

Transforming Shell's Global Shop Offer

DBA Design Effectiveness Awards 2015

1.1 Project Title

Shell: Transforming Shell's
Global Shop Offer

1.2 Category

(7.0) Interiors/environments

1.3 Sub-Category

(7.1) Retail

1.4 Client Company

Shell International
Petroleum Company

1.5 Design Consultancy

Conran Design Group

1.6 Date

8th July 2014

Wood, coal & charcoal

Wood, coal & charcoal

2.0 Executive Summary

“We’ve had a lot of positive customer feedback about the new Shell Select, they now feel they are in a store that’s a good place to buy food. The thing I like most about the new generation Shell Select is the overall appearance of the store – this will be our global shop format.”

– Fabio Trombetta, Shop Format Project Co-Lead, Shell

‘On the go’ Convenience Retailing (CR) at petrol stations is a burgeoning market, but Shell’s own offer, Shell Select, was struggling to maximize performance and revenues. The new design has not only measurably improved the status of Shell as a trusted retailer, but also stands as an innovative leap in the sector at large.

As fuel margins continue to tighten, CR plays a strategic part in delivering profitable retail sites. It provides a predictable revenue and margin stream, which makes the business more resilient. Shell’s own-branded food label, deli2go, was launched in 2010, selling high quality products suited for on-the-move consumption, offered at competitive prices. There was a need to bring the overall Shell Select shop offer in line with the more contemporary positioning of deli2go, in order for the whole offer to become the preferred brand for motorists.

Conran Design Group’s flexible and comprehensive design which aimed to change the customer mindset from “fuel on the forecourt” to “food in the shop” trialed in the UK with positive results and it has been adopted by Shell as its new shop format worldwide. To date, it’s been rolled out in over 500 shops. ‘New Generation’ Shell Selects are recording, on average, a 42.1% increase in food and drink sales with 77% of all stores converted experiencing a market share growth (according to data from 99 UK pilots).

2.0 Executive Summary = 287 words.



After: The new generation Select store design by Conran Design Group

3.0 Project Overview

3.1 Outline of Project Brief

Key Objectives / The Brief

- Refresh and modernize the look and feel of the global shop format for Shell Select
- Integrate deli2go into the overall shop
- Anchor food as a visibly strong category and driver of shop preference
- Drive purchasing via a fresh, contemporary, premium and accessible design and tone of voice
- Create an environment to facilitate the sale of high quality products suited for on-the-move consumption offered at competitive price-levels
- Entice customers to shop for Shell's key categories
- Ensure the shop design has stand-out yet visual compatibility with the Shell Retail Visual Identity (RVi)
- Improve the image of Shell as a trusted retail channel.



Before: Shell Select shop design

3.2 Description

Background

Shell Retail manages 6500+ shops in 25+ different markets worldwide, generating a turnover of over \$6 billion. The shops deliver a customer experience aligned to that of the forecourt: focused around a retail strategy of 'Speed and Ease', helping customers pay and exit as swiftly as possible.

Opportunity

Research-driven insight found that a key customer segment spent more on CR, expecting high-quality food and drink 'on the go' from convenience retailers. They accounted for 15% of footfall, but nearly 50% of margin.

Brand Building

The Shell Select brand had an opportunity to build on its foundation by presenting a re-energised offer with food at its heart, and to become an important part of Shell's overall vision to be 'the best fuels retailer in the world'.

Global Scope

A flexible design solution was to be developed for a global roll-out across varying levels of retrofit in existing shops.

3.3 Overview of Market

Competitors

Table showing market share (%) amongst top 5 in UK petrol market, all of which have a shop offering, with supermarkets continuing to grow against petrol company forecourts:

Company	2011	2012
Tesco	15.1	15.5
BP	14.8	14.9
Shell	12.4	12.1
Esso	10.6	10.3
Morrison	9	9.2
Sainsbury	8.7	8.8

Target Market

The primary customer segment to target for the design are Road Warriors – predominantly young, male, frequent drivers and aware of brand over price when purchasing.

3.4 Project Launch Date

July 2012

3.5 Size of Design Budget

£114,818

3.0 Project overview = 333 words.

4.0 Outline of design solution

A Positive Disruption

The design of the store environment is intended as 'positive disruption' from the forecourt, presenting a warm, inviting and relaxed experience. It encourages motorists to browse, turning fuel customers into food customers. To change customers standing at the pumps from 'fuels' to 'food' mindset, the shop exterior was important. The design used full-height windows to draw customers into the store; large format vinyl images of ready-to-go food, wood and earthy colours to reinforce quality and naturalness; and a 'clip-in' signage system to bring deli2go up to the fascia.

Inside, the bright environment features premium materials and finishes, including natural timber flooring, metallic pendant lamps, warm taupe hues, and fresh green accents. The overall appeal exudes freshness, contemporary style and quality.



After: New Look and Feel material palette



After: Platinum Tier store design

4.0 Outline of Design Solution *Continued*

Create Appetite Appeal

With food at the heart of the concept, the design language highlights a high quality offer, akin to a café environment. Appetite appeal comes through visual cues: warm colours, natural materials, conversational messaging and large-format photographic food images.



