

DIAGEO

SEDLEY PLACE



THE DIAGEO BRAND STORE AT 7HQ LONDON

Category: Interiors

Sub category: Retail

Client company: Diageo

Design consultancy: Sedley Place

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EXECUTIVE SUMMARY

Sedley Place's redesign of Diageo's Brand Store has been well received and has won plaudits at its launch from amongst others Andy Fennell, then Diageo's Chief Marketing Officer:

"How our brands show up in store is critical to our brand's growth and success. Our new brand store at 7HQ is a great example of this - we now have a showcase of our brands and a multi-experiential space for all of us, and our visitors, to enjoy... something we can be truly proud of."

The Brand Store, which is a complete refurbishment and refocusing of Diageo's old staff shop, is now much more than just a place for Diageo's 7HQ employees and visitors to purchase many of Diageo's 50+ brands. It's a benchmark in retail display, an informative and inspirational environment, a venue for tastings and events, and a fitting environment for Diageo's Brand Managers to launch new brands and brand extensions.

The redesign has produced a number of results which testify to the validity of the overall approach and the success of Sedley Place's solution:

- First, sales have increased by an average of 62.04% (for the period October 2012 to June 2013) compared to the same period in the previous year - but in one month they have increased as much as 122.93%.
- Secondly, the new Brand Store has reversed a decline in sales in the store's previous incarnation. This decline was equivalent to 18.21%.
- Thirdly, Diageo's Brand Teams are now actively engaging with the new Brand Store's team and producing innovative and engaging promotions in the combined reception and store space.

Lastly, perceptions of the retail space have dramatically improved. It's no longer seen by staff members as a place to solely go to collect one's staff allowance. It's now seen as a Brand Store to be proud of and synonymous with such a successful and prestigious company.

PROJECT OVERVIEW

1. OUTLINE OF PROJECT BRIEF

Sedley Place was invited to participate in the redesign of Diageo's staff store by Mitie Catering Services, who manage the store as part of a set of property-related outsourced services it provides to Diageo.

The brief was to:

- Redesign the staff store, while looking at the whole reception and retail environment
- Create a 'step change' in all of the public areas, in keeping with a company of Diageo's stature and success
- Treat staff more like customers and in the process shift to a 'service' rather than a provision
- Make the relevant areas of the ground floor add value and engender a response from the different types of users - such as visit the Brand Store, appreciate Diageo's expertise and brand heritage and feel inspired and informed
- Introduce experiential areas, turning the brand store into more than a commodity purchase environment
- Introduce a zoned approach to the delivery of the new service style, with areas for purchasing, tasting, learning more and being inspired.

2. DESCRIPTION

The Brand Store is a re-development of Diageo's existing staff shop. Located on the ground floor of 7HQ, Diageo's London headquarters building in Park Royal, West London, the staff store sold spirits, wines, champagne and beers to the 1000+ staff working at Diageo's headquarters and to visitors, such as suppliers, business partners and contractors.

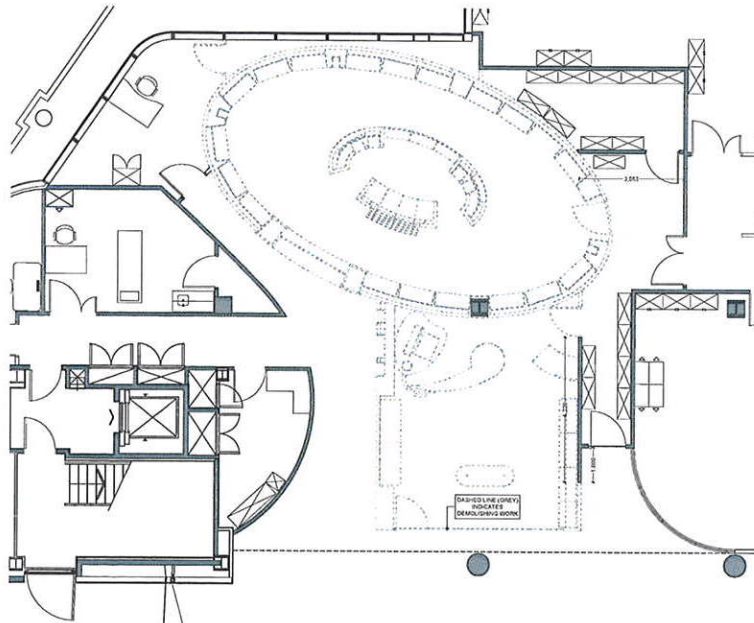
The existing staff shop was located in an area set back to the right of 7HQ's grand five-floor atrium reception, which itself features a main reception desk, a set of glass elevators and seating for guests.

