

# CARLSBERG A STORY OF BRAND REINVIGORATION FROM DENMARK WITH LOVE

FOR PUBLICATION



**CATEGORY**  
BEVERAGES

**CLIENT COMPANY**  
CARLSBERG UK

**DESIGN CONSULTANCY**  
TAXI STUDIO

**DATE**  
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## EXECUTIVE SUMMARY

In early 2016 the Carlsberg brand was in crisis. Customer delists, years of deep promotional activity and a dated brand identity saw this 170 year old icon struggling to stay relevant as the market and consumers changed around it.

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Our challenge was how to reinvigorate the brand to make it relevant again to Millennials who were leaving the brand, whilst also driving value to the category and profitability for the Carlsberg business.

The answer lay in Carlsberg's Danish roots, a new proposition and a premium rebrand which oozed Scandinavian style and simplicity. Well before the broader campaign launched, the packaging design won the hearts and minds of trade customers, consumers and the internal audience alike meaning that within three months of launch, the original 2017 objectives to stabilise distribution and profit had turned into significant growth.

(136 WORDS)

**10,000**  
**NEW DISTRIBUTION  
POINTS**

(INCLUDING RELISTINGS IN  
5 MAJOR SUPERMARKETS)

**+2%**

**INCREASE IN  
GROSS PROFIT  
PER HECTOLITRE  
YEAR ON YEAR**

**+9%**

**INCREASE IN PERCEPTION  
OF CARLSBERG AS  
MORE STYLISH VS  
COMPETITOR BRANDS**





# PROJECT OVERVIEW

## OUTLINE OF THE BRIEF

When you hear the word 'probably', there's a good chance you'd think of Carlsberg. 'Probably the best beer in the world' is one of the most famous, most quoted brand slogans of our times.

Truth be told however, Carlsberg had been having a tough time of it. With a seemingly endless array of exotic world and craft beers arriving on the scene, it had been struggling to live up to such a bold claim.

Like many other mainstream beers, Carlsberg was seen to be lacking relevance and credibility to the modern, more discerning drinker – aka Millennials. To them, Carlsberg was known for its humorous advertising but little else.

Premium outlets and retailers had delisted the brand deeming it **"not a good fit"** and unsuited to the needs of their customers. If it was lucky enough to stay on shelf, it was being priced low as an entry level lager.

All of which had seen double digit sales and Gross Profit decline over the last four years.

And to cap it all, internal confidence and pride in the brand was waning in the face of these challenges.

Something needed to be done to reinvigorate this great brand – to win the hearts and minds of drinkers, retailers and Carlsberg's own people.

Three big and challenging objectives were set:

### 1. WIN BACK DISTRIBUTION IN THE RIGHT TYPE OF OUTLETS

This meant actively taking the brand out of some trade customers in order to appeal to more premium accounts. So Carlsberg's business case factored in a net **reduction** in distribution points for 2017

### 2. STABILISE GROSS PROFIT

The brand had experienced 4 years of GP decline so the target was to **maintain** GP at 2016 levels and 'stop the rot' before building a sustainable and profitable brand again

### 3. ESTABLISH CARLSBERG AS A MORE PREMIUM BRAND

which Millennials, trade customers and Carlsberg's own people would be proud to be seen drinking





# PROJECT OVERVIEW

## DESCRIPTION

Carlsberg is the fourth largest brewer in the world and was established in 1847 by J.C. Jacobsen who named the brewery and the beer after his son Carl and the hill the brewery was built on in Copenhagen (Carlsberg = Carl's Mountain).

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Despite the mainstream image perpetuated in the UK, Carlsberg is a leading authority in brewing and philanthropy having discovered the world's first purified yeast for brewing in 1883 – a yeast still used to this day by all brewers around the world. They also created the pH scale which has revolutionised everything from medicine to agriculture (and brewing). To this day Carlsberg contributes 30% of their annual profits to the Carlsberg Foundation which Jacobsen set up in 1886 to fund scientific, artistic and cultural endeavor.

The UK is the biggest market for the Carlsberg brand, where it sells Carlsberg (3.8% ABV), Carlsberg Export (4.8% ABV) and Carlsberg Special Brew (8% ABV).



# PROJECT OVERVIEW

## OVERVIEW OF THE MARKET

### DRINKERS TURNING THEIR BACK ON BEER

Alcohol consumption is falling in the UK driven by Millennials turning their back on the biggest area of the category, mainstream beer (both the Standard and Premium segments). This has resulted in less drinkers, drinking less, on less occasions.

Over the last 5 years the Standard and Premium lager market has shrunk by 3.2 million hectolitres, taking almost £300m out of the category, all driven by losing **1.3 million millennial drinkers**.