After: Conran Design Group's new design for Select featuring the deli2go food offer

4.0 Outline of Design Solution *Continued*

Written messaging is important in establishing the customer relationship. Using a ‘trustworthy’, ‘reliable’ and ‘straightforward’ tone of voice, we built an engaging dialogue across the visual communications on perimeter pelmets, window vinyls, signage and packaging.



Fontwell site, UK

A Customer Led Approach

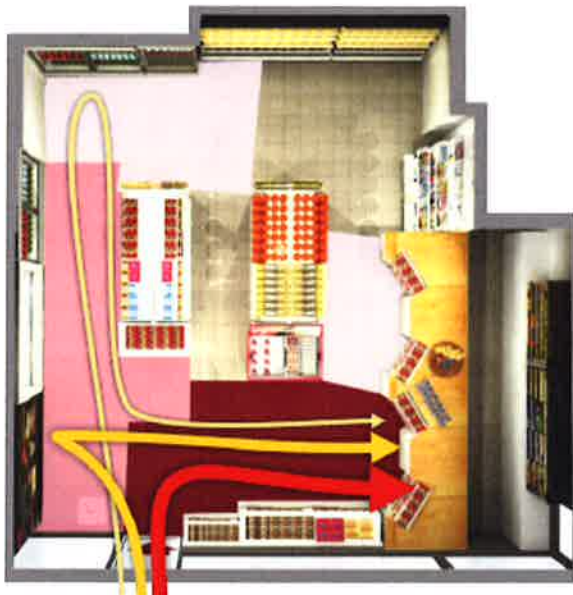
Research supplied by Shell’s retail consultancy Shopworks identified opportunities by considering the 3 customer shopping missions, the customer journey and then making effective changes to the critical customer touch points. We addressed each customer touch point through specific design of 3D and graphic elements:

Customer shopping missions	Customer journey	Touch points	CDG design	
I need a break & to energise	Outside store	Attract & pull customers towards store	<ul style="list-style-type: none"> • Pole sign • Pumo 	<ul style="list-style-type: none"> • deli2go Pole sign • Fascia signage • Supersize food photos
	At the window	Intrigue customers	<ul style="list-style-type: none"> • Cashpoint • Window • External merchant 	<ul style="list-style-type: none"> • Full height glazing • Word frieze on glazing
I need to fill up my car	On the threshold	Impress, invite, simplify and guide customers	<ul style="list-style-type: none"> • Door 	<ul style="list-style-type: none"> • Inviting store layout and ambience: • Lighting, materials, colours • Clear categories/signs
	Inside the store	Relax, inspire, educate & empower customers	<ul style="list-style-type: none"> • WC • Seating • Categories & subcategories 	<ul style="list-style-type: none"> • Interior design • Point of sale/food photography • Packaging design
I need something for now/later	Staff and service	Secure sale and customer loyalty	<ul style="list-style-type: none"> • Paypoint • Queue 	<ul style="list-style-type: none"> • deli2go Uniform

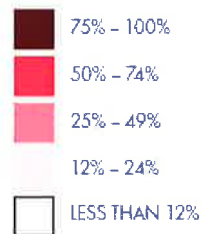
4.0 Outline of Design Solution Continued

Enticing the customer

A key goal of the project was to transform the service experience. This was achieved by applying shopper behaviour research and proven retail strategies to develop the brand, shop design and range innovation. To encourage exploration of the whole shop, we created distinct zones that defined the various retail areas, such as Hot Food and Chilled Drinks. As well as clear signposting, we used changes in wall, floor and ceiling finishes and different lighting treatments to bring a unique look and feel to each area.

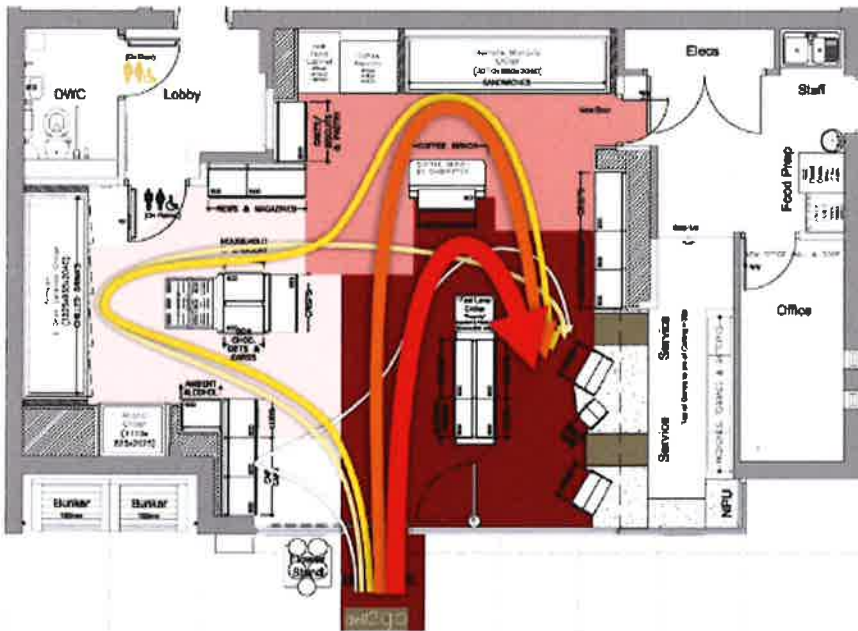


% of people passing on each zone



Before applying new planning principles

This example from the UK trial shows a 76% 'straight to counter' pattern.