The original staff shop was quite utilitarian in its approach, with high supermarket-style shelving and stock displayed without a coherent and distinctive brand perspective. There were some display areas highlighting key brands but for the most part the store was a 'functional' response to providing staff with a place to buy Diageo's brands.

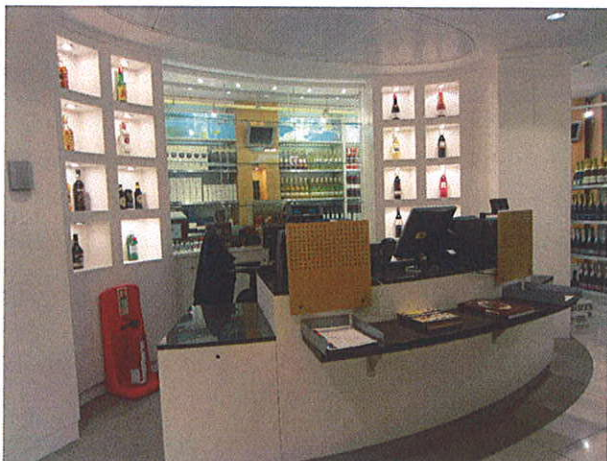
For many staff members the staff shop was a functional environment which did little to inspire them. It was a back-of-house space, hidden from view and lacking any retail presence.

PROJECT OVERVIEW (CONT'D)

