



Submission Title	Wyevale Garden Centres
Industry Sector	5750 Travel & Leisure
Client Company	Wyevale Garden Centres Ltd
Design Consultancy	KIWI&POM
Submission Date	June 2015
Status	FOR PUBLICATION



2/ Executive summary

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Wyevale Garden Centre hospitality is ripe for investment - with over 40 refurbishments to date, and the same number planned for the end of the year, 'Garden Kitchen Restaurants', Coffee Ground™ and Botanic Kitchen™ are directly helping Wyevale's profits grow...

Garden Centres are a British institution and, arguably, the final frontier in retail to undergo a mass overhaul. Considering the changing face of the high street, and the increasing popularity of out-of-town retail parks, one would think that the UK's garden centres would have by now upped their game. Often located in idyllic settings, they offer the perfect opportunity to provide a tranquil environment for dining out and retail therapy. In spite of this, many garden centres across the UK have fallen behind the times, hugely lacking in investment and innovation with environments reflecting past decades.

Wyevale Garden Centres owns the largest single chain of garden centres within the UK, with over 149 sites across England and Wales with the majority offering some form of hospitality. To date, these restaurants have lacked co-ordination - trading under different names, variable menus and inconsistent pricing. Furthermore, an ongoing lack of investment has meant staff have had to manage with whatever assets they have at their disposal, resulting in environments with a jumble of furniture, eclectic mix of signage and haphazard décor. At best, these unloved spaces - some of which have huge potential to become aspirational and unique, have left customers and staff uninspired and, at worst, they are a cost to the business and damaging the Wyevale brand.

To tackle the problem Wyevale adopted a three-pronged Food & Beverage development strategy - **renovation** (Garden Kitchen Restaurant), **innovation** (Coffee Ground™) and **expansion** (Botanic Kitchen™). Kiwi & Pom were charged to design all three concepts.



3/ Project overview

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3.1. The brief

Key business objectives:

- Design three new Food & Beverage concepts that compliment but are distinguishable from each other, with unmistakable garden centre identity, that could be easily rolled out across the Wyevale estate.
- Drive footfall, dwell time, sales and profit.
- Broaden customer demographic.
- Highlight theatre of food and coffee.
- Make a connection with the garden centre and make clear they operate the restaurant.
- Maximum impact with minimal spend and disruption.

In the case of Coffee Ground specifically:

- Creation of a new brand bringing value to Wyevale, offering franchise opportunities, brand equity and retail halo potential.
- Highly flexible café design that is cost effective to build.
- Place coffee centre stage, drawing particular attention to the patented 'micro-roasting' innovation.
- Discretely communicate the company's environmental credentials, in a non-corporate way.

The business challenge that needed to be solved:

Wyevale's Food & Beverage offer ranges from small 40 seat cafés right through to 300+ cover restaurants. The majority of the estate however provides something in between – medium sized 'restaurants' of about 100 covers with a selection of self-service food. The difficulty is that these restaurants are historic designs, built by retailers that are tired, outdated and underperforming.

However, the restaurants generally have a loyal customer base, willing staff and some assets in the way of equipment. The challenge therefore was how to improve a vast number of restaurants; develop a new restaurant chain; and build an innovative new cafe chain - in a short space of time, without disrupting daytime trading and with minimum investment, but with maximum impact!



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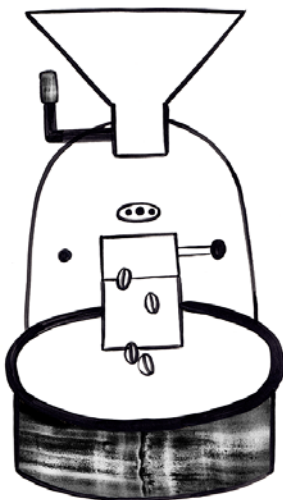
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Scope of the project at the outset:

- New identity, including an entire brand for Coffee Ground™ and Botanic Kitchen™
- Environment design
- Operational layout and customer flow
- Low cost environment design/refurbishment
- Increase cover count in the same amount of space, for Garden Kitchen Restaurant

