

# THE ROYAL DOULTON COMPANY

## THE MARKET

Pottery and ceramics are a strong indicator of the art and lifestyle of a given age. Indeed archaeologists rely on pottery fragments to establish the level of sophistication of past civilizations.

Today, consumers are more demanding and discerning than ever before. The rise in home entertainment has been matched by the introduction of contemporary, functional tableware. At the other end of the spectrum, the decrease in traditional family meals and rise in solo eating, TV dinners, and convenience foods have seen companies extend their casual tableware ranges.

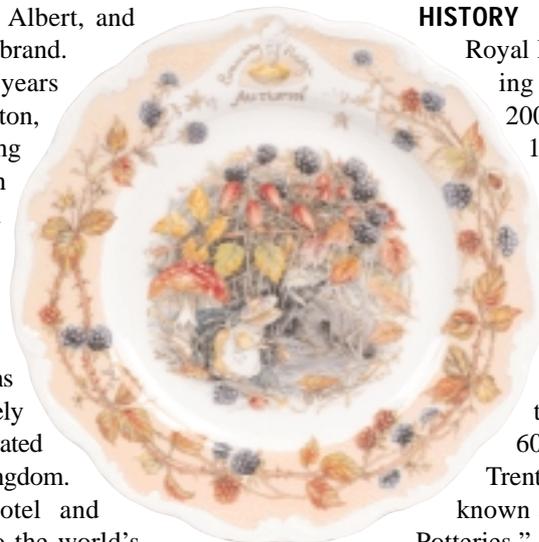
When it comes to gifts, despite many alternatives, the ceramic form is sought after as offering true qualities of heritage, traditional craftsmanship, and real, long-lasting value. In fact, ceramic giftware has enjoyed considerable growth — gift-giving, home decoration, and investment being the main motivations.

The key markets worldwide for premium ceramic tableware and giftware are the United Kingdom and Continental Europe, North America,

include Minton, Royal Albert, and the core Royal Doulton brand.

With almost 200 years of heritage, Royal Doulton, the company, is a thriving global business, with around \$280 million in annual sales, employing about 6,000 people across its U.K. production houses and numerous distribution operations worldwide. Approximately half of its sales are generated outside of the United Kingdom.

The company's Hotel and Airline Division is also the world's largest supplier of bone china to the international airlines industry. Indicative of its position, the division holds major contracts with British Airways, Emirates, and South African Airlines as well as other leading airlines. All three are noted for their high-quality in-flight



## HISTORY

Royal Doulton has been producing ceramic items for almost 200 years. As far back as 1815, the company founder, John Doulton, began producing practical and decorative stoneware from a small pottery in Lambeth, south London, in the United Kingdom.

His son, Henry, built the business, relocating it 60 years later to Stoke-on-Trent in Staffordshire, England, known around the world as "The Potteries."

By 1901, the quality of Doulton's tableware had caught the eye of King Edward VII, who permitted the company to prefix its name with "Royal," and the company was awarded the Royal Warrant.

The company expanded its production facilities and by the 1930s was involved in the manufacture of figurines and giftware.

Royal Doulton was awarded the Queen's Award for Technical Achievement in 1966, for its contribution to china manufacture — the first china manufacturer to be honored with this award.

During the 1960s and 1970s, Royal Doulton discarded its drainpipe production interests and acquired Minton, which had begun china production in 1793, and crystal manufacturer Webb Corbett. In 1972, Royal Doulton was bought by conglomerate Pearson and merged with Allied English Potteries, adding a number of key brands, including Royal Albert.

In 1993, Royal Doulton was demerged from its parent and became a public company listed on the London Stock Exchange.

## THE PRODUCT

Each of Royal Doulton's principal brands — Royal Doulton, Minton, and Royal Albert — enjoys a long association of royal patronage, and holds at least one Royal Warrant. They are also trademark registered.

