



Project title: **Morrisons – The food specialist for everyone**

Category: **1 Corporate/Brand Identity**

Sub category: **1.1 Design and implementation costs over £100,000**

Client company: **Morrisons**

Design consultancy: **Landor Associates**

Current date: **17 June 2008**

2 Executive Summary (130 words)

This is the story of Morrisons' remarkable recovery and how the new brand positioning and in-store brand experience were a driving force in its turnaround.

For decades a darling of the stock market, Morrisons bought Safeway and fell dramatically from grace. When the company emerged from the struggles of integration, management was under pressure to turn the business back into a winner.

The single biggest issue holding the brand back was poor perceptions of its food quality.

The new positioning, brand identity and in-store brand experience focuses on improving Morrisons' food quality credentials by championing it as the food specialist for everyone.

The result was the highest sales growth of any retailer and crucially, a market share decline that wasn't just halted but actually reversed, increasing from 11.1% to 11.6%¹.

1. Total Till Roll 12 weeks to 23rd March 2008. Source TNS

3 Project Overview

1 Outline of project brief

For decades a darling of the stock market, Morrisons bought Safeway and fell dramatically from grace. Critically, management needed to stop the seemingly inexorable decline in market share.

This was to be a major root-and-branch rebranding programme, where we worked with Morrisons and all their other partner agencies to first define a new brand promise then ensure it is experienced by customers through all the retailer's actions, behaviours and communications channels.

We developed the brand's look and feel and identity, defined the brand personality and tone of voice (visual and verbal), developed the in-store experience and addressed own-label ranging strategy and packaging design.

Plus we needed to ensure that all other agencies followed the new brand's look and feel through advertising, PR and all other channels – ensuring a cohesive visual and verbal experience whenever customers come into contact with Morrisons.

The key business objective was to create a competitive brand positioning, brand identity, packaging and in-store customer experience that:

- Stops decline in market share.

2 Description

Morrisons was founded more than a century ago, with its roots in the markets of West Yorkshire. After going public in 1967, Morrisons enjoyed 36 years of unbroken sales and profit growth, consistently leaving the City with a smile on its face.

In 2003, the scale of Sir Ken's ambition caught commentators and competitors off-guard when Morrisons made a bid to buy the ailing supermarket, Safeway. The deal was a once-in-a-lifetime chance for expansion, allowing Morrisons to take advantage of Safeway's strong complementary footprint in Scotland and Southern England, while continuing to exploit its own strengths in the North of England.

As the only viable bidder, Morrisons got the green light and gained a national supermarket network overnight. It gave them approximately 15% share of the market, putting them almost on a par with Sainsbury's and ASDA (Source: TNS - Total Till Roll Morrisons/Safeway combined market share - 52 weeks period 1 2004).

Bringing the two companies together was a major task, unlike anything Morrisons had ever dealt with before. Safeway had nearly four times as many stores.

For two years from 2004-2006 the company was focused on integration. 220 stores were converted and rebranded at pace; the entire distribution network had to be reconfigured; around 90,000 Safeway staff had to be retrained in the 'Morrisons way'; and until the conversion was complete Morrisons had the extra burden and cost of running two separate administrative and IT systems.

But this failed to articulate a clear position of difference for Morrisons. In short, a Safeway becoming a Morrisons was bad news for customers. Morrisons' relationship with customers remained weaker in 'new' regions (See figure 1).

