

DECIDE[®]

W

WINDETT ASSOCIATES

FORTNUM & MASON
PICCADILLY SINCE 1707



FORTNUM & MASON TEAS

PACKAGING

4.5 OWN BRAND DRINK

FORTNUM & MASON

DECIDE. & PETER WINDETT ASSOCIATES

27TH JUNE 2014



EXECUTIVE SUMMARY

Fortnum & Mason Piccadilly is London's quintessentially British specialist food store. The store has been selling specialist, premium teas to London residents and visitors alike for over 300 years, but felt that their existing design was not clearly communicating the brand's authority as one of London's foremost tea purveyors. The impact and shop-ability of the extensive tea offer in store was reduced due to an overly plain and consistent range of packaging (generic tins with tonal stickering).



Teas are the hero product range for Fortnum & Mason, representing an amazing **11.7% of total turnover**. **DECIDE** and Peter Windett Associates were jointly appointed to address this significant project of c150 skus, at pace. **DECIDE** addressed four of the five ranges (*Famous Teas*, *Green Tea*, *Black Tea with Fruit and Infusions*) with Peter Windett Associates tackling the *Classic World Teas* range.

The redesign addressed the naming hierarchy, the range architecture and the communication of choice through sub range and individual blend differentiation - all wrapped up with exquisitely beautiful and desirable graphics featuring generous amounts of quintessentially Fortnum's quirkiness, ornate decoration and attention to detail.

The result was an increase in the communication of brand ownership - demonstrating real authority in tea, as well as a huge uplift in store theatre and shop-ability through communication of range choice with colour, design and pack format.

The redesign stimulated an average overall 103% increase in total like-for-like range volume sales. Even when compared to the very successful pre-launch Jubilee year, an impressive 34% volume sales increase was achieved - with the *Famous Teas* range achieving **41%** like for like volume increase and a notable individual sku achieving more than a 1200% uplift.

This was achieved within the context of a mass market speciality tea sales increase of just +12.8% and a total Fortnum & Mason sales increase of circa 10% and with no specific marketing support beyond some direct mail and in store free sample giveaways.

"We knew that a redesign of our speciality tea range would bring us great return on investment, but working with **DECIDE** and Windett Associates has brought us sales uplifts beyond what we could have hoped as well as creating fantastic in-store theatre and really underlining our authority in speciality tea."

Darren Williams, International Business Director, Fortnum & Mason



PROJECT OVERVIEW

Outline of project brief

Following a successful 6-way pitch, **DECIDE.** were appointed to lead the project, working in partnership with Peter Windett Associates, on the swift and ambitious redesign of Fortnum & Mason's extensive and iconic tea range. This fabulous brief set out the following objectives:

- Re-confirm Fortnum & Mason's authority in premium-speciality tea
- Inject an essence of irresistible and quirky Fortnum & Mason-ness (allowing shoppers *to take a little piece of Fortnum & Mason home with them*)
- To improve navigation and shop-ability - and clearly communicate choice
- To create 'theatre' at the front of the Piccadilly Store for local loyalists and passing Anglophiles alike

From an existing design system that was very generic and lacked both the authority and differentiation required by Fortnum's to communicate premiumness and choice, **DECIDE.** were asked to address the redesign of four out of five clearly defined 'core' ranges, with Peter Windett Associates asked to tackle the design for the remaining range - *Classic World Teas*.



*Adam Beech and
Danmark chair c.1772*

Description

Fortnum & Mason was established in 1707. It is the quintessential London store, epitomising style, elegance and English charm. It has been at the forefront of speciality tea retailing for over 300 years, since Georgian times, and is one of London's most desirable places to indulge in the afternoon tradition of taking tea. Today, Fortnum & Mason not only sells tea within the Piccadilly store but also has a growing business online and overseas. For the purpose of direct, like-for-like data comparison, this entry considers sales in the flagship Piccadilly store and on-line sales only, factoring out store expansion. Total Fortnum & Mason turnover saw a circa 10% uplift during the period under review.

Teas are the hero range for Fortnum & Mason, featured right at the front of the Piccadilly store on the ground floor, and comprised an astounding 11.7% of total turnover of the business and over a quarter of total food takings, at time of briefing. To create a sales uplift for this extensive range (c150 skus), is to therefore, have a significant impact on total store turnover.

