

**FOR PUBLICATION**

**Submission title**  
Johnnie Walker House

**Industry sector**  
Beverages

**Category**  
Branded environments

**Design consultancy**  
LOVE.

**Client company**  
Diageo

**Submission date**  
26th June 2015



**JOHNNIE WALKER**  
**HOUSE**

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**Johnnie Walker House**



“Johnnie Walker House has been an outstanding success for the brand, a powerful driver of luxury equity and sales. The return on design spend is one of the highest we have ever achieved in Diageo.”

Jeremy Lindley, Global Design Director

67%

67% above sales target in year 1

60%

60% sales growth in year 2 with reduced A&P budget

74-97%

The key metric of Brand Awareness raised from 74% to 97% against flat overall A&P spend in the market

10

Success has inspired Diageo to open a further 10 Houses



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## EXECUTIVE SUMMARY

With the whisky category in China in decline and Johnnie Walker seen as a mass brand, LOVE were invited to create a luxury brand experience space for Johnnie Walker in Shanghai that would be a befitting statement of intent by the world's biggest whisky brand.

The response was the design of the Johnnie Walker House, an embassy for whisky culture and the first of its kind outside Scotland. The vision was to firmly establish Scotch whisky as part of a sophisticated and luxurious lifestyle and to start a new chapter of whisky culture in China. Aimed at an invite only, ultra-VIP audience hungry for knowledge and rich brand storytelling, the space delivers a series of layered narratives, art installations and immersive experiences designed to enthrall, captivate and convert guests from being simply whisky curious to being whisky evangelists.

### How do we know it's a success?

- There are now 10 Johnnie Walker Houses worldwide, including Beijing, Seoul and Mumbai. This growing network of Johnnie Walker Houses is fast becoming the world's largest embassies for luxury Scotch Whisky
- Brand awareness in Shanghai has improved with Johnnie Walker total awareness increasing from 74 in Q1 2013 to 97 in Q1 2015
- YOY increase in footfall of 20% since this unique experience first opened its doors



*Distillery model - Johnnie Walker House Shanghai*

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## PROJECT OVERVIEW

### Outline of project brief

Johnnie Walker has a long and distinguished history in China, landing there since 1910. However, it's always been traditionally perceived as a mass brand. Johnnie Walker wanted to make their whisky brand synonymous with luxury, even though whisky is sold through regular liquor stores in China.

LOVE was enlisted to create a luxury brand experience space for Johnnie Walker in Shanghai that would be a befitting statement of intent from the world's biggest whisky brand. Furthermore, its success would involve an aspirational audience by making this experience invitation-only, an ultra-VIP space. The space had to be an experience that would not just make the target Chinese audience whisky curious, but whisky evangelists, with Johnnie Walker becoming top of mind in the category.

An audience hungry for knowledge, in a market where rich brand storytelling has become an extremely effective way to create brand awareness and brand loyalty.

Whatever the experience was it had to be instantly memorable and impactful and introduce the Johnnie Walker brand to the customers as one of the best and most luxurious in China. If it worked, the ultimate goal was to role this out to other markets.

### Objectives

- Create a luxury route for whisky in Shanghai
- Increase and enhance brand awareness of Johnnie Walker whisky from Total Awareness across China of 55 points and Total Awareness in Shanghai of 74 points (Source: Diageo Brand Tracking Data)
- Increase brand loyalty by making customers feel exclusive and immersed in an exceptional space they'll want to visit again and again
- Create and sustain a wider media interest
- Create a clear understanding and advocacy of whisky as a distinctive drink with provenance and quality stories.

### Description

Johnnie Walker is the world's number one Scotch Whisky brand, its quality blends enjoyed in almost 200 countries around the world. Today's range of award winning whiskies includes Red Label, Black Label, Gold Label Reserve and Blue Label, which account for 19m cases annually. Johnnie Walker is recognized internationally as an icon of personal progress, as an international, high status and sophisticated brand.

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## OVERVIEW OF MARKET

Whisky a young category in China – whisky has only really enjoyed about 10 years of consumption by the mainstream market, compared to the cognac market of about 60 years of age, and the Baijiu market over 2000 years old. These alternative markets are real competitors in authenticity and luxury where alcohol is concerned. The challenge is to stay front of mind, despite these adversaries.

Potential for gifting and meal consumption – China is steeped in tradition and respect is extremely important. There is a great opportunity for an authentic, luxury alcohol brand to become integral to these. So whisky is enjoyed at the end of a meal, or given as a fine gift, as a sign of ultimate respect. At present, whisky is trumped by Cognac and Baijiu in this matter.

Slow down in China's luxury market and Chinese consumers that do buy luxury brands tend to purchase them abroad. Despite this brands continue to invest in flagship stores since these are seen to work as a point of contact with consumers, really bringing the brand to life and building brand equity and affinity.

### Challenges

Whisky seen as a mainstream beverage – compared to cognac and Baijiu, whisky is not seen as it is internationally, as the VIP, status-symbolic option of the upper echelons of society.

