
1A ST JAMES'S

—
**THE
SPIRITUAL
HOME OF
DUNHILL
TOBACCO**

PUBLIC DOCUMENT

Project Title

1A St. James's
The Spiritual Home
of Dunhill Tobacco

Category

7 – Interiors /
Environments

Sub Category

7.1 – Retail

Client Company

Dunhill Tobacco
London Limited,
British American Tobacco

Design Consultancy

Household

Current Date

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Executive Summary

Despite working with an industry that is negatively perceived, that has experienced a long-term decline in sales, and that is suffering after the widespread ban on consumption of its products in public, Household has created an ultra-modern flagship store at 1A St James's as the spiritual home for Dunhill Tobacco of London Limited – all within a 100sqm Grade II* listed retail space.

Was it challenging? Absolutely. Was it impossible? Absolutely not.

Against all these factors, Household created a space that defies the industry standard of offering the widest selection possible, to focus instead on a unique, curated blend of selected product, expert advice, and perfect service.

At 1A St James's Street, Dunhill Tobacco of London Limited presents a rich, immersive, wholly aspirational experience for tobacco sampling and consumption that completely reinvents the way tobacco is sold. This is a luxurious experience in which to linger, luxuriate, socialise, and – most importantly – return to. It's a space that's outperforming on every level.

Here's how we did it:

- We created a transformational 'new heritage' experience – less gentlemen's club, more aspirational lifestyle hangout
- We worked with the building's rich history, enhancing it with cutting edge, contemporary creative cues and codes.
- We achieved something more sensorial, less sales; something irresistibly intriguing.

How we know it's a success:

- Adult tobacco consumers see it as differentiated, unique and contemporary – they'll pay more for the product, service and experience
- Sales are exceeding targets, with a sales uplift of over 390%
- There's an increased conversion to sale, with 82% of visitors making a purchase and dwelling over an hour

260 words

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Project Overview

Outline of Project Brief

With low footfall and poor sales, the premium retail space at 1A St James's Street London was not performing well. Household was enlisted to transform it into a flagship site, the spiritual home of Dunhill Tobacco London Limited.

Household was briefed to create an experience that positioned Dunhill in a new light, creating an irresistible pull for a discerning, less traditional clientele - an adult tobacco consumer with an aficionado attitude, a curious explorer of life and its pleasures.

The store design had to be holistic – a celebration of rituals, as well as the new space housing them. The experience needed to encourage customers to rediscover the craft of tobacco.

Objectives:

- **Turn 1A St James's into a London flagship**, a hybrid destination blending retail and leisure with a high service focus
- **Double sales** within the first quarter of trading
- **Increase conversion** to help staff to convert 50% more sales
- **Double footfall and increase dwell time** up from a maximum 30 minutes (even for cigar lounge users)
- **Capture the 'aficionado' attitude** of adult tobacco consumers
- **Increase loyalty** by creating an aspirational social space that makes people want to return

Description

Dunhill Tobacco of London Limited is a premium international brand. Established in 1907 on Duke Street, it is the flagship marque of British American Tobacco (BAT) the second largest tobacco company in the world (excluding China). [1]

Dunhill Tobacco's products reflect its brand values of craftsmanship and attention to detail. Originally founded by Alfred Dunhill, the brand later split into two separate companies: Dunhill Tobacco London Limited and fashion orientated Alfred Dunhill Ltd.



Above: the store before the redesign

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Overview of Market

High regulation

Tobacco is a highly regulated industry with decreasing opportunities for promotion. [2] Industry volume declined sharply in Western Europe in 2013, affecting profit growth. [3] Volume sales are in long-term decline due to stringent regulation and increased awareness of health implications. [4]

Consumer trend towards cheaper tobacco

Consumers are increasingly switching to cheaper, mass-produced tobacco [5]. UK cigar sales have dropped by 1/5 over the past five years, and by 80% over the past two decades, due to economic reasons and the smoking ban [6] (it takes time to smoke a cigar and there are increasingly few places to do so).

Limited variation or innovation in retail

UK tobacconists are highly traditional and generally compete by offering the widest product assortment. But making this unique is difficult [7] so there is limited differentiation between retailers. Recent innovation in tobacco environments has been consumption rather than sales led through smoking lounges.

