

SERVING LOCAL SHOPPERS A LITTLE BETTER EVERY DAY

Client:
One Stop Stores Ltd

Design Consultancy:
Cowan London

Submission Entry:
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For publication

**Nigel Prendergast, Head of Marketing at
One Stop Stores says:**

“This was our biggest ever product launch, from start to finish. The work Cowan have produced has been first class, and their expertise has guided us through a complex project that was landed in record time. The design and product has received high praise from customers and colleagues, culminating in an entry to the Grocer Gold Awards – the first convenience store to be shortlisted for the award since 2009! We have now adopted a lot of the work that Cowan has done and used elements to support our brand journey. I would like to personally thank everyone involved for the help and support we received.”



EXECUTIVE SUMMARY

One Stop is a convenience store operator, and a subsidiary of Tesco since 2003. The business prides itself on being at the heart of the community, and its core purpose is to 'serve local shoppers a little better every day'.

But doing this wasn't always easy. True convenience shopper behaviour had changed significantly over the past 5 years, with people tending to shop more broadly and more frequently than ever before. Traditional categories, including tobacco, confectionery, news and magazines, were in decline and there was a real business need to meet customers' changing demands, as they became more time poor and expected a greater range of products.

Through its customer research, One Stop discovered that there had also been a shift in customer mind-set around own label. Its existing range was very much focused around showing value first, but feedback was indicating that customers no longer wanted to see a 'value' looking own label. The rise of discounter supermarkets, and their focus on driving quality and British produce meant that customers wanted quality first, as well as a good price tag. So One Stop decided to revamp its own label offer, and involve Cowan to help them to deliver on three key objectives.

"True convenience shopper behaviour had changed significantly over the past 5 years"

KEY OBJECTIVES

01

Create a holistic, credible brand that people will buy into.

02

Establish a reputation for delivering fresh, quality products at a great price.

03

Increase average weight of purchase (AWOP).

+5%

Boost in (LFL) sales

+5.74%

Increase in revenue

+7ppts

Increase in perception
of fresh quality

+8%

Increase in AWOP

Outperformed the
market by

4.5ppts

SUMMARY OF RESULTS

Cowan has delivered in all areas.

The own-label range was highlighted in the annual report and accounts as having boosted like-for-like (LFL) sales by 5%. It also reported a revenue increase of +5.74% and a pre-tax profit increase of +6.9% on the previous year.

Not only did Cowan create a credible brand that people would buy into, but:

- The design was considered to be on par with those of the bigger retailers, e.g. Co-Op, Tesco, Sainsbury's, Morrisons, Asda, and
- Redacted confidential data

There were also significant improvements in perception of fresh, and the resulting sales.

- The perception of fresh quality increased by +7ppts
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- Redacted confidential data
- Own label participation in fresh increased by 2% in the first 6 months

And finally, the AWOP increased by +8% - outperforming the market by 4.5ppts.

The results exceeded the brand's expectations around its franchise operations, with revenue from franchise stores increasing by +20.9%, and franchise operating profit nearly 10 times that of the previous year.

It was also shortlisted in the 'Own brand of the year' category at The Grocer Gold Awards, 2018 - a clear indication of a brand that has been developed with consumers at its heart.



KEY OBJECTIVES:

1.

Create a holistic credible brand that people will buy into.

2.

Establish a reputation for delivering fresh, quality products at a great price.

3.

Encourage broader range of purchases to increase AWOP.

CASE STUDY OVERVIEW OUTLINE OF BRIEF

The challenge:

One Stop had always been at the heart of the communities it serves and was seen as friendly and helpful. But its own brand food offer was relatively small, hard to find and customers didn't believe that the products were fresh, great quality, or good value - primarily due to the packaging design.

One Stop's core purpose is to 'serve local shoppers a little better every day', meaning that constantly bettering the customer offer is at the forefront of its operations - and one of its key business goals. Therefore the business needed to respond not only to these perceptions of the brand, but also to the changes in the market - in order to remove the reason to shop elsewhere, and therefore increasing customer loyalty. The decision to revamp its own label offer was seen as the way to do this, but this meant that in order for it to be successful, the associated redesign needed to achieve the following key objectives:

1. Create a holistic credible brand that people will buy into

To create a rigid design architecture on-pack that was easily recognisable across all categories, but with enough flex to allow for the planned range extension and future expansion into new categories.

