

# M&S Café

**Project Title**

M&S Café

**Category**

7.0 Interiors

**Sub Category**

7.3 Leisure

**Client Company**

Marks & Spencer Plc

**Design Consultancy**

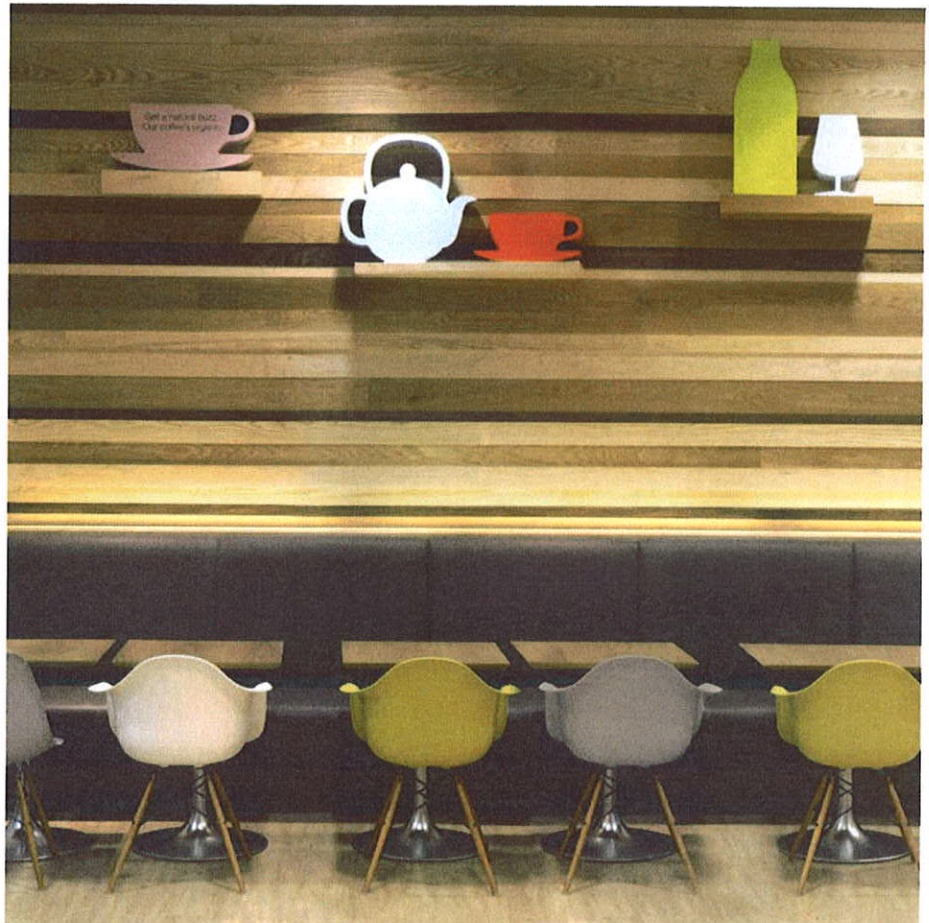
KIWI&POM Ltd

**Current Date**

03.06.10

**"The collaborative approach on our M&S Cafés led to a design solution that widened our demographic appeal, drove sales, improved staff morale and most importantly exceeded customer satisfaction. This was probably one of the most successful joint design turn-around project in my last 30 years in leisure industry."**

Jason Danciger, Head of Hospitality, Marks & Spencer Plc



# Executive summary

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(300) words

<sup>1</sup> TNS

<sup>2</sup> Client data

<sup>3</sup> Client data

<sup>4</sup> ABa

<sup>5</sup> Client data

<sup>6</sup> Client data

<sup>7</sup> Client data

Marks & Spencer has over 600 stores located throughout the UK and almost half of these contain in-store cafes. These cafes are hugely valuable to the overall success of the business, driving footfall and attracting M&S' most loyal customers. In fact **the 15% of M&S customers that use the cafe frequently account for 50% of the overall M&S store sales<sup>1</sup>**, spending three times more than non-users.

However by 2008 the estate of in-store cafes was struggling. Confusing operational layouts and uninspiring environments led to demoralised staff, dwindling customer numbers and double-digit sales decline<sup>2</sup>. To add to our woes the economic climate was having a disastrous impact on the cafe sector with multiple high-street chains entering into receivership.