Figure 1. Weaker brand consideration in the South & Scotland

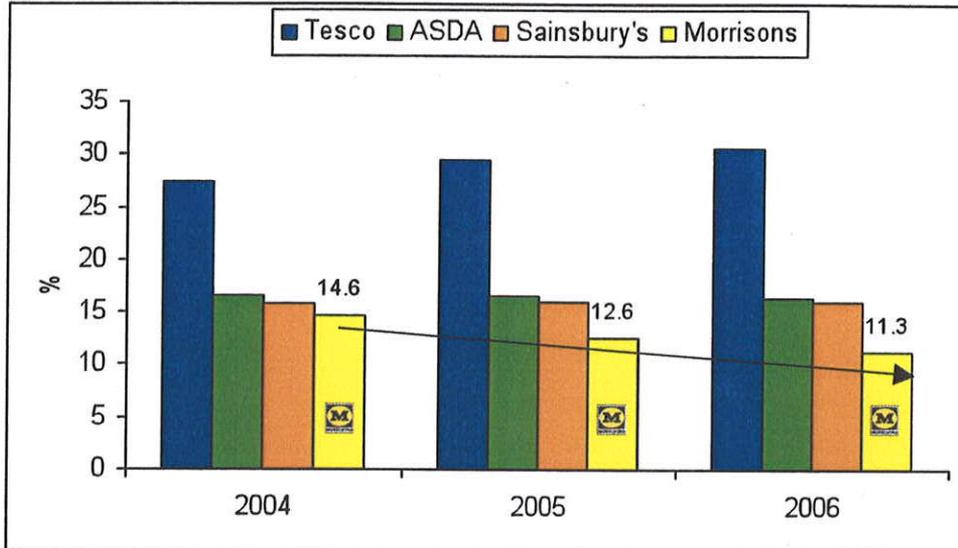
2006 Brand Consideration	Heartland	South	Scotland
Morrisons	69%	55%	55%
Average of ASDA/Sainsbury's/Tesco	57%	63%	62%

Source: Hall & Partners 2006 Strong brand consideration

Base: Main and secondary shoppers of each store. Morrisons 571 / Tesco 406 / Asda 345 / Sainsbury's 276

Morrisons' market share started to slide. And by 2006, they were 3% down (See figure 2).

Figure 2. Market share decline 2004-2006



Source: TNS Total Till Roll 12 weeks for Period 4 2004-2006

For the first time in the company's 100 year plus history, a string of warnings was issued to the City. Morrisons was in desperate need of turnaround.

By the end of 2006, Morrisons had fully emerged from the integration process but market share had fallen even further to 11.1%. The company now had to find a way to stop this seemingly inexorable decline in market share.

Morrisons had to relaunch.

3 Overview of market

It was clear from all the data that Morrisons did not have a problem with 'value for money' perception. Morrisons, together with ASDA and, to a lesser extent, Tesco, was viewed as having low prices and, particularly in the case of Morrisons, great offers (See figure 3).

Figure 3. Strong value perception

2006 Ranking	Value-for -money	Really good/great offers
1	ASDA	Morrisons
2	Morrisons	ASDA
3	Tesco	Tesco
4	Sainsbury's	Sainsbury's

Source: Hall & Partners April 2006

Base: Main & secondary shoppers. Morrisons 571 / Tesco 406 / Asda 345 / Sainsbury's 276

The big problem for Morrisons was the perception of its food quality. Even in its heartland, it was regarded as having the worst food of any of the big four supermarkets (See figure 4).

Figure 4. Food quality perception

Ranking	Food Quality
1	Sainsbury's
2	Tesco
3	ASDA
4	Morrisons

Source: Hall & Partners April 2006

Main and secondary shoppers. Morrisons 571/ Tesco 406/ Asda 345 / Sainsbury's 276

And in the South of England, Safeway's former stronghold, Morrisons was just a by-word for 'pies'. It was this poor food quality perception that needed to be addressed.

What was so frustrating was the massive gap between this perception and reality.

The truth is Morrisons isn't just committed to delivering outstanding value on branded goods, it always has had an equal focus on food. At the heart of Morrisons is 'Market Street', keeping alive to this day Morrisons' roots as a market stall. And the essence of a market is 'the freshest food at the most competitive prices'.