Strategic thinking and development of the brief

- Brand naming – we carried out a brand naming exercise for both Coffee Ground™ and Botanic Kitchen™ which involved brainstorming names, short listing the top ten, checking due diligence and creating a presentation for customer feedback.
- Bespoke shop fit – we proposed a set of core bespoke shop fitted items, made possible by volume, to distinguish the design from the competition and optimise space planning.
- Bespoke design – we proposed bespoke items unique to Wyevale but that could be reproduced at low cost for roll out, such as a commissioned wallpaper and series of commissioned posters; hand-thrown flower pots and a hand-painted wall illustration.
- The power of planting – we tapped into Wyevale’s horticultural knowledge and supply chain to ensure suitable planting throughout the schemes, at trade price.
- The power of propping – we specified props and visual merchandising principles to maximise impact and promote cross-merchandising.
- Extending our scope beyond design and specification – considering it crucial to help oversee the build and installation of the initial trials, we worked closely with nominated manufacturers, checking and approving construction drawings and visiting factories to review and approve finishes. We also forged a close relationship with all suppliers to ensure that furniture, signage and graphics would be ordered and delivered on time.



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3.2. Description

Wyevale Garden Centres is the largest UK garden centre chain, operating 149 sites throughout England and Wales. The business generates revenues in three key ways: sale of gardening and associated retail product offerings; revenue from on-site restaurants; and lease income from sub-letting space to third party retailers. In 2013, gardening and horticulture made up over half of site turnover at Wyevale, with 'home' accounting for more than a third of site turnover and food and beverage accounting for the rest.

3.3. Market overview

As a nation we are eating out more often, with the number of visits to restaurants up on last year by +1.3%(1) with 31% of the population dining out at least once a week(2). The UK consumer spend on eating out is also predicted to grow by +2.3% this year(3). Overall, the UK eating out market was estimated to be worth £33.5bn last year(4) representing a massive 40% of the total leisure sector spend(5). Growth in the sector is not uniform however, with the 'casual dining' sales up +5.5% and the 'quick-service' sector up +4.2% since 2013, whilst 'full-service' restaurants sales have declined by -0.8% in the same period(6).

In spite of the positive outlook, success for Wyevale is by no means guaranteed. Out of town supermarkets are increasingly offering improved dining experiences that might otherwise go to a garden centre restaurant. For example, Tesco is offering Giraffe, Fred's, Nando's and Harris + Hoole. In addition, there is potential for supermarkets to tie in their garden offering with an F&B proposition. For example, the Tesco / Dobbies King's Lynn development includes a 350 seater restaurant.

Furthermore, in recent years, Wyevale Garden Centres F&B has relied on growing margin through aggressive price increases and supplier negotiations. Future margin squeeze may be particularly felt, given the limited opportunity to increase prices, meaning increased profitability has to be driven by other means.



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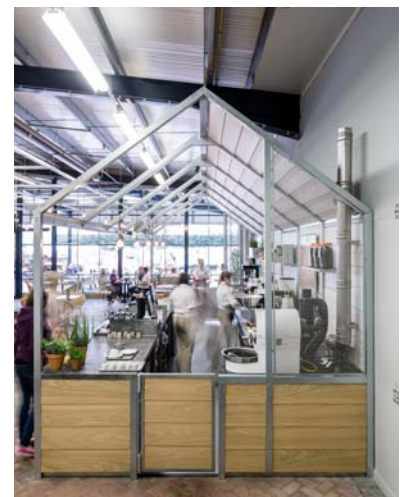
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3.4 Project launch date

Initial trial sites for Garden Kitchen Restaurant and Coffee Ground™ launched in 2014. Initial Botanic Kitchen™ trial sites launched at the beginning of this year.

3.5 Budget

Design budget: Non-disclosed in public version
Project budget: Non-disclosed in public version



4/ Design solution

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Garden Kitchen Restaurants have been united under a new brand identity, improved counter layout and environment refresh. The design updates have taken direct inspiration from the garden, bringing touches of the outdoors in through plant screens, rattan furniture and garden props. A key interior change included swapping existing furniture for contemporary outdoor grade seating; consciously producing a seating specification that would stand out from the competition, be cost effective, low maintenance and above all comfortable. The serving counter was modified to remove the existing counter top fridges, relocate the till and coffee machine into a 'triangle' service configuration and update the carvery station. Decorated 'Tongue & Groove' cladding was specified to conceal the existing laminate finish of the counter front finish. Counter tops were made good with new solid oak butchers block finishes.