2. Establish a reputation for delivering fresh, quality products at a great price

To use design to communicate quality and freshness to help transform customer perceptions of the One Stop own-brand range, whilst remaining true to the brand's personality.

3. Encourage broader range of purchases to increase AWOP

To use design to help One Stop customers find a wider choice of products in-store, therefore increasing product repertoire and average weight of purchase (AWOP).

Initial scope of work:

Through One Stop's regular range resets where the business engages customers in research, it recognised that there had been a shift in customer mind-set around own label expectations. Therefore it had made the decision to totally revamp its own label offer - everything from sourcing new product to overhauling the brand.

One Stop wanted to bring its 'serving local shoppers a little better everyday' proposition to life through an own label offer that meets the needs of customers whether they need food for now, food for later or a small top up shop.

It was Cowan's role to create one brand architecture that worked across all products - an own label packaging design system that could drive freshness, credibility and product quality, ranging from 350+ lines across food to household goods.

Customers no longer wanted to see a 'value' looking own label. They wanted to see a quality offer at a good price.

DESCRIPTION

About One Stop:

One Stop is a convenience store operator, with approx. 900 stores - of which 84% are company-owned, and the remaining 16% franchise stores. The business has been a subsidiary of Tesco since 2003, and has traditionally been heritage, meaning it over indexes in tobacco, confectionary and BWS. It prides itself in being at the heart of the community.

Background:

One Stop's core purpose is to 'serve local shoppers a little better every day', meaning that constantly improving the customer offer is at the forefront of its operations - it has to be to compete with the independent convenience stores that represent 75% of the market.

As part of its commitment to this cause, One Stop regularly carries out customer research. Recently the business had discovered that consumer perception of own label was changing. Customers no longer wanted to see a 'value' looking own label. They wanted to see a quality offer at a good price - more in keeping with the trends seen across discounter supermarkets. Customers also said that they wanted to see more quality and provenance messages, particularly on fresh. By having lots of tertiary brands, One Stop was unable to own that conversation, so it was decided to relaunch the entire range, to better serve its customers.

Other drivers for this were based on the branding:

- Customers positioned One Stop's own label as a 'value' or 'basics' brand - two colour simplicity = cheap
- It was seen by many as acceptable, if not actually appealing - cartoon images were childish and/or old fashioned
- The brand/packaging was off-putting to some - especially in fresh categories where beige/orange labels lacked contrast to the produce



DESIGN SOLUTION:

The aim of re-launching the own label range was to meet the adapting needs of the consumer. So the overarching requirement was to ensure that the new design and brand architecture would allow for future growth, and be able to build on the brand equity already created once new lines are introduced. Therefore the long-term health of the brand was at the forefront of the agency's design.

Brand equity The One Stop brand marque is central, prominent and consistent on all products – really heroing the brand. A simple panel compliments the marque, gives all the product details, and is coloured to reflect the product categories to aid navigation. To create a strong brand for the future, Cowan was asked to implement one consistent execution of the brand marque across all touchpoints, from packaging to fascia, whereas previously there were multiple iterations.

Quality New photography really showcases the quality of the products – it feels honest, approachable and real, whilst also communicating freshness and driving appetite appeal. Background textures and scripture also add that extra level of care, attention to detail and quality.

Provenance A simplified vibrant colour palette communicates cuisine provenance across categories, whilst it's also flexible enough to convey occasions. It is also used to show freshness or convey flavour across the ranges.

Navigation The design is simple and consistent across the range so it is easily recognisable, and navigable. The colour palette is also minimal and used to block key categories in fixture, to further help customers shop in-store.

Flexibility & future growth The design introduces an architecture that allows for flexibility across different pack formats and technical constraints, while staying focused on communicating quality credentials. It is also in keeping with category semiotics to help customers shop products and categories more easily.