2. DESCRIPTION (CONT'D)



Plan of old Staff Store



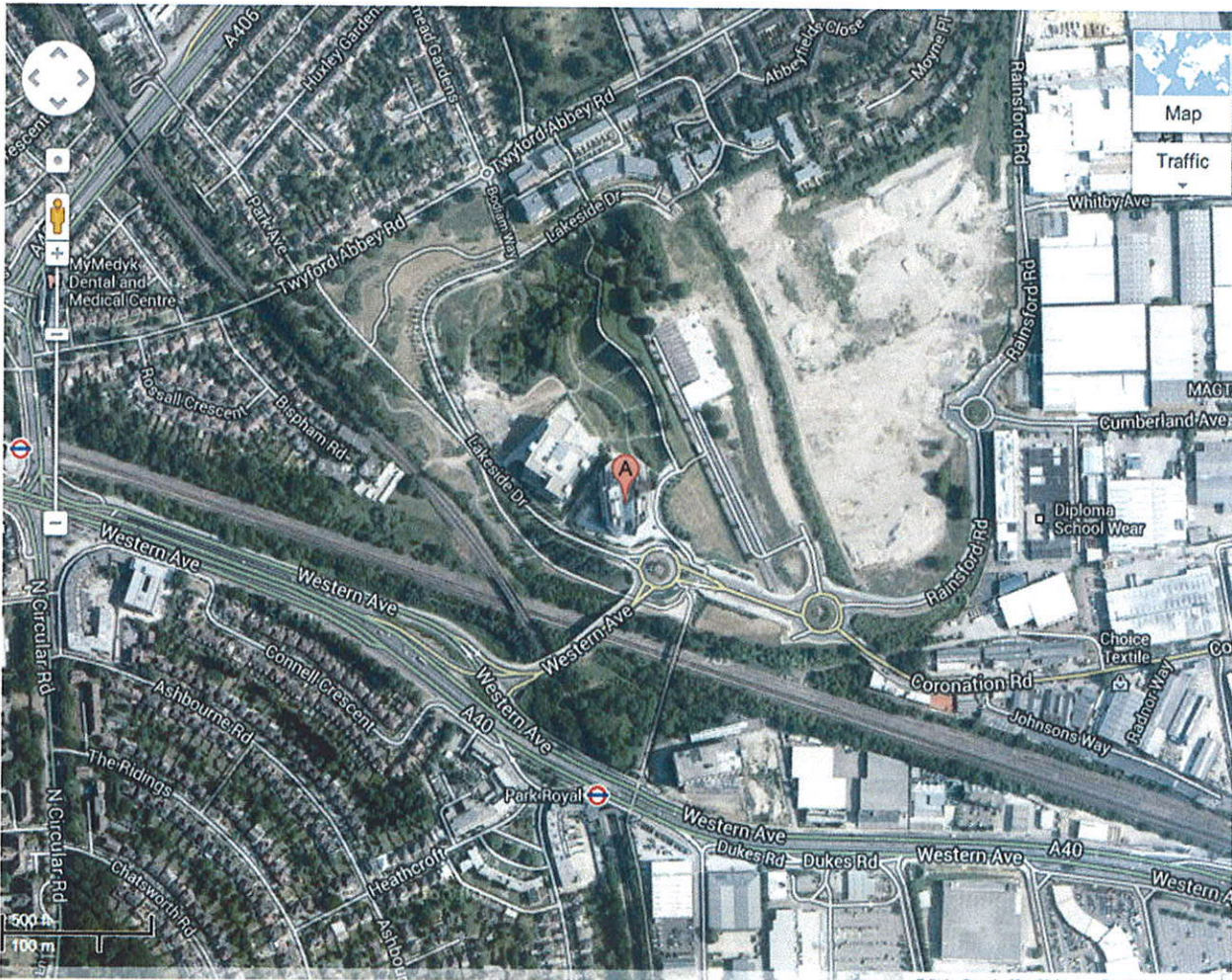
Images of old Staff Store

PROJECT OVERVIEW (CONT'D)

3. OVERVIEW OF MARKET

The store has no direct competitors, given it's the only one on the headquarters site. Its catchment area is the occupants of the building itself and the different types of UK and international visitors (such as suppliers, creative agencies, business partners, associates and contractors).

Given 7HQ's location on the former Guinness brewery site close to the busy Hanger Lane, the store's competitors (such as local stores at Hanger Lane, a large Tesco in the old Hoover Building on Western Avenue and an Asda at Park Royal) are a distance away for staff members. In addition, the prices of the brands in the Brand Store are keenly priced so staff and visitors would be hard pressed to buy the brands at similar prices elsewhere - let alone the range of brands on offer.

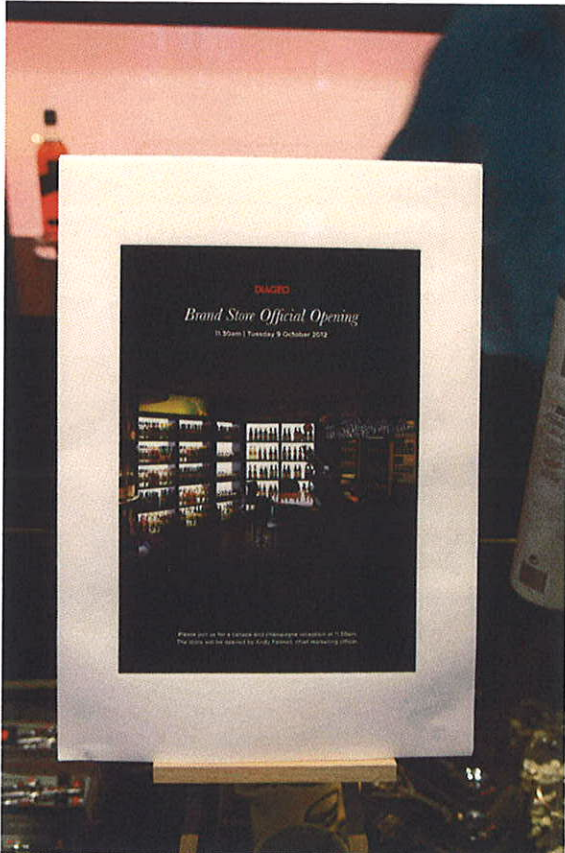


7HQ's location in Park Royal

PROJECT OVERVIEW (CONT'D)

4. PROJECT LAUNCH DATE

The Brand Store was officially re-opened by Andy Fennell, Diageo's then Chief Marketing Officer on 9th October 2012. All staff at 7HQ were invited to the launch and the event was well attended. Andy Fennell gave a speech celebrating the ambition of the new store and its role as a benchmark for displaying and celebrating Diageo's brands and heritage.