When drawing up new product design, Royal Doulton designers study the market, analyze consumer research, and often refer to their own archives for inspiration. The Royal Doulton Archives, located at the Sir Henry Doulton Gallery in Burslem, Stoke-on-Trent, house a variety of material dating from 1815 to the present. The Royal Doulton Pattern Books contain over 10,000 hand-painted watercolors, illustrating the talent of artists over the years. Apart from providing an



Asia Pacific, and Australasia. The global market overall is estimated to be worth more than \$2.1 billion.

## ACHIEVEMENTS

Royal Doulton plc is one of the world's leading manufacturers and distributors of premium ceramic tableware and giftware. Its illustrious brand names

service, and Royal Doulton — aware of the need for brand differentiation — prides itself on creating uniquely distinctive product offerings for each client.

In total, Royal Doulton produces around 30,000 different items across a broad range of product groups.

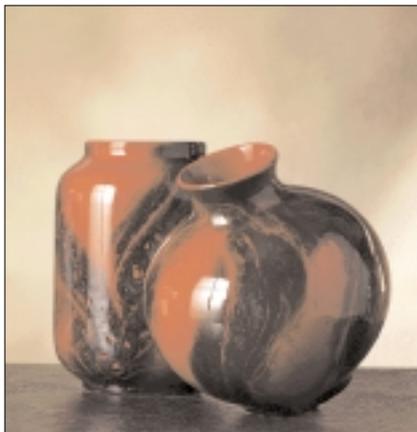
invaluable historical record of decorative ceramic styles — from the exquisitely gilded and delicately hand-painted cabinet and tableware of the Victorian and Edwardian era to the bright, bold, angular design of 1930s Art Deco — this collection is inspirational for today's Design Studio.

As well as a wide range of tableware, Royal Doulton today lists among its prod-

ucts an extensive giftware collection, which includes character jugs, china flowers, and an array of collectable figurines and sculptures. Some of the figurines are inspired by history and literature — such as the figures of Heathcliff and Cathy from *Wuthering Heights* and Shakespeare's tragic lovers, Romeo and Juliet.

For junior members of the household, Royal Doulton produces nurseryware, although many of these product lines are of interest to adult collectors as well. The most popular collection is "Bunnykins," while "Brambly Hedge" giftware and the Disney collections such as "Winnie the Pooh" have also excited and sustained much interest.

Royal Albert, which traces its origins back to 1896, has become an internationally recognized brand, offering domestic tableware and gift items. Royal Albert's "Old Country Roses" is the world's best-selling bone china pattern, with over 150 million pieces having been sold since its introduction in 1962.



Stoke-on-Trent. The company is noted for its high standard of working practices and technology, which is heralded as among the most developed and professional in the entire international china industry.

With a corporate goal of generating 50 percent of its sales outside of the United Kingdom, an extensive distribution chain is required to oversee global sales and marketing. The company currently operates in over 80 different markets with its own distribution companies in key markets — in New Jersey in the United States, and in Canada, Australia, and Japan.

#### RECENT DEVELOPMENTS

Royal Doulton is in an important period of change in its history, currently implementing a brand master-vision as a first step in repositioning the company's brands. Clarity for the position of the Royal Doulton and Royal Albert brands within the tableware and collectables marketplace has been key to the review.

The company has segmented the Royal Doulton brand into five categories — Classics, Archives, FUSiON, Studio and Café — and identities have been created for each, together with a new Royal Doulton brand logo. New global merchandising systems, in-store environments, point-of-sale, and trade and exhibition design have all been identified as key to the repositioning.

Of course, despite significant changes in direction, Royal Doulton has continued to do what it does best: produce top-quality chinaware collections. The new ranges of casual diningware are stylish, functional, and user friendly, suited to all modern appliances.

The Licensing Division, created in the mid-1990s to propel the Royal Doulton brand into new product sectors, has achieved considerable success, not least the launch of "Doulton" luxury perfume, created by Patricia Bilodeau, senior perfumer at Dragoco.

