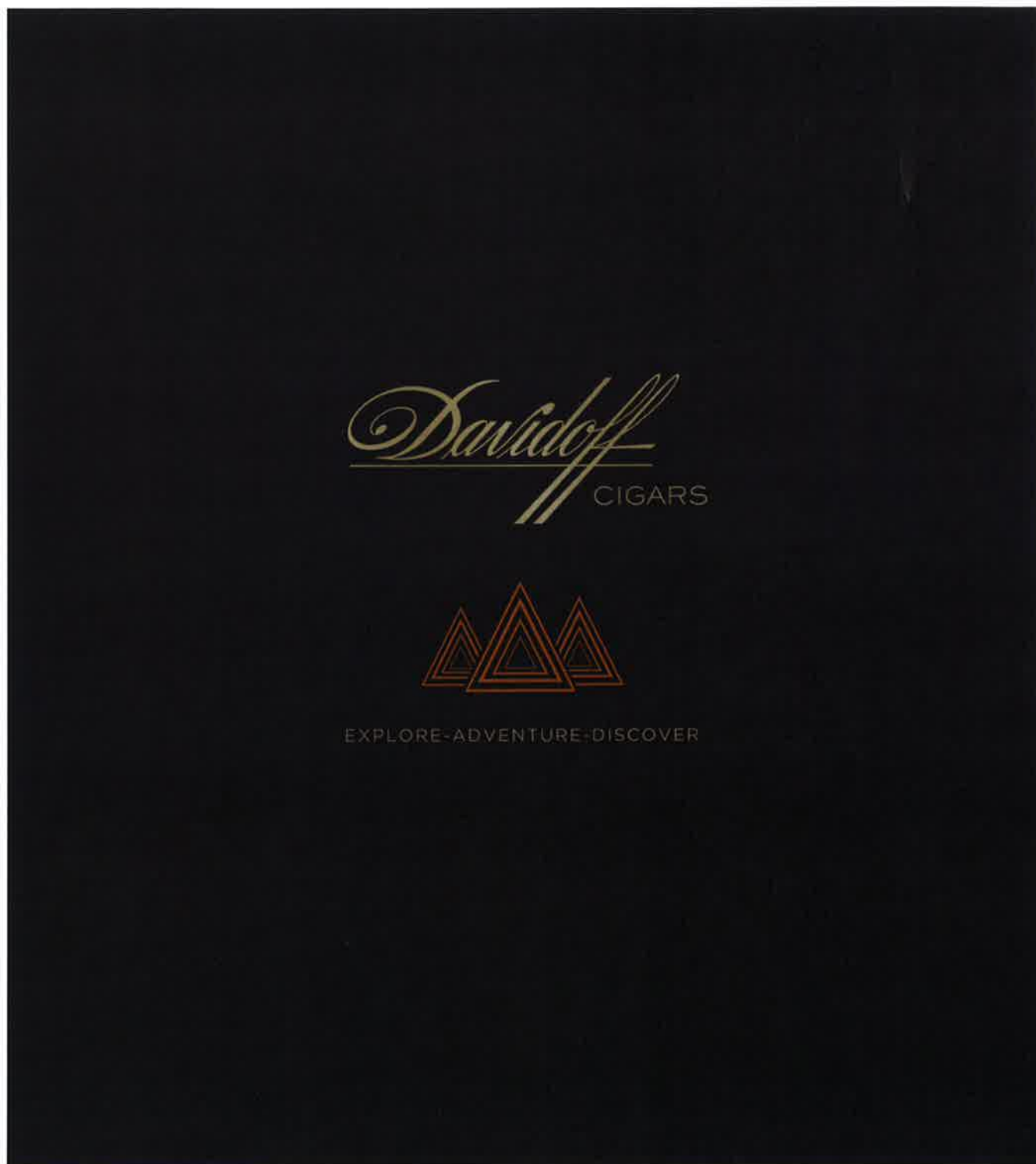


PROJECT TITLE	Davidoff Nicaragua: Explore, Adventure, and Discovery
CATEGORY	10 Multi-channel
CLIENT COMPANY	Oettinger Davidoff Group
DESIGN CONSULTANCY	DewGibbons + Partners
CURRENT DATE	June 2014