Photos from official re-opening of Brand Store

5. SIZE OF DESIGN BUDGET

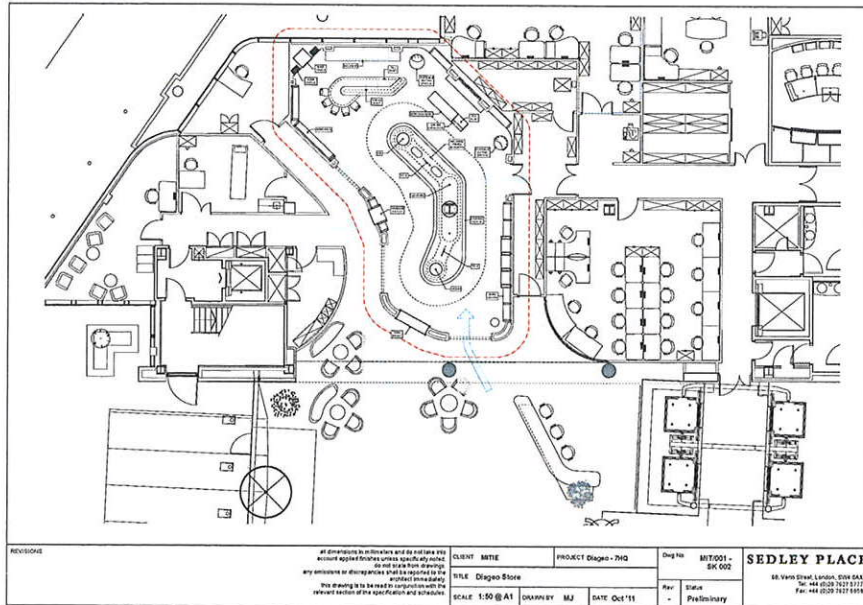
- Design fee: £70,000.00
- Overall budget: £500,000.00

PROJECT OVERVIEW (CONT'D)

6. OUTLINE OF DESIGN SOLUTION

Our design solution has a number of distinctive features:

- We reconfigured the layout of the main reception area to give the store more presence, by bringing it forward and redesigning the space so that it had more entrances - affording staff and visitors more views of the enticing retail environment.



Plan of new Brand Store



View of Brand Store and new LED screen from main entrance

PROJECT OVERVIEW (CONT'D)

6. OUTLINE OF DESIGN SOLUTION (CONT'D)

- We completely redesigned the store interior, giving it flexible bespoke-designed displays and stimulating organic shapes - not rows of supermarket shelves.



Central display island

- We designed shelving units and an eye-catching central island that would display Diageo's 50+ brands to best effect - at the same time creating a standard of best-practice merchandising. This shelving was accompanied by two types of lighting which was specially designed to enhance the brands on display: warm light for dark spirits and cold light for white spirits.



Central island with Whiskey display (on right)

- We produced a merchandising plan for the various categories (spirits, wines, champagnes and beers) and worked with Diageo's different teams, such as The Single Malts Team and Justerini & Brooks, to ensure the different brands were displayed to best effect.

PROJECT OVERVIEW (CONT'D)

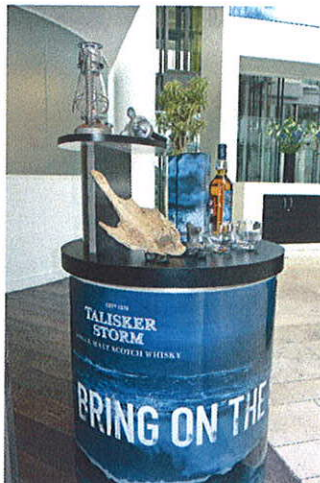
6. OUTLINE OF DESIGN SOLUTION (CONT'D)

- We created a bar, so that Diageo could hold tasting events for staff and cocktail parties and have internal product launches. The bar has the double function of drawing people into the store.