Other categories inspired by the company's rich heritage and design include an extensive collection of decorative fabrics and furniture sold in the United States as well as teas, textiles, and ties in Japan. In the United Kingdom, licensed products include kitchen textiles, Flemish tapestries and throws, stationery, children/baby gifts, and accessories.

#### PROMOTION

Central to Royal Doulton's promotional and marketing activity has been the repositioning of the brand. The introduction of everything from new logos to in-store point-of-sale and branded fixtures has demanded that the focus of activity be

centered on the communication and effective introduction of the recent significant changes.

To fulfill its goal of increasing its global presence, Royal Doulton is focusing on offering greater consumer relevance through a diversity of products and an extension of its product in contemporary creations.

At the grass roots, Royal Doulton continues to employ a variety of traditional promotional techniques ranging from trade fairs, in-store promotions, and selected magazine and press advertising, backed by strong, effective public relations campaigns.

Added to this approach, the visitor center at the main Royal Doulton factory, in Stoke-on-Trent, is very popular. Open seven days a week, the production facility features the world's largest public display of Royal Doulton figures, numbering over 1,500. Visitors can tour the factory during the week, although bookings have to be made in advance.

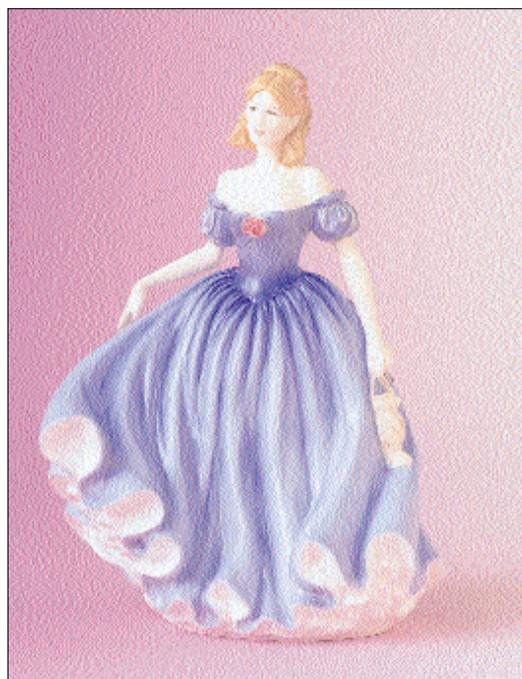
#### BRAND VALUES

Around the globe, Royal Doulton is valued for its sense of heritage and Englishness. As one of the oldest and best-recognized chinaware brands in the world, Royal Doulton has earned itself a reputation for excellence, quality, and distinctiveness of design — values that the company intends to build on to take the brand forward through the new millennium.

Prized by collectors the world over, Royal Doulton has an international reach extending far beyond its English roots and product. To sustain its position, Royal Doulton's emphasis for future brand growth centers on its ability to focus on people, to understand its consumer base fully, and then to produce products that suit individual tastes and needs.

#### THINGS YOU DIDN'T KNOW ABOUT ROYAL DOULTON

- The largest and most expensive figure that Royal Doulton makes takes more than 160 hours to hand paint and costs in excess of \$20,000.
- Royal Doulton was the first china to enter space. China plates were carried on the inaugural flight of the space shuttle *Discovery* in 1984.
- Royal Doulton ceramics are included in a time capsule inside the base of Cleopatra's Needle on the Thames Embankment in London.



Equally famous, with an illustrious heritage dating back to 1793, is the Minton brand, currently best known for its popular Haddon Hall pattern, a particular favorite of the Japanese market. Minton is also renowned for its intricate gold decoration, where one plate can cost \$7,000. Many of these unique works of art are purchased as heirlooms.

Royal Doulton has a manufacturing capacity of around 500,000 pieces per week. Its tableware production factories are considered among the most advanced in the world — a tribute to the research and development department based in