

FOR PUBLICATION

**DBA DESIGN EFFECTIVENESS AWARDS
2021**



SUBMISSION TITLE:

EVERY SHAPE OF BLACK: LAKRIDS BY BÜLOW

CLIENT COMPANY:

LAKRIDS BY BÜLOW

SUBMISSION DATE:

NOVEMBER 2020

Pearlfisher.

1. EXECUTIVE SUMMARY

WHEN JOHAN BÜLOW STARTED HIS DANISH LIQUORICE BRAND, HE BECAME THE UNDISPUTED LEADER IN DANISH CONFECTIONERY IN LESS THAN 10 YEARS. BUT BY 2018, THE BRAND'S PROGRESS BECAME RELATIVELY STAGNANT, WITH THE LOWEST TURNOVER GROWTH IN FIVE YEARS AND A 20% BOTTOM LINE LOSS.

SUCCESS HAD BEGUN TO ERODE DUE TO A GROWING NUMBER OF COPYCAT COMPETITORS IN TERMS OF PACKAGING AND PRODUCT, ALL SELLING AT A LOWER PRICE POINT. THIS, COMBINED WITH AMBITIOUS PLANS FOR INTERNATIONAL EXPANSION AND A DESIRE TO BECOME A MORE SUSTAINABLE BUSINESS, MEANT IT WAS TIME TO RETHINK THE BRAND'S STRATEGY AND DESIGN.

THIS IS THE STORY OF HOW DESIGN HAS ENABLED LAKRIDS BY BÜLOW TO CONTINUE THEIR JOURNEY OF CREATING SURPRISING LIQUORICE COMBINATIONS AND SENSORIAL TASTE EXPERIENCES IN A SUSTAINABLE WAY, SPREADING THE LOVE FOR THIS UNIQUE NORDIC FLAVOUR AROUND THE WORLD.

THE DESIGN ESSENCE 'EVERY SHAPE OF BLACK' ALLOWED THEM TO OWN AND CRAFT THE BRAND THROUGH SHAPE, COLOUR AND EXPRESSION. THE REDESIGN WAS VIEWED AS THE LYNCHPIN TO MEET VARIOUS BUSINESS OBJECTIVES. AND MET THEM THEY DID!

- **TURNOVER - TOP LINE BACK ON STRONG GROWTH TRAJECTORY WITH +16% YOY INCREASES**
- **SUBSTANTIALLY OUTPERFORMING 2% CATEGORY GROWTH**
- **STUNNING +139% BOTTOM LINE COMEBACK**
- **INTERNATIONAL SALES OUTPERFORM EXPECTATIONS**
- **EXPANSION OUTSIDE THE CONFECTIONERY CATEGORY**
- **FIRST CONFECTIONERY PRODUCER IN THE WORLD TO MOVE TO 100% RECYCLED AND RECYCLABLE PET**
- **40% REDUCTION IN CO2 EMISSIONS DUE TO USE OF RPET**

NOT ONLY HAVE THEY MET OR SURPASSED THEIR OBJECTIVES SINCE THE 2019 REDESIGN, BUT THEY CONTINUED TO DO SO IN 2020, DESPITE COVID-19'S IMPACT ON THEIR RETAIL OPERATIONS.

DANISH CONFECTIONERY

LAKRIDS BY BÜLOW



JOHAN BÜLOW
FOUNDER





2. CONTEXT AND OVERVIEW

BACKGROUND

BORN INTO A FAMILY OF ENTREPRENEURIAL SPIRITS ON THE TINY ROCK ISLAND OF BORNHOLM IN DENMARK, JOHAN BÜLOW FOUND HIS PASSION IN GOURMET LIQUORICE - A SCANDINAVIAN CONFECTIONERY FAVOURITE.

IN 2007, HE OPENED HIS FIRST SHOP OPENED ON BORNHOLM, NAMED LAKRIDS BY JOHAN BÜLOW (LAKRIDS = LIQUORICE IN DANISH). THE IDEA WAS TO COOK THE LIQUORICE THERE, MAKING SURE THAT

PEOPLE COULD SMELL IT IN A RADIUS OF 100 METERS. IT WORKED. EVERYTHING WAS SOLD OUT IN TWO HOURS.