The total tea offer comprises five ranges: including the *Famous Teas* range, *Classic World Teas*, *Green Tea*, *Black Tea with Fruit*, and *Infusions*.



Overview of market

As a unique and essentially premium retail environment, Fortnum & Mason is difficult to categorise and does not feature in the publicly available data for the UK tea market - nor the Speciality Tea market. However, a few background facts that help provide some market context are as follows:

Hot Beverage Consumption

- The UK *hot beverages* market continues to remain strong, with approximately 165 million cups of tea and 70 million cups of coffee consumed each day.
- The UK market has recently exhibited a slight decline. Despite this contraction however the market has, for the most part, seen strong annual double-digit growth in recent years, over the 5-year period between 6th February 2010 and 1st February 2014.

Trends in Tea Consumption

- In 2013, the UK tea market posted retail value growth of 2% but volume sales suffered a 1% decline.
- This indicates that while Britons are drinking less tea, their choices are becoming more premium. In addition to the increasing popularity of tea types such as green tea, fruit and herbal teas (which carry a higher price tag than standard, traditional black teas), sales of premium teas are also on the rise.
- Kantar data for the UK retail tea market shows a -0.5% decrease in *total tea* market volumes for the 52-week period ending 8th December 2013 - whilst showing a +12.8% increase in volume sales of Speciality Tea Bags (Note: this data excludes Fortnum & Mason and other speciality retailers).

Popularity of Speciality Tea

- Mintel (February 2013) shows that *Speciality Teas* [defined as white tea, oolong tea, green tea, flowering tea, flavoured and blended tea, herbal and fruit infusions, Indian, Chinese and Sri Lankan black teas, jasmine tea] are perceived to be the most premium, especially amongst highest earners - where more than two in five adults associate detailed origin information as a signal of premium quality.

Competitive positioning

- Harrods is Fortnum & Mason's most comparable competitor within London; with a similarly strong heritage in tea. It has a comparable tea range size and benefits from its strong position as a leading tourist attraction. In 2013 Harrods publicly reported sales growth of 10%, taking revenues to a record £716.3 m. This followed an 11% growth reported in 2012.

Project Launch Date: June 2013

Design Budget: c £250k





OUTLINE OF DESIGN SOLUTION

Our design task for Fortnum & Mason's 'Tea was three-fold;

- to reinforce Fortnum's **authority** in premium speciality tea
- to reflect the brand's 'Quintessentially English' **proposition**
- to inject **provenance**, improve range **differentiation** and enhance **navigation**

Before



After

Reinforcing Authority

Core to re-establishing Fortnum & Mason's authority in speciality tea was to take confident ownership of the category.

We took the range from a sea of battleship grey (*Famous Teas*) and muted, coded metallics (*Green Tea and Black Tea with Fruit and Infusions*) that featured small, difficult-to-read stickered labels, to a colourful, elegant and quirky design that elevates ownership, provenance and range communication.

Before



We elevated the distinctive Fortnum & Mason brand marque within the design hierarchy to create a confident, consistent canopy for the entire range.

We created clear differentiation between each range **via fully printed tins** and the **introduction of distinctive colour-coding** which is empathetic with the vibrancy of other complimentary F&M product categories (such as biscuits and preserves).

In some instances (such as *Infusions*), **the packaging structure also changed from carton to cylindrical drum** to create interest, impact and differentiation.

After





Infusions



Classic World Teas





The *Classic World Teas* caddies were redesigned to further enhance in-store theatre within the fixture, by bringing to life the new design styling of the specialist loose teas (available exclusively over the counter).

All designs reflect the brands' renowned attention to detail. Finishing touches were added, including: the use of metallic inks on individual tea bag envelopes; a "time for tea" statement embossed inside the base of each caddy (a prompt to encourage repeat purchase), decorative print on the inside of cartons; and each individual tea bag carrying branded tags - ensuring the positive brand experience continues for consumers, post purchase.



Famous Teas



Black Tea with Fruit



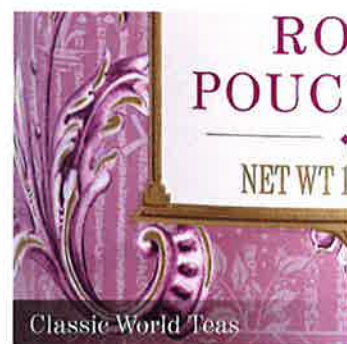
Classic World Teas



Large Leaf Tea Bags



Infusions



Classic World Teas

QR codes were also included on pack for the first time to further reinforce brand authority - by allowing consumers to access value-added information and advice on making "the perfect cup of tea".

