

CAFÉ DIRECT

A RIDICULOUSLY GOOD BUSINESS

DBA DESIGN EFFECTIVENESS AWARDS

DESIGN AGENCY
FAMILY (AND FRIENDS)

CLIENT COMPANY
CAFÉDIRECT

DATE
NOVEMBER 2020

FOR PUBLICATION

Family (and friends)



EXECUTIVE SUMMARY

Cafédirect is an incredible coffee company that holds itself to the highest of ethical standards. Rooted in the belief that business should be a force for good, Cafédirect measures its success in the wellbeing of the communities it touches; however the brand was facing a number of challenges that ultimately led to poor consumer perceptions and a decline in sales, therefore reducing the impact on the coffee growing communities they set out to help.

A brand that was more admired, than desired, Cafédirect's ethical messaging led to a functional

view of the brand, with a lack of emotion that didn't convey their truly awe-inspiring story.

Cafédirect isn't just about incredible ethics; the company is formed around the core belief that from a better business model you can produce even better-tasting, higher quality coffee - that doesn't leave a bad taste in the mouth. We brought this inspiring story to life with a bold identity that soars above and beyond the average, signalling the brands dedication to good business, delicious coffee and sky-high ethics.

TRANSFORMING A RIDICULOUSLY GOOD BUSINESS MODEL INTO A SERIOUSLY SUCCESSFUL BRAND

The redesign has prompted Cafedirect to grow an astonishing 53% in less than 2.5 years, more than exceeding expectations and pushing Cafédirect to become the UK's 3rd largest brand in the Single Grind category and the fastest growing of the top 5 brands in the coffee market.

DESIGN AS A FORCE FOR GOOD

Our favourite result though, is that the redesign helped Cafédirect truly live up to it's Ridiculously Good proposition. Since launch, Cafédirect have increased their impact contributions from £848k in 2017 to £1,079k showing a **+27% increase in money going back to the growers** in 2019. Incredible proof that design and business can be a force for good.



“The Cafédirect redesign has been incredibly effective on so many different levels - increasing the number of brand buyers; delivering exponential sales growth over time; increasing market share; bringing new buyers into the coffee category; step changing employee confidence, commitment and ultimately company culture; and transforming farmers livelihoods with the increased impact we deliver”.

John Steel, Cafédirect CEO



CONTEXT & OVERVIEW

DESCRIPTION:

Cafédirect are an independent, social enterprise who have been leading the way in sustainable Fairtrade coffee since 1991. They have an incredible business model, where they work directly with small holder farmers and have invested 50% of their profits back into Producers Direct, a UK charity that is run by farmers, for farmers.

Producers Direct helps to improve and make farmers livelihoods' more sustainable, right across the coffee growing world. The charity promotes leadership, development of innovative solutions and allows farms to flourish. This reciprocal relationship between Cafédirect and Producers Direct not only ensures sky-high ethical practices, but it also ensures they can provide consumers with coffee of the very highest quality.

However, Cafédirect wasn't communicating the incredible nature of the business - or the coffee - and Fairtrade practices have become the category norm. Increasingly coffee-educated consumers have become motivated by taste, quality, provenance and price, over ethical differentiation.

As a result, Cafédirect no longer had a differentiated proposition and had been suffering long term shopper loss, lack of relevance and availability to attract new users at a genuine scale.

Cafédirect needed a bold rebrand, one that celebrates the incredible nature of the products and the company's unique business model, that promises more than just any old coffee.

KEY FACTS

Launch: Q1 2018

Design fees: £113,250k

Data: Data for this entry stops at July 2020 to account for the impact of advertising.

SCOPE OF WORK:

- Brand strategy
- Research
- Range architecture
- Brand identity
- Packaging design
- Photography

COLLABORATIONS:

Family (and friends) worked with no other agencies to fulfil the brief.