BÜLOW'S AMBITION? TO INSPIRE PEOPLE AROUND THE WORLD AND SPREAD THE LOVE FOR THIS UNIQUE NORDIC FLAVOUR BY CREATING SURPRISING COMBINATIONS AND SENSORIAL TASTE EXPERIENCES, WITH LIQUORICE AS THE CORE. NOT ONLY THE SWEET KIND, NOT ONLY THE SALTY ONE, BUT THE WHOLE SPECTRUM OF FLAVOURS THAT CAN BE ACHIEVED WHEN USING LIQUORICE AS A SPICE.

THE FINEST INGREDIENTS, INNOVATION, CREATIVITY AND CRAFTSMANSHIP HAVE ALWAYS BEEN AT THE CORE OF THIS PREMIUM BRAND - LIKE THE UNIQUE IDEA TO COAT LIQUORICE WITH CHOCOLATE.

TEN YEARS LATER, HAVING ESTABLISHED A DISTINGUISHED SHAPE AND FORMAT OF BOTH PRODUCT AND PACKAGING, HIS LIQUORICE HAD BECOME A MUCH-LOVED DANISH DELICACY. MORE THAN 50% OF SALES WERE THROUGH DTC CHANNELS (THEIR OWN RETAIL STORES AND WEBSITE, STORE WITHIN STORE CONCESSIONS), WITH THE REST FROM WHOLESALE/B2B (EG SUPPLYING HOTELS AND AIRLINES).

OUTLINE OF PROJECT BRIEF

AFTER TEN YEARS OF GROWTH, THE BRAND'S PROGRESS BECAME RELATIVELY STAGNANT, WITH 2018 SEEING THE LOWEST TURNOVER GROWTH IN FIVE YEARS AND A 20% BOTTOM LINE LOSS. SUCCESS HAD BEGUN TO ERODE DUE TO A GROWING NUMBER OF COPYCAT BRANDS IN TERMS OF PACKAGING AND PRODUCT, ALL SELLING AT A LOWER PRICE POINT. THIS, COMBINED WITH AMBITIOUS PLANS FOR INTERNATIONAL EXPANSION AND A DESIRE TO BECOME A MORE SUSTAINABLE BUSINESS, MEANT IT WAS TIME TO RETHINK THE BRAND'S STRATEGY AND DESIGN.

JOHAN BÜLOW WAS LOOKING TO CHALLENGE THE CATEGORY HE HAD ORIGINALLY CREATED. HE TASKED THE AGENCY TO DISTIL THE BRAND ESSENCE, RECOMMEND A STRATEGIC APPROACH TO BRAND EXTENSIONS, REVIEW THE NAME, EMPOWER THE BRAND WITH A DYNAMIC CREATIVE IDEA, THEN LINK A NEW VISUAL IDENTITY AND STRUCTURAL/GRAPHIC PACKAGING DESIGN TO THAT IDEA TO EASILY COMMUNICATE THE FOLLOWING TO DANISH AND INTERNATIONAL CONSUMERS:

- SUPERIOR QUALITY TO PROTECT THE PREMIUM PRICE POINT
- DIFFERENTIATION AND STAND OUT FROM COPYCATS
- SUSTAINABLE AND OWNABLE VISUAL EQUITY IN THE PACKAGING SHAPE
- EFFECTIVE SHELF STACKING AND POWERFUL ON-SHELF PRESENCE

OBJECTIVES

THE REDESIGN WAS VIEWED AS THE LYNCHPIN FOR LAKRIDS BY BÜLOW TO MEET VARIOUS BUSINESS OBJECTIVES. NONE OF THE FOLLOWING OBJECTIVES WOULD BE POSSIBLE WITHOUT A NEW DESIGN, THEREFORE DESIGN SUCCESS WAS JUDGED BY:

- TURNOVER RETURN TO GROWTH: +11% INCREASE AFTER ONE YEAR AND +15% INCREASE AFTER TWO YEARS
- BOTTOM LINE EBITDA: RETURN TO GROWTH AFTER 2018'S 20% LOSS
- DRIVE INTERNATIONAL SALES: 56% OF TOTAL SALES AFTER ONE YEAR AND 63% AFTER TWO YEARS
- EXPANSION OUTSIDE THE CONFECTIONERY CATEGORY
- BECOME A LEADER IN RECYCLED PACKAGING
- ENSURE ANY NEW PACK STRUCTURE REDUCES CO2 EMISSIONS IN THE PRODUCTION PROCESS
- AVOID EXTRA PRODUCTION LINE COSTS SO THERE'S NO IMPACT ON PRICE/PROFITABILITY PER UNIT

