

The Diageo Difference

An Interview with Claudia Schubert, President, US Spirits & Canada, Diageo

EDITORS' NOTE Claudia Schubert has spent 17 years with Diageo and assumed her current role in August 2018. She has held a variety of positions of increasing responsibility since she began her career with the company as Vice President, Marketing and Innovation, in 2002. Prior to Diageo, she was a consultant at Boston Consulting Group for three years. Schubert has an undergraduate degree in business administration from Technische Universität Dresden and an M.B.A. from Harvard Business School.



Claudia Schubert

At Diageo we have a clear north star and a well-defined performance ambition which directs and unites us all. Around the globe we are all striving for the same goal – to be the best performing, most trusted and respected consumer products company in the world. Since Diageo was formed, our purpose has been “Celebrating life, every day, everywhere” and that has consistently guided us. It keeps us focused on the consumer and on building the best route to the consumer in partnership with our distributors.

In recent years we have significantly up-weighted our investment in advanced analytics and technology, all in service of better understanding our consumer and their preferences. This allows us to create the best marketing and innovation programs. For example, in the past 12 months, we had four of the top 10 innovation products in our industry. In addition, we see significant opportunities to drive greater sales force effectiveness by bringing together consumer and in-store data and, through advanced and predictive analytics, develop insights that differentiate our performance from the competition.

COMPANY BRIEF Diageo (diageo.com) is a global leader in spirit and beer brands which are manufactured and marketed in more than 180 countries. Diageo was created in 1997 through a merger of Guinness and Grand Metropolitan which contributed to the company's vast and rich array of premium alcohol brands.

What have been the keys to Diageo's success and how do you define the Diageo difference?



CÎROC Summer Watermelon Spritz



Diageo partnered with HBO's Game of Thrones on "White Walker" by Johnnie Walker

Our values and how we operate as a corporate citizen also make a true difference. We constantly challenge ourselves to simplify and stay nimble, and give ourselves the freedom to succeed, all while valuing each other. Our commitment to diversity and inclusion, our leading position on preventing and reducing alcohol misuse, our dedication to responsible marketing, and our focus on pioneering grain-to-glass sustainability practices all set us apart and serve to make us a better business.

Will you provide an overview of Diageo's spirits business in the U.S. and Canada?

Diageo North America is the leading premium drinks business and one of the best-performing CPGs across the United States and Canada. We have more than 2600 people across North America proudly claiming ownership for shaping the future of our business and playing an essential role in the success of our brands – such as Bulleit, Don Julio, Captain Morgan and many other iconic brands. Our business in North America is divided into US Spirits, Diageo Canada and Diageo Beer Company USA, and the commitment our people make across the business has helped make North America Diageo's largest market.

Where do you see the greatest opportunities for growth for the business?

We operate in a very vibrant category and that creates many opportunities. We see more and more consumers enjoying cocktails. Categories like tequila and North American whiskey have been accelerating as they capture the interest and taste preferences from consumers. Across all categories, we see continued premiumization trends. Diageo encourages consumers who choose to drink alcohol to simply drink better, not more, and our portfolio is well positioned to benefit from consumers choosing more premium products.

Innovation is key to delivering sustainable growth. Diageo is the leader in innovation in the U.S. and we are focused on the opportunity around recruiting new consumers to our brands and disrupting categories or entering white spaces. Recent successes embed consumer insight into our innovation approach, such as our partnership with HBO's *Game of Thrones* on "White Walker" by Johnnie Walker and our Single Malt "Scotch Whisky Collection." Limited time and seasonal offerings, like our Smirnoff Holiday Ornaments Pack, or CÎROC Summer Watermelon this past summer, are highly anticipated by consumers and bring excitement to our brands.

Another area of opportunity is experiences. Consumers today are looking for memorable experiences to enjoy with their friends, whether it be through a great serve in a restaurant or enabling the discovery of a new spirit at a tasting event, or celebrating at a festival. Across our portfolio, we can deliver brilliant experiences and are investing in bringing those to life in communities across North America.

How critical is it for Diageo to build a diverse and inclusive workforce in order to bring different perspectives and experiences to the table when making business decisions?

Inclusivity and diversity should be at the core of businesses, and not just because it's the right thing to do, but because greater diversity drives better business performance. We strive to have a vibrant and diverse workforce at all levels of the business, and what that means to us is diversity of outlook, thinking style and experience. We often say that, if you only ever surround yourself with the same people, you will only ever get the same results.

From an employee perspective, inclusion allows us to better understand and serve the communities where we live and work, and it is central to our purpose. We have comprehensive trainings in areas like inclusion capability development and unconscious bias-awareness. These are important elements to ensuring our employees recognize and value different individuals, perspectives, experiences and ways of thinking.

From a brand perspective, our brands are always finding ways big and small to celebrate diversity and inclusion everywhere, whether it's Smirnoff celebrating acceptance and love in all its forms with their "Love Wins" message, or Johnnie Walker's Jane Walker release, timed to celebrate Women's History Month and the 2019 Women's March.



A mint julep made with Bulleit Bourbon

Are there strong opportunities for women to lead in the industry?

Yes, there are great opportunities for women to lead in our industry, and we have taken many steps in the right direction. Globally, Diageo has ambitious targets for gender diversity, and North America's contribution to this is something we are all very proud of. For example, our global board has achieved gender parity, and our executive team in North America is comprised of 50 percent

women. In addition to constantly striving for gender pay parity across our wider business, our progressive and equalizing policies, like our recently announced groundbreaking parental leave policy, are things I'm particularly proud of.

I also see more female leaders within many of our customers. It's important as an industry that we reflect our consumer base, as this is critical to helping us deliver the right experiences, propositions, and taste profiles. ●