Executive Summary

Losing market share and faced with innovative competitors, Davidoff Cigars was seen as exclusive but relatively expensive, old-fashioned, and short in relevance to today's cigar aficionados. Enter Davidoff Nicaragua, a new range of cigars from Nicaragua with a completely different taste profile.

DewGibbons + Partners teamed up with ad agency Johnny Fearless. Working closely together, and alongside Davidoff's in-house team, the job was to build customer desire and reappraisal of Davidoff through a brand identity, packaging design and an integrated communications campaign for this new brand.

Ten months post-launch, Davidoff Nicaragua has already far exceeded all first-year expectations:

- Sales value running at an incredible +190% versus forecast
- Sales volume hugely outperforming forecast by +187%
- Full distribution in network of Davidoff retailers
- 70% incremental sales – outstripping target by 20%
- 27% growth to the Davidoff brand as a whole – outperforming target by 7%
- Immediate return on design investment

And all this was done against the context of:

- The global cigar market has been in decline for the past three years
- Well-established and cheaper competitors in the key US market
- Nicaragua is not an established cigar origin in Europe, another key market for Davidoff
- Davidoff, as a brand, did not have any credibility for producing Nicaragua tobaccos as origin

The design and multi-channel campaign are playing a huge role in disrupting the category and engendering consideration for the brand. It has taken significant share from established Nicaraguan competitors in the US and has converted Cuban smokers to Davidoff in Europe/Rest of World. And it has reversed market share losses.

Read on for the story of why Davidoff considers this as its single biggest success since the brand left Cuba to the Dominican Republic almost 25 years ago.

Word count: 284 out of 300 max

Project Overview

1. Outline of project brief

Losing market share and faced with innovative competitors, Davidoff Cigars was seen as exclusive but relatively expensive, old-fashioned, and short in relevance to today's cigar aficionados. Enter Davidoff Nicaragua, a new range of cigars from Nicaragua with a completely different taste profile – stronger and more robust-flavoured than Davidoff's other cigars, which all come from the Dominican Republic.

DewGibbons + Partners teamed up with ad agency Johnny Fearless. Working closely together, and alongside Davidoff's in-house team, the job was to build customer desire and reappraisal of Davidoff through a brand identity, packaging design and integrated communications campaign for Davidoff Nicaragua. It needed to be distinct in its own right, but also immediately recognisable as coming from Davidoff, to encourage excitement, engagement and consideration by retailers, consumers and influencers.

Specific objectives for Davidoff Nicaragua's brand identity, packaging design and integrated campaign in its first year included:

- Meet sales value targets
- Meet sales volume targets
- Full distribution in network of Davidoff retailers
- 50% incremental sales
- 20% growth to the Davidoff brand as a whole.

2. Description

Family-run Davidoff launched its first branded cigar in 1946 and quickly became the most known premium cigar brand in the world. In early 2013, DewGibbons + Partners and Johnny Fearless worked with Davidoff to reinvigorate its core brand positioning and identity to capture the essence of 'Time Beautifully Filled'.

Later that same year, the company would launch Davidoff Nicaragua, a cigar range aimed at a more adventurous, younger consumer, to be sold in Davidoff's own stores, exclusive independent retailers, and travel retail. Three shapes of cigars were launched to provide different experiences: Nicaragua Short Corona, Nicaragua Robusto and Nicaragua Toro.

A story needed to be devised then told to retailers, consumers and influencers in key markets including the USA, Asia and Europe – from positioning, identity, packaging, retail and merchandising, through to global communications, advertising, and digital.