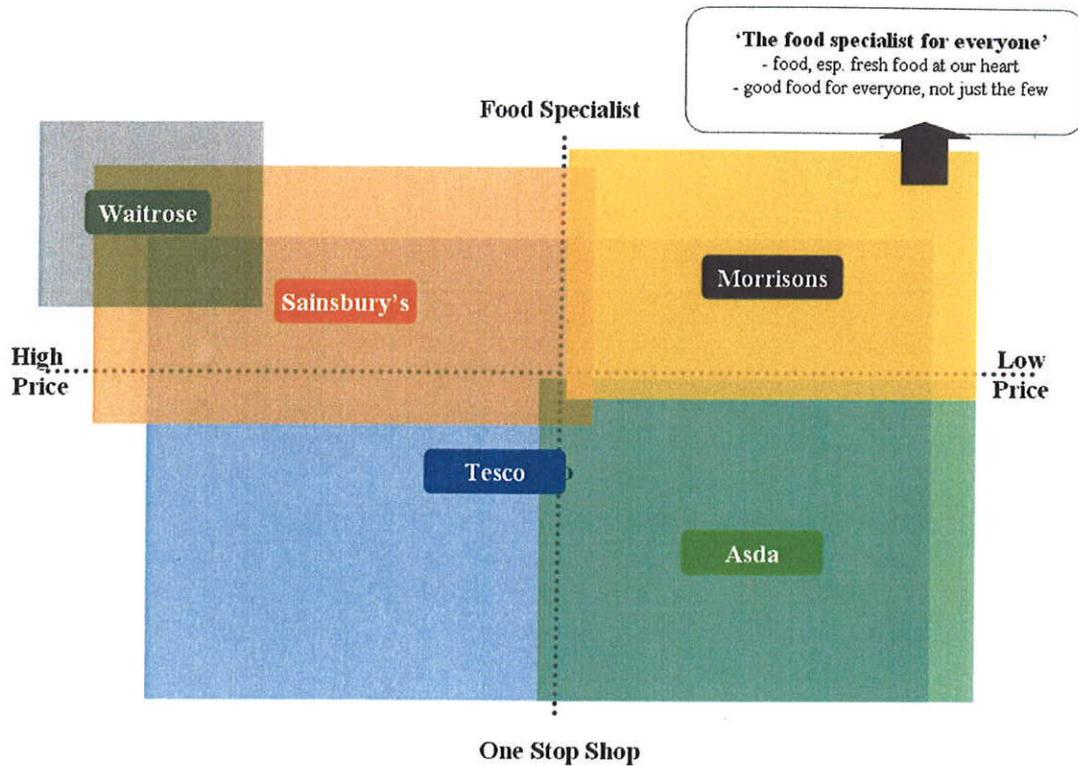
In examining what actually happens on Market Street, it became clear an amazing story was being hidden. Morrisons actually make and prepare more food fresh in-store than any other supermarket.

Not only had this amazing story about Morrisons not been told, but it wasn't true of any of the other supermarkets. While others had cut out or significantly scaled down their preparation of fresh food in-store, for cost reasons, Morrisons was dedicated to it.

This commitment was further reinforced by CEO Marc Bolland who, resisting pressure to expand Morrisons' non-food range and introduce an internet service, announced that the company would focus first and foremost on their strengths in food.

An opportunity existed for Morrisons to position itself as 'the food specialist for everyone' (See figure 5).

Figure 5. The opportunity for Morrisons



4 Project launch date

The new identity launched March 2007 and the first stores to implement the new in-store branding launched in July 2007, with an aggressive refurbishment plan for all stores continuing to roll out to date. New own brand packaging is currently being rolled out.

Our work for Morrisons will eventually touch 350+ stores, 17,000 SKUs, over 100,000 staff and one of Britain's biggest logistics and food manufacturing operations.

5 Size of design budget

> £100,000

6 Outline of design solution

We went well beyond the original brief (to design a logo), developing the brand's look and feel, defining a visual and verbal brand personality and tone of voice, creating the in-store experience, addressing own-label ranging strategy and packaging design.

All designs reflect Morrisons positioning as "The food specialist for everyone". The brand's identity in-store is particularly resonant. We touched:

Store entrance

New store entrances help customers navigate around the outside of the store, ensure their first contact is welcoming and create a good degree of localisation.

Petrol stations

We needed to differentiate the hydrocarbons from the carbohydrates. Emphasis moves away from Morrisons' primary yellow by using it as an accent colour.

Livery

The livery is now a moving advertisement for Morrisons, utilising all the component parts of the branding such as colour, imagery and tone of voice.

Customer services desk

This is the first time customers experience the brand and its people – ensuring maximum stand out and clear communications were top priority here.

In-store navigation

The RNIB said that the new navigation/signage is fantastic and has helped enormously in improving navigation in store for partially sighted people.

Market Street

Freshly prepared food in a Market Street environment separates Morrisons from its competitors. New identities for all Market Street departments hold enough traditional cues to give them authenticity without becoming theatrical.