After applying new planning principles

Initial UK trial store demonstrated a 37% increase in average area browsed.

4.0 Outline of Design Solution

Brand Experience

The holistic application of the brand and design in the interior is truly innovative in a forecourt situation, offering customers the reassuringly familiar hallmarks of high street retail experience. The optimistic and authentic deli2go brand was successfully integrated into the refreshed and contemporary convenience retail environment of Shell Select.



HOT food available all day

wraps, pasties, breakfast muffins, sausage rolls, fresh sandwiches



Packaging and POS for deli2go range of on-the-move food and drink, including 2014 UK Meal Deal POS.

5.0 Summary of Results

Increase in Sales

“It’s had a really good impact on our sales, up as much as 34% on some months.”

– Kevin Hooker, Multi Site Operator, Shell UK

Comparing before and after results in Fontwell site, UK – shopworks report Nov 2011

- Browsing – 37% increase in average area browsed
- Food – 69% increase in sales of food and drink
- Sales – 25% increase in CR net sales per 1000 litres of fuel year on year
- Margin – 13% increase in shop margin year on year

The project has been a huge success since roll-out across a number of countries including UK, Netherlands, Germany and Malaysia. Overall, the reformatted sites are showing an ROI of 2.65. The key driver of growth is the food category with a sales increase of 42% as customers are enticed by the improved food offer; with the premium feel giving them confidence to purchase the freshly prepared food. The sales increase has achieved beyond initial expectations, with growth of +12% in the first year. Furthermore, sales and margin in Year 2 continue to build as customers are more familiar with the offer and scale is increased across the markets. The new shop format has enabled market share growth against the competition with nearly 80% of reformatted sites in the UK showing growth against other petrol convenience competitors within a 5-mile radius.

The success of the new Select shop format has meant that investment has been extended to more sites.

“As of June 2014, new generation Shell Select are in 270 sites across the UK and continuing to roll-out. We have seen 10% like-for-like growth in the shop, being driven primarily by the food and coffee category. Since 2012, we have more than doubled our food and coffee sales and so far this year there has been continued strong growth out of this category.

- William Green, Shell UK

5.0 Summary of Results - Continued

Return on Design Investment

	%+/- v 2011
Initial outlay for design work	£114,818
Outlets in the UK (2012)	839
Cost of design work in the UK	£136.85
But given Shell's scale and global application:	
Outlets worldwide (2010)	6500+
Cost of design work per site worldwide	£17.66, approximately – an incredibly effective investment

Positive impact for employees

“There’s a different atmosphere for the staff on the site, there’s a much warmer atmosphere with the staff working more as a team. I think its made the services here a definite destination”

– Kevin Hooker, Multi Site Operator, Shell UK

World Class Shop Design

“The new Select design approach delivered a flexible solution that allowed Shell to convert hundreds of different stores into effective and customer friendly environments with credible food retailing credentials. The stores are delivering growth levels far greater than market performance across 14 countries. We are capturing learnings to become a more consumer centric retailer so that we continue to evolve into a comprehensive and truly global format approach with competitive edge.”

– Richard Garcia, Shop Format Project Co-Lead

Change in Spending Patterns of Target Market

The shift in retail strategy and design, with intuitive and easy navigation, increased the percentage of people passing over each area of the store by up to 40%. It facilitates a more relevant shopping experience and exposure to a wider mix of key product categories for customers.

5.0 Summary of Results - Continued

Global Roll Out

Looking ahead to the worldwide roll-out, we created a strong template with design principles that could be adapted to many global applications. The success of this has led to roll-outs in Netherland, Denmark, Norway, France, Germany, Austria, Switzerland, South Africa, Malaysia, Thailand and Turkey. This flexible concept also upheld food as the core offer in shops where other stakeholder needs such as tobacco, milk, newspaper and car care sales, were also important.

The New generation Select Format design has become the global standard for Shell. Shell has rolled out more than 500 stores in the new format, across 14 countries, with several hundred more planned for completion in 2014.



Germany



Nordics



Malaysia



South Africa



6.0 Other Influencing Factors

There were tactical BTL campaigns to inform local people of store re-openings following the refurbishment, with average closure periods of up to 70 days.

There were on average 20-30 weeks settling period following re-opening, due to customers' habits in petrol purchasing.

7.0 Research Resources

Shell International Petroleum Company
Shopworks, UK
Litmus, UK
Applied Predictive Technologies (APT), USA
Office of Fair Trading, UK
Experian Catalist, UK