Project Overview

3. Overview of market

General market overview

The global cigar market is in decline – with an approximate Compound Annual Growth Rate (CAGR) over the past three years as follows:

- -5% in volume
- -3% in value

Challenges/obstacles faced

- The US market is flooded with cheaper Nicaraguan brands that are extremely popular
- Nicaragua is not an established cigar origin in Europe – a market dominated by Cuban cigars
- Davidoff, as a brand, did not have any credibility for producing Nicaragua tobaccos as origin
- Consideration needed to be made for differing market regulations around the world. For example, in the USA and Europe you can't show cigars, and in some parts of Asia you can't show people smoking their cigars.

4. Project launch date

July 2013

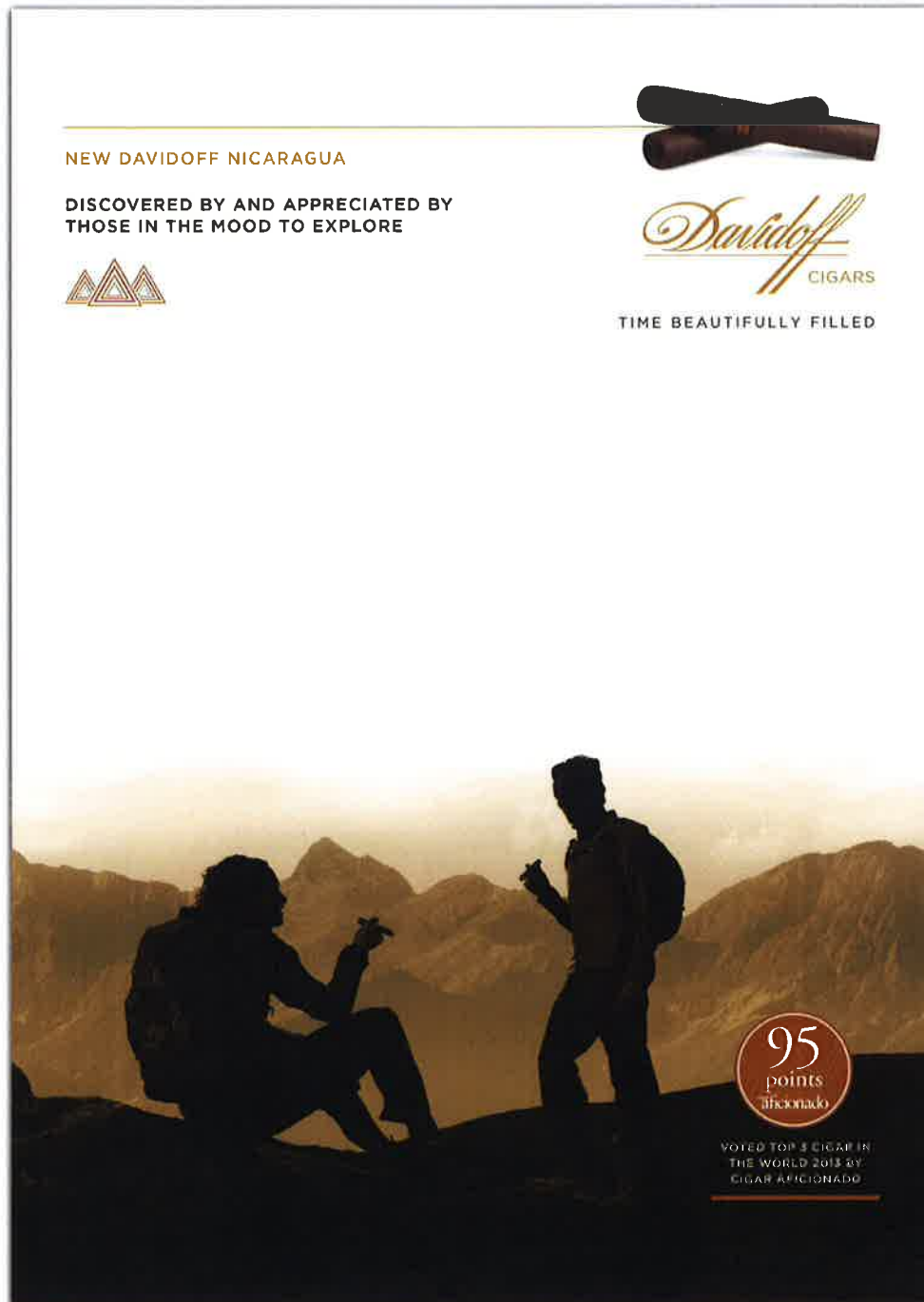
5. Size of design budget

£40,000

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Outline of design solution

**The Davidoff Nicaragua
story: Explore, Adventure,
and Discovery**



Outline of design solution

Davidoff Nicaragua is all about the aficionados' journey into the range through Exploration, Adventure, and Discovery. It's for those who share Davidoff's passion for exploration and for filling their time beautifully. The story runs through all communications.

Explore

Inspired by founder Zino Davidoff's pioneering spirit, Davidoff's mission is to bring the modern cigar aficionado a variety of taste experiences and cigar smoking pleasures. Led by master blender Henke Kelner, they unceasingly explore every opportunity to create new and diverse ways of ensuring time spent with each and every Davidoff cigar is time beautifully filled. Davidoff Nicaragua perfectly captures the spirit, passion and commitment required to create genuinely innovative ways of stimulating the palate.

Adventure