CONTEXT & OVERVIEW CONTINUED

OUTLINE OF PROJECT BRIEF:

We were briefed to help define the big idea and proposition for Cafédirect, in order to engage with consumers in a unique and differentiated way. However we quickly realised that a new proposition would only work if we applied the thinking to a visual identity, range design and naming.

The core design brief became about reframing Cafédirect, making the brand relevant in the minds of our target audience and improving perceptions of taste and quality. It was also essential to make the brand easier to purchase, through creating real shelf standout and improving hierarchy on pack.

With declining sales, the ultimate objective was simply to shore up the business and survive. However never being one to step away from a brave idea, Cafédirect set out to achieve some bold business objectives:

- To build cafédirect's position in retail and achieve double digit growth in the first 12 months
- To grow sales by 50% in 5 years
- To grow the roast & ground coffee category



OVERVIEW OF MARKET:

At the time of brief in 2016, the in-home proposition for coffee brands had remained largely unchanged for a number of years (with the exception of the pods category). The out-of-home coffee shop experience however was booming; research by Allegra World Coffee Portal at the time showed that 81% of people in the UK visited coffee shops weekly and the British Coffee Association revealed that the UK's coffee consumption soared to 95 million cups a day in 2018 (up from 70 million in 2008).

At home innovations also meant that consumers were starting to recreate the barista experience at home, moving towards premium roast and ground and pod formats. A new generation of coffee connoisseurs were emerging, picky about what they were choosing to drink at home and happy to pay a premium.

"In the last decade we've gone from a country of tea sippers who enjoy the occasional instant coffee, to a nation of seasoned coffee connoisseurs exploring a large variety of roast

and ground blends" said Chris Stemman, Executive Director of the BCA.

The days of basic freeze dried offerings have been in long term decline and at the time, Kantar Worldpanel data showed that the average price of coffee increased by 70p compared with the previous year, pushing up the value of the UK coffee market by 10.8% to over £1.3bn in 2018. However despite this burgeoning excitement in coffee, Cafédirect only had a value of £8.6m (compared with Nescafé, the market leader at £402m) and had seen a decline of -4%.

The roast & ground category needed revitalisation, characterised by traditional brands such as Kenco and Douwe Egberts, following a set of generic category rules. It was clear we had to establish Cafédirect as a premium, modern brand, to help grow the category and tap into the excitement of out of home coffee, attracting this new generation of coffee connoisseurs to Cafédirect.



DESIGN SOLUTION

Cafédirect has always been an incredible company, however their proposition 'made the small way' made them look and sound very insignificant.

In order to reframe Cafédirect in the minds of consumers and communicate real quality and taste, we had to move the brand to a braver, bolder and more confident stance, shifting perceptions around what the brand can offer.

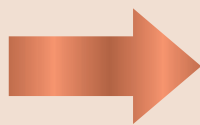
We identified an opportunity by targeting 'Worldly Foodies' - affluent, urban professionals who are driven by a love of quality food. They are adventurous, enjoy travelling, experiencing new cultures and are happy to pay a premium for Fairtrade produce - but are primarily driven by quality and taste.

In order to reach our target consumer who is fussy about coffee, provenance and taste, it was essential to communicate the amazing quality of the coffee, as well as the amazing business.

The phrase 'Ridiculously Good' emerged as the new proposition, bringing to life the fact that not only are Cafédirect a ridiculously good business, but that they make ridiculously good coffee. Our design solution centers around this idea, with a visual identity and dramatic new logo that physically shows how the brand goes above and beyond the average, to the highest altitudes of quality and ethics.

It was important to create a clear architecture to enable shoppability for sales off and online. We streamlined pack hierarchy, in order to ensure that provenance, blend and strength were immediately visible.

The packaging is designed to stand out and look confident on shelf; bold, graphic elements and language celebrate the provenance, while bronze foiling and subtle mountain contour detailing deliver premium cues, not ethical ones, encouraging reappraisal and trial.