With the garden in mind, we also designed bespoke shop fit items including a cake table, mobile plant screen and bench seat. To inject some personality and colour into the environment, we commissioned seasonal posters based around recipes and fresh produce.

The physical design of **Coffee Ground™** also took direct inspiration from garden centre roots – with four key components comprising; a serving counter 'shed', kitchen 'green house', mobile 'plant screens' and 'garden bench' seating. Each core component is free standing so that it can drop into an existing environment with minimal disruption. The design is characterised by a 'refined rustic' palette of galvanised steel, weathered zinc, terracotta pots, rattan furniture and gabion planters.

The servery was designed with both perimeter and mid-floor locations in mind enabling the café to drop into a variety of locations. With a unique innovation in 'micro-roasting' underpinning the offer, the design needed to place coffee centre stage. The roaster was positioned to make it highly visible to the customer and a 'coffee story' illustration was hand painted direct to the wall, helping to demystify the key stages of the coffee process in a simple but engaging way.



4/ Design solution

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Botanic Kitchen™ is a fresh, light and airy restaurant blurring the boundaries between indoor and out. Seating areas are divided into a sequence of garden rooms through wirework screens, trellis inspired booths and 'pergola' hanging gantries with trailing plants. The brand identity takes direct inspiration from traditional latticed garden trellis – with the initial letters 'B' and 'K' modified to incorporate an interlocking diamond, and the overall marque contained within the same. The lattice motif repeats throughout the space within the wall tiles, furniture and wire work, subtly reinforcing the brand.

Plants were positioned in considered locations at every opportunity, through hanging baskets, space dividing screens, floor standing planters and table top pots; in direct response to the client's original brief. In addition to planting, we looked to materials to bring the outside in, including terracotta floor tiles, terrazzo table tops, wire furniture and mirrored windows to maximise light. To improve the operational flow we rejected the existing rear service food display in favour of 'till pods', providing efficient ordering and transaction gateways.

A series of bespoke items were designed to set Botanic Kitchen™ apart from the competition, including a modern take on the traditional flower pot, a Lloyd Loom sofa and light pendant. We also commissioned a Botanic illustration which we turned into bespoke upholstery fabric, wallpaper and trays.



5/ Summary of results

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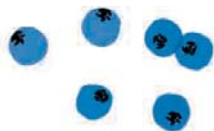
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5.1. Increase in sales

- Refurbished **Garden Kitchen Restaurant** sales are on average achieving +9% uplift, compared to their un-invested restaurant peers⁽⁷⁾.
- There is evidence to support that the new refurbishment design is also driving +1-2% garden centre retail halo effect, not assumed in the original business case⁽⁸⁾.
- The new concept is delivering a 32% unlevered Internal Rate of Return⁽⁹⁾.

- In sites where **Coffee Ground** is the only hospitality offer, sales have achieved +29.1% above business case. In sites where Coffee Ground is a secondary hospitality offer, sales have achieved +25.5% above business case⁽¹⁰⁾.
- Coffee Ground is exceeding the average sales of a typical high street 40 cover coffee shop by +33%⁽¹¹⁾.
- Coffee Ground displays a higher profit potential than Costa Coffee with a sales margin of 76.4% versus 71.1% respectively⁽¹²⁾.
- Coffee Ground has proven an average +20% Garden Centre halo effect⁽¹³⁾.
- Average unlevered internal rate of return (IRR) hitting 34%, exceeding the business case minimum set at 27%⁽¹⁴⁾.

- Woodbridge, the first **Botanic Kitchen** trial site, outperformed business case sales by +3% and previous year sales by +29%. It is anticipated that this uplift will continue to build to +40% on 2014 sales levels by year 2 (run rate)⁽¹⁵⁾. Woodbridge Botanic Kitchen transactions have increased by +31%, driven by more customers visiting and using the restaurant all day⁽¹⁶⁾.
- Huntingdon, the second Botanic Kitchen trial site, outperformed previous year sales by +36%. It is anticipated that the uplift will continue to build to +50% on 2014 sales levels by year 2 (run rate)⁽¹⁷⁾.
- 5 year unlevered IRR of 30.1% with payback of 5.4years and 5 year levered IRR of 48.3%⁽¹⁸⁾.



