.

The whiskey category is highly competitive, with several major players owning a large portion of market share and new entrants continuing to disrupt the industry. The brand was seeking to understand what the market opportunity for its core spirits product and adjacent product innovation would look like in the future to inform the company's five-year strategic roadmap, as well as potential new capex investments (and/or divestitures) to balance their ambition.

Clarkston partnered with the client's leadership team to perform an in-depth strategic and financial assessment of current operations and the underlying cost structure, which resulted in the development of financial model projections supporting the strategic ambition for the brand. In addition, Clarkston performed a market study, benchmarked key competitors within and outside of the core category, and facilitated focus groups and industry expert interviews to build a strategic perspective on the market opportunity and considerations in achieving the brand's growth goals. As an outcome, Clarkston delivered a set of strategic recommendations for the client's executive leadership team to consider as they finalize their growth strategy for the next five years.

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INDUSTRY:

Consumer Products

PRODUCTS AND SERVICES:

Spirits Manufacturer

PRIMARY OBJECTIVES:

- Complete a strategic and financial diagnostic, including assessing past and present profit and loss statements, balance sheets, and cashflow statements to identify areas of potential improvement and efficiency.
- Review and analyze the cost structure (COGS, SG&A) of the brand's product portfolio.
- Perform a market scan of the U.S. whiskey market to identify trends, performance drivers, and growth levers that the brand can explore.
- Identify core benchmarks and metrics to evaluate competitor set against and highlight gaps that the brand can capitalize on.
- Provide recommendations for realizing the brand's five-year growth strategy based on internal and external factors.
- Assess the brand's future as part of a broader global portfolio inside their parent company.

RESOLUTION:

- Defined the most critical challenges and barriers to overcome as part of the client's willingness to invest further in the brand.
- Pressure tested historical and projected financials to identify areas of improvement towards gross margin, operating margin, and cashflow targets.
- Developed a financial forecast based on cost containment and growth scenarios, detailing key milestones as part of the brand's growth trajectory.
- Conducted exhaustive research on sub-segments of the whiskey market and adjacent categories from accredited spirits industry data, including IWSR, DISCUS, IRI, and Nielsen, to identify market opportunity.
- Facilitated industry expert interviews across distributors and major spirits organizations to inform research, analysis, and recommendations.
- Completed competitor benchmarking across half a dozen whiskey brands to analyze product mix, pricing, brand positioning, and market share in the U.S.
- Evaluated macro-consumer trends in the whiskey market to inform understanding of potential consumer segments to target.
- Delivered financial diagnostic, market scan, competitor benchmarking, consumer research findings, and strategic recommendations for the executive team to consider.

KEY BENEFITS:

- Provided a detailed analysis of the whiskey market landscape, drivers, and challenges to inform future business planning.
- Developed a model for financial projections of operating profit and cash flow, considering cost savings and profitability aspirations, which can be refined by the client over time.
- Presented assessment findings and recommendations to the executive leadership team of the brand and their parent company to inform the five-year strategic plan.

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KPIs

- **Led dozens of executive interviews to understand the business strategy, challenges, and areas of opportunity.**
- **Completed review of 20+ financial documents across various functions, including accounting, marketing, products, sourcing and logistics, and sales.**
- **Developed a 10-year financial model with three scenarios based on a set of growth and cost assumptions to aid in strategic decision-making.**
- **Gained executive alignment on next best steps in preparation for Board of Directors presentation.**

CONTACT US

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