### A THREAT TO THE FUTURE

Traditionally Standard and Premium lager has recruited consumers into beer through being a sessionable drink. Over time consumers then migrate up into World and Craft. In 2015 though, of the 1.3m drinkers that dropped out of Standard and Premium, 60% dropped out of the Lager category altogether and only 8% traded up to World and Craft.

It's no overstatement to say that the future of the beer category and the Carlsberg business relies on Standard and Premium remaining healthy. If the rate of decline continues on the current trajectory, by 2020 there will be a **£1/2 billion hole in the category**.

### A RACE TO THE BOTTOM

The trade has reacted to declining volumes in a number of ways:

**PRICE** - average price has fallen -6 pence per litre consistently for 3 years

**BIG PACKS** - more and more commoditised slabs at front of store on promotion, devaluing the category further

**RANGE RATIONALISATION** - which limits choice and often serves to lose shoppers

These tactics have stripped 4% volume and 8% value out of the category in the last 12 months and turned off the Millennials who are seeking out quality, authenticity and choice.



Sources: Kantar Worldpanel Vs YA P3 2016



### PRODUCT LAUNCH DATE

January 2017

### SIZE OF DESIGN BUDGET AND PRODUCTION COSTS

£300k Design and £70k Production (including structural touchpoints like new glassware and new in-bar fount)

(787 WORDS)



# OUTLINE OF THE DESIGN SOLUTION

When developing possible territories, three were explored; a heritage route, a provenance route and a pioneer route. Across all of the research groups, **provenance** was the clear winner.

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We've seen a huge appetite in recent times for all things Scandi in the UK. The Danish concept of 'hygge' (a quality of cosiness and comfort that engenders well-being) has seemingly been everywhere - in bookshops, newspaper supplements and fashion stores up and down the country. But long before all things Scandi was a mere glint in the eye of publishers, back in October 2015 Carlsberg were already exploring what 'Danishness' meant to consumers.

From our research a few things struck a chord:

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## THE PEOPLE

Smart, well educated, happy, forthright, and, of course, good looking!

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## THE PLACE

Cool cities, the happiest country in the world, great work/life balance, love of nature and the environment and expensive

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## THE STYLE

Brits associate Scandinavians with being design and style gurus.



This led us to the proposition:

**CARLSBERG  
FROM DENMARK  
WITH LOVE**

Once the Danish territory was confirmed, Carlsberg Export was chosen to lead the new proposition. Export gave us the opportunity to dial up provenance in an authentic way and show how being Danish makes it a premium, high quality beer – especially given it regularly topped blind taste tests.

Export was the existing 'premium' offering within the Carlsberg portfolio but the existing brand identity betrayed this and the brand was in decline, even more so than the Carlsberg brand overall.

But we still felt this 'diamond in the rough' was the perfect vehicle for us to leverage the provenance story and create a halo effect for the Carlsberg brand. However it clearly needed a radical new visual identity across all touchpoints.

We went back to the research and pulled out associations people had with all things Scandinavian/Danish to inspire our design solution:

**'Effortlessly Stylish'**

**'Refreshingly Direct'**

**'Perfectly Balanced'**

We dived into the archives at Carlsberg and found a gem that inspired our entire design system – the Dannebrog. This was officially established as Denmark's military flag in 1842 and championed by the people of Denmark. Its simple cross system went on to set the standard across Scandinavia, so it seemed fitting that it should also set the standard for Carlsberg Export.



Old Carlsberg Export brand



Our on-pack architecture was wholly informed by the Dannebrog to keep our designs clean and balanced. Carefully selected colours and textures were inspired by the concept of hygge leading to a careful balance of the warm and the cool. We linked the warm copper of the brewing kettles with the white ceramic of Danish interiors and wooden patterns inspired by Danish birch.





## THE RESULT?

A clear, contemporary,  
beautiful design which  
underlines Carlsberg Export's  
identity as a Premium beer,  
from Denmark.





We even moved away from the green glass bottle – a mainstay of the Carlsberg brand for 170 years.

Using brown glass gave consumers a more crafted, quality perception and, importantly, brown glass lets in less light than green, protecting the quality of the brew.

(499 WORDS)



CARLSBERG OF  
KØBENHAVN  
ESTD 1847

# SUMMARY OF RESULTS

The Carlsberg Export led redesign surpassed all three objectives in just 14 short weeks before any supporting comms aired:

## 1. BUILDING BACK DISTRIBUTION LOSSES IN THE RIGHT OUTLETS

In late 2016 the Carlsberg brand team spent weeks on the road visiting customers on a programme of re-engagement. Armed with a wonderfully interesting and authentic story about Carlsberg Export, and mock ups of the new packaging, customers were won over in a way no-one had seen before. It left many a grizzly old buyer, too accustomed to talking only about price, in shock!