OVERVIEW OF MARKET

THE SCANDINAVIAN LIQUORICE MARKET TENDS BE DIVIDED BETWEEN TOP END NICHE LUXURY BRANDS AND LOWER END MASS MARKET AND PRIVATE LABEL. AS A PREMIUM BRAND, LAKRIDS SITS BETWEEN THESE - THE BRIDGE BETWEEN THE DESIRABILITY OF THE LUXURY WORLD AND THE FUNCTION AND NECESSITY OF THE MASS MARKET. LAKRIDS CONSIDERS ITSELF TO BE IN COMPETITION WITH THE OVERALL CONFECTIONERY MARKET, RATHER THAN JUST LIQUORICE. LIQUORICE IS ALSO A SEASONAL MARKET, WHERE AUTUMN/WINTER TYPICALLY SEES A DISPROPORTIONAL NUMBER OF SALES. IN RECENT YEARS, THE SCANDINAVIAN CONFECTIONERY MARKET HAS ONLY SEEN 2% GROWTH, DRIVEN BY PRICE INCREASES.

KEY FACTS

PROJECT LAUNCH DATE: JANUARY 2019
DESIGN FEES: REDACTED CONFIDENTIAL DATA

SOLUTION: BRAND POSITIONING, NAME, IDENTITY AND PACKAGING DESIGN

THE AGENCY UNDERTOOK A SENSUAL EXPLORATION OF LIQUORICE TO EVOKE ITS EARTHY, POTENT, DEEP AND ELEMENTAL NATURE. THIS, COMBINED WITH THE FOUNDATIONAL PRINCIPLES OF DANISH DESIGN, INFORMED THE 'ROOTED AND DYNAMIC' POSITIONING. THIS LED TO THE DESIGN ESSENCE 'EVERY SHAPE OF BLACK' - ALLOWING THE AGENCY TO DESIGN THE BRAND THROUGH SHAPE, COLOUR AND EXPRESSION.

THE NEW 'LAKRIDS BY BÜLOW' NAME WAS SHORTENED TO FOCUS ON THE PRODUCT AND JOHAN'S LAST NAME. THIS EMPHASISES DANISH PROVENANCE, AUTHENTICITY, AND FROM A GLOBAL PERSPECTIVE, IT IMPLIES THAT LAKRIDS IS SPECIAL, SOMETHING DIFFERENT FROM THE LIQUORICE

CONSUMERS MAY ALREADY KNOW. THE NAME IS ALSO NOW SUPPORTED BY THE 'DANISH CONFECTIONERY' PRODUCT DESCRIPTOR, TO HELP INTERNATIONAL CONSUMERS.

THE AGENCY EVOLVED AND NURTURED EXISTING KEY VISUAL EQUITIES. THE COLOUR BLACK, AND ALSO THE RECTANGULAR AND CIRCULAR SHAPES THAT MAKE UP THE BRAND, ARE USED TO ELEVATE LAKRIDS BY BÜLOW ONCE AGAIN ABOVE COPYCAT COMPETITORS AND COMMUNICATE ITS PREMIUM NATURE.

A UNIQUE NEW JAR SHAPE WAS CREATED AND TRADEMARKED, TO FORM A STRIKINGLY BOLD, OWNABLE AND MODULAR SYSTEM ON-SHELF. THE SOFTENED CORNERS ECHO THE EXACT CURVE OF THE BRAND'S POPULAR CHOCOLATE-COVERED LIQUORICE BALLS. THE NEW JAR IS MADE OF 100% RECYCLED AND RECYCLABLE PET PLASTIC (RPET), WITH DETAILS OF ITS SUSTAINABLE NATURE UNDER THE LID. DIFFERENT SIZED, AND FULLY SCALABLE, JARS ARE ALL MULTIPLES OF 72MM. THIS ALLOWS FOR BOTH DIFFERENT PRICE POINTS AND CONFIGURATIONS FROM RETAIL CABINETS TO POINT OF SALE - AND THE FACTORY DID NOT HAVE TO RECONFIGURE THE PRODUCTION LINE.