Scope of work In just 12 months from the decision being made, the buying and marketing teams at One Stop worked tirelessly to make it happen – from sourcing the product, and working collaboratively with Cowan, to launching it to its customers and colleagues. The project team kept everyone in check from start to finish, and the retail team implemented it right first time, ensuring that the rebrand, and the entire project, was a success.

The new brand architecture and packaging design, initially launched across approx. 350 lines, has established a visual language that is now used by One Stop across the store environment and beyond.



Whilst price and value were still the key metrics with customers, quality was becoming ever more important.

OVERVIEW OF MARKET

At the time of briefing, the true convenience shopping landscape was changing. Shopper behaviour had changed significantly over the previous 5 years, with people tending to shop more broadly and more frequently than ever before.

Traditional categories, including tobacco, confectionery, news and magazines, were in decline and there was a real business need to meet customers' changing demands, as they became more time poor and expected a greater range of products. For example, 43% of customers work full time (Local Shop report) and wanted the convenience of popping in on their way home from work, but with the variety of products offered by the supermarkets.

Whilst price and value were still the key metrics with customers, quality was becoming ever more important. It's these changes in consumer needs and the market that tend to give independent storeowners a slight advantage over the bigger groups. They are more agile and can adapt quickly and more efficiently to changing consumer needs, and they account for 75% of the convenience store market.

However, approximately just under half of these independents choose to trade under a common customer-facing brand (or symbol group) such as Spar, Nisa Local and Best One. Therefore it was important that One Stop's offer could compete with these, or at least provide an attractive offer to potential franchisees.

Having grown every year since 2012, by March 2017 the convenience sector was worth £38bn. It represents one fifth of the UK's total grocery market.

Key facts:

- Project launch date - July 2017
- Design fees - *Redacted confidential data*



Before



After

RESULTS

RESULTS VS ORIGINAL OBJECTIVES

1. Create a holistic, credible brand that people will buy into

A customer research session conducted by OKO (October '17) showed that customers are more receptive towards One Stop's own label, **and that the brand design was considered to be on par with those of the bigger retailers** (Co-Op, Tesco, Sainsbury's, Morrisons and Asda).

This opinion has been reinforced by sales data - *Redacted confidential data*

Redacted confidential data

And for certain products, such as Baked Beans and Bolognese Sauce, **own label volumes are now on a par with the branded equivalents** - a true marker of success.

2. Establish a reputation for delivering fresh, quality products at a great price

In April (prior to the relaunch) One Stop customers rated its fresh quality at 64%, ranking 7th out of 7 in its competitor set.

With the range firmly established in-store and customers having purchased, in January 2018 customers scored its fresh quality at 71%, ranking 4th in its competitor set - coming above Sainsbury's, co-op and Tesco.

And the food photography is rated as very appealing, particularly on the ready meals where consumers say the new packaging entices them to try the range as it looks better quality, and more tasty.

Franchisees have also praised the product quality and breadth of range they can now offer their customers:

"Our customers are loving all the new own label products One Stop have introduced, especially the fantastic new chilled range, as customers are constantly commenting on the quality."

And One Stop itself is more than happy with the results. The focus on improved quality has been called out in the company's annual report and accounts as a key driver of strong growth, particularly in own label fresh food - where quality and fresh really matter to consumers. For example, like for like sales for fresh meat has increased by +20% and fresh produce by +18%.

And own label participation in fresh increased by 2% in the first 6 months alone.

Customer research (OKO, Oct 17) also highlighted that the One Stop branding made customers feel that the quality would be good:

"I love the ready meals now, they look really nice, I have tried a few and the quality is fantastic."

"The cooked meat looks much more appealing now, I like the clear packaging, and it shows how good your food is."

"I love what you have done [with the own label packaging], I have tried quite a lot of it now and the quality is exceptional."

Participation in own label sales more than doubled in the first 6 months post rebrand, and the AWOP increased by +8% in the first year.

3. Increase average weight of purchase (AWOP)

Research by OKO (Oct '17) showed that customers noticed an increase in range, especially across meat & produce, which is encouraging more frequent purchases. In fact, the increased awareness of own label made customers view some of the ranges as being new, although this was not the case.