**"I can't believe we are an hour into the meeting and I haven't thought about price yet!"**

Source: Multiple National Wholesaler Buyer

But the numbers are the real proof. After these meetings Carlsberg Export gained an extra 5,816 distribution points in Grocery customers and that continues to grow. From a base of **3,240** Export is now in over **9,000** distribution points – a staggering **170%** increase in just 14 weeks since launch.

Moreover the additional distribution has come from Export being relisted in accounts it had previously been delisted from. These include giants such as Waitrose and Asda. However the most significant win was Sainsbury's where it had been delisted for 5 years.

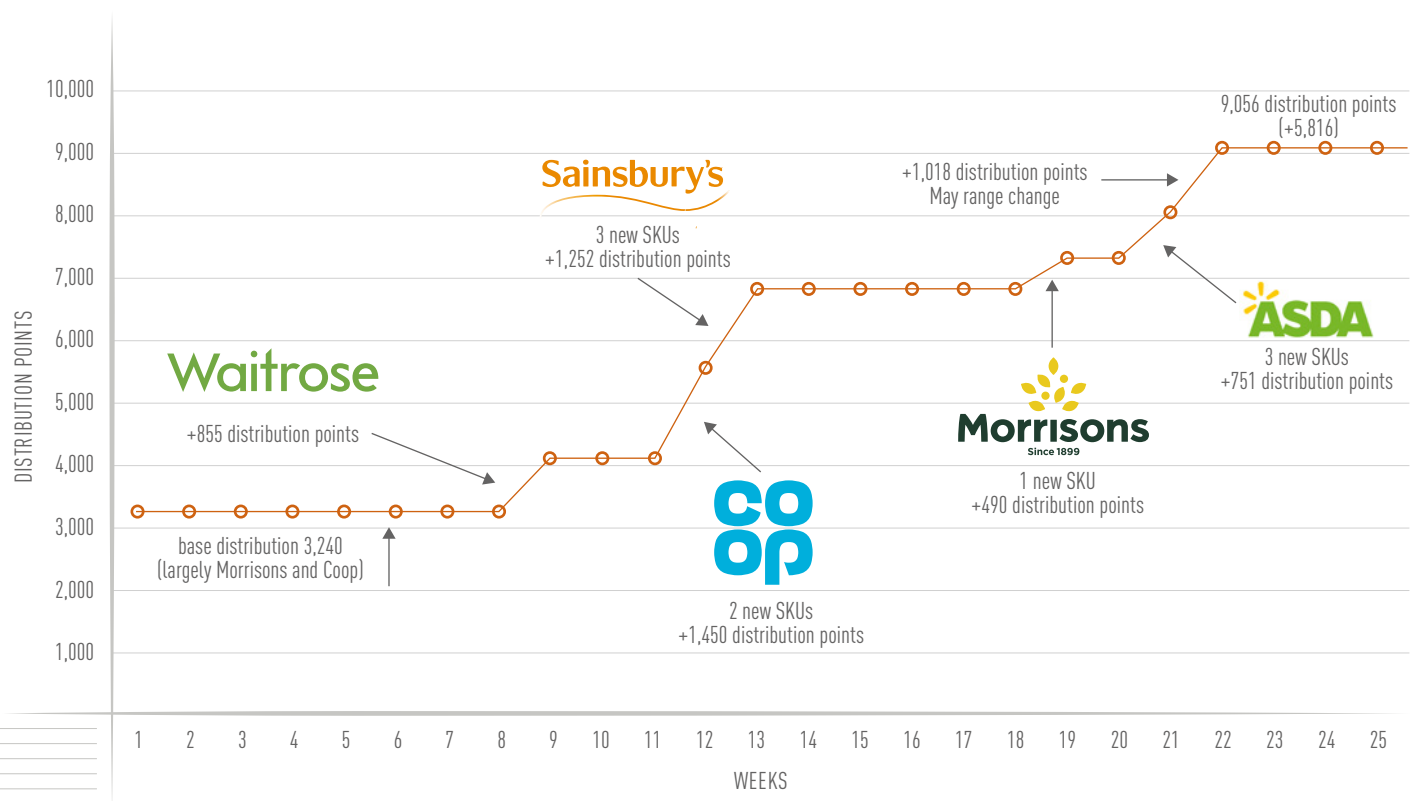
Not only that, it is also commanding the highest pence per litre of its competitive set at £2.30 vs Stella Artois £2.23, Budweiser £2.27, Kronenbourg 1664 £2.27 and Amstel £2.19 proving that it can cut it as a premium brand.

