The Success of Hennessy Cognac

An Interview with Bernard Peillon, Chairman and Chief Executive Officer, Hennessy Cognac (LVMH Group)

EDITORS’ NOTE Bernard Peillon has held his current post since January 2007. Before this, he served in several executive leadership positions with Champagne Ruinart, Dom Pérignon, Moët & Chandon, Mercier, and CEO for Moët-Hennessy Italia SpA. Earlier, he held top marketing and sales roles with several of the aforementioned brands, as well as Scharffenberger California, CHPL, and Fine French Wines-New York when he was with Julius Wile Sons & Co.

COMPANY BRIEF Among a variety of other top brands in fashion and leather goods, perfumes and cosmetics, selective retailing, and watches and jewelry, LVMH (lvmh.com) is represented in Wines and Spirits by a portfolio that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot, Krug, Ruinart, Mercier, Château d’Yquem, Domaine du Clos des Lambrays, Château Cheval Blanc, Hennessy, Glenmorangie, Ardbeg, Weniun, Belvedere, Domain Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Cape Mentelle, and Newton Vineyard. and Numabinta. Hennessy is now the top French wine and spirits brand by value in the world. In addition to having a presence on every continent and in over 130 countries, Hennessy Cognac continues to serve as an ambassador for French art de vieure the world over through celebrations marking the brand’s 250th anniversary.

The consistent success that a brand like Hennessy has experienced year after year isn’t seen often. What is the secret to that success?

This year marks 250 years of Hennessy’s excellence, international expansion, and visionary passion, a milestone that is the result of leadership and its ability to constantly adapt to a changing environment.

We are basically 99.8 percent international, so Hennessy tells the story of people constantly traveling the world. We’ve had some big markets like Venezuela and Colombia in the past. At one point, Hennessy was the most profitable brand within LVMH thanks to the incredible business it enjoyed in Japan. We survived the transition from that because an investment was made in the U.S. to accelerate our presence. China then emerged and we enjoyed a great amount of business there. It’s about constantly expanding to new markets, most recently Africa.

Is the younger market interested in Cognac? Are you trying to broaden its reach?

We would not be successful by just focusing on one segment of the market. A key goal of Hennessy is to recruit new consumers around the world and we’ve done this with much success. We’ve been able to tap into local cultures, spend time understanding them, and find the right ways to connect and become relevant. We don’t impose – we connect from a cultural leadership standpoint.

For example, some of my predecessors worked years ago in China to make sure the brand was trending among a younger clientele – the Y generation – and they’ve continued that for 10 years. We have exposed the brand in a very dynamic environment – we promoted Hennessy as a mixed drink with things like green tea, all over Asia-Pacific. We have also done that in Russia, even though they were quite traditional. Some of our distributors there weren’t even sure why we would mix it with ice. Mixability is a way to avoid being seen as an extremely traditional drink that people have to respect so much and ultimately forget how to drink. Our goal is to make people relax.

In Russia, we promote the brand to a crowd of 25- to 35-year-olds and we host a big event that goes to 22 top cities in Russia. It’s a way to get the brand in a frame of mind where people feel they can enjoy it the way they want.

For more than 10 years now, we’ve organized concerts across the planet under the Hennessy Artistry banner – the Art ofMixing. It refers not only to how we are made but how we can be enjoyed. We welcome a performer like a DJ, and during their set, bars in the event space expose the brand – Hennessy mixed with something. We get thousands of people to enjoy Hennessy in a very relevant way, and music has helped us do that on a global scale.

We also try to make Hennessy extremely relevant in the way we engage contemporary artists, who expose the brand in a new way. Earlier this year, we embarked on a five-continent tour to showcase the treasures of Hennessy’s storied heritage for its 250th Anniversary, as interpreted through the eyes of internationally renowned contemporary artists such as Daniel Arsham and Anton Corbijn.

Is the production for the brand still the same?

Hennessy has been crafting the future since 1765 with a bold vision to create the world’s finest Cognacs. With the largest and oldest library of eaux-de-vie, we have been able to achieve a legacy and tradition of excellence, with consistently rich flavor profiles through the decades. It’s really the unique legacy anchored in rich family heritage, craftsmanship, and quality that drives our success today and serves as inspiration for the future.

While this is truly a global brand, where do you see the greatest growth opportunities?

The Cognac category continues to grow in the U.S., with unprecedented demand led by Hennessy – currently the number-one brand in this market. From our communication platform to our marketing platform, we have dramatically increased our investment level in the U.S. ahead of a change of cycle. We are currently in an amazing position, and seeing growth that we could not have imagined.

We’re working with a new business model in this day and age, and if we keep on doing the right things to remain relevant to new consumers (e.g. Millennials), we will have the future in our hands.

The U.S. is the largest market in the world, and there is a dynamism to it that enhances our focus here. Hennessy has solid opportunity for growth and after that, we have the rest of the world at our fingertips.

When you’re such a dominant leader in the industry, how do you guard against complacency?

By embodying the Hennessy mantra of “Never stop. Never settle” – it’s the basis of our award-winning marketing campaign that also salutes the passionate upward mobility that Hennessy’s founder employed 250 years ago.

The pursuit of achievement is an endeavor worth celebrating and championing in others. It is intrinsic to the Hennessy brand and we believe we can become the world’s most valuable premium spirit by continuing to live by these words.

Bernard Peillon