"I find it easier to pull a meal together, there is more choice which makes it easier for me to group it all together in my head when I'm trying to think up some meal ideas."

"There is a better selection here now, the fruit is much better, bananas, grapes, strawberries, much more choice. I like it."

The fact that the revamped range now looks so appetizing and reinforces the quality of the products, also encouraged new customers to go in and try the products (OKO, Oct 17):

"The cream cakes are lush, I come in at lunchtime to buy them for my friends in the office."

"The fruit and vegetables look much better quality, I will certainly be buying more than I used to."

"I like the meat, I have started to buy a few bits over the last few weeks and my husband really likes it, especially the steak."

BEYOND EXPECTATIONS:

Franchisees

In the convenience market, shop owners have a choice to be completely independent, part of a symbol group or a franchise. Ultimately they want to give themselves the best chance of making good margins, which often means adapting to changes in the market as quickly as possible - with independents often having the advantage of being more agile. One Stop's redesigned own label offer clearly allows for growth and expansion by building on the brand equity already created, which is a huge positive for franchisees.

The own-label range is driving positive LFLs across multiple categories thanks to the breadth of range they can now stock:

Aman Uppal of One Stop Mount Nod in Coventry, recently spoke to Retail News about the range:

"It's definitely been a positive move because my overall margins have increased by 4%. Sales of milk alone have grown by 15%. The growth is similar across other categories. The packaging is more attractive."

Sunder Sandher, Leamington Spa One Stop:

"Our customers are loving all the new own label products One Stop have introduced, especially the fantastic new chilled range, as customers are constantly commenting on the quality. When new products launch it's important to be brave, so we've taken the entire range and maintained great availability. This gives customers the chance to taste everything and the confidence that it will always be in stock - it's been a huge success. We're taking £400 more a week on chilled alone, versus this time last year, and for the first time ever our chilled sales have overtaken our tobacco sales."

This is great news, as it is expected that tobacco sales will gradually decline over the next few years, and so One Stop is providing its franchisees with an alternative profitable revenue source.

In fact, One Stop's ARA for Y/E Feb 2018, reported that franchise revenue increased by +20.9% following the rebrand, up to £85,722m, with a franchise operating profit of £751k - nearly 10x more than the previous year's £82k. A win all round.

Removing a reason to shop elsewhere

It's clear that One Stop has considerably improved its customer offer through the new own-label range. It has increased customer loyalty and, whilst it's still early days, has started to remove the reason to shop elsewhere. Customers love it.

- "Much better range of ready meals, I'm single so I live on them, saves me having to drive to Asda now." (OKO, Oct '17)
- "You can always get what you need within walking distance." (Facebook)
- "I have been using the Bassett Shop for several years and wouldn't change. It's a brilliant all round shop and long may it continue." (Facebook)
- "The best local convenience store I have ever visited." (Facebook)
- "I was able to find what I wanted almost immediately and the gentleman at the counter was helpful, polite and knowledgeable about the offers as I asked him about particular fruits and deals - I was thanked for my custom." (Facebook)

Awards won

One Stop's own label was shortlisted in 'Own brand of the year' category at The Grocer Gold Awards 2018 - a clear indication of a brand that's responding to consumer demand.

SCALE OF EFFECT:

Eight months post rebrand, One Stop posted the following results in its ARA for Feb 2018:

- Like for like sales growth of +4.99%
- Revenue of £1,069m, an increase of +5.74% from last year's figure of £1,011m
- Pre tax profit of £20.1m, an increase of +6.9% from last year's figure of £18.8m

Sales figures also show an increase of +8% on its average weight of purchase.

This is pretty impressive compared to the convenience sector as a whole, where value sales increased by +2.9% in the year ending March 2018, and had an average spend increase of +3.5% (The Association of Convenience Stores, 2018)

And if you contrast these figures to those posted by Spar following its major range relaunch involving 750 lines in 2014, the results are again remarkable - particularly considering that One Stop's relaunch was not supported by a TV campaign, plus it had roughly half the number of lines in the range than Spar.

