

Case: Irish Cream O'Darby

Irish Cream is a typically Irish liqueur, prepared from a mix of whisky and cream, with a dash of chocolate. Irish Cream is very popular in Ireland. It conquered the US market in the 1960s and 1970s. Its success abroad has been so great that it is now no longer a negligible portion of total Irish exports.

The most famous brand is Bailey's. It holds a dominating market share, and the brand name tends to be used as a noun. People speak of drinking Bailey's rather than Irish Cream. O'Darby is a challenger to Bailey's, and it competes for the second market share with Carolan's. A fourth brand, Royal Tara, and two small competitors, Waterford Cream and Emmets, share the rest of the market.

O'Darby, whose factory and headquarters are located in Cork, in the southern part of Ireland, was taken over at the beginning of the 1980s by Bacardi Rum, a leading multinational company in the spirits industry. Just a few months after the take-over, Bacardi undertook a large market survey, in the whole of the United States, to investigate how consumers perceived the generic product Irish Cream, and especially the O'Darby brand. It appeared that the green-coloured bottle was largely rejected by potential customers. A new packaging was designed, where brown colour dominated, for the bottle as well as the label. It led to an astonishing growth of sales, not only in the United State, but also in other national markets.

At the beginning of 1991, the director for the marketing of O'Darby hired a young junior marketing executive, Peter Finch, to be in charge of promoting Irish Cream O'Darby in France. Peter Finch, who had just graduated from a continuing education programme for training young export executives, travelled to France to see what could be done to increase sales. The exclusive distributor of Irish Cream O'Darby was the Benedictine Group, a large liquor producer, which sold on the French market through a network of non-exclusive sales agents.

O'Darby was not the first company producing Irish Cream to try to penetrate the French market. In 1982 and 1983, Bailey's had spent a lot of money, especially on advertising, to launch the Irish Cream. The results had been disappointing and sales margins had not been large enough to cover the marketing expenses. Bailey's had not withdrawn, but it had discontinued its costly marketing expenses. Bailey's had concentrated its sales coverage on Paris, the northern part of France, Normandy and Brittany. It appeared that Bailey's was unsuccessful in selling to customers in the southern part of France. When trying to explain this relative failure, sales agents had mainly questioned the price level which according to them, was too high.

During his first stay in France from March to May 1990, Peter Finch had been involved in sales promotion operations, with the help of the Benedictine network. Shoppers in hypermarkets were asked to taste Irish Cream by giving them miniature bottles of O'Darby. It seemed to be difficult even to induce people to try the liquor.

However, this product was very popular in other developed markets under a variety of uses. For instance, in the United States consumers mixed it with Coca-Cola or orange juice, in cocktails. O'Darby was well placed for use in cocktails, compared to its competitors, because of a special formula that made it easy to mix with other beverages. In many markets, consumers used Irish Cream to coat ice-creams, cakes or strawberries. In Spain, where Irish Cream has achieved a good deal of product knowledge, Spanish consumers tend to call it Bailey's O'Darby.

In September 1991 the situation for Irish Cream O'Darby was as follows:

1. It was sold almost exclusively in very large food stores (hypermarkets); it achieved a low penetration rate as a bar drink; it was rarely to be found in restaurants.
2. The retail price was in the range of 45–50 francs for a bottle of 75 centilitres, compared to Bailey's which was priced in the bracket of 55–60 francs for a bottle of 70 centilitres.
3. The annual sales for 1990 were 24,000 boxes of 12 bottles.
4. Sales coverage was limited to Paris, the northern part of France, Normandy and Brittany. The best-selling area was the *département* of Finistère (Brest, Quimper), which is located in the most western part of France (a *département* is a French territorial unit where there are generally between half a million and one million inhabitants). Finistère is linked by ferries to Ireland. There, per capita consumption of Irish Cream was three times as much as in the Paris region.
5. There was no advertising. Sales promotion was done mostly by means of free sampling, in hypermarkets, disco bars or night clubs ('O'Darby party nights').
6. The promotional budget, which was 300,000 francs in 1989, was more than doubled in 1990 to 700,000 francs.

Questions

1. Discuss and, possibly, criticize the marketing strategy which was adopted by Irish Cream O'Darby in order to enter the French market. In doing this you should, in particular, take care to examine what kind of market research should have been undertaken (a) prior to entering the market, and (b) after results had been achieved, and to question the coherence of the marketing mix. (You are not asked to prepare a marketing strategy as a whole, since the information available in this short case is not sufficient.)
2. Irish Cream O'Darby has to decide on the allocation of its total marketing budget to its various national markets. You are asked to outline the criteria and design of such an allocation method. The problem is allocation between national markets, not between local/regional markets within a particular country.