RESULTS

SALES

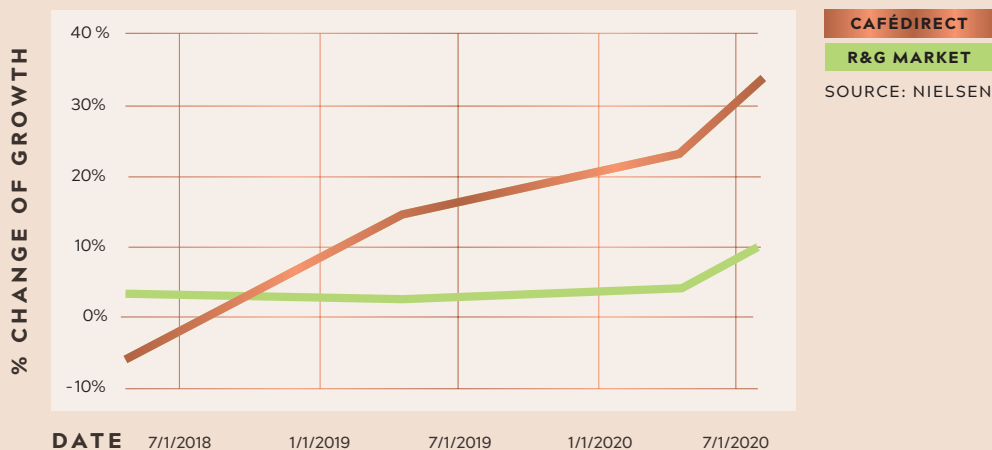
Prior to the rebrand in 2018, Cafédirect had declined by -5.9% and was in a lull of low sales; after the launch in Q1 2018, rate of sale soon began to improve and in 2019-2020 the rate really accelerated. **Quite simply, the redesign has been responsible for the steep growth Cafédirect has seen since 2018.**

One of our objectives was to build Cafédirect's position in retail and achieve double digit growth in the first 12 months. In the 12 months following the redesign in 2018, Cafedirect had grown from

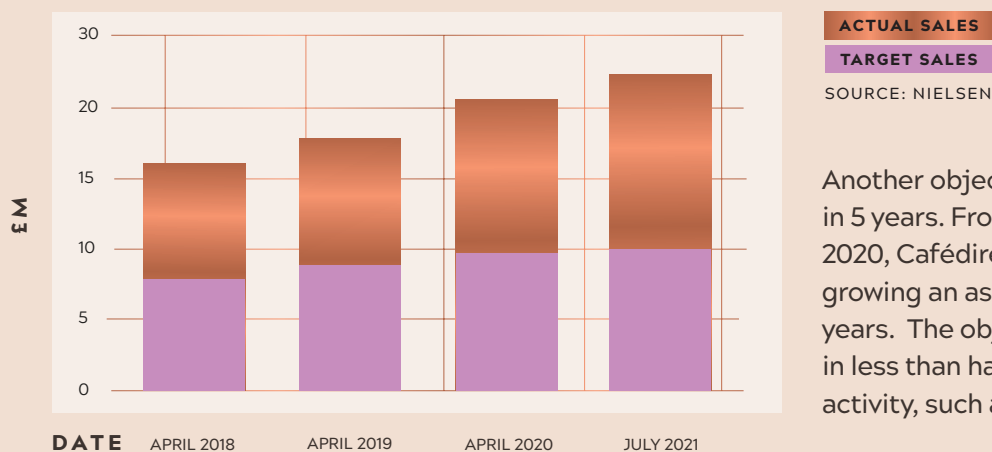
-5.9% to +14.6%, seeing an increase of 20.5% and more than exceeding double digit growth.

Cafedirect has sustained this success and is now outperforming the roast & ground market. In the two years following the launch in April 2018, Cafedirect grew at 23.3% while the R&G market grew at 4.1%. Whilst the market has not grown significantly over 2 years, Cafédirect's growth accelerated even further, now worth £9.9m - showing an increase of 35.6% since the relaunch.