Henke and his team embarked on a search for tobaccos enabling Davidoff to create a unique cigar, one with an entirely new direction, delivering a bittersweet palate stimulation, and designed for the adventurous palates of today's discerning aficionados. Travelling to the world's renowned tobacco regions – Honduras, Ecuador, Mexico and Nicaragua – the search for the highest quality filler tobaccos and wrappers for creating this unique experience took time, dedication and perseverance.

Discover

Henke discovered that a blend of the finest leaves selected from plants grown in the volcanic soil of Nicaragua's Esteli, Condega, Jalapa and Ometepe regions created just the right balance of bitter and sweet notes to tantalise the palate. Preparing, curing and ageing this tobacco for 10 years allowed time to 'tame' the wilder tendencies of the tobacco and deliver a blend with intensity, excitement and all of the refined sophistication expected from Davidoff.

Outline of design solution

Identity

The Davidoff Nicaragua identity is the visual building block that drives the brand story for all other communications materials. The triangle icon is all about the mountainous, volcanic provenance of the tobacco from Nicaragua, which neatly encapsulates the story of exploration, adventure, and discovery.

The black and 'gilver' colours introduce a sense of intrigue, mystery, and modernity. The copper colour reflects the warmth of the volcanic region. These colours also break away from the more classic and traditional Davidoff core brand, to establish a key brand architecture pillar of taste exploration and adventure. Product and aspirational photography also set the scene for the story.



Outline of design solution

Other communications

DewGibbons + Partners worked closely with Johnny Fearless and Davidoff's own in-house design team throughout the programme. Brand identity guidelines and ongoing critiques helped everyone create consistent communications for the brand that included:

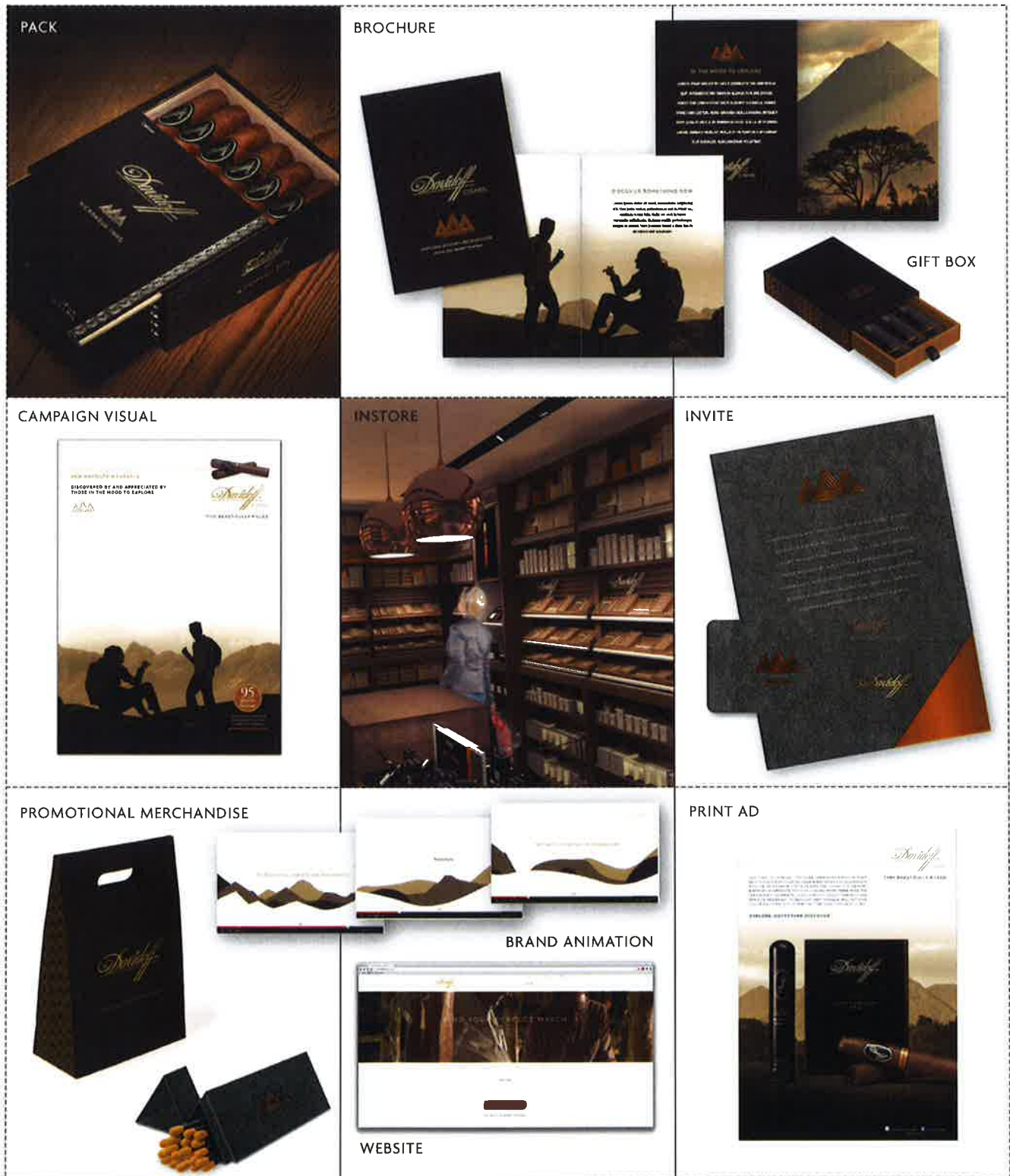
- Packaging design: outer boxes, inner tubes, and branding on the cigars themselves
- Advertising (print and digital): different versions based on market regulations
- In-store merchandising: window displays, shelf displays, bags, etc
- Marketing brochures
- Digital
- Events
- Limited edition accessories such as humidors, lighters and punch cutters

The end result is a brand with modernity and adventure at its core, sure to bring renewed interest into the Davidoff brand from a younger consumer – one who is the mood to explore.

Word count: 479 out of 500 max

Outline of design solution

Other communications



Summary of results



Davidoff Nicaragua has far exceeded all objectives just ten months into its first year. The design is playing a huge role in disrupting the category and engendering consideration for the brand. This is no mean feat against the context of a global cigar market that has been in decline for the past three years and well-established competitors.