A CORRESPONDING SOFT, MATTE BLACK LID FEELS LIKE LIQUORICE, WHICH FURTHER DIALS UP THE TASTE AND TACTILITY OF THE LAKRIDS LIQUORICE EXPERIENCE. THE EMBOSSED 'LB' QUALITY SEAL ON THE LID BRIDGES THE ROOTED AND DYNAMIC ASPECTS OF THE BRAND, WHILE REMAINING SIMPLE TO LEVERAGE DANISH DESIGN ELEMENTS. THE BRAND ALSO CHAMPIONS JOHAN BÜLOW THROUGH HIS PERSONAL SIGNATURE. PUT TOGETHER, THESE ELEMENTS REINFORCE A SENSE OF TRADITION, ORIGIN, PREMIUM CRAFTSMANSHIP, AND SERVE AS A VISUAL MNEMONIC TO ALLOW THE BRAND TO STRETCH INTO NEW CATEGORIES.

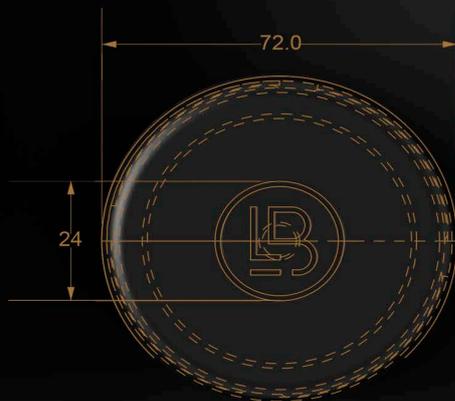
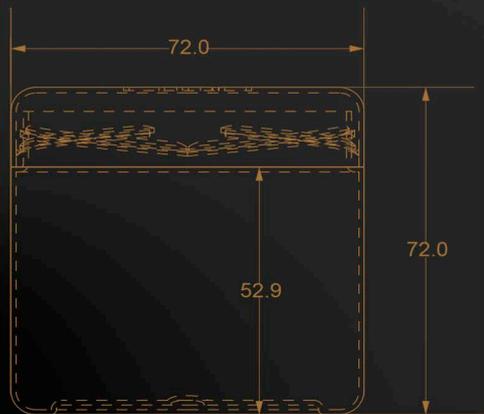
THE LABEL IS REPOSITIONED TOWARDS THE TOP OF THE JAR, ALLOWING FOR GREATER PRODUCT VISIBILITY AND A SENSE OF THE JAR BEING 'HALF FULL' RATHER THAN 'HALF EMPTY' DURING CONSUMPTION. IT'S SIMPLE, SLEEK AND FUTURE-FOCUSED - AT ONCE BOTH UNIFYING THE RANGE AND SETTING IT APART.

EACH JAR ALSO DETAILS THE PERSONAL DETAILS OF THE COOK THAT MADE THAT SPECIFIC BATCH, TO PROMOTE THE BRAND'S INHERENT PREMIUM AND HANDCRAFTED NATURE.



DANISH CONFECTIONERY

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3. RESULTS

THE NEW DESIGN ELEVATES AND RE-ESTABLISHES LAKRIDS BY BÜLOW'S PREMIUM POSITION, ENABLING THE BRAND TO BEGIN FULFILLING ITS AMBITION TO LEAD A WORLDWIDE LOVE FOR LIQUORICE. NOT ONLY HAVE THEY MET OR SURPASSED THEIR OBJECTIVES SINCE THE JANUARY 2019 REDESIGN, BUT THEY CONTINUED TO DO SO IN 2020, DESPITE THE GLOBAL TRAVEL AND RETAIL MELTDOWN DUE TO COVID-19.

TURNOVER: TOP LINE BACK ON STRONG GROWTH TRAJECTORY

THE DESIGN HAS CLEARLY PUT THE BRAND BACK ON A GROWTH TRAJECTORY, AFTER SEEING THE LOWEST GROWTH IN FIVE YEARS IN THE YEAR BEFORE THE REDESIGN.

ONE-YEAR POST-REDESIGN, LAKRIDS HAD THEIR HIGHEST EVER TURNOVER OF DKK REDACTED CONFIDENTIAL DATA (VS 2018'S DKK REDACTED CONFIDENTIAL DATA). THIS +16% YOY INCREASE EXCEEDS THE YEAR ONE POST-REDESIGN +11% OBJECTIVE BY A SIGNIFICANT MARGIN.

BY SEPTEMBER 2020, AND IN SPITE OF COVID-19, YTD TURNOVER COMPARED TO 2019 WAS +19% (DKK REDACTED CONFIDENTIAL DATA TO SEPTEMBER 2020 VS DKK REDACTED CONFIDENTIAL DATA) - ALSO EXCEEDING THE YEAR TWO +15% OBJECTIVE.