Quintessential Englishness

The flagship *Famous Teas* range is now proudly clothed in Fortnum's iconic eau-de-nil colour, with other sub ranges defined by their own unique colour palettes.

Authentic decoration, respectfully contemporised (inspired by the Georgian Drawing Room and renowned artists of the time, such as Chippendale) along with iconic text panels - individual to each range - and the inclusion of the Fortnum's heritage story for provenance, combined with range naming and product descriptors (communicated via clear, legible typography) has resulted in an eclectic, quirky and 'very Fortnum's' selection of irresistibly beautiful and fundamentally collectable tin caddies, cartons and drums.



Embossing and a variety of print finishes (reproducing the look and feel of classic Georgian designs on satin), are consistently applied across the wide variety of substrates, injecting **preciousness** into the designs. This ensures the packaging is not only beautiful to look at, but a delight to hold and unwrap - a "little piece of Fortnum's to take home" - the perfect gift for you or a loved one and part of the cachet and reward for making such an excellent retail choice.



Provenance, Differentiation & Navigation

Conscious that communication of **provenance, differentiation and navigation** must be improved both in store and online, we first approached the typographic hierarchy, placing greater emphasis on the blend descriptor, whilst developing a wider design architecture to communicate the brand and the range.

We then framed key information on-pack within a central panel - each sub range defined by its own decorative style. For example, the *Famous Teas* range features a delicate bamboo frame, subliminally signalling provenance.

High levels of colour contrast between typography and background further enhance legibility in the subdued lighting of the Piccadilly Store and the challenging online environment.

A clear, colour-coded, graphic ribbon wrapped around each product in the *Famous Teas* range denotes the type of blend, clearly demonstrating the impressive extent of the varieties available.

The combination of vibrant colour, clear typographical styling and improved hierarchy of information ensures that the Fortnum & Mason shopper, be they from around the corner, out of town or an overseas visitor, can quickly and easily find their range, blend and flavour of choice.

This at-a-glance communication of choice encourages cross-trial between blends and ranges, increasing shoppers propensity to purchase additional sku's - both in store and online.



SUMMARY OF RESULTS

Due to price changes across the range during the period under review, our most robust comparison is through sales volume data.

Sales value & volume uplifts - total tea (including gift packs)

Table 1 below shows that the % volume growth for the total tea department post redesign was more than 3 times that in the previous year.

	% Value Change	% Volume Change
2011/12 - 2012/13	+10%	+5%
2012/13 - 2013/14	+10%	+18%

Table 1

However, due to the Jubilee in 2012/13, this creates an anomalous comparison - comparing 2011/12 to 2013/14 gives a more like for like comparison - showing a +21% value and +23% volume change.

The disproportionately high sales value increase 11/12-12/13, when compared to volume, can be explained largely due to the introduction of higher price point Jubilee gift packs.

NB. Some price increases did come into effect during 12/13-13/14, and are discussed under Other Influencing Factors.

Source: Fortnum & Mason EPOS data

Looking just at the products touched by this project, the figures become more dramatic:

Like for like sales volume uplifts by range:

Each of the five tea ranges demonstrated (see Table 2) significant and impressive sales volume increases, when compared on a like for like basis to the same 12 month periods; pre-Jubilee (2011/12) and also during the very successful Jubilee year period itself (2012/13), contributing to **average percentage increases of 103% and 34% respectively**. This significantly outstrips overall Speciality Tea market sales growth of +12.8%, a total tea department volume growth of +18% and previous year average growth of +5%.

Table 2 shows: YoY% change in unit sales via Piccadilly store (and online) compared to previous 52 week period indicated

Source: Fortnum & Mason EPOS data

Ranges	Vs. 2011/12	Vs. 2012/13
Famous House Tea	+119%	+41%
Classic World Tea	+94%	+32%
Green Tea	+81%	+16%
Black Tea	+65%	+22%
Infusions	+130%	+33%
TOTAL	+103%	+34%

Table 2

Like for like sales uplifts - further details

Volume compared to 2011/12 (pre-Jubilee) **increased by 103%**
Total internet revenue compared to 2012/13 **increased by 82%**

Uplifts on individual skus

The communication of choice and range was key to the brief - and some fantastic uplifts were seen on some of the lesser known lines that consumers, previously unable to pick them out from the sea of grey tins, were now able to discover and try. Fortnums are now selling more of a greater variety of teas than ever before.