In Impulse customers the Carlsberg Export brand has grown distribution by over 10% to now be available in over 43,000 distribution points.

The core Carlsberg brand has also benefitted from the reappraisal driven by Export with the more profitable 4 and 12 packs gaining +8% and +57% distribution in Grocers, growing value +2% ahead of volume and now commanding an average 18 pence per litre price premium over Carling and 5 pence per litre premium over Fosters.

**In total, against a business case assumption of a drop in distribution, the Carlsberg brand has grown over 10,000 new distribution points and counting – and in the RIGHT type of outlets.**

Sources: Nielsen Total Coverage to WE 22.04.17 and Kantar WPO to WE 23.04.17





## 2. STABILISE GROSS PROFIT

After years of decline the initial objective was to stem the decline and stabilise Carlsberg's GP in order to rebuild for long term profit.

However the significant distribution wins for Carlsberg Export with more profitable customers like Waitrose and Sainsbury's means that we have far surpassed our Business Case GP expectation and have already moved from stabilisation to growth.

**In the month of April 2017, Carlsberg Export's Gross Profit on every Hectolitre sold (this is Carlsberg's main profitability KPI) was up significantly Vs April 2016. The Carlsberg brand also benefitted with GP growth vs April 2016.**

Source: Carlsberg Internal Business Reporting



## 3. ESTABLISH CARLSBERG AS A MORE PREMIUM BRAND WHICH MILLENNIALS, OUR TRADE CUSTOMERS AND CARLSBERG'S OWN PEOPLE WOULD BE PROUD TO BE SEEN DRINKING

Despite how hard it is to shift consumer perceptions over the short term, in just 14 weeks we have already seen shifts from our work on Export of the scale Millward Brown would normally expect in a year of heavy advertising.

**In Millward Brown brand tracking to the end of April, Carlsberg's score of 'Good to be Seen Drinking' was up +2% and the statement 'More Stylish than other brands' was up +9%.**

Made even more impressive given the Export packaging has only been out 3 months and no other comms had been launched at that point.

Consumers and customers alike loved the new design too whenever they've seen it with comments like:

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"This certainly feels like a positive revolution for the Carlsberg brand" *Tesco*

"This is the best we've seen from Carlsberg for many many years" *ASDA*

"Looks so stylish and premium. I'd pay way more than Peroni for that"  
Consumer qualitative research (RAZOR)

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Internal pride in the Carlsberg brand has seen a much needed boost too. Employees were recently asked to adopt one of Carlsberg UK's brands (of which there are over 10) to be an ambassador. Carlsberg beat all comers thanks to the work on Export, including San Miguel and the ultimate king of cool Brooklyn Lager, hands down with over a quarter of the vote. A position the brand would never have been in a year ago.

The final validation of the Export strategy is how it has created license for Carlsberg's latest move to premiumise the design of the core Carlsberg brand. The København Collection is already starting to show early signs of reaching the same dizzy heights as Export across distribution, gross profit and consumer perceptions.

# OTHER INFLUENCING FACTORS

## ADVERTISING / PR / SOCIAL MEDIA

This can be eliminated from the results because no campaign support launched until 21 April 2017. All data used in this paper precedes that so as to isolate the effect of design only.

## PRICE / PROMO

Promotional activity was aligned to the campaign starting in April so pricing and promotional activity was not a factor in the brand performance over this period. In addition, Export is driving the highest price per litre amongst its competitors so people aren't buying the brand because it's cheap.

## WAS IT THE NEW GLASS AND FOUNT?

The new on trade materials didn't roll out in earnest until April so there would not be an uplift in brand awareness attributable to Carlsberg Export being more visible elsewhere.

# RESEARCH RESOURCES

## MARKET OVERVIEW:

Kantar Worldpanel Vs YA P3 2016

## DESIGN SOLUTION QUAL INSIGHTS

Razor Research Groups Oct 2015

## RESULTS OVERVIEW:

### OBJECTIVE 1 – DISTRIBUTION

Nielsen Total Coverage to WE 22.04.17

Kantar WPO to WE 23.04.17

### OBJECTIVE 2 – GROSS PROFIT

Carlsberg internal business reporting

### OBJECTIVE 3 – PERCEPTIONS

Millward Brown Carlsberg Brand Tracking to end April 2017



# DESIGN AWARDS



PACKAGING



BRAND REDESIGN



NOMINATION  
(RESULTS PENDING)