



DIAGEO

62%
sales growth
in 2 years

DIAGEO
 JOHNNIE WALKER
 BLUE LABEL

Category: Packaging

Sub category: Branded - Drink

Client company: Diageo

Design consultancy: Sedley Place

SEDLEY PLACE

27th June 2014

EXECUTIVE SUMMARY

Johnnie Walker Blue Label broke new ground in 1992. Introduced to celebrate Alexander Walker's benchmark setting 1867 Old Highland Whisky it led the way in establishing the Ultra-Premium whisky category.

However, by 2006 it was looking tired and old-fashioned in consumers' eyes and research showed the brand's packaging no longer conveyed the right luxury cues. In addition, its status as the category leader was being challenged as it faced competition from other Ultra-Premium brands, as well as from other premium spirits like cognac.

Diageo, Johnnie Walker's owner, responded by commissioning Sedley Place to redesign Blue Label. Our brief was to invest it with enhanced luxury cues while not sacrificing the DNA that lay at its core. This work inspired the brand team to work on the brand's story and a new idea was developed, "Celebrating Epic Achievements".

The resulting packaging redesign has been a significant success, with the brand hitting 27% nett sales growth over one year and 62% growth over two years, while sales volume has grown 25% over one year and 34% over two years. Feedback from Diageo commissioned consumer insight shows that the new design has delivered a step change in luxury cues. Total advertising and promotion spend as a percentage of sales has remained constant while sales, volume, market share and price (up between 7% and 16%) have increased. In some countries advertising of alcohol products is not permitted, and sales are significantly higher in these markets. As a consequence Diageo believes that the redesign has been the primary driver of increased sales.

The redesign has also been a significant success on one other level. The new design captures the spirit of epic achievement - both past and present. The perfected liquid, captured inside the stunning bottle design, is a testament to the blenders' achievements past and present. As such it's an architectural representation of Blue Label's epic achievement and rightly became the centre of attention for all advertising and promotional materials.

EXECUTIVE SUMMARY



VERY FEW MAKE IT TO BLUE
1 IN 10,000 OF OUR BARREST CASKS.
190 YEARS OF UNBROKEN BLENDING EXPERTISE.
1 RARE WHISKY.

THE NEW DESIGN HAS BECOME THE CENTRE-PIECE OF ADVERTISING MATERIAL

1. OUTLINE OF PROJECT BRIEF

Johnnie Walker Blue Label was originally introduced in 1992 and pioneered the Ultra-Premium whisky category. When it launched it was five times more expensive than its nearest competitor. Over time the super deluxe brown spirits category has grown and the competitive set now includes other whiskies and cognacs like Ballantine's 21 Year Old and Martell XO.

However, research undertaken by Diageo in 2006 identified that the brand looked old-fashioned and tired to consumers. It no longer communicated the luxury hand-crafted cues necessary to compete fully in the Ultra-Premium category and was not justifying its position as the iconic luxury spirit.

Johnnie Walker Blue Label is the pinnacle of the Johnnie Walker 'colours' range and the brand team recognised that it needed to set the standard of luxury for the whole brand, establishing credentials from which the whole range would benefit.

Sedley Place's brief was to retain the brand's core DNA whilst adding new features which would deliver the all-important luxury cues and help cement the brand's No.1 position in the Ultra-Premium category.

PROJECT OVERVIEW



TOTAL JOHNNIE WALKER RANGE LINE-UP BEFORE REDESIGN

2. DESCRIPTION

In the 19th Century, an era of pioneering innovation, Alexander Walker, the founder of John Walker & Sons, had a vision of creating a blended whisky; one of supreme quality and flavour. His was a relentless search for layered flavours and subtle notes, a search that culminated in the blending of his 1867 Old Highland Whisky - a blend of such rare crafting and flavour, it became known as the definitive statement in whisky excellence.

Today's Johnnie Walker Blue Label is the commemoration of Alexander Walker's remarkable 1867 Old Highland Whisky. It demonstrates the same rare commitment to flavour and craftsmanship, and the Walker family's belief that neither whisky age alone, nor whisky from a single location, is enough to achieve the creation of an unrivalled masterpiece.

The brand is best summed up as:

Rare Casks,

Rare Craft

& Rare Character.

RARE CASKS

The rare casks used in its blending are truly special, with only 1 in 10,000 containing whisky of sufficient character to deliver its remarkably complex, powerful and smooth signature taste.

RARE CRAFT

Today's Master Blender, Jim Beveridge, hand-picks and skilfully blends our rarest whiskies, with elusive flavours and taken from the four corners of Scotland, to produce a true work of art. Jim, part of an unbroken blending heritage stretching back over 190 years, nurtures supremely rare casks, from our unparalleled reserves, for as long as they take to mature to perfection. He then blends them, in small batches, to create this most intense and complex of whiskies.

