

DESIGN EFFECTIVENESS AWARDS 2009

LOTUS CARAMELISED BISCUIT

4 Packaging

4.1 Branded – Food & Drink

Client: Lotus Bakeries UK Ltd

Design Consultancy: Lewis Moberly



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NB THIS VERSION IS FOR PUBLICATION

EXECUTIVE SUMMARY

The Lotus caramelised biscuit has a subtle taste and cinnamon aroma that combines perfectly with tea and coffee. It is often served in hotels, restaurants, cafés and pubs as a hot drink accompaniment. However, UK consumers addicted to the taste have found the product hard to track down in retailers.

Lotus Bakeries wanted the brand both to stand out on shelf and express a more premium positioning and retail price point so that they would have the base they needed to extend the brand further into new premium variants.

The new pack size and flow-wrap structure remain the same, as does the pack manufacturing cost.

The new pack graphics were tested in an on-line consumer survey which revealed very positive attitudes to the new design. Existing consumers, who are addicted to the product, indicated that they liked the new pack and their propensity to buy was unaffected.

More importantly, non-Lotus consumers were overwhelmingly in favour of the new design: 70% state a clear preference for the new pack over the old one. The new design is attracting younger consumers – important for the long term health of the brand.

The average retail price has increased an astonishing 33% from 55p to 73p over the 30 weeks since redesign, despite the economic recession and a biscuit marketplace showing no growth.

Comparing the last 30 weeks with the 30 weeks prior to the launch of the new design, big value increases for Lotus have been recorded in the major supermarket chains e.g. Tesco is +18%, Asda +11% and Sainsbury's +6%. NB the market for Lotus biscuits is not seasonal.

The new UK design has since been rolled out internationally and across other usage occasions, including a new premium Impulse Twin Pack which is available for consumers to buy over the coffee shop counter.

PROJECT OVERVIEW

1 Outline of project brief

– Objectives:

- to reposition Lotus caramelised biscuit as more premium, enabling Lotus Bakeries to launch future brand extensions at this new, more premium level.
- to raise quality impression to encourage higher retail pricing
- create shelf impact
- contemporise and appeal to younger target market whilst retaining current 40yo+ consumers
- help consumer make link between biscuit served with hot drink out-of-home and retail pack
- add emotional engagement – the sense of a hot drink and Lotus biscuit being relaxing 'me time'.

2 Description

Lotus Bakeries is a family run company nestled in the small Belgian town of Lembeke. Lotus is loved in Belgium much as McVities is loved in the UK. However, in the UK, Lotus as a brand is not well known although the biscuit is often served as a free accompaniment to a coffee or tea in cafés, restaurants, pubs and hotels. Indeed, Lotus is the No.1 hot drink accompaniment in the UK out-of-home sector.

Crafted from the same recipe since 1932, the unique caramelisation process gives the biscuits a subtle taste and cinnamon aroma which combines perfectly with a great cup of coffee or tea.

3 Overview of the market

TNS values the biscuit market at £1.93bn per annum. Lotus caramelised biscuits span three biscuit categories – continental (e.g. Jules Destrooper, Bahlsen), speciality (e.g. Fox's Creations, Border) and everyday (e.g. McVities Digestives, own label). Their positioning is closest to the continental category which has come under pressure with the recession.

Although much loved as a more-ish product, the UK consumer has found it hard to make the link between the delicious little biscuit they have enjoyed out-of-home with a recessive pack on the supermarket shelf.

4 Project launch date

Mid October 2008.

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5 Outline of design solution

OLD PACK DESIGN



UK consumer groups identified the following issues with the old pack design:

- struggled to find pack on supermarket shelf
- old fashioned
- low quality
- no link made between the biscuits they'd had out-of-home / in Europe
- 'dog bone' device holding descriptor was potentially off-putting.

NEW PACK DESIGN



The new pack design incorporates the following:

- more distinctive /stronger Lotus branding with more dramatic use of familiar red and white colours
- a Lotus 'seal of quality' over a gift-style ribbon device to strengthen branding and increase quality perception
- use of generic hot drink cup and saucer with a couple of biscuits resting in the saucer to remind consumers of the out-of-home experience, positioning the brand as the perfect accompaniment to hot beverages
- suggestion of the café experience in background of pack
- 'Maître Pâtissier 1932' on ribbon reinforces continental heritage and authenticity of the brand
- 'The Original' is stronger / more particular than just 'Original'
- the biscuits are hero, and the biscuit emboss has been changed from a generic pattern to the brand logo.