Sales value: +190% versus forecast

- Actual sales value is running at an incredible +190% versus forecast.

Sales volume: +187% against forecast

- Actual sales volume is also hugely outperforming at +187% versus forecast.

Full distribution in network of Davidoff retailers

- Davidoff Nicaragua is in full distribution in its network of exclusive independent retailers and its own shops. In terms of Global Travel Retail, the brand is lagging behind objectives, but this is only because it faced supply shortages due to the demand that far exceeded forecasts.

70% incremental sales – outstripping target by 20%

- The brand's source of business is 70% incremental – that's one-fifth more than the objective and proof positive that this multi-channel campaign is a success. Not only this, but it has taken significant share from established Nicaraguan competitors in the US, and has converted Cuban smokers to Davidoff in Europe/Rest of the World.

+27% growth to the Davidoff brand as a whole – outperforming target by 7%

- In just ten months, Davidoff Nicaragua has helped the Davidoff brand grow globally +27% through this multi-channel initiative – that's 7% more than the target. And Davidoff has now reversed its own market share losses, all under the context of a declining market.

Immediate return on design investment

- In terms of the design investment in DewGibbons + Partners, an immediate return was achieved.

Summary of results

Accolades

Davidoff went from being a completely unknown brand to receiving unprecedented accolades by the world's top cigar publications in just a few short months. Here are just a few:

- Nicaragua Robusto voted number one Cigar of the Year 2013 (Cigar Journal)
- Nicaragua Robusto voted number one Best Cigar 2013 (Cigar Snob)
- Nicaragua Toro voted as number three Cigar in the World 2013 (Cigar Aficionado)



Other Influencing Factors

Testimonials

“Davidoff Nicaragua has taken significant share from firmly established Nicaraguan competitors in the US, and has converted Cuban smokers to Davidoff in Europe/ Rest of World. The disruptive design, flavour profile, and communications have driven new trialists to Davidoff. This is the single biggest success on Davidoff since the brand left Cuba to the Dominican Republic back in 1991.”

*Charles Awad, Senior Vice President
Global Marketing and Innovation,
Oettinger Davidoff Group*

“Davidoff Nicaragua is the most important launch for us in 25 years. It’s the first time we’ve made a cigar that is not made of Dominican tobaccos. It’s a 100% Nicaraguan cigar with an important message and milestone, and it proves that Davidoff is a brand and not an origin or territory.”

*Hans-Kristian Hoejsgaard, CEO, Oettinger
Davidoff Group (in an interview
with Bloomberg Hong Kong)*

“The samples that were given out at the release event in New York City came in triangular box with the logo on the front and the three different vitolas arranged around inside. A very cool look, and a great extension of the logo they are using for the release. I absolutely love the black and silver Davidoff band, and the copper and black colors on the secondary band blend very well together.”

Halfwheel.com, Influential cigar aficionado website

“The beautifully designed boxes and their precious contents are a tribute to the famed Davidoff quality.”

Cigarellios.info

Other Influencing Factors

This was an integrated campaign, so by definition there were a multitude of factors through various communications channels including advertising, PR, merchandising, promotional items, and events. However, the brand story and identity drove all the communications.

Not only this, but the design cost represents less than 3% of the total budget since launch. Davidoff is 100% convinced that the disruptive design plays a huge part in Davidoff Nicaragua's success.

And the brand has not even reached its full potential, since it has yet to be able to distribute fully to Global Travel Retail because it faced supply shortages due to the demand that far exceeded forecasts.

Research resources

Davidoff internal data, 2013-2014

Retail sales value and sales volume data
from Davidoff's own 65 stores, 2013-2014

Retail sales value and sales volume data
from other retailers, 2013-2014

Retail Panel market overview data, 2011-2014

Bloomberg interview, February 2014

Halfwheel.com, Influential cigar
aficionado website

Cigarellios.info, Influential cigar
aficionado website