Each department was de-cluttered, ridding them of the 'Victoriana Olde World' designs. These were replaced with contemporary departments whose roots are still based in the heritage that one might find in a traditional butcher or fishmonger but without relying on pastiche.

Shoppers now experience distinct fresh food personalities for each department – from tone of voice and signage through to packaging, with particular emphasis on personalising the food handover.

Café

Without any architectural or structural changes, Café had to be a clearly highlighted post on the Morrisons customer journey. Each store was approached individually to ensure maximum impact.

Affecting change and adding impact to an environment when budget and operational issues are at the forefront is never easy. Using colour in a subtle way to highlight zoning with pendant lights, seating and dividers, the Café environment now falls in line with the rest of the offer.

Pharmacy

It was important to align the pharmacy offer with the new Morrisons. The 'cross' is redrawn to give greater ownership to Morrisons while acting as a category beacon for shoppers. Eschewing all hanging communication, the store perimeter is used to communicate services, creating a clear vista to the pharmacist. The clear in-shop information hierarchy means customers can easily find what they need.

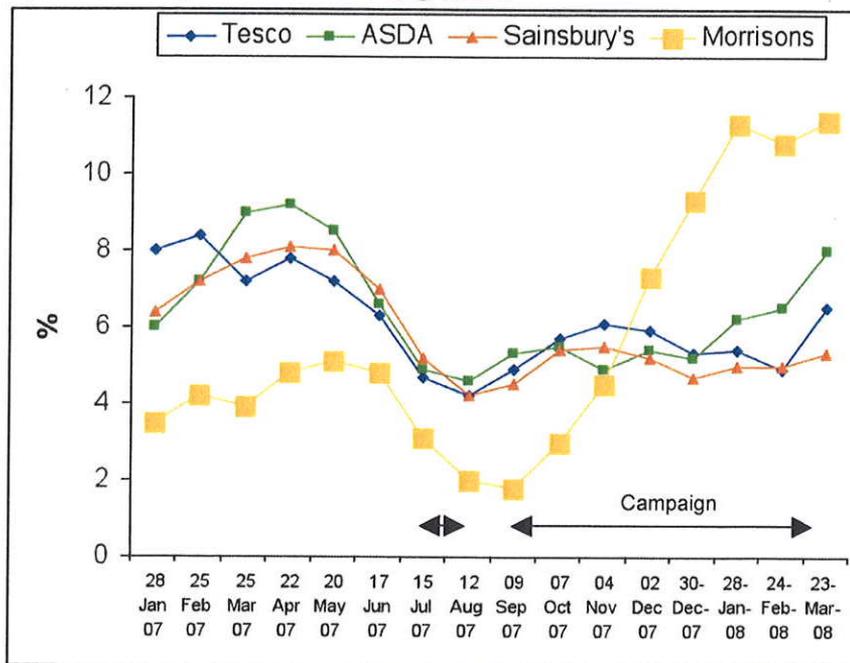
4 Summary of results

Business Results

Morrisons sales growth had consistently lagged behind the market, resulting in a continual drop in market share. In October 2007, they finally closed the gap with Tesco, ASDA and Sainsbury's. This was completely uncharted territory and competitors sat up and took notice.

Then, Morrisons surged ahead overtaking the Big 3 to claim the highest sales growth of any supermarket at 11.4%. (See figure 6)