RARE CHARACTER

Big hit of richness and smoke, layers of honey and fruit and an incredibly smooth finish deliver a truly rare character. Take a sip and the flavour builds, surging, breaking, slowing like a wave, deep through your mouth, deep into your chest. Salt and peat, rich fruits, dates and ripe berries, a hint of spice and pepper. Sweetness. Smoke. Long. Lingering. Luxurious. An incomparable swell. Subtle. Powerful. Complex.

3. OVERVIEW OF THE MARKET

Over time the super deluxe brown spirits category has grown and the competitive set now includes other whiskies and cognacs, among them the brand's primary competitors Royal Salute (owned by Chivas) and Ballantine's 21 (owned by Pernod Ricard).



The Ultra-Premium category has grown year on year and has seen growth outside of traditional territories, such as the UK, Europe and North America in recent years, with markets like China and India growing apace. According to figures published by IWSR/PR Market View, the Ultra-Premium category grew by :

4.6% CAGR growth 2009 - 2013

PROJECT OVERVIEW

4. PROJECT LAUNCH DATE

The redesigned packaging was launched in

06.2011

5. SIZE OF DESIGN BUDGET

The total design budget was

£269,000.00



OUTLINE OF DESIGN SOLUTION

Sedley Place's design solution encompassed both Blue Label's bottle design and bottle graphics and its secondary packaging's (IBC) structural design.

1. BOTTLE

The core elements (the DNA) which were retained were the iconic square bottle, the Royal Warrant, the slanting label and the 'Striding Man' on the base label.

To these were added heightened luxury cues:

- A new bottle was designed with an ultra thick glass base and side walls, which frame the precious liquid, ensure standout and provide impactful luxury cues. Slight variances in the height at the base of the bottle re-inforce the Blue Label story, by commemorating the 19th century design original, adding hand-crafted cues, and communicating a rarity message. The effect of the glass and base is that the liquid feels suspended in the bottle
- The Royal Warrant and JWS monogram are printed directly onto the glass in gold to glorify these iconic features
- A lighter Cobalt Blue glass colour was employed, in the process moving way from the heavier old green glass colour, to allow the whisky to shine through
- The individual bottle numbering was made more prominent. In addition, it now uses fewer numbers to highlight the whisky's exclusivity
- A larger, more detailed stopper was featured with finer detail to the foil closure
- A tasselled charm, featuring the Johnnie Walker 'Striding Man', and Johnnie Walker's founding date was added to the closure detailing
- The main and base labels were made thicker and more beautifully detailed.

OUTLINE OF DESIGN SOLUTION



OUTLINE OF DESIGN SOLUTION (650/360)

2. SECONDARY PACKAGING (IBC)

Sedley Place, working with Diageo's Production Team and its suppliers, designed a new Secondary Pack (IBC), which is 'top loaded' and finished with a one-way clip. This enables consumers to open the IBC like a book. The new design has significantly reduced the operational costs of filling the secondary packaging, as it can now be filled automatically whereas with the previous design this was a manual operation. These saved costs were reinvested in the bottle.

Other features of the IBC's structural packaging are:

- Front opening design, which signals a high price point and a high value 'reveal' for gifting
- A magnetic closure snaps shut for a quality feel.



SUMMARY OF RESULTS

PLEASE NOTE: For reasons of confidentiality Diageo does not publish any figures on sales relating to its brands. For this reason none of the tables show any figures. However, Diageo can, and is prepared to, corroborate the figures on request.

1. INCREASES IN SALES

The redesign of Blue Label has played an integral part in driving significant volume, sales and share growth, with the brand hitting

27% nett sales growth in the first full year and 62% growth over two years, while sales volume has grown 25% over one year and 34% over two years.

This was achieved during a five year period of growth in the Ultra-Premium Scotch category of 4.6% CAGR (Source IWSR 2013) and with no additional support from increased advertising and promotion spend as a proportion of sales.

SUMMARY OF RESULTS

2. MARKET SHARE

Blue Label's market share prior to the redesign was 37% and has raised to 41% in 2013, while the share of its nearest competitor has fallen from 36% to 28%.

3. PRICE INCREASE

The redesign has enabled Diageo to increase the price of the brand faster than sales in all markets. Across Diageo's different markets prices rose between 7% - 16%, while costs of goods (COGs) increased by only 3%. Diageo's gross margin has improved across the period.

4. RESEARCH FEEDBACK

Diageo's focus-group research, before the product was re-launched, showed a significant increase in premium cues and in the price consumers would expect to pay for the product.

