



a premium brand
TO RIVAL NESPRESSO

JACOBS DOUWE EGBERTS: L'OR
NOVEMBER 2018

DBA DESIGN EFFECTIVENESS AWARD
FOR PUBLICATION

"We are all in love with L'OR. This is our fastest growing brand, 'premiumising' coffee in grocery. The new L'OR visual identity and packaging design have become signifiers of the new 'gold standard' L'OR experience and have taken the espresso category by storm, tripling our business"¹

Patrycja Nowakowska (L'OR Global Brand Director)

"We have capsules! And we are still recovering from the greatness of the designs - we are living for them! Congratulations again for the outstanding work you have done on L'OR, you make this brand really proud"

Ricard Valentines (L'OR Global Marketing Director)

¹ (redacted confidential data)

executive SUMMARY

In 2016, Nespresso dominated the in-home premium coffee experience with its machines and aluminium capsules. Competitors, among them L'OR, offered cheaper capsules that were compatible with Nespresso machines (Nespresso Compatible Capsules, NCCs). These were made of plastic instead of aluminium, and were seen by consumers as notably inferior to the real thing.

OUTPERFORMED TARGETS

99%

increase in net sales vs. target in 2017
(first year after launch)

50%

increase in net sales vs. target in 2018
(second year after launch)

L'OR SAW A COMMERCIAL OPPORTUNITY IN THIS STRONGLY GROWING MARKET

The opportunity was to become the first to offer aluminium NCCs, avoiding the poor quality perception of the plastic capsules. A huge short-term sales opportunity. But L'OR thought beyond this. It wanted to be more than just a cheaper substitute for Nespresso, dependent on this giant's success.

THE AMBITION: BECOME A PREMIUM BRAND TO RIVAL NESPRESSO

The aluminium capsules would be the first step towards L'OR becoming a global premium brand in its own right, the equal of Nespresso – and offering a distinct brand world of its own. Broadening choice for consumers so they would have a compelling alternative to the world of Nespresso and George Clooney. L'OR NCCs would be available in supermarkets everywhere, not restricted to online or special stores like Nespresso's. They would free luxury coffee and bring it to the masses.

THE BUSINESS GOAL: BUILD IT INTO A €1BN PREMIUM COFFEE BRAND BY 2020.

To do that our brief was to redesign the L'OR brand, starting with the capsules – and reinvent it as a contemporary premium brand. The scope included the redesign to launch in 30 markets.

Data source: JDE Internal Data



executive SUMMARY

IMPRESSIVE GROWTH

L'OR achieved not only spectacular sales results but is well on the way to becoming a global premium brand. The success in NCCs has boosted brand perception and L'OR now offers its own coffee machines. It is no longer dependent on Nespresso's success.

+12_{PT}

global NCC market share increase
last year to 32.5%

x3

tripled L'OR business¹

64%

growth vs. 28% NCC market growth
from 2016 to 2017

+30

launched in over 30 markets



Data source: JDE Internal Data & AC Nielsen

¹ (redacted confidential data)

project OVERVIEW

CONTEXT: LOVED, BUT SMALL AND LOCAL

L'OR was a small coffee brand, popular in France but with marginal global presence. It offered a range of products – instant, roast & ground, and also offered Nespresso Compatible Capsules (NCCs).



BUSINESS CHALLENGES

- Nespresso dominant in NCCs and a global brand
- L'OR: Little to no brand awareness outside of France
- Fragmented brand identity across products and territories
- No cohesive word mark
- Offered undifferentiated plastic NCCs in an over-packaged box

NCCS - A BIG BET FOR THE FUTURE

NCCs were seen as the key to leading the future coffee market. However, L'OR NCCs were plastic and (in common with competitor products at the time) did not offer the premium experience of aluminium capsules, like Nespresso's. The packs lacked standout on shelf and were not able to communicate the quality of the L'OR coffee within. The boxes were also over-packaged and bulky – not sophisticated.