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5 Outline of design solution (continued)

NEW SIDES OF PACK



- the sides are equally strongly branded
- positive product attributes are now clearly displayed e.g. no colours, no artificial flavours and no hydrogenated fats.

NEW BACK OF PACK



- the Lotus Guarantee now has its own space and is reassurance re quality
- introduction of GDA information
- pack copy has been rewritten to emphasise product's role and heritage.

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SUMMARY OF RESULTS

The pack size and flow-wrap structure remain the same. The only thing that changed is the pack graphics and the average price which has increased an astonishing 33% from 55p to 73p, despite the economic recession and a stagnant market.

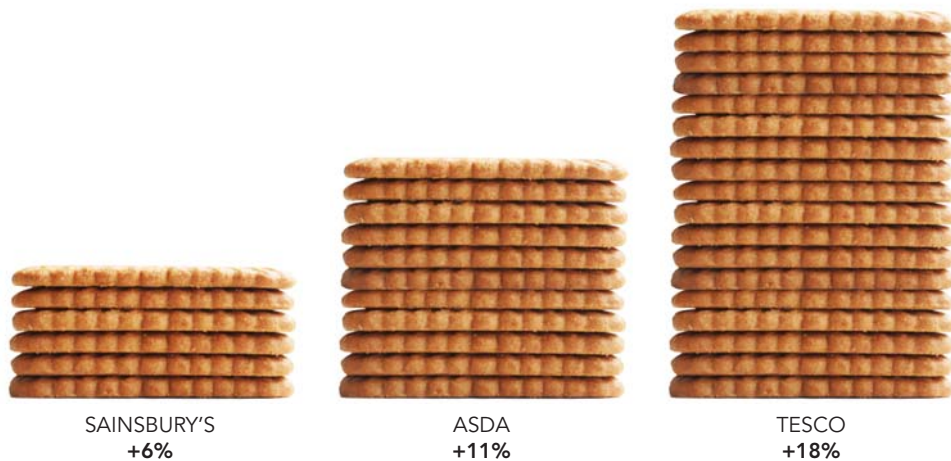
Increase in value and re-positioning of the Lotus brand

Consumers now notice the new pack in store and see a good quality brand.

Comparing the last 30 weeks with the 30 weeks prior to the launch of the new design, big sales increases have been recorded in the major supermarket chains, e.g. Tesco sales are up 18%, Asda up 11% and Sainsbury's up 6%. NB the market for Lotus biscuits is not seasonal.

Overall sales increases would have been even better if Morrisons had not reduced the price of the chocolate covered version to below that of the standard product for an extended promotional period!

INCREASE IN SALES VALUE: 30 WEEKS PRE RE-DESIGN vs 30 WEEKS POST RE-DESIGN



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Increase in value and re-positioning of the Lotus brand (continued)

The reaction of the retail buyers reflects their belief in the new design and their support of higher retail pricing:



Product sales have now broken through £1million in the last 30 weeks – this is a new record for a 30 week period.

With the improved quality perception of the brand and the increased retail pricing, the Lotus brand is now positioned in a more premium way, enabling the company to launch new brand extensions in the future at this new, more premium level.

Improvements in staff morale

The staff at Lotus Bakeries have been thrilled with the increase in sales and feel that a huge step change has been made in the design credentials for the business and the premium perception of the brand.

Manufacturing costs

These have stayed the same.

Increase in market distribution

The brand is now stocked in an additional 30 Tesco stores purely on the basis of the new design. Currently talks are being held with other retailers to extend distribution on the basis of the sales success of the new packaging.

Consumer behaviour and attitudes

Consumers are clearly voting for the new design by putting their hands in their pockets and paying a significantly higher price!

An on-line consumer survey has also revealed very positive attitudes to the new packaging.

Existing consumers, who are addicted to the product, indicated that they liked the new design and their propensity to buy was unaffected.

More importantly non-Lotus consumers were overwhelmingly in favour of the new design: 70% state a clear preference for the new pack over the old one (see appendix 1).

