Case Study

How a Leading Spirits Company Minimized the Impact of Looming U.S. Tariffs on Its American Whiskey Portfolio

Buynomics

01.Background

The company owns some of the world's most prominent spirits brands.

With the U.S. government imposing tariffs on various countries, the German entity grew concerned about potential retaliatory tariffs from the EU on US exports, posing a direct threat to its American whiskey portfolio.

To address this uncertainty, the company sought to model various price increase scenarios, assessing the sensitivity of its portfolio and shopper switching behavior.

02. Challenges

Strong Competition (1)

The team was concerned about losing market share to rival American whiskey brands (depending on their pricing responses to the tariffs) and shoppers potentially switching outside the category to alternatives like Irish whiskey.

Increased Promotional Pressure (2)

Higher prices could lead to an increased share in promotional sales for their American whiskeys, potentially impacting profitability.

Negative Alcohol Trends (3)

With the broader alcohol market experiencing a slow decline, there was concern that higher prices could drive some consumers to exit the whiskey category—or even alcohol altogether.

If the manufacturer was forced to raise shelf prices due to higher tariffs, it wanted a clear understanding of consumer reaction to financially plan for various outcomes.

The manufacturer was looking to estimate possible market share loss to competitors and to find price points that limit shopper switching behaviour.

03.Tested strategies

Using the Buynomics software, the manufacturer simulated a range of price increase scenarios to evaluate the impact on unit sales, market share and revenue.

They also examined possible competitor moves.

The simulations included isolated price increases on the company's American whiskey products, as well as scenarios where the entire American whiskey market mirrored those increases.
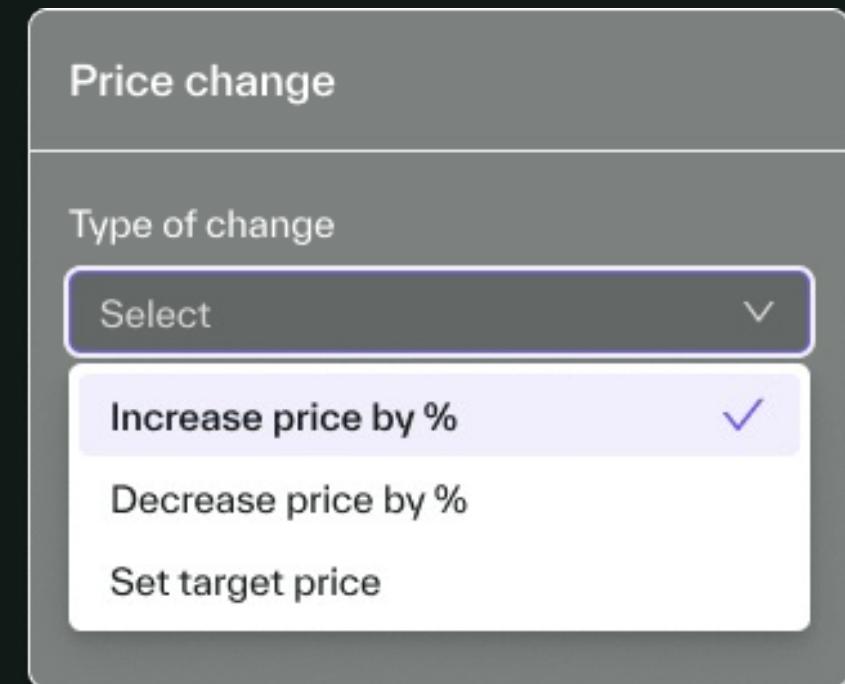
03. Tested strategies

15% Price Increase

Tested strategy A:

- 15% price increase for own American Whiskey products.
- The competitor's price stayed the same.

→

Results:

This scenario resulted in a significant drop in unit sales; however, revenue share remained relatively unchanged with revenue growing by 3.4%.

- 10% unit sales drop
- 2% unit share drop
- Maintained 35% total revenue share
- 3.4% revenue increase

03. Tested strategies

15% Price Increase

Tested strategy B:

- 15% price increase for its own American whiskey products.
- 15% price increase for Competitor's American whisky products.

→

Results:

If the entire American whiskey category adopted a 15% price increase, unit sales would still decline as some shoppers switch to other alcohol categories or not buy at all.

In this scenario, the manufacturer would lose unit share but gain revenue share, and total revenue would rise.