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5.2. Increase in footfall

- Transactions are up for **Garden Kitchen Restaurant** by +26%.⁽¹⁹⁾
- Increased footfall for **Coffee Ground** by over 10%.⁽²⁰⁾
- Customers more likely to return to **Botanic Kitchen** due to improved environment. 69% said they would come back monthly or more.⁽²¹⁾

5.3. Reductions in production costs

- Post trials, **Garden Kitchen Restaurant** design successfully value engineered by -40% on volume with no loss in design/build integrity or quality.⁽²²⁾
- **Coffee Ground** cafes can be built in half the time, and half the cost, compared with an average 40 seat high street coffee shop. ⁽²³⁾

5.4. Increases in market distribution

- 40 **Garden Kitchen Restaurant** refurbishments have been completed to date with a commitment to a further 40 by the end of the year.⁽²⁴⁾
- 5 more **Coffee Ground** sites are being planned this year with a further 15 sites scheduled for next year.
- 5 more **Botanic Kitchen** sites are due to deliver by the end this year with a further 9 planned for Q1 next year, totalling 18 restaurants.

5.5. Improvements in consumer attitudes or behavior

- **Garden Kitchen Restaurant** mystery shopper score: 91%.⁽²⁵⁾
- **Coffee Ground** mystery shopper score: 96%.⁽²⁶⁾ Net Promoter Score (NPS) 75% (note: average high street café 35-40%, average garden centre 28%).⁽²⁷⁾
- **Botanic Kitchen** mystery shopper score: 94%.⁽²⁸⁾ New design proving very popular, 91.1% of customers thought the design was much improved with just 0.5% not liking the new design.⁽²⁹⁾

5.6. Improvements in staff morale

- Staff morale within **Garden Kitchen Restaurant** increased overall to 100% positivity on last survey, NPS moved from 4% before refurbishment to 58% now.⁽³⁰⁾
- Within **Coffee Ground**, teams have a succinct career path and training program. The 'your say' survey from teams on learning & development scored 100%.⁽³¹⁾

6/ Other influences

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6.1. Marketing budget

- A nominal marketing budget was allocated to promote the **Garden Kitchen Restaurant** and **Botanic Kitchen**. This covered the cost of a single road side banner per site.⁽³²⁾ Word of mouth has proved to be the biggest driver⁽³³⁾
- This year **Coffee Ground** exhibited at 'BBC Gardeners World Live' at the 'Good Food Show' both on show at NEC Birmingham.

6.2. Wyevale website

- Wyevale Garden Centres updated their website to include an image and explanation of the new Garden Centre Restaurant www.wyevalegardencentres.co.uk/restaurants

6.3 Promotional Vouchers

- Bounce back voucher given out during **Botanic Kitchen** restaurant refurbishment closure comprising a 'Come back for meal for 2 for £10'. The vouchers were redeemable in the first month showing strong returns of (200+). Now expired, sales have continued to grow strongly.⁽³⁴⁾



7/ Research resources

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- (1) NPD Group
- (2) EY.com, The Caterer Restaurant & Casual Dining Insight Report, Sept 2014
- (3) EY.com, The Caterer Restaurant & Casual Dining Insight Report, Sept 2014
- (4) Mintel
- (5) Greene King/YouGov leisure spend tracker for June 2014
- (6) EY.com, The Caterer Restaurant & Casual Dining Insight Report, Sept 2014
- (7-22) Company data
- (23) Marketforce a leading national market research firm
- (24) Company data
- (25) Marketforce a leading national market research firm
- (26-27) Company data
- (28) Marketforce a leading national market research firm
- (29) Brand Incubator, market research & brand specialists (240 exit interviews).
- (30) NPS - net performance score-what customers think of us?
- (31) 'Your Say' survey
- (32-34) Company data