When asked why they preferred the new design the following reasons were given:

- “nicer”/more appealing design [78]
- the context (lifestyle imagery/serving suggestion with a drink) [69]
- modern/fresh [69]
- tea/coffee as part of the context [49]
- classier [34]
- clean/simple [15]

When asked how likely are you to buy this in the next year the new Lotus pack outperformed all of the competitive set with the exception of a brand which has been established in the UK market for 25 years (see appendix 2). A remarkable achievement.

The Lotus Bakeries UK Ltd Consumer Care line has also had many positive comments, e.g.

“Far better, stands out on shelf...” Mrs Scott, Ipswich

“Much brighter, more attractive. Stronger on shelf.” Mrs McMaster, Scotland

“Looks fantastic! Very modern...” Mr Anderson, Scotland

“The new pack is really good. Don’t ever change the recipe though!”
Mrs Walker, Hull

Tesco Dunnhumby ‘Who buys my brand?’ shows that more young adults are buying the brand than before the design change. The index has risen from 72 to 81. This is vital to the long term health of the brand as previously it was bought mainly by the over 40s.

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Payback on design costs through revenue

Design costs were paid back in less than 1 week of sales following the redesign.

Further developments

The new UK design has now been rolled out internationally and across other product formats including the mini pack you get given out-of-home with a hot drink and the chocolate covered product. The company is now poised to launch new brand extensions at premium prices.

Research resources: Fizz Consumer Qualitative Research June 2007, GRASP Online Consumer Questionnaire November 2008, Retailer EPOPS Data, Tesco Dunhumby pre redesign October 2008 versus post design change January 2009, TNS.

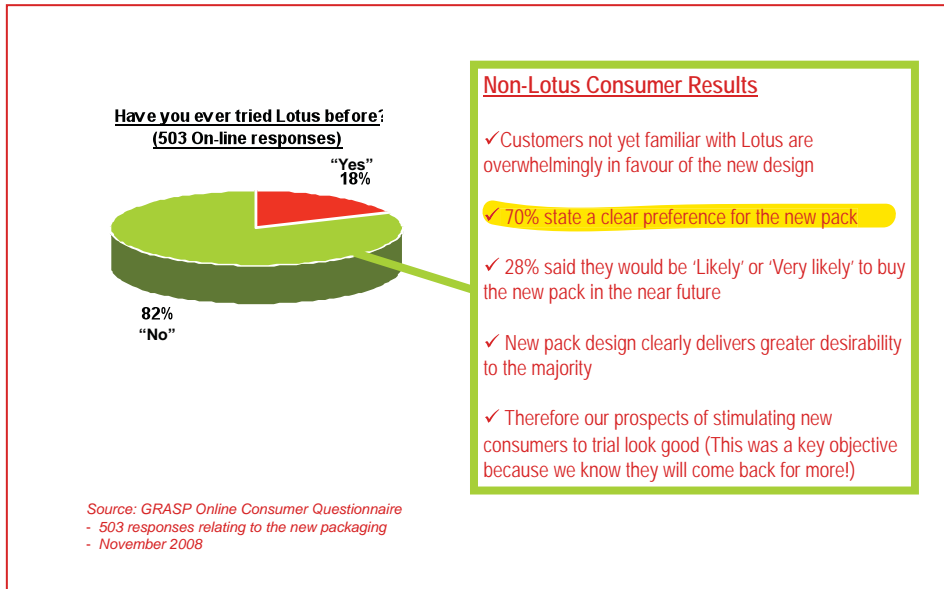
NO OTHER INFLUENCING FACTORS

The launch of the redesign of Lotus caramelised biscuit packaging was low key with no support. There was an extended promotion in Morrisons of the chocolate covered product in the old design but this would have counted against the sales of the repackaged standard product as the chocolate product retailed at a lower price than the standard product.

“Design was and remains the main way of promoting the brand,” says Mark Stone, Marketing Manager of Lotus Bakeries UK Ltd. “Design is key to selling a product like this – once consumers have tried the product they are hooked but the pack has to be easily visible in store and to appeal to new consumers as well as existing ones. At last our UK retail pricing is reflecting the true quality of the biscuit and with the boost the redesign has given to the brand positioning we are now launching new brand extensions into the market.”

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Appendix 1: 70% state a clear preference for the new pack over the old one



Appendix 2: "How likely are you to buy this in the next year?"