- 9% unit sales drop
- 2% market share drop
- 1% revenue share increase
- 3.9% revenue increase

04. Key findings

Low Price Elasticity

The American whiskey portfolio showed low price elasticity, particularly when the entire market raised prices simultaneously—indicating a relatively positive consumer response to price hikes.

Minimal Increase in Promotional Sales

The share of sales made on promotion only slightly increased with higher prices, suggesting a limited negative impact on profitability.

Category Switching Behavior

Most consumers who stopped buying the company's American whiskeys either exited the alcohol category altogether or switched to a different type of alcohol, rather than to other whiskey types.

Unexpected Shift to Scotch

Among those who did switch to other whiskey brands, most opted for Scotch rather than Irish whiskey—likely due to stronger brand presence and availability in that segment.

05.Results

Using Buynomics software powered by Virtual Shoppers AI, the RGM team modelled price changes as a response to potential tariffs for their own American whiskey products as well as competition.

They were able to identify and understand the shopper switching behaviour on the category level as well as their own portfolio and make better decisions, faster.

1%

Potential revenue share increase

3.9%

Potential revenue increase
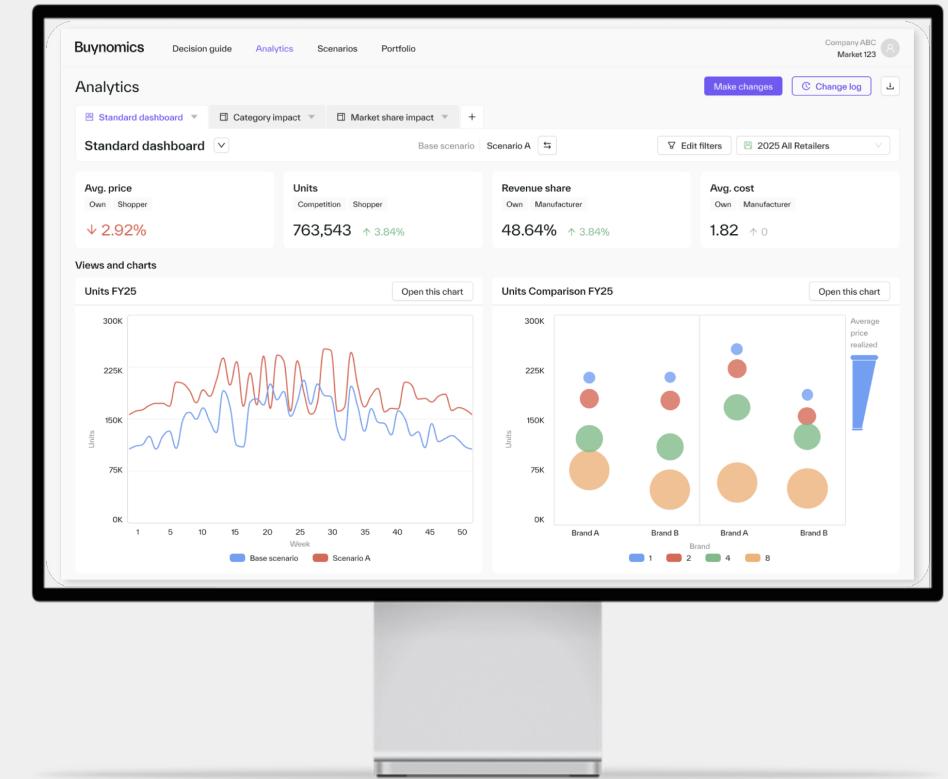
06.About Buynomics

Buynomics is the leading Revenue Growth Management (RGM) platform for holistic optimization across all revenue levers.

By integrating multiple data sources with cutting-edge AI, it empowers RGM teams in enterprise organizations to make faster, more profitable, data-driven, and customer-focused decisions.

Learn More

Holistic approach
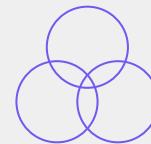
Portfolio optimization considering the effects of all product portfolio changes.

Speed to insight

Large number of scenarios simulated and compared in minutes, reducing the time spent on forecasting by 70-90%.

Predictive accuracy

Best in class predictive accuracy of up to 95%[1] of expected market behavior.

1: Depending on data quality and completeness

Profitability

Up to 2-4% higher gross profits through a better offering.

Unilever   DANONE   General Mills   pladis   Coca-Cola   HARRY'S   FERRERO   BiC