ROAST & GROUND COFFEE MARKET



CAFÉDIRECT YEARLY SALES



Another objective set was to grow sales by 50% in 5 years. From the period April 2018 - July 2020, Cafédirect grew from £7.3m to £11.2m, growing an astonishing 53% in less than 2.5 years. The objective set has been over achieved in less than half the time and before any other activity, such as advertising, has been deployed.

RESULTS CONTINUED

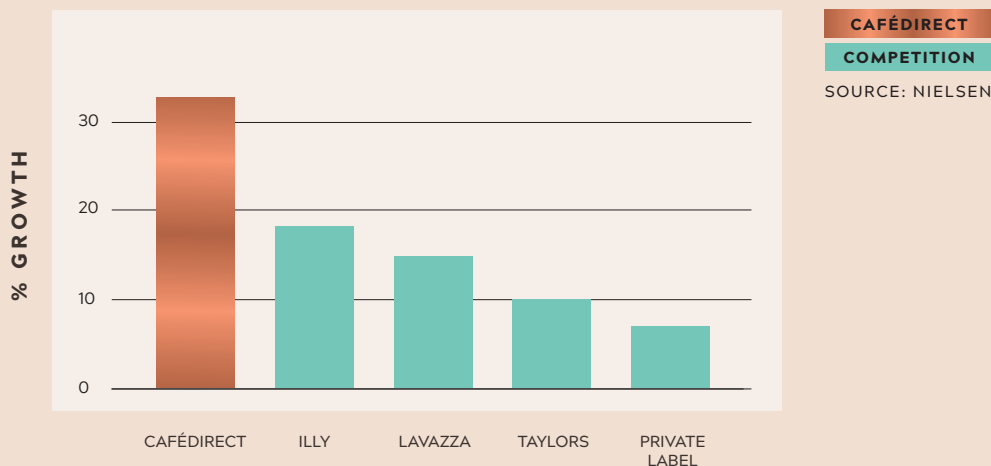
SALES CONTINUED

The impact of the new design has now pushed Cafédirect to be the UK's 3rd largest brand in the Single Grind category and of the top 5 brands (which account for 90% of sales) Cafédirect is now the fastest growing, enjoying a +33% YoY (compared to Taylors +10%, Lavazza +15%, Illy +18%, Private label +7%).

"The brand is now set to grow 100% in 3 years and 200% or more in 5 years, significantly ahead of our objective"

John Steel, CEO

GROWTH IN SINGLE GRIND CATEGORY 2020



The redesign was positively received by retail buyers which resulted in an increase in distribution across the brand with Cafedirect now selling in stores that account for 65.3% of grocery turnover vs just 59.7% in 2018 just prior to relaunch. Penetration has also grown on average +10% YoY since 2018 and +13% in the latest year (20.4.19 - 18.4.20), clearly demonstrating the designs ability to attract new consumers to the brand consistently over the last two years.

A key part of the design brief was to improve hierarchy on pack, make the range easier to purchase and increase shelf standout. The increased rate of sale in existing stores, proves how effective the rebrand and revised shopability has been in contributing to this success.

CATEGORY GROWTH

One objective was to grow the single grind R&G category. Since April 2018, the market has grown from £112.8m to £133.3m (at 18.2%), with Cafédirect growing from £7.3m to £12.7m (at 73.9%).

Arguably, of the £20.5m market growth £5.4m has been delivered by Cafédirect - attributing Cafedirect with over 25% of the category growth.

RESULTS CONTINUED

MARKET SHARE

Cafédirect's market share of R&G was 2.4% in 2016 at the time of the original brief, and dropped down to just 2% in 2018 prior to the new design hitting the shelf.

The impact of the new design has increased market share to 2.5% as of July 2020, not just reversing the downward trend but also moving share to the highest point since 2014.

This is despite having 0 media spend, compared with brands such as Taylors (£14.3 m in 2018 and £6.9m in 2019) and Lavazza (£12.1m in 2018 and £3.6m 2019).