Tasting and aroma bar

- We complemented the knowledgeable staff with iPads containing information on all of the brands, the ingredients of the individual drinks, and cocktail recipes (such as the perfect G & T and the perfect Manhattan), which could be sent to the shoppers' email addresses.
- We used display panels around the Brand Store to convey messages about the brands' provenance and centuries old enjoyment.
- We provided a display area and counter for branded merchandise.
- We created a mobile gifting table, which could be moved into the main reception for greater visibility, to support an enhanced gifting offer (with various personalisation options like gift wrapping and delivery). The table can also be used to support individual promotions.



Talisker Storm promotional support

PROJECT OVERVIEW (CONT'D)

6. OUTLINE OF DESIGN SOLUTION (CONT'D)

- We created a signature full-height glass fronted and backed display cabinet with back-lit display panels on either side, to enable the store staff to create displays supporting brand campaigns in the main reception.



Johnnie Walker promotional support



Talisker Storm promotional support

- We designed, sourced and had installed a dramatic double-floor height LED screen, where a 12-month cycle of promotions and activity could be displayed, supporting brand managers ATL and BTL activity and driving awareness and traffic into the store.

PROJECT OVERVIEW (CONT'D)

6. OUTLINE OF DESIGN SOLUTION (CONT'D)

The LED screen, which turns the reception into a dramatic introduction to Diageo, also features welcome messages, a calendar and clock which adjust to the time of day and a number of brand animations which feature the topicality of Diageo's brands (such as London Dry Gin and the Highland Scotch Whisky).



Corporate brand animation



Christmas 2012 animation

- We changed the name of the staff shop to the Brand Store - to better communicate its four-fold function of engagement, stimulation, promotion and sales.
- We designed a new reception desk and chose new reception furniture to complement the new ambiance of the whole first floor greeting area.

SUMMARY OF RESULTS

Please note: All financial comparisons are based on the period October to June, for the years 2010/2011, 2011/2012 and 2012/2013.

1. INCREASES IN SALES

- Since the launch of the refurbished store sales have increased by an average of 62.04%.
- The best monthly increase in sales amounts to 122.93%.
- The increase in sales is even more significant when compared to the performance of Diageo's staff store, the Brand Store's previous incarnation. Comparisons of the years 2010/2011 and 2011/2012 shows sales declining by 18.21%.
- Further interrogation of the comparative sales figures also shows that the new Brand Store has not only reversed the decline in sales in 2011/2012 but exceeded the sales figures for 2010/2011 by 17.72%.
- Sales in December 2012, the old staff store's peak season, have also increased by 14.03% on the previous year (2011/2012) and 4.5% on the year 2010/2011.

2. BRAND MANAGER ENGAGEMENT

One of the objectives of introducing the Brand Store's display case (with twin back-lit display panels) and the LED screen was to encourage Diageo's Brand Managers to more actively promote their brands internally and use the Brand Store as another component of their brand activity. Historically Brand Manager engagement was poor and often amounted to no more than product sampling in the reception area.

Since the launch of the new Brand Store, Brand Managers have been actively engaged in producing creative, different and engaging internal promotions linked to ATL and BTL activity. Since October 2012 twelve Brand Teams have utilised the Brand Store and reception area - in particular using the LED screen, mobile gifting table and display case - for promotions for the following brands:

- Alexander & James
- Baileys (Cream with Spirit, Cream with Spirit Revised Bottle and Hello Gorgeous New Bottles)
- Blossom Hill (Pinot Grigio and Merlot)
- Captain Morgans (10 Million Barrels)
- Gordon's (Ten Green Bottles)
- Guinness Paint the Town Black, Arthur's Day and Made of More)
- Jeremiah Weed Brews (It's What It Is)
- Johnnie Walker (Porsche Limited Edition, Odyssey, Spice Road)
- Pimms (New Blackberry and Elderflower)
- Smirnoff (Nocturnal Awakening)
- Tanqueray (Time to Tanqueray)
- Talisker (Atlantic Challenge).