Challenges

- **Dark market restrictions**, not only a restrictive category, but one in a highly restricted market with little room for marketing innovation.
- **Listed premises** in a Grade II* building, meaning no internal or external alternations or extensions could be made that would affect the character of the space. [8]
- **Legal implications** around Dunhill Tobacco vs. Dunhill the fashion brand.

Project launch date

Soft launch December 2013. Hard launch January 2014.

Size of design budget:

Non-disclosed in public version.

498 words

Outline of Design Solution

A New Approach

Moving away from the heavy tradition of tobacconists and the formality of old gentleman's clubs, Household transformed 1A St James's into an aspirational lifestyle hangout.

The key idea was 'new heritage,' bringing to life the brand's rich history. The design respects Grade II* restrictions whilst creating an ultra-modern experience rich with creative cues that appeal to the discerning aficionado.

Household opened up the windows to create an enticing welcome, making old meet new from the outside by revealing views of the contemporary interior. Amber-sided vitrines glow in the light like the embers of a cigar, stirring the curiosity of passers by, inviting them to come in and explore something different.

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Top: The new entrance | Bottom: Entrance before the redesign

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Outline of Design Solution

Signature Experiences

Upon entering, the aficionado starts a journey through four distinct yet unified experiences:

Experience 1: Premium Retail

Rather than seeking to offer the widest assortment, the retail space offers a curated selection of the very best. The Destination Service Area enables aficionados to touch and smell tobacco in consultation with knowledgeable staff. The experience is more sensorial, less sales.

This area features the Explorer Wall. The graphic backdrop highlights the latest products, telling stories about Dunhill's far-flung journeys in search of the most exclusive tobacco.



Left: More sensorial ... less sales; touch & smell experience | Top right: Destination Service Area | Bottom right: Explorer Wall

Experience 2: The Sampling Lounge

Wrapped by a floor-to-ceiling glass wall, The Sampling Lounge is a warm hospitality offer. Relaxed yet aspirational, clients can sample cigars before buying in comfort and privacy, served on their own personal cigar tray. A state-of-the-art filtration system ensures no smoke escapes.



Above: Sampling Lounge

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Experience 3: The Humidor

The Humidor is ripe for exploration by aficionados on their journey towards connoisseurship. The room is lined with smoked oak bookcases with fluted wall panels resembling cigar boxes. The main feature is a gleaming wall of personal humidors: copper-fronted lockers where aficionados store their cigars in optimum conditions.



Personal Humidor Lockers

Experience 4: The Master Blender's Room

A VIP corridor leads to the Master Blender's Room – an intimate space designed for exclusive events and tobacco education. Formerly a kitchenette, it has been transformed into the heart of the experience. Focused on the art of tobacco blending, here the connoisseur can meet the Master Blender. A world map illustrates provenance, and a beautiful copper wheel is full of different tobaccos which can be touched and smelled allowing for a multi-sensory experience.



Left: Master Blender's Room | Right: The same space before the redesign

Outline of Design Solution

Architectural Links

A feature ceiling and floor flow throughout the spaces, creating a natural progression. The cedar blade ceiling flows in waves, reminiscent of smoke or drying tobacco leaves, releasing the emotive scent of cedar wood, traditionally used to preserve cigars. The rich timber floor is interspersed with copper planks etched with quotes related to the world of tobacco. The effect is reminiscent of flecks from a cigar.



Left: Feature ceiling & floor | Right: Copper floor planks etched with tobacco quotes

The Spiritual Home of Dunhill Tobacco

1A St James's is now a luxury blend of retail and leisure. Each distinct experience space creates reasons to return, full of stories to delight the aficionado.