MARKETING IMPACT

The increased business growth has enabled Cafédirect to increase investment in marketing, doubling their budget from 2018 to 2020.

This resulted in a national TV advert for the first time in over 10 years, in August 2020 (data after launch of advert not included in this case study).

BUSINESS GROWTH

Prompted by the success of the brand, Cafédirect developed the bespoke London Fields Roastery range of premium coffees for Waitrose. The introduction of the range allowed Cafédirect to enter into the speciality coffee segment (a separate section of the fixture) and showcase their skills in small batch roasting coffees, helping them achieve their aim in further improving perceptions of taste and quality.

Not only that, but Cafédirect have also been able to expand the team and welcome on board an Insights Manager.



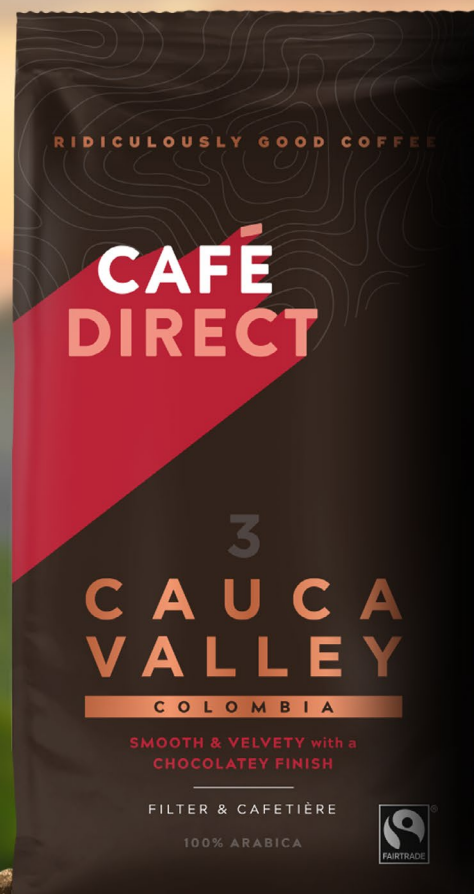
SOCIAL IMPACT

A wonderful (and arguably most important) impact from the redesign is that the total impact contribution moved from £848k in 2017 to £1,079k, showing a +27% increase in money going back to the growers in the form of Fairtrade Premiums, Organic Premiums and through Producers Direct in 2019.

Cafédirect set out to create a coffee brand that can truly be a force for good, that measures its success in the wellbeing of the communities it touches - it's fair to say that the ripple effect of the redesign has been hugely impactful, not just for the business owners but the growers themselves and the communities they live in.

**“The evidence is overwhelmingly clear. This design
has transformed Cafédirect’s fortunes forever -
total testament to the power of design”.**

John Steel, Cafédirect CEO



OTHER INFLUENCING FACTORS

PRICE PROMOTIONS

Coffee is a category that is regularly discounted and Cafédirect has also been subject to price promotions in the supermarket - however the volume sold on promotion actually declined slightly in the period since 2018, from 62.3% to 60.7%.

Despite this decline in volume sold on promotion, Cafédirect grew from £7.3m to £11.2m and penetration has grown on average +14% YoY, proving the true effectiveness of the brand.

MEDIA SPEND

Remarkably, there has been no investment in media since 2015 (before the rebrand) until August 2020. In the opinion of the Cafédirect client:

“the bold redesign was single-handedly responsible for this huge surge of growth”.



COVID-19

The entire at-home coffee market has seen inflation across the COVID period, from March 2020 onwards. By looking at market share, we can account for this inflation across all the competitors, making it even more compelling that Cafédirect is the fastest selling brand.

SOURCES:

- The Independent
- Allegra World Coffee Portal
- British Coffee Association
- The Grocer Hot Beverages report 2018
- Nielsen 52 w/e July 2018
- Nielsen 12 m/e 20th April 2019
- Nielsen 12 m/e 18th April 2020
- Kantar Worldpanel 52 w/e 20 May 2018