There was an urgent need to refresh the M&S cafe estate to boost sales and therefore those of the overall store. M&S approached KIWI&POM to work in close collaboration with their Hospitality Team to devise a holistic solution to these wide-ranging problems.

The response incorporated a review of the product and equipment, a strategic shift in focus from 'coffee to cake', a robust staff training programme as well as a complete overhaul of the environment. Taking inspiration from the Mad Hatter's Tea Party a new design theme allowed for operational considerations as well as appeal to M&S' broad audience.

The results speak for themselves: a 26.4% increase in sales across newly fitted cafes versus 10.1%<sup>3</sup> across the existing estate, an increase in mystery shopper scores from 65% to 85%<sup>4</sup> indicating happier customers, and staff satisfaction topped 95%<sup>5</sup> for the first time. The new cafe schemes are showing an industry-leading 118.1% ROI<sup>6</sup> with average build costs down 50%<sup>7</sup>, and received industry recognition with a 2009 Retail Interiors Award. This momentum has continued across the estate with a total of 40 new cafes scheduled to complete by the end of 2010.

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**1. The brief**

To redesign Marks and Spencer's in-store cafe to provide a welcoming environment with a strong identity and efficient operational flow.

**2. Description**

M&S' existing cafe scheme had both serious design and operational faults, resulting in a substandard customer experience and demotivated staff.

The existing 'S-counter' configuration channelled customers into an inefficient single lane queue. The layout of consecutive tills failed to draw customers through quickly but instead lead to chaos and confusion with customers being asked to pay two or three times. Furthermore, low level walls trapped customers into the queue, preventing them from escaping once they'd paid.

The equipment layout acted as a physical barrier between customers and staff restricting eye contact and interaction. The operational layout promoted inefficient, slow service with the till operator doubling as Barista.

In addition to the operational flaws, the seating environment had an uninviting, utilitarian feel: linear rows of tables and chairs set out like a school canteen, exposed clearing stations located adjacent to seating, poor acoustics and a drab, anonymous interior.

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## **2.1. Challenges**

### ***Lack of strong, distinctive reasons for customers to visit***

The cafes' existing focus on Fairtrade was now far from unique in the market and, whilst still relevant, could no longer be relied upon as the core message.

### ***An inclusive design***

The scheme had to appeal to a broad customer base ranging from young families to retired M&S loyalists, and be accessible to less able customers.

### ***Challenging self-service operation***

Emphasis is put on the customer to self-serve therefore easy access to product and intuitive navigation is paramount.

### ***Operated by non-specialist staff***

The cafes are staffed by general M&S store employees rather than contracted hospitality specialists.

### ***Obscure location in-store***

In many stores the cafe is located at the rear of the store and concealed by a high level wall.

### ***Wide range of formats***

The design had to flex to suit varying scales (from 50 to 200 covers) and store genres (outlet stores to flagship) whilst retaining a consistent identity and customer experience.

### ***Environmental concerns***

M&S launched 'Plan A' in January 2007, setting out 100 goals including a commitment to using sustainable raw materials. The design needed to take this into account for all specified finishes and fixtures.

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## 3. Overview of the market

In 2008, during one of the most challenging economic periods of our time, a raft of coffee shop businesses went into receivership. These included Coffee Republic<sup>1</sup>, Whittards of Chelsea<sup>2</sup>, Tootsies<sup>3</sup>, The People's Restaurant Group<sup>4</sup>, Benjy's, Cafe Piccolo, Puccinos, BB's Coffee and Muffins amongst many others.

At this trying time M&S announced austerity measures to minimise the impact of the recession including severe cut backs in their modernisation programme. In 2008/09 Group Capital Expenditure was down 38.2%<sup>5</sup>. The M&S Cafe remained the only scheme to continue to roll out during this period due to its strong financial performance and recognised value in driving footfall into the overall store.

<sup>1</sup> BBC News, 7th July 2009

<sup>2</sup> BBC News, 23rd Dec 2008

<sup>3</sup> BBC News, 12th Oct 2009

<sup>4</sup> BBC News, 3rd Jan 2007

<sup>5</sup> M&S Annual report & financial statements 2009

## 4. Project launch date

The first 'new look' M&S Café launched in Westfield shopping centre in **October 2008**, with 40 cafes launching over the following 18 months.