366 words

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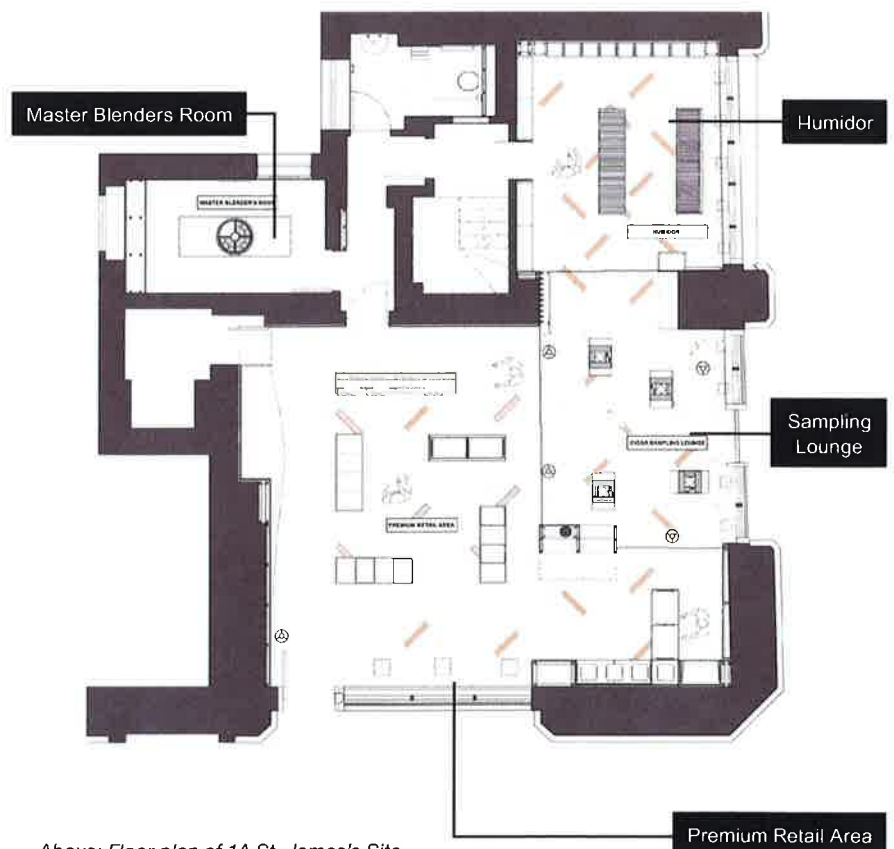
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Above: Floor plan of 1A St. James's Site
- showing the key signature experience areas.

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Summary of Results

1. From Shop To Spiritual Home

Household's reinvention of 1A St James's transformed a flagging retail outlet with low footfall and low sales into the spiritual home of Dunhill Tobacco of London Limited.

Household created an aspirational lifestyle hangout with a returning circle of aficionados. 1A St James's is a place where traditional and modern rituals connect.

2. Outstanding Sales

The new design has significantly overachieved on sales targets, more than doubling sales it has:

- **Exceeded previous turnover after only 4 months**
- **Delivered 94% of 2013's annual turnover in one month alone (June 2014)**
- **Achieved sales uplift of over 390%**
- **Increased the number of items sold by 93%**
- **Delivered Compound Monthly Growth Rate (CMGR) of 42%**
Outperforming target turnover every month since February as indicated in the following graph



3. Increased Average Transaction Value By 3X

June 2014 results showed that the average transaction is almost 3x higher than the target projection for the new design (which was already a significant increase from the previous site).

4. 82% Sales Conversion

The new design has surpassed its target to double sales conversion, increasing this from an average of 30% to 82%

5. More Than 5X Footfall

By March 2014 average daily footfall was 4 times higher than it was before the new design was implemented. Between March – June 2014 footfall increased again to 5x the level of the previous concept.

6. Doubled Dwell Time

Customers dwell time has doubled. They now spend on average one

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Summary of Results

hour + in the store's lounge versus a maximum of 30 minutes in the previous space.

7. A New Type Of Customer

The new design has successfully delivered on its ambition to capture a different audience of adult tobacco consumers and those with an aficionado attitude according to Robert Emery, Cigar Expert and Store Manager of 1A St. James who when interviewed said:

"We tend to attract a different audience to the other tobacconists on St James's Street."

8. Fantastic Customer Response

Dunhill Tobacco of London Limited reports that consumers describe the new experience as differentiated, unique and contemporary, and that they're willing to pay a substantial premium for the product, service and experience.

