

Selling premium goods in a downturn: Officeworks Hummingbird

For publication

Category

4.0 Packaging

Sub Category

4.3 Branded – Non-Food

Client

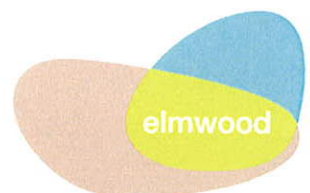
Officeworks

Design Consultancy

Elmwood

Date

March 2009



Executive summary



Before



After



Sales increased by

19%

Margin increased by

11%

Unit Sales up by

12%

161x

Return on investment.

The design paid for
itself in 2½ days.

118,000

Units sold

Creating a desirable brand in the face of recession and declining sales

Since opening its first store in Richmond, Victoria back in 1994, Officeworks has been a market leader in Australia's office supply retail sector. Comprising a 3,500+ workforce this iconic brand has 125 stores nationally and is parented by one of Australia's largest public companies, Wesfarmers.

Increasingly threatened by lower-priced competitors with more innovative products, in early 2009 Officeworks began to consider repositioning and refreshing its 'own brand' offer. Then, as national retail sales plummeted in the wake of the global financial crisis and Australian consumers increasingly chose private label goods ahead of luxury items or premium brands, Officeworks decided to replace its 'own brand' range with a suite of private label brands.

To achieve this Officeworks asked us to complete a category-wide review, deliver recommendations, and bring the strategy to life. One of the resulting brands that we created for this strategy was called 'Hummingbird'.

A sleek, stylish range of modern, pre-assembled office furniture, Hummingbird was developed as an IKEA-level quality furniture targeted at home office professionals. Because this consumer's furniture is always on show, style is extremely important to them – hence appropriate branding, design and packaging are extremely important.

Equipped with consumer feedback and brand review findings, we named Hummingbird and gave it a unique identity, proposition and look.

By developing the Hummingbird brand and identity, we raised Officeworks' retail office seating sales by 19% and achieved above average annual sales. In the same period, we also helped the retailer boost their national office seating market share by 6% to an estimated 58%.

In the first year, 118,000 Hummingbird units were sold, which positioned office seating as one of Officeworks' best performing product categories.

Project overview



1. Outline of project brief

In 2009 we were asked to help Officeworks create their own brand of office seating furniture to:

- House a 'private label' product range;
- Convey style, quality and versatility to consumers.

Specifically, this project required us to:

- Create a brand name;
- Devise a brand proposition and values;
- Design a brand identity;
- Design packaging;
- Create brand guidelines.

2. Description

Officeworks is Australia's leading retailer of office supply products. A destination for leading national brands sold at the very best prices, Officeworks has also historically ranged its own 'Officeworks' branded products. Covering everything from copy paper to office furniture, these 'own brand' products helped to establish the brand's repute when it first launched in 1994.



3. Overview of the market

In June 2008, the Australian Office Products market was valued at \$A11.8 billion, on growth of 7.5% pa in 2007 (source Euromonitor international). Officeworks is the dominant player.

Specifically, the home office furniture market is currently experiencing a -2% decline, nationally. The market is segmented and there are no national brands operating in its seating product sector.

4. Project launch date: March 2009

5. Size of design budget: \$20,000 AUD

Project overview cont.



"We successfully connected consumers to the end result - they could see how a Hummingbird product matched their lifestyle, needs and taste"

6. Outline of design solution:

Bird is the word.

When Officeworks approached us, its 'own brand' product range was in dire need of repositioning to compete with lower-priced and more innovative national brands. Using a stage-by-stage methodology, we researched, created and designed a 'private label' program comprising 13 new individual brands, one of which we called Hummingbird.

We commenced by creating a Hummingbird 'brand wheel' that showed its unique propositions. This wheel indicated that the target market (home office managers) desired functional furniture that was stylish, basic, and versatile. It also highlighted two central brand discriminators: "style and quality for less", and "already assembled, saves you time". We used this information to devise the brand's name and inform all design considerations.

After presenting ten names to Officeworks, 'Hummingbird' was selected and registered. Referencing the hummingbird's ability to flit busily, yet effortlessly, from flower to flower, the name conjures notions of efficiency, versatility and results achieved with minimal effort.

Next came the design elements. Firstly, to align with the furniture's brand properties, we wanted the identity to feel Artisan and not mass-produced. To achieve this, we used earthy colours to convey natural quality and incorporated a hummingbird icon in the typography.

Another key design consideration was bringing the products to life. With the majority of the furniture being sold in boxes, we used glossy lifestyle photography to show the modern, stylish environment that Hummingbird products could quickly and easily create. By showing the furniture in situ, we successfully connected consumers to the end result – they could see how a Hummingbird product matched their lifestyle, needs and taste.

Once the identity and packaging were designed, we created a Hummingbird brand style guide that clearly explained how to use and apply its components. This guide was critical. Not only did it help facilitate offshore sales, it also immediately enabled Officeworks to quickly and easily assume complete management and control of the brand.



Summary of results

Sales increased by

19%

Increase in sales:

- The new Hummingbird brand has seen Officeworks increase its office seating sales by 19%.

Margin increased by

11%

Return on investment:

- Based on a total design spend of \$20,000 AUD and an increase in sales of \$3,236,460 AUD, the return on investment for Officeworks was 161 times what was spent on the design fee.

Unit Sales up by

12%

Increase in market share:

- Increase of market share (units) by 6%, to an estimated 58% market share in retail office seating;
- Hummingbird sold 118,000 units;
- Officeworks has increased its Non-Grocery Retailers brand Shares percentage from 1.2% in 2008 to 1.3% in 2009.

161x

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Summary of results

Changes in perception:

“The team at Elmwood went way beyond our initial brief and helped completely renew our offer in Office Seating through the creation of Hummingbird. An increase to our bottom line and a jump in our margin due to the ease in which the brand can be produced are all directly attributable to the brand and its design. Office Seating and now Office Furniture are one of our fastest growing categories”

– Rebecca Miles, Brand Manager-Marketing, Officeworks

Research Resources

Euromonitor International: Country Market Insight, March 2010

Awards

None at present - this is our first award entry for this work.

The Future

The new Hummingbird brand that we created for Officeworks has repositioned and reinvigorated its office furniture product offering and provided commercial competition for the international brands operating in the market sector. With more products regularly being added to the Hummingbird range, sales growth of a further 20% is predicted in 2010.