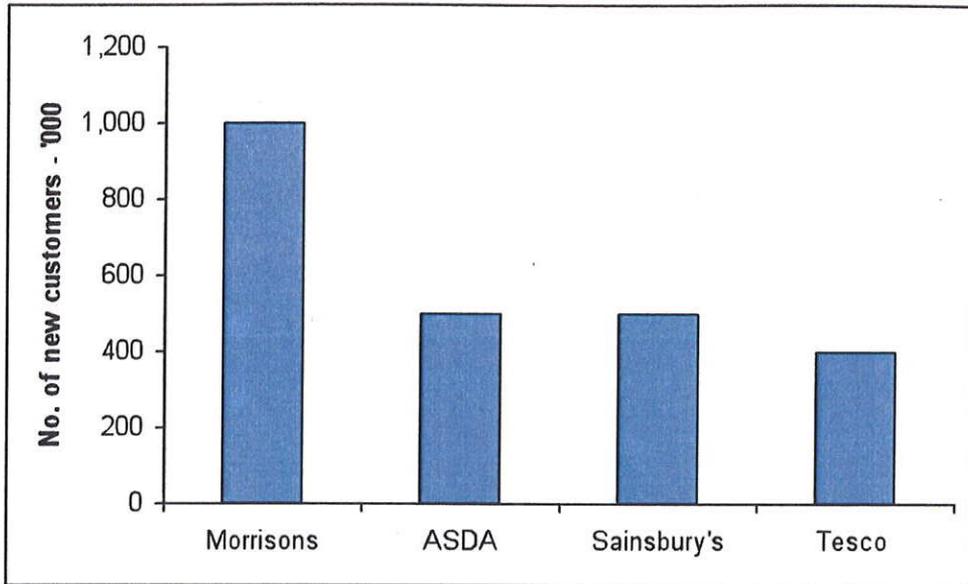
Figure 6. Spectacular leap in like-for-like sales growth %



Source: TNS. Total Till Roll 12 w/e January 2007 - March 2008

Far from being a flash in the pan, high sales growth continued into the New Year and continues right up until the time of writing. It was achieved by gaining 1 million new customers (See figure 7). Over this period, the balance of new customer versus repeat customer contribution to sales growth reached its highest level (See figure 8). In addition, spend and frequency amongst existing customers also increased (See figure 9).

Figure 7. Increase in new customers vs. competitors - Nov' 07-January' 08 versus Nov' 06-Jan' 07



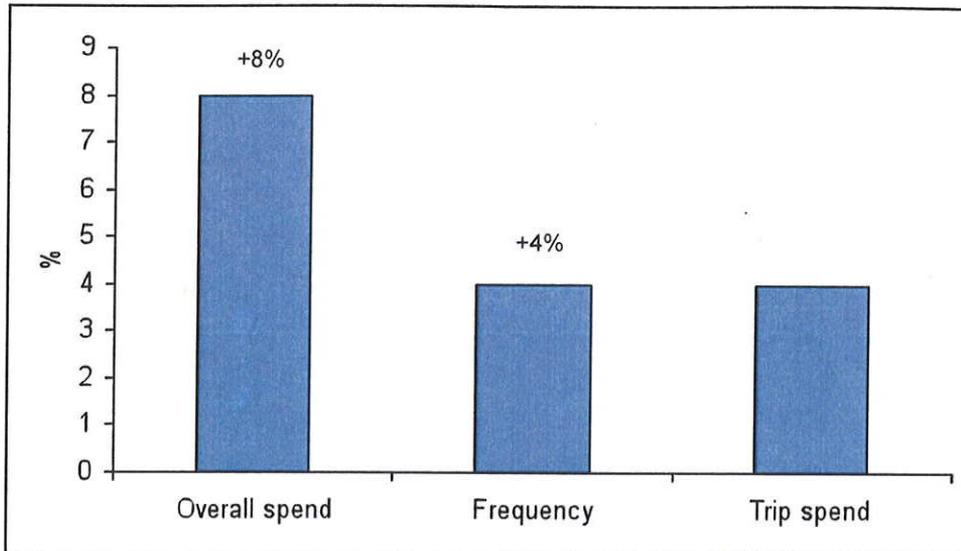
Source: TNS

Figure 8. The balance between new customer versus repeat customer contribution is at highest levels