The business aspired to reinventing L'OR as a global premium coffee brand to challenge Nespresso as an equal. It identified the NCC market with its strong growth (22% YOY) as the platform for this brand reinvention. The plan was for L'OR to be the first non-Nespresso brand to offer aluminium NCCs. These would have the higher-quality feel necessary to deliver a more convincing premium experience... beginning the journey to becoming a premium brand.

The new aluminium NCCs would spearhead the expansion of L'OR around the world – to become a global premium brand. Distribution was also to play a role. Nespresso capsules were restricted in their availability – only in its stores and online. Whereas L'OR NCCs would be available to the masses, in supermarkets.

BUSINESS AND MARKETING OBJECTIVES¹

- Re-invent L'OR as a global premium brand
- Play to win in NCCs
- Become a €1bn premium brand by 2020
- Grow from 3 to 30 markets by 2020, with an initial focus on Europe, Russia, Brazil and Australia

¹ (redacted confidential data)

project OVERVIEW

THE DESIGN CHALLENGE

We were initially briefed to redesign the L'OR NCCs. However, we soon realized that this was more than a simple pack redesign. To meet the challenge of becoming a global premium brand, we expanded the brief to include revisiting the brand strategy and personality traits. To do this, we acted as strategic consultants, working in close collaboration with the L'OR Global Marketing team and archetypal branding agency.

This inspired our creative strategy and the big idea that drives the brand at all levels: 'Pure Unapologetic Pleasure'.



BRIEF

- Optimise and rationalise the brand while staying true to the brand's heritage
- Develop packaging for the complete redesign of the L'OR NCCs
- Produce brand guidelines and assets that allow the L'OR brand to be expressed consistently
- Create a brand movie to be used by Global Marketing teams to sell L'OR into new markets, as well as to create excitement amongst internal stakeholders.



the design SOLUTION

SEDUCTION OF THE SENSES

Strategically, L'OR would be repositioned to represent unapologetic luxury. The brand archetype was the L'OR goddess: An intriguing sensualist, she invites coffee lovers to surrender to their senses and experience unadulterated moments of pleasure, without justification. We also considered how the design would function as part of L'OR's unique distribution plans - in the supermarket. Every package opened and every capsule touched needed to deliver a premium experience.



HOW DID WE DO THIS?

CRITICAL REDESIGN ELEMENTS:

- Evolution of the word mark
- New range of jewel-toned brand colours
- Redesign of the NCCs with printed aluminium
- Transformation of the capsule packaging
- A bank of new, usable brand assets
- Inspiration for immersive brand experience
- Brand book and brand toolkit
- Brand movie

EVOLUTION OF THE WORD MARK:

The gold logo was carefully crafted with a three-dimensional effect that shone on its black setting.



the design SOLUTION

Old pack and
capsule design



New pack and
capsule design



The NCCs were redesigned from plastic to faceted, graphic-printed aluminium. Each variant was designed in a distinctive jewel tone, to reflect flavour notes, strength and profile.

Inspired by a box of chocolates, the NCC packaging was redesigned as a slender box with an elegantly shaped window. We paired this with simple on-pack architecture that cuts through on-shelf and allows consumers to navigate the range. Bold, block colours represent the base range variants, whilst foiling and intricate patterns are used on the box to indicate the more complex flavour profiles in the premium collection.

One of our critical roles in this redesign was to carve out better, bolder ways to use the distinctive L'OR design assets: gold particles, the word mark, musical notes and logo lock-up. To do this, we created the L'OR brand book and brand toolkits. These served as visual guidance for markets and partners to implement consistently across touch points in every territory. With our guidelines and using the assets we created, multiple agencies developed global campaigns, implemented across disciplines.

OVERVIEW OF THE MARKET

At the end of 2016, the NCC category was rapidly growing by 22%. JDE market share in this category, however, had decreased as the number of NCC players increased - although all players entering the market were offering plastic NCCs.