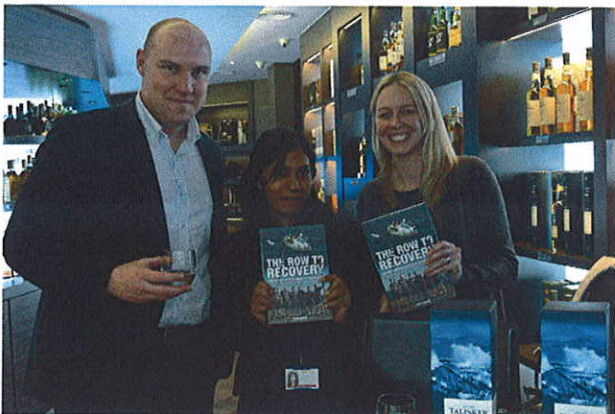
SUMMARY OF RESULTS (CONT'D)

2. BRAND MANAGER ENGAGEMENT (CONT'D)

Schedule of Brand Activity October 2012 to June 2013

Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Smirnoff	Johnie Walker	Jeremiah Weed	Guinness	Johnnie Walker	Baileys	Johnnie Walker	Pimms	
Baileys	Captain Morgan	Talisker	Alexander & James				Tanqueray	
							Guinness	
							Smirnoff	
							Johnnie Walker	

- Interesting when monthly sales figures are mapped against the brand activity the Brand Store still shows significant increases in sales with solus rather than multiple brand activity (e.g. in February sales increased by 95.98%) while in June sales increased by 104.39% although there was no brand activity. This points to the new Brand Store being a draw in its own right.
- Individual Brand Teams have seen their increased engagement with the Brand Store rewarded. For example, on the back of an in-store promotion the Tanqueray Team saw sales rise from an average of seven bottles a week to 50.
- The Brand Store hosted a book signing for the first time, in conjunction with the Talisker Brand Team, for *The Row to Recovery* by Sam Peters (now a Diageo Brand Ambassador). Over one hundred and fifty books were ordered for the store and all of these were sold by Christmas 2012.



SUMMARY OF RESULTS (CONT'D)

3. EMPLOYEE ENGAGEMENT

Since October 2012 the new Brand Store has been holding special tasting sessions, with Brand Ambassadors, on a Thursday and Friday afternoon and these are usually well attended by 15-20 staff members (the bar's capacity). Indeed, the events are normally over-subscribed. This activity has not only driven traffic into the store but helped with Diageo's whole employee brand engagement programme.

4. BRAND STORE PERCEPTIONS

The old staff store was poorly perceived by 7HQ's employees. The new Brand Store in contrast is very well regarded. This regard is epitomised by a quote from Nick Carr, Diageo's Global Director of Pricing; "The new Brand Store has completely transformed the old staff store. The old one looked like a typical off-licence whereas the Brand Store looks like one of the best retail outlets. The store looks classy, premium and luxury. It's exactly what you'd expect of the largest drinks company in the world. Not only is the store beautifully designed but the staff are knowledgeable and this makes for a very enjoyable retail experience".

OTHER INFLUENCING FACTORS

There are no significant other factors which have had an impact on the performance of the Brand Store. There was no internal advertising other than the launch email sent to all members of staff.

Prices in the store have remained constant between the pre- and post-refurbishment periods. However, the range of products for sale has increased. More of Diageo's international brands are now available, in addition to more exclusive/limited edition brands.

While the increased line-up has undoubtedly contributed to the increase in Brand Store sales, it's also a measure of the effectiveness of the new Brand Store. Brand Managers now see the store as a place they want their brands to be sold and actively canvass to have as much shelf space as possible devoted to their individual brands. They also help the store staff get supplies of their brands, which in itself is a change of behaviour from the old staff store, which often struggled to get supplies of certain brands.

RESEARCH SOURCES

- All financial data was supplied by Diageo's Property and Facilities Management Team using EPOS data.