## 5. Size of design budget

The new M&S Café design budget totalled **£100,000**. This included concept generation, tender drawings, value engineering, four scaled generic formats (S, M, L & XL) and generic FF&E schedules.

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The previous M&S Café design.

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The new M&S Café interior design created by KIWI&POM.

# Design solution

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## **6. Outline of design solution**

### ***Redefining the M&S Café***

The cafe needed a strong overall design concept to lend it a unique identity. The 'Mad Hatter's Tea Party' formed a narrative throughout inspiring the oversized cake table and giant candy-coloured 3D graphics located on the wood wall appealing to adults and children.

A strategic decision to shift focus from 'coffee to cake', without abandoning the Fairtrade message, put cakes and patisserie centre stage showcasing the most indulgent, colourful and unpackaged product with relevance throughout the day from breakfast to tea time.

### ***Straightforward visual merchandising***

M&S aspired to theatrical, artisan product displays but needed a solution that could be delivered consistently by a wide variety of staff. The cake table was designed to accommodate consistent merchandising using fixed tiered pedestals to display product in a predetermined layout.

### ***Logical layout***

A radical rethink of customer journey was required to overcome the problem of a long linear queue. Working with M&S Hospitality we arrived at a holistic solution with three elements. First break up the linear browsing process with distributed 'display destinations' to allow customers to browse product and single out items of interest. Second introduce an intuitive 'three lane motorway' till system, encouraging simultaneous transactions. Third, allow ordering of any items at any till, preventing the need for customers to re-queue for each type of food item required.

### ***Efficient Clearing***

The introduction of a designated tray clearing pass, leading directly into the back of house wash up area, improved staff clearing efficiency. It removed double handling and the need for remote clearing stations previously located within customer sightlines.



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***Inclusive design***

The environment was 'warmed up' using timber and splashes of colour in the furniture and decor. An domestic aesthetic aimed to make 'fixtures more like furniture' to create a familiar and welcoming space. The seating layout was zoned around the concept of 'room sets' whereby customers choose between formal sit up dining, casual low level armchairs or family sized booths. Careful attention was given to ensure the design was inherently DDA compliant with all tray rails and pass points are set at a height of 850mm, a mix of armchairs and generous aisle widths.

***Easy to locate***

The high dividing wall between the cafe and the rest of the store was replaced with low level booth seats, helping to reconnect the two areas and making the cafe more visible and easy to locate. Oversized ceiling pendants acted as a beacon from a distance reducing reliance on signage.

***Scalability***

Iconic design features such as the cake pedestals, wood wall and 3D icons enabled the cafe to scale without losing its design identity. KIWI&POM developed four layout formats (S,M,L & XL) to cater for the various 'shape of chain' and available footage.

***Plan A***

All timber used within the cafe was FSC certified and reconstituted leather was used for the upholstery. Where appropriate the shop fit dimensions were designed around standard sheet sizes to minimise waste.

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## 1. Increase in sales

Cafes refitted with the new scheme showed **26.4%** LFL increases in sales compared to 10.1% within the existing estate over the same period<sup>1</sup>. Overall hospitality income went from double-digit sales decline to 6% LFL sales growth<sup>2</sup>, versus an industry benchmark of 2%<sup>3</sup>. This resulted in £209.9m total sales across the estate, £10m over plan<sup>4</sup>.

## 2. Happier staff

Cafe staff showed a significant increase in key satisfaction measures, rating more highly than all other M&S staff in Commitment (scoring 95% compared to store average at 76%) and Positivity (scoring 89% compared to store average of 78%)<sup>5</sup>.

## 3. Happier customers

Mystery shopper survey results increased from 65% to 85%<sup>6</sup>, reflecting the improvement in both the direct customer experience as well as the positive impact of the refit on the cafe staff.