Source: TNS

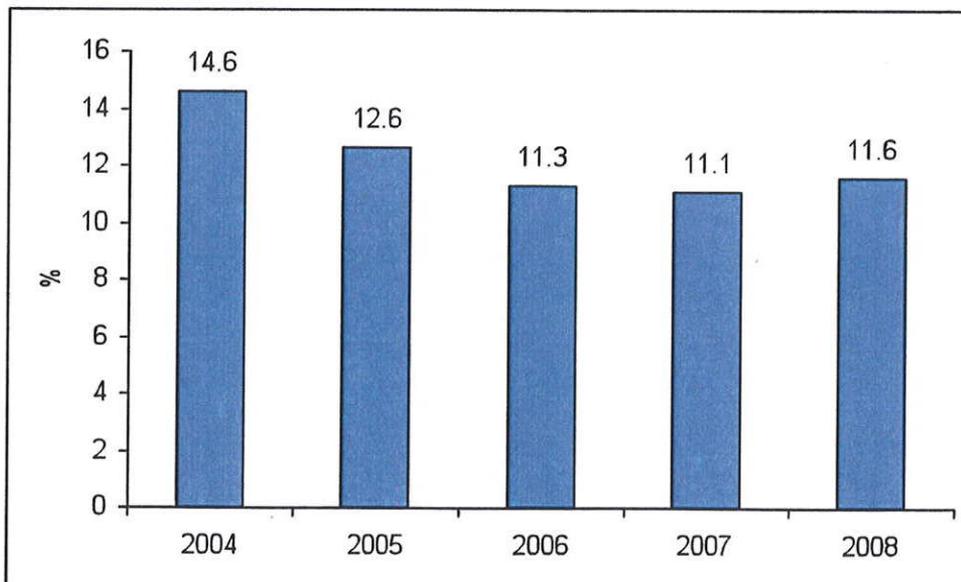
Figure 9. Increase in existing customer overall spend, frequency and trip spend



Source: TNS 12 w/e 27 Jan 2008

Critically, Morrisons grabbed market share, increasing from 11.1% to 11.6%. To put this share increase in context, based on the current value of the grocery market of approx. £70 billion¹, each 0.1% increase in share is worth £70 million (See figure 10).

Figure 10. Record market share growth 2004-2008



Source: TNS Total Till Roll 2004 - 2008

And critically, even after a few months we saw Morrisons come off the bottom of the pile on food quality perception, moving above ASDA and starting to challenge Tesco (See figure 11).

Figure 11. Shift in food quality perception ranking

Ranking	Pre-campaign	Post-campaign
1	Sainsbury's	Sainsbury's
2	Tesco	Tesco
3	ASDA	Morrisons
4	Morrisons	ASDA

Source: Hall & Partners April 2006 versus January 2008
Base: Morrisons (232), Tesco (665), Asda (384), Sainsbury's (360)

The relaunch had been successful; the business objective had been achieved. Not only had the market share decline been halted, but Morrisons was now the fastest growing supermarket in Britain.

5 Research resources

TNS
Hall & Partners

6 Other influencing factors

Was it the advertising?

There is no doubt that Morrisons aggressive and all-pervasive advertising campaign has had an effect on the brand's success. Whilst it is virtually impossible to isolate that impact from the design impact, it is important to note that the advertising is based on the visual and verbal look and feel designed by Landor.

Was it because Morrisons' opened new stores?

Morrisons' added only 7 net new stores in 2007, bringing the total estate to 375.

Was it because of the introduction of the colleague discount scheme?

In November 2007, Morrisons' introduced a colleague discount scheme to give a helping hand with the weekly shop. To estimate its contribution to sales, 600 colleagues were asked how they thought their spending in Morrisons had changed as a result of the discount card. On average, staff claimed their spend shifted from half of their grocery spend at Morrisons to two-thirds. Multiplying this through a typical household grocery spend and numbers of staff gave Morrisons an estimate of 0.8 % sales increase.

Even when the 0.8% uplift is subtracted from the company's 9.92% sales growth, Morrisons' sales momentum is still greater than any other supermarket.

Was it because Morrisons' base price became more competitive?

Competitor 'basket' analysis, based on 1000 products, shows that throughout the year Morrisons and Tesco were neck and neck; Sainsbury's was consistently more expensive; and ASDA consistently cheaper. There was no change in the competitive base price position for Morrisons during this period.

Was it because Morrisons had more products on promotion?

Morrisons is renowned for the pull of its special offers, reinforced by over 1000 offers including 100 buy-one-get-one-frees. However, the proportion of products on promotion was similar in 2007 to the previous year.

And whilst Morrisons do have more products on promotion than the competitors, this differential remained constant year on year.

So we feel confident in asserting that Morrisons' growth in sales was not because they had more products on promotion in 2007 than 2006 either absolutely, or relatively versus the competition.

Was it because Morrisons had done deeper promotions?

Morrisons increased the depth of its promotions by only 2% points versus last year, and with the exception of Tesco, other competitors followed. Morrisons' gap over Asda and Sainsbury's was actually less than the previous year.