Customer research says:

"This is superb"

"I've not seen this before"

"A real life experience – something that touches all the senses"

With additional feedback on Twitter:

David J Constable @davidjconstable Jun 19

A very pleasant afternoon in St. James's being educated in the ways of the Dunhill cigar. Left with a 1907 DUNHILL Robusto 1.

Eve @MetamorphosisGr Mar 26

Did an amazing Retail Trek today: loving the new Dunhill tobacco store

howardprobinson @howardprobinson Feb 27

Delighted to be at the opening of the new Dunhill cigar store at 1a St James. Seriously classy

9. A Space People Want To Return To

1A St James's has become a destination, with a crowd of repeat customers driving loyalty and advocacy.

47% increase in regular visitors

In the first 3 months of trading

80 people want to regularly be in touch

Over 80 high interest, serious adult cigar consumers signed-up to be part of the store's database.

Personal humidors are a hit

Lockers represent 16% of total year to date sales. These cost £1200 to rent per year (credited against cigar purchases) indicating that customers are both returning and personally investing in being a member of this exclusive space.

10. A Better Working Environment

The response from staff has been overwhelmingly positive, and thanks to the new design Dunhill has been able to secure a new manager, Robert Emery. Robert Emery has over 30 years' experience in the cigar industry. Former UK director JJ Fox Retail and former recipient of the UK Cigar Retailer of the Year award, he was also sole UK holder of the Tobacco Royal Warrant from 1997 – 2007, showing that the design has had a positive impact in attracting superior talent.

Emery commented: *"I love working here. It's completely different from other cigar stores and feels very contemporary. It's a great environment*

Summary of Results

and the design makes my job easier as customers really like it and feel comfortable in here. It's full of things they want – a relaxing lounge, wifi, a place to meet people."

11. Industry Awareness

The concept has featured in a range of global industry and creative publications including: Premier Hospitality, Lusso Luxury Lifestyle Magazine, Hospitality Interiors Magazine, Mechanics of Style, The Arbuturian and Stylus.

Nick Hammon, Spectator Cigar Writer of the Year, writing in Mayfair Magazine said *"It's impressive how much thought, time and ingenuity has gone into the refurbishment of this lovely cigar store on one of England's finest streets. It's a very welcome addition to London's rich cigar heritage."*

While Lusso said: *"Instead of merely being just another shop, competing with the likes of nearby Fox's and Davidoff, British American Tobacco has created a cigar salon - half emporium, half club (unisex, of course)."*

Lifestyle publication Wingtip Modern Gentleman's Blog commented: *"The store was completely rebuilt and it shows. Modern yet comfortable, luxurious but accessible."*

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Other Influencing Factors

Moving entrance

The entrance was moved from 65 Pall Mall to 1A St James's

Staff

The store is run by Robert Emery, an expert with a wealth of experience, product knowledge and industry networks.

Assortment

There is a curated selection of products at 1A St James's.

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Research Resources

- [1] Ash: Fact Sheet on the UK Tobacco Industry (2013)
- [2] The UK Tobacco Advertising and Promotion Act in 2002 banned direct and indirect advertising or promotion of tobacco products
- [3] BAT 2013 Strategic Report
http://www.bat.com/ar/2013/assets/pdfs/BAT_AR2013_Strategic_Report.pdf
- [4] Euromonitor: Tobacco in the UK, Oct 2013
- [5] Euromonitor: Tobacco in the UK, Oct 2013
- [6] 'Cigars face extinction in Britain by 2026', Financial Times (30 Dec 2013)
<http://www.ft.com/cms/s/0/f8df030c-6997-11e3-aba3-00144feabdc0html#axzz34F0MzWTf>
- [7] For example Cuban cigars are made into market-specific selections before export, so there is an English Market Selection (EMS and you can't import cigars selected for another country.
- [8] Guidance Notes for the Application for Listed Building Consent for Alterations, Extension or Demolition of a Listed Building - Planning (Listed Building and Conservation Areas) Act 1990
http://www.planningportal.gov.uk/uploads/1app/guidance/guidance_note-listed_building_consent.pdf
- [9] BAT: 1A St. James's Performance To Date Review – May 2014
- [10] BAT: 1A St James's – Potential Global Commercial Value v3, 2014

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