Queen Anne Tin 250g	+96%
Queen Anne tea bags	+134%
Darjeeling Broken Orange Pekoe Tin 125g	+125%
Darjeeling Fine Tippy Golden Flowery Orange Pekoe Tin 125g	+138%
Russian Caravan Tin 125g	+115%
Rose Pouchong Tin 125g	+1240%
Ceylon Orange Pekoe tea bags	+105%
Black Tea with Lemon Tin 125g	+121%
Black Tea with Strawberry Tin 125g	+111%
Camomile tea bags	+118%



Footfall vs Tea Sales

In the year 2013/14 Fortnum & Mason saw an increase in footfall of 4.5% to 2.85m customers visiting the store. During the same period, the redesign stimulated an 18% increase in total tea volume sales, and average redesigned range volumes sales increase of 34%.

Although Fortnum & Mason are unable to provide detailed information on basket size and frequency, we can infer from these numbers that either a greater proportion of visitors purchased Fortnum & Mason tea (about 1 in 3 customers) or, due to the increased attractiveness and shop-ability of the range, customers were putting more items in their basket.

Return on Investment

The sales increase achieved for the redesigned range allowed Fortnum & Mason to achieve return on their design investment within approximately 6 months of launch.



OTHER INFLUENCING FACTORS

There are no significant influencing factors on the results achieved and a very low level of marketing support. However, any factors that could have had a minor impact are addressed below.

Economy

Although the recession was still present, albeit abating, the Jubilee & Olympics in 2012 made the comparison year a very successful one with tourist visits to London up 1.3m in 2013 to 16.8m.

Source: Office of National Statistics.

St. Pancras store opening

In mid-November 2013 Fortnum & Mason opened a new store in Kings Cross St. Pancras Station.

Fortnum & Mason data shows that this new store is attracting a very different, incremental audience and is not providing any direct competition, nor cannibalising sales from Piccadilly.

All sales for the St. Pancras store have been excluded from the figures shown in this document.



Redesign of the St James' Restaurant to become the Diamond Jubilee Tea Salon

The refurbished restaurant re-opened March 2012 – over a year prior to range re-launch of the new tea packaging design into store in June 2013. In-store promotional activity surrounding this launch had ended before the new tea packaging went on shelf.

New Products

New product lines have been removed from the data to ensure figures are like for like.

Lines that were subject to substantial format changes have also been omitted.

Lines within the *Famous Teas* range, that are not sold separately, are only in gift format or are only sold internationally, have also been omitted, for the same reasons of direct comparison.

Merchandising

The tea fixture underwent no key changes and remained at the front left location of the Piccadilly store.

Pricing

Approximately one third of the range was subject to an average 8% price rise, with the largest increase, 9%, being applied to the Famous Teas 250g range. Volume increases were achieved despite this rise.

Promotion

To coincide with the re-launch of packaging for the tea range, a free sample pack was sent out to circa 50,000 existing customers and up to a further 50,000 were given away in store. The pack was designed to inform customers of the packaging change and provide a short window offer of 10% reduction in the cost of on-line sales (until the end of August only).

Advertising

Fortnum & Mason rarely commission above the line advertising – but advertising associated with the St Pancras store opening has been discussed previously.



RESEARCH RESOURCES

- EPOS Data - Fortnum & Mason Piccadilly and Online, 52 weeks, like for like sales: June 2011/12, June 2012/13 and June 2013/14
- Office of National Statistics (ONS)
- Key Note Market Report 2014 – HOT BEVERAGES (Eighth Edition May 2014 Edited by Leah Tutt)
- Category Briefing, Tea in the United Kingdom, Euromonitor International, March 2014
- Drapers online <http://www.drapersonline.com/news/harrods-reports-record-revenues/5054536.article>
- Provenance in Food and Drink – UK – April 2012
- Kantar World Panel 52 week, ending 8th/13th December 2013