THE NEW NCCS WERE LAUNCHED IN NOVEMBER 2016.

DESIGN COSTS¹

Consumers were looking for ways to serve café quality coffee in their own home. Everyone wanted to access this luxury in daily life. There was also a rising trend to understand coffee: identifying flavour notes, strength and profiles.

Nespresso had established and then proceeded to own the NCC market. Various competitors offered plastic NCCs that could be used in Nespresso (and other) machines, but all failed to deliver the same luxury experience as Nespresso did. None delivered a premium experience - and L'OR was no exception.

The traditional target market - easily wooed by George Clooney - was also changing. It was time to look to the new generation of coffee drinkers and what resonates most effectively with them.

Data source: JDE Internal Data
¹ (redacted confidential data)

the RESULTS

1. BUSINESS OBJECTIVE: BUILD A BILLION DOLLAR GLOBAL PREMIUM COFFEE BRAND BY 2020

TRACKING AHEAD OF TARGET

L'OR has tripled their business in 2018¹. They are tracking ahead of their target to become a billion dollar global premium coffee brand by 2020.

UNPRECEDENTED SALES PERFORMANCE

In the first year (2017), L'OR exceeded its annual sales target by 99%¹. In its second year (2018), it exceeded its annual sales targets once again, by 50%¹

L'OR NCC MARKET SHARE GROWTH

The re-launch of the new aluminium NCC design registered gains in market share, for the first time after 2 years of decline. In 2014, L'OR plastic NCCs accounted for approximately 43% of the market share in countries in which it was present. Without expanding into new markets for 2 years, and due to new brands competing for a stake in the capsule market, L'OR was in decline, from 43% in Q1-2014 to 21% in Q4-2016.

Following the relaunch, L'OR NCCs see now a new record of market share, increasing nearly +12 points in the last year, reaching a 32.5% market share in retail worldwide.

¹(redacted confidential data)

2. BUSINESS OBJECTIVE: PLAY TO WIN IN THE NCC MARKET - AND EXPLICITLY CHALLENGE NESPRESSO

CONTINUED SUCCESS

The design has allowed L'OR to successfully crack the most exclusive espresso club in the world. While L'OR continues to actively build new communities of loyalists, Nespresso has recently started to show signs of stagnation, and even decline in markets such as Spain and France - markets that were particularly challenging for L'OR and are now success stories for the brand.

The whole JDE NCC business was also positively impacted thanks to the redesign of the L'OR NCCs. Now, the new JDE NCC category reached a 33.2% % market share growing by +5.7 points compared to the market leader Nespresso.

REPEAT PURCHASE

L'OR key figures registered across 2 years since the redesign show how it was not only a new novelty but has seen continued success. L'OR has registered high purchase rates across the world and higher than competition. Considering a few as examples, more than half the consumers in Australia and The Netherlands who bought L'OR for the first time, have re-purchased it (51% and 56% repurchase rates respectively) while almost 40% of the total first time consumers reported re-purchasing more than 4xL'OR NCC products after that.

Data source: JDE Internal Data, AC Nielsen, Nielsen Household panel, GfK Repurchasing data week 24, 4Q 2017, Kantar Worldpanel Q3 2017. Above shares are based on the NCC that part of the Nespresso Capsule Market (NCM) only. The actual NCM consists of both, capsules available from Nespresso (for which no publicly available data exists) and NCC sold in retail.



the RESULTS

3. BUSINESS OBJECTIVE: INCREASE GEOGRAPHICAL FOOTPRINT FROM 3 TO 30 MARKETS BY 2020

TRUE GLOBAL PRESENCE IN ONLY ONE YEAR

By 2017, the brand had registered 28 new market launches across 4 continents, marking the fastest geographic expansion in JDE's history.

REACHED THE BUSINESS OBJECTIVE IN HALF THE TIME

In only 20 months L'OR was present in 36 markets across 5 continents, exceeding the brand's ambition to grow its presence from 3 to 30 markets by 2020. This was achieved 2 years ahead of the target.