Sample feedback from Link Consumer Strategies research debrief, 09.12.2010:

- *'All markets showed a strong preference for the new design across the key measures of premium, quality and craft'*
- *'The colour of the glass has a significant impact on the anticipation of the product'*
- *'Strong sense of premiumness and sophistication'.*

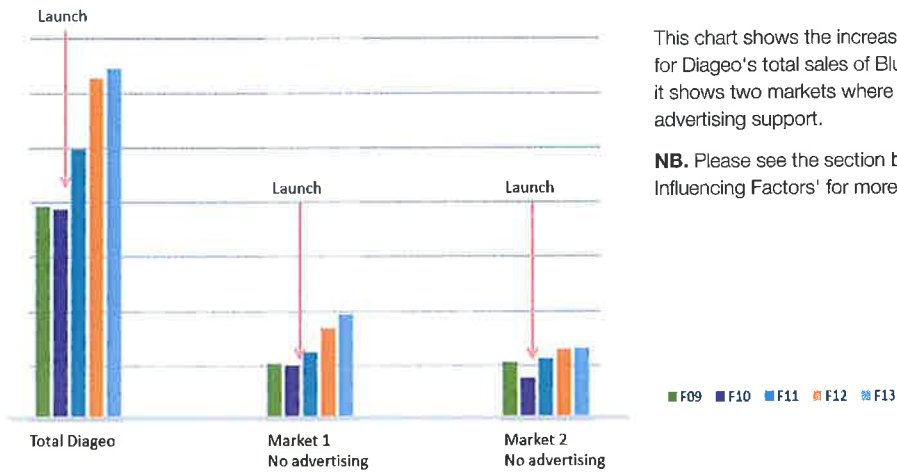
RESEARCH SOURCES

All sales, market share, advertising and promotional information has been provided by Diageo plc.

Additional information was sourced from IWSR.

The research information provided in '3. Research Feedback' was taken from Link Consumer Strategies research debrief 'Johnnie Walker Blue Label Redesign'.

SUMMARY OF RESULTS

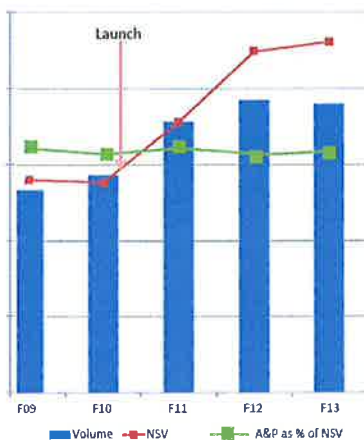


This chart shows Johnnie Walker Blue Label's market share against its two leading competitors. The redesign was introduced in F11.

	F09	F10	F11	F12	F13
Blue Label	37%	37%	39%	40%	41%
Competitor 1	36%	37%	33%	31%	28%
Competitor 2	6%	5%	5%	4%	4%

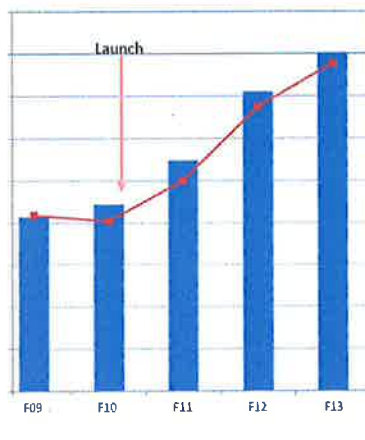
OTHER INFLUENCING FACTORS

Johnnie Walker Blue Label is one of Diageo's global brands and as such is supported with advertising and promotional activity around the world. At the time of the launch of the redesigned packaging the brand was supported with above the line advertising, PR activity and events, retail merchandising and POS materials.

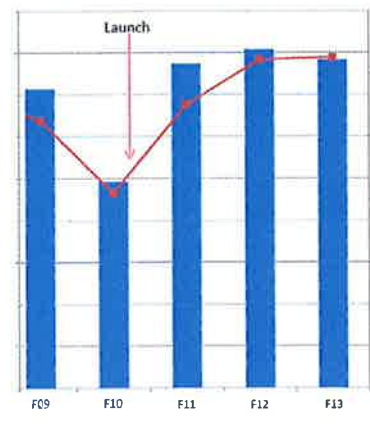


Total sales of Johnnie Walker showing advertising & promotions as a % of net sales value

The chart above shows Advertising and Promotions (A&P) investment has stayed relatively constant as a percentage of sales throughout the period before and after the redesign, yet the volume and net sales of the brand have increased significantly, ahead of the market.



Sales of Johnnie Walker Blue Label in Market One - without advertising activity



Sales of Johnnie Walker Blue Label in Market Two - without advertising activity

Moreover, Diageo operates in a number of markets where it's not allowed to advertise or promote the brand. Despite this the company is seeing strong growth in sales in these markets.