Whisky is not embedded in core international spirits consumption occasions such as Gifting and Meal Occasions, which are 2 main revenue opportunities.

There is a lack of understanding between cognac and whisky with consumers seeing broadly as 'imported brown spirits'.

### Project launch date

May 2011



*Blending table - Johnnie Walker House Seoul*

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## OUTLINE OF DESIGN SOLUTION

### **From whisky enthusiasts to whisky evangelists**

There was no luxury route to market for whisky. So we created a luxury experience. An unprecedented ultra-VIP brand experience space for Johnnie Walker in Shanghai that was strictly invite only.

The idea was to show the brand history, provenance and pioneering spirit in a way that resonated with an audience who respect knowledge and antiquity. The experience fuses traditional craftsmanship with modern technology, not merely engaging consumers, but entrancing them, through immersive, innovative ways of showcasing and appreciating Scotch whisky and bringing to life the Johnnie Walker story.

### **Enthralling experiences**

Through layered narratives, astounding art installations and interactive experiences LOVE created a world that could not be ignored by our discerning audience. And one that created several whisky evangelists.



*Johnnie Walker House Shanghai*



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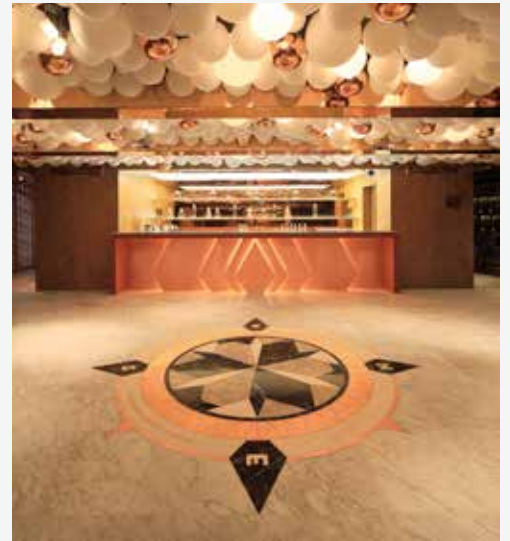
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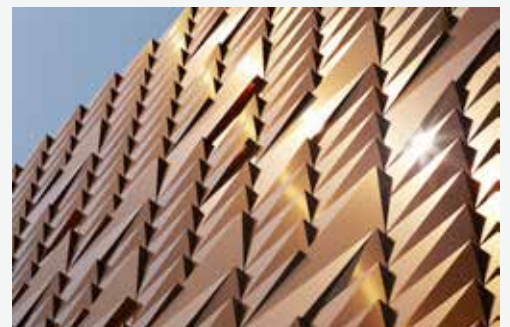
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**OUTLINE OF DESIGN SOLUTION**



*Johnnie Walker House Beijing*



*Johnnie Walker House Seoul*

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## OUTLINE OF DESIGN SOLUTION

Such notable experiences included:

### **Droplet sculpture**

Famous Korean artist Byoung-ho Kim produced a breathtaking hanging 'whisky droplet' sculpture. Audiences felt immersed in the precise drops of 'whisky'.



### **Beautiful Bottles**

We used Johnnie Walker's early heritage as our inspiration, fusing Scottish and Chinese cultures by creating a set of willow patterned, white porcelain square bottles that commemorate Johnnie Walker's pioneering ambition and epic voyage across continents and oceans. The bottles were awarded a D&AD Yellow Pencil in Packaging Design.



### **Bespoke blends**

We also challenged Johnnie Walker's Master Blender to create a special blend exclusively for Shanghai, the 1910 edition, to excite the customer's palates, create connoisseurs and further cement Johnnie Walker's provenance in their minds. All Johnnie Walker product sold in the House was exclusive to the space.





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## SUMMARY OF RESULTS

### 1. From 1 to 10

The experience has proved so successful and resonated so much with audiences, there are now ten Johnnie Walker Houses globally since the first opened in Shanghai in 2011. The Johnnie Walker House concept has expanded in scope and ambition, and we have pushed the storytelling to ever greater heights, opening bigger, more dramatic spaces. Flagships in Shanghai, Beijing, Seoul and Chengdu, retail boutiques in the airports of Taipei, Mumbai and Singapore as well as the Johnnie Walker House pop-up in Gleneagles and Johannesburg opened recently. This growing network of Johnnie Walker Houses is fast becoming the world's largest embassies for luxury Scotch Whisky.

As an extension of our physical stores, [johnniewalkerhouse.com](http://johnniewalkerhouse.com) was launched in December 2014 with an email acquisition campaign. Here, customers can get the Johnnie Walker House experience online. This appealing concept and brand-fame led to 26% open-to-click rate, higher than industry average, as well as a 2.1% conversation rate to registration of Johnnie Walker House World of Privilege membership programs. By April 2015, 26,000 have registered.

(All Digital Stats are from Google Analytics, Registrations stats are from Salesforce.com)

### 2. Outstanding sales

Targeted year on year growth was 15% to 20%.