+37 UNDERLYING GROWTH AFTER AIRPORT SALES REMOVED

A LARGE PROPORTION OF LAKRIDS' SALES CAME FROM AIRPORT TAX FREE STORES AND CONCESSIONS BEFORE THE PANDEMIC. THOSE SALES DRIED UP ALMOST OVERNIGHT FROM MARCH 2020 AND SO THE BRAND HAD TO RELY ON ITS DESIGN MORE THAN EVER BEFORE. IF WE REMOVE AIRPORT SALES, THE UNDERLYING GROWTH IN SEPTEMBER 2020 WAS +37% VERSUS 2019 - AND THAT'S BEFORE THE PEAK CHRISTMAS 2020 SEASON EVEN STARTED.

OUTPERFORMING 2% CATEGORY GROWTH

NOT ONLY ARE THEY SURPASSING THEIR OWN TARGETS, BUT WITH +16% TURNOVER, THEY ARE SUBSTANTIALLY OUTPERFORMING THE 2% CATEGORY GROWTH.

EBITDA VALUE: STUNNING BOTTOM LINE COMEBACK

AFTER A LOSS OF 20% IN EBITDA VALUE IN 2018, BY THE END OF 2019 THE BRAND MADE A STUNNING COMEBACK WITH THEIR BEST EVER BOTTOM LINE AT +139% GROWTH

POST-DESIGN. AND BY SEPTEMBER 2020, YOY EBITDA VALUE WAS UP BY +39%, WITH THE MOST IMPORTANT CHRISTMAS 2020 SALES SEASON STILL TO COME:

- EBITDA VALUE 2017: DKK REDACTED CONFIDENTIAL DATA
- EBITDA VALUE 2018: DKK REDACTED CONFIDENTIAL DATA (YOY -20%)
- EBITDA VALUE 2019: DKK REDACTED CONFIDENTIAL DATA (YOY +139%)
- EBITDA VALUE 2020 (AS OF SEP 2020): DKK REDACTED CONFIDENTIAL DATA (YOY +39% WITH THREE MONTHS REMAINING)

DESIGN DRIVES INTERNATIONAL GROWTH

ONE OF THE MAIN REASONS THAT THE 2019 AND 2020 FINANCIAL RESULTS POST-REDESIGN WERE SO STRONG IS BECAUSE OF SIGNIFICANT INTERNATIONAL GROWTH OUTSIDE OF DENMARK, WHICH WAS A KEY OBJECTIVE. IN ADDITION TO NORDIC MARKETS, LAKRIDS BY BÜLOW IS NOW FOUND IN AUSTRALIA, THE BALTICS, FRANCE, GERMANY, THE NETHERLANDS, SOUTH AFRICA, MOROCCO, UAE, UK, AND USA.

INTERNATIONAL SALES OUTPERFORMED AGAINST EXPECTATIONS SINCE THE REDESIGN:

- PRE-REDESIGN INTERNATIONAL SALES 2018: 53% OF TURNOVER (DKK REDACTED CONFIDENTIAL DATA)
- INTERNATIONAL SALES 2019: 59% OF TURNOVER (DKK REDACTED CONFIDENTIAL DATA) SURPASSES THE 56% OBJECTIVE
- INTERNATIONAL SALES JAN-SEP 2020: 63% OF TURNOVER (DKK REDACTED CONFIDENTIAL DATA) MEETS FULL YEAR OBJECTIVE WITH BUSIEST TIME OF YEAR FROM OCT-DEC 2020 STILL TO COME.

ADVENT CALENDAR SALES ROCKET

LAKRIDS' ADVENT CALENDAR IS THEIR TOP-SELLING ITEM EACH YEAR, ACCOUNTING FOR AROUND 10% OF SALES. THE 2020 CALENDAR IS THE FIRST ONE DESIGNED IN THE NEW LOOK, AND BY OCTOBER 2020 THEY SOLD 200,000 (AND COUNTING). THAT'S UP +45% VERSUS 2019. THE ONLY THING THAT CHANGED? THE DESIGN.

EXPANSION OUTSIDE THE CONFECTIONERY

CATEGORY: BÜLOW FORTIFIED LIQUORICE

IN SPRING 2020, LAKRIDS BY BÜLOW FORTIFIED LIQUORICE LAUNCHED. THIS ORGANIC LIQUORICE LIQUEUR WITH A TWIST OF COCOA BEANS IS AIMED AT AN INTERNATIONAL AUDIENCE. THE ONLY REASON THIS WAS POSSIBLE IS BECAUSE OF THE NEW POSITIONING AND DESIGN, EXPRESSLY CREATED TO ALLOW THEM STRETCH INTO NEW CATEGORIES FOR AN INTERNATIONAL AUDIENCE.