NO. 1 NEW BRAND LAUNCHED IN THE UK

In 2017 L'OR was ranked the number one new brand launch in the UK, reaching more households than any other brand launched in the same period.

4. BUSINESS OBJECTIVE: RE-INVENT L'OR AS A GLOBAL PREMIUM BRAND: FROM OFFERING COMPATIBLE PRODUCTS TO BEING A 'PREMIUM COFFEE BRAND' IN ITS OWN RIGHT

QUALITY AND PREMIUM PERCEPTION THROUGH DESIGN

L'OR grew in brand awareness. Not only in markets where it existed before the launch (Spain: 3 out of 4 Spaniards know L'OR in one year after launch*).

PACKAGING COMES OUT TOP WHEN COMPARED TO OTHER NCC BRANDS

In a recent study, consumers preferred the L'OR packaging design most when compared to direct competitor brands such as Café Royal and Carte Noire. It scored higher on every parameter measured: packaging, appearance, colour and graphics, touch and feel, format and shape, opening and closing**.

Data source: JDE Internal Data, AC Nielsen.

*JDE market research where consumers were asked "What is appealing to you in this L'OR product?" Sample size: 4,000 consumers - 400 in 10 countries.

**JDE consumer research in France with sample size = 118



other FACTORS

NCC INNOVATION

Being first to offer aluminium NCCs delivering a premium experience at a price point lower than Nespresso was undoubtedly a factor in the successful sales figures.

EXPANDED DISTRIBUTION

Distribution played a role at two levels:

- L'OR aluminium NCCs were available in supermarkets whereas Nespresso's were not
- The expansion from 3 to 20+ markets meant access to new customer bases, making the product available to many more customers than before

The above being said, the redesigned NCCs still dramatically exceeded their original targets.

AGENCY PARTNERSHIPS AND CAMPAIGNS

There was A&P investment (TVC, digital, in-store) to aid the launch of the aluminium NCCs. We were instrumental in working with the various agencies:

- Briefed the advertising agency
- Created a Brand Guardianship model for the implementation of the new identity, providing guidance and feedback
- The campaign used our brand assets and kit of parts
- The redesigned NCCs and packs were central features of TVC, digital advertising and in-store.

Although there were other communications activities at the time of the launch specially in-store, executions were driven by the central creative idea we developed for the brand: Pure Unapologetic Pleasure.

JDE GLOBAL NETWORK

JDE does indeed have an established and powerful network of distribution models therefore we cannot claim that the geographic expansion was purely caused by design. However, the JDE business model is such that local markets must buy into product propositions where they see opportunities in their countries. Design and its performance across markets was a strong push for the confidence of these regions, making L'OR the fastest growing brand in JDE's history.



other FACTORS

LEGACY: HOW THE PROJECT CHANGED THE BUSINESS

FROM ONE PRODUCT CATEGORY TO THE COMPLETE PORTFOLIO

With the NCC design success, L'OR had the licence to expand the new design to their complete range of products. With only 19 SKUs designed at the start of the project, we have rolled out the design solution to more than 30 other formats across different product categories. The effectiveness of the design continues to build brand equity.

INTERNALLY: GREAT MOMENTUM WITH THE NEW ALUMINIUM NCC DESIGN

The success of the L'OR NCCs boosted JDE's internal confidence. Local markets have identified growth opportunities with L'OR, buying in existing products or requesting lines to be extended, especially to premium ranges. Our redesign continues to drive new briefs and product improvement across categories, not only on NCCs. The performance of the design and the positioning of the brand empowered the business to launch the brand in a completely new B2B segment.

EXTERNALLY: BETTER PARTNERS, BETTER DEALS

With new brand credibility following the improved perception, L'OR has been able to negotiate better partnership opportunities.

¹(redacted confidential data)