#### Additional information

All sales are attributed to the performance in net sales are incremental as the products are exclusively available to the House.

Johnnie Walker House makes up to 8% of total Net sales Value of Johnnie Walker in China.

Margins for products sold in the house are accretive as it is a direct to consumer channel and are over 80%.

In addition to significantly exceeding its sales target, Johnnie Walker House also provides higher margins to Diageo. Most Diageo products are sold through retailers or distributors, for Johnnie Walker House the retailer margin is retained by Diageo.

(Source: Diageo Internal Sales Tracking Data)

### 3. More than 7x footfall

– Annual footfall targets have been consistently met every year since opening. YOY increase in footfall of 20% since the unique experience first opened its doors.

– We now receive more than 20,000 luxury consumers across our China Houses a year.

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## SUMMARY OF RESULTS

### 4. Increased brand awareness

Since creating the Johnnie Walker House brand awareness in the market has significantly improved when comparing Q1 F13 figures to Q1 F15:

– Johnnie Walker total awareness in China increased from 55 in Q1 F15 to 66 by Q1 F15

• In Shanghai, Johnnie Walker's top of mind awareness increased from 16 to 20 in the same period

• Johnnie Walker total awareness in Shanghai increased from 74 to 97 (a 23 pt. increase vs. 11 pt. increase for overall China)

• Enhanced brand perception with a 5% points increase (Premium Brands in the World) for the trademark in Shanghai

(Source: TNS Diageo Brand Tracking Study measured on a monthly basis)

### 5. Space people want to be a member of and to return to:

– Members club increased from 10 in 2011 to 200 in 2014

– 85% of sales in the House attributed to members

(Source: Johnnie Walker House Diageo Business Performance Monitoring 2014)

### 6. Media awareness

Achieved over 100 million pound PR value from global and local luxury and lifestyle media channels from 2012 to 2015H1. Plus bigger and more dramatic storytelling has enabled us to sustain media interest YOY with the concept featuring in a range of global industry and creative publications including Wallpaper\*, Creative Review, Chicago Tribune.

### 7. Activity turning a profit within first year

Shanghai more than paid for itself in the first year. Target was to break even in 2011 and actual net sales were US\$1million over target.

### 8. Digital success delivering A&P efficiencies and Consumer Reach

Using Digital marketing channels, Ad value in H1 F15 increased more than 300% increase in comparison with H1 F14 at GBP7.3Mil. (despite a reduction in overall A&P investment). Through Selected Digital and Social Media, our reach for H1 F15 topped 114M consumers.

(Source: PR tracking Ruder Finn, iSentia Monitoring China)

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## SUMMARY OF RESULTS

### 9. Other influencing factors

Johnnie Walker House is a stand-alone business within Diageo, once individuals are brought to the venue there are no other influencing factors other than the experience that has been designed. Advertising & Promotion budget has actually been reduced in years 2 and 3. Overall Johnnie Walker Advertising & Promotion budget has remained consistent as a percentage of sales through the evaluated period.

### 10. Customer response

Just one look at social media proves a shift in attitude towards whisky, appreciation of the experience and brand awareness for Johnnie Walker as a luxury Scotch Whisky. Brand ambassadors within the Johnnie Walker Houses themselves also support this with the feedback they regularly receive.



*Courtyard - Johnnie Walker House Chengdu*



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**SUMMARY OF RESULTS**

**11. Penetrated target consumer group**

Over 20,000 HNWI and “influencers” have visited the Johnnie Walker Houses in Shanghai, Beijing and Seoul since their openings in 2011 and 2012.

If we look at the brand awareness of Johnnie Walker, JW Top of mind awareness in China overall, was constant at 7% b/w Q1 F13 and Q1 F15, while JW Total awareness increased from 55 to 66.

In Shanghai, JW Top of mind awareness increased from 16 to 20 in the same period while the JW Total awareness increased from 74 to 97 (a 23 pt. increase vs. 11 pt. increase for overall China).

Overall China, JW scores are relatively stable, with a few downward shifts. Scores in Shanghai, show an increase on all the parameters.

If we look at other key brand performance measures:

	Shanghai		
	Q1 F13	Q1 F15	Change
DISTINCTIVELY	21	25	4
GETTING MORE AND MORE POPULAR	30	31	1
ONE OF THE PREMIUM BRANDS IN THE WORLD	18	23	5
ARE BETTER QUALITY THAN OTHERS	17	21	4
ARE BRANDS THAT ARE LEADING THE WAY	26	30	4

**OTHER INFLUENCING FACTORS**

**Advertising communications**

ATL activity for JW Blue Label across China from 2011-2014

ATL activity in China for JW Black Label and Double Black ran Autumn 2013-2014

**LIST OF SOURCES FOR DATA**

Jan '2011 Johnnie Walker House Strategy Paper

All Digital Stats are from Google Analytics, Registrations stats are from Salesforce.com

TNS Diageo Brand Tracking Study measured on a monthly basis

Johnnie Walker House Diageo Business Performance Monitoring 2014

PR tracking Ruder Finn, iSentia Monitoring China