WORLD LEADER IN RECYCLED PACKAGING

BECAUSE OF THE AGENCY'S DESIGN DECISIONS FOR THE PACKAGING STRUCTURE, LAKRIDS BY BÜLOW HAS BECOME THE FIRST CONFECTIONERY PRODUCER IN THE WORLD TO MOVE TO 100% RECYCLED AND RECYCLABLE PET PLASTIC (FROM VIRGIN PET).

40% REDUCTION IN CO2 EMISSIONS

AS A DIRECT RESULT OF THE DESIGN DECISION TO CHANGE TO 100% RPET PACKAGING, CO2 EMISSIONS FOR THE BUSINESS HAVE REDUCED BY 40% SINCE THE REDESIGN.

AVOIDED EXTRA PRODUCTION LINE COSTS

THE CHOICE OF 72MM MULTIPLES FOR JAR SIZES MEANS THAT THE FACTORY DID NOT HAVE TO RECONFIGURE THE PRODUCTION LINE. THIS AVOIDED EXTRA PRODUCTION COSTS, ALLOWING LAKRIDS BY BÜLOW TO MAINTAIN PROFITABILITY PER UNIT WITHOUT HAVING TO INCREASE RETAIL PRICES.



OTHER INFLUENCING FACTORS

WAS IT OTHER MARKETING CHANNELS/ COMMUNICATIONS?

THERE WERE NO TV OR RADIO COMMERCIALS. THEY DID INVEST IN DIGITAL PAID ADVERTISING, INFLUENCER COLLABORATION AND SOCIAL MEDIA MARKETING, BUT THOSE HAD SIMILAR INITIATIVES AND LEVELS OF YOY INVESTMENT PRE-REDESIGN IN 2018 AND THEN POST-REDESIGN IN 2019 AND 2020. THE ONLY SIGNIFICANT THING THAT CHANGED WAS THE DESIGN, NOT TO MENTION THE FACT THAT 2018 SAW THE LOWEST TURNOVER GROWTH IN FIVE YEARS AND A 20% BOTTOM LINE LOSS DESPITE INVESTMENT IN THESE AREAS.

WAS IT RETAIL STORES?

THEY ONLY OPENED TWO NEW STORES SINCE THE 2019 REBRANDING, AND IN 2020 MOST STORES HAD TO BE CLOSED FOR LONG PERIODS OF TIME DUE TO COVID, MEANING SALES PIVOTED TO ONLINE CHANNELS. NOT ONLY THIS, BUT 2019 LIKE FOR LIKE SALES IN THEIR RETAIL STORES GREW BY 4% VERSUS 2018, AND THE ONLY THING THAT CHANGED WAS THE DESIGN.

WAS IT PRODUCT INNOVATION?

THE REVERSE - THE REBRANDING ALLOWED LAKRIDS TO LAUNCH INTO A NEW CATEGORY WITH ITS FORTIFIED LIQUORICE.

WAS IT CHANGING CONSUMER HABITS DUE TO COVID?

ONE COULD ARGUE THAT THE FANTASTIC 2020 PERFORMANCE COULD BE DOWN TO PEOPLE STUCK AT HOME AND DECIDING TO BUY THEMSELVES SOME GOURMET TREATS ONLINE. HOWEVER, HOTEL CHOCOLAT HAVE A SIMILAR BUSINESS MODEL AND ALSO CLOSED ALL PHYSICAL STORES FROM MARCH TO JUNE 2020. THEIR DIGITAL SALES GREW VERY STRONGLY, RISING OVER 200%, BUT THEIR OVERALL TURNOVER DECLINED BY 14%. COMPARE THIS TO LAKRIDS BY BÜLOW'S STRONG ONLINE SALES OF +230% AND OVERALL TURNOVER GROWTH AND IT'S APPARENT THAT SOMETHING ELSE WAS AT PLAY - AND THAT SOMETHING IS THE DISTINCTIVE REDESIGN.

RESEARCH/DATA SOURCES

- LAKRIDS BY BÜLOW INTERNAL DATA
- LIBERUM CAPITAL LIMITED: AIM COMMENTARY ON HOTEL CHOCOLAT TO 24 JULY 2020

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LAKRIDS^{BY} BÜLOW



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