	One Stop	Market comparison	Spar rebrand
LFL sales growth	4.99%	2.9%	0.5%
AWOP / av. spend	8%	3.5%	4.3%

OTHER INFLUENCING FACTORS:

Marketing activity: Because this was a complete revamp of the range, One Stop obviously supported the relaunch in-store, through its mini campaign "You'll love the change". This consisted of point of sale, shelf liners, window decals, etc., which were all based on the design and brand guidelines by the agency. The campaign aimed at building the brand in-store, and reinforcing the provenance messages. However, research by OKO found that many customers actually failed to notice the additional marketing.

Living up to its brand promise of being at the heart of the community, the business ensured that its staff was primed for the launch too, by delivering an implementation guide and colleague engagement plan, which saw them wear branded t-shirts, and engage with their customers.

Whilst these will have played a part in signalling change to customers, the packaging will have been the main driver for them actually purchasing individual products. A study by MeadWestvaco in 2014 found that 64% of consumers try a new product because the packaging catches their eye, and that 41% repeat purchase because of the packaging.

Price & promotions: Value and range are still the key drivers in any shopping experience, however it is quality that is becoming more and more important to consumers today, and is the driver for purchase.

Following the rebrand, price promotions were limited but in line with One Stop's existing price policy, and previous strategy. For example, some lines were on a permanent multibuy, but this was exactly the same before and after the relaunch. The only price changes made were due to changes in pack size/format.

Range reformulation: According to The Grocer's Focus on...Own Label (15 Apr 2017), Gordon Walsh, sales director at Ornuu Foods UK, states that "retailers have been making their own-label proposition more competitive and given more space to it. And using it to win loyalty versus the other multiples."

It's a commonly used strategy in the supermarkets. However, One Stop wanted to provide a range with a great architecture to become more recognisable for consumers. A range of better quality products at a great price that would drive loyalty. It was important for One Stop to get its brand right, and to get the quality cues right on the packaging, to entice customers at the point of purchase and get them to trial the products. As we know, 64% of consumers try a new product because the packaging catches their eye.

As part of improving their customer offer through revamping the own-label range, One Stop increased its SKU count from c.90 lines in 2015 to 350 lines - that's an increase of nearly 4 times the original range. But it is only half the number of lines that Spar reformulated in a similar relaunch in 2014 - with less impressive results.

Increase in number of franchisees: The percentage of sales from own-label obviously contributes as store numbers increase, but as 84% of stores are company-owned, own-label sales from the franchised stores is not that significant in the grand scheme of things. Especially as the total increase in number was 10 shops (158 in 2017 - 168 in 2018), according to the figures in the ARA. One Stop credits the growth in its franchise revenue to improving its own-label range and its operations.

Additionally, there are no specific incentives for franchisees to stock own-label, versus branded goods, but sales have still increased significantly on some lines versus tertiary brands previously stocked.

Examples of specific products where own label has improved on tertiary brands:

- New Cherryade 2l: +30% vol. & +8% val. vs. tertiary brand
- New Cola 2l: +25% vol. +3% value vs. tertiary brand
- New fabric conditioner: +35% val. vs. tertiary brand

Alignment with Tesco: One Stop had been owned by Tesco since 2003, so nothing new there. Aligning with Tesco on its core spec for own-label has allowed One Stop to drive the quality improvements in the product, but this rebrand was about encouraging trial of a revamped range, and the subsequent repeat purchase. It was about achieving the business goal of delivering the best customer offer and therefore One Stop changing to suit the needs of their customers. All to build a sustainable, profitable, adaptable and customer-focused brand long-term.

The figures given in this entry are all sales, not profit. They do not reflect changes in product spec, formulation or price. It is purely down to how the packaging has encouraged purchase.

Product availability: One Stop had excellent feedback on fresh product quality and packaging. However, due to the collapse of wholesaler Palmer & Harvey, product availability impacted further growth in this area.

References & sources of information:

- Internal sales data
- The Association of Convenience Stores - The Local Shop Report 2017 & 2018
- OKO - Customer research (October 2017)
- One Stop ARA, Feb 2017 & Feb 2018