<sup>1</sup> Company data

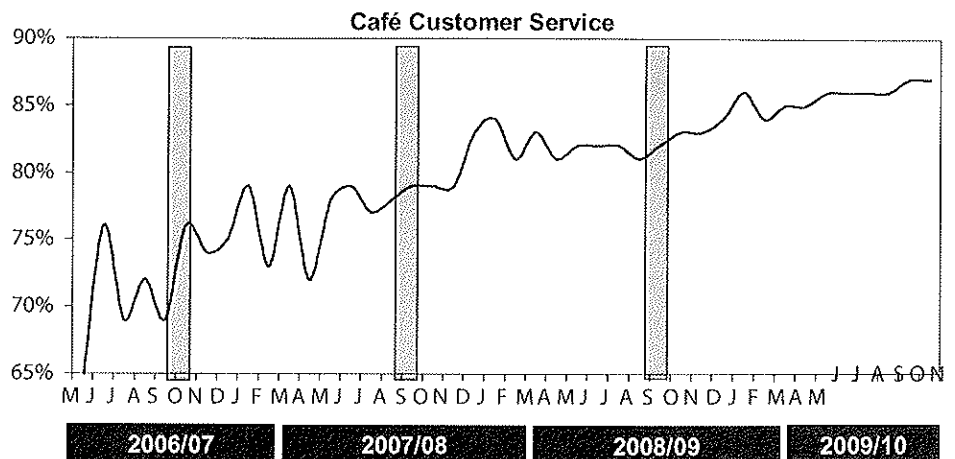
<sup>2</sup> Company data

<sup>3</sup> Coffey Peach Business Tracker Survey, 2009

<sup>4</sup> Company data

<sup>5</sup> Company data

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### **3. Return on investment**

New cafes are showing an industry-leading **118.1%** ROI, with full payback within 1 year<sup>1</sup>, based on an expected 7 year lifecycle.

### **4. Reduced build cost**

As a result of careful value engineering the new cafe scheme has delivered a reduction in build costs from an average £1m per site to £500k, a saving of 50%<sup>2</sup>.

### **5. Industry recognition**

The first new M&S Café, installed in Marks & Spencer's flagship store in White City Westfield, received the prestigious 'Retail Interiors Award 2009' for 'best in-house hospitality'.

This is testament to an open, cross-functional collaborative approach between M&S and the agency.

<sup>1</sup> Company data

<sup>2</sup> Company data



# Research resources

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**- TNS**

'Transaction Network Services'. TNS is a world leader in market research, global market information and business analysis. ([www.tnsglobal.com](http://www.tnsglobal.com))

**- ABa**

'ABa Quality Monitoring Ltd' is the largest specialist provider of mystery shopping services in the UK. ([www.aba.co.uk](http://www.aba.co.uk))

**- Coffe Peach Business Tracker**

Peach Business Tracker is operated by Peach Factory Ltd, in association with Coffe Group, UBS and KPMG. It monitors sales trends across the UK eating and drinking-out market. ([www.peachbusinessstracker.com](http://www.peachbusinessstracker.com))

**- BBC News / Business**

([www.bbc.co.uk](http://www.bbc.co.uk))

**- M&S Annual Report 2009****- Client data**

# Other influencing factors

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In addition to the M&S Café redesign there were a number of key initiatives which contributed to the overall success of the scheme. However these initiatives had equal impact across the estate of both new and existing cafes, and the new cafes still outperformed the untouched sites by **+16.3%**<sup>1</sup> LFL year on year sales.

***New leadership***

In 2008 M&S appointed a restaurateur specialist, Jason Danciger, as new Head of Hospitality. With brought 30 years of experience in Michelin starred and branded restaurant groups to the team.

***Staff training***

A dedicated programme of M&S Café staff training was devised around the new cafe design. This included a weeks pre-opening training in the new environment, an e-learning initiative and an across the board Barista 'Golden Bean Award'.

***Hot food product re-launch***

In September 2009 M&S launched a new range of hot food to enhance to existing Cafe menu. This included a bacon and egg muffin, toasted ham and cheese croissant, topped bloomer melts, lasagne and macaroni cheese.

***Marketing & promotion***

There was not a dedicated marketing campaign to support the launch of the new M&S Café concept. In fact, marketing spend fell by 8.6%<sup>2</sup> in 2008/09 due to the challenging economic climate.

<sup>1</sup> Company data

<sup>2</sup> M&S Annual report & financial statements 2009