

IT / Telecommunications and Digital

ROTHCO

IDEAS THAT GROW BUSINESS

One small step for mobile users, one giant leap for O2 | O2
Rothco

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COMPANY PROFILE

Our business philosophy is best captured in our company Mantra, 'Ideas that grow business'.

It is this philosophy that has seen Rothco grow over the past 15 years to what we believe is now the best collective of advertising talent in this marketplace. We are a thoughtful, curious, commercially astute and creative organisation. We bring a high level of passion to everything we do.

We are 50 people who come to work every day to help deliver on this Mantra for our clients. Every day is a chance to affect our clients' businesses. Every brief is unique and each client challenge is very real. Finding a true, compelling idea powerful enough to inspire great creative and simple enough to get noticed is how we deliver on our Mantra.

INTRODUCTION AND BACKGROUND

Irish mobile customers have, to put it mildly, commitment issues. They hop in and out of bed with a different mobile phone company as it suits them.

And who would blame them? As soon as one network launches a new plan, another network will turn their heads with their own almost identical offer.

Rothco were given the task of getting them to break the habit of a lifetime and give up their philandering ways and commit...no pressure then.

O2's 'Move to get More' campaign demonstrates how uncomplicated and clear strategic planning coupled with a magical creative idea can impact and effect the hardest and most complex of retail offers and, more importantly, impel the most inert.

The mobile market has been a retail warzone for over 10 years, with market saturation reaching 110% in 2006. Network offers had become richer and deeper as operators fought aggressively for market share. As a result, core revenues were systematically driven downwards, which only fuelled the competitive roundabout.

O2 had been no.2 to Vodafone in the post pay (monthly bill) market since its launch in Ireland in 1998. Vodafone had acquired its original customer base from Eircell (Ireland's first mobile network) and therefore had the lion's share from the outset. The post pay customer is the honey pot for mobile operators, with ARPU significantly higher than the pre pay (pay as you go) contingent. Post pay customers are also more loyal and therefore less likely to churn. They are indeed the Holy Grail!

Given the economic chaos that unfolded in 2008, both pre pay and post pay customers were seeking ways to save money across all aspects of their financial lives and therefore the market was opting for pre pay plans even though 'contract' plans can be cheaper per call. As a nation of talkers and texters, consumers were opting for enforced restraint by topping up call credit on a weekly/monthly basis.

What makes this case study particularly triumphant is that the 'extras' on the new O2 'Clear 350' plan were already available from the other competitor networks. However, when dramatized in a surprising and unique way, it resulted in a campaign that converted the high-value 25 to 34 year old mobile users to O2 post pay and achieved 132% of their new business targets.

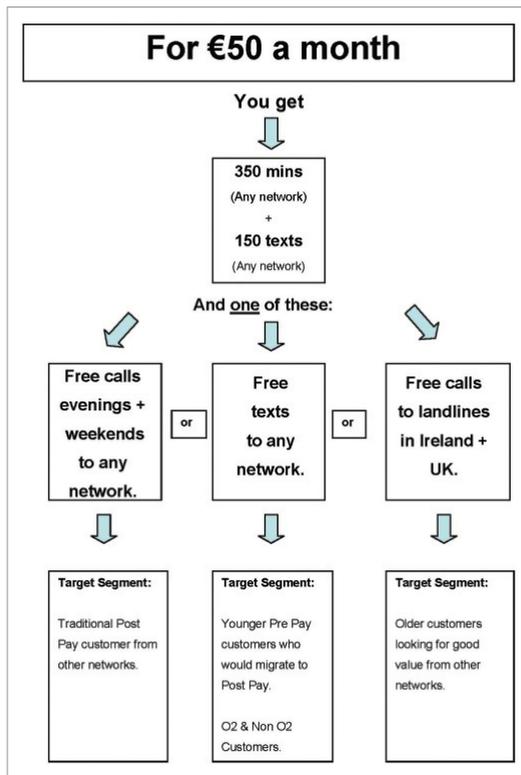
Furthermore, 'Move to get More' resulted in a reduction in churn from the existing O2 post pay base when the entire market was turning to pre pay.

MARKETING OBJECTIVES

At the end of the ongoing economic freefall of 2008, O2 began to experience a drop off in attracting high-value customers on its post pay base, coupled with increased churn to competitor networks among its entire customer base. It was critical to stem the flow of customers switching for the latest deal and crucial to maintain share of higher ARPU customers.

O2 devised a new post pay plan called O2 'Clear 350'. It was a complex and multilayered plan, complemented by a family of 'extras' that consumers could choose from when they signed up. The essence of the 'Clear 350' plan was €50 a month plus 350 mins, plus 150 texts and 1 free extra. The 3 'extras' from which consumers could choose from were:

1. Free unlimited texts to any network
2. Free evening and weekend calls to any network
3. Free calls to landlines in Ireland and the UK



Segmentation work revealed that each ‘extra’ would target various alternative segments of mobile user. The complexity of the plan reflected O2’s desire to attract the broadest range of constituents from the other networks in the shortest amount of time possible. This plan literally had something for everyone.

Marketing Objectives

1. Attract Vodafone’s high value 25-34 year old customers (pre pay and post pay).

Vodafone enjoyed the highest proportion of this high value segment with their share of this cohort at a steady 58%. Having acquired the original customer base from Eircell (Ireland’s first network provider), they had effectively bought the majority of the market’s most profitable customers.

2. Motivate 6,000 new customers per month to switch to O2 ‘Clear 350’ post pay plan.

70% of the mobile population were pre pay users. The pre pay market had been growing steadily due to high value offers and economic conditions. Churn rates were high as competitors reacted quickly with cheap pre pay deals. Switching was quick and easy, therefore there was little loyalty to any network provider. Fear, control, hassle and inertia all govern the behavior of the pre pay user. To avoid having another bill to pay at the end of the month, many of this segment were topping up by €10 a week, even though a post pay contract would have proven to be a better deal. We needed to make consumers stop and re-evaluate their mobile spend and remove the fear of contracts and commitment.

3. Reduce churn rates

With consumers searching for better deals and less allegiance, and all the networks effectively playing ‘snap’ with their offers, consumer loyalty was being eradicated and pre pay mobile users could be turned on a pin. The knock-on effect of this was the investment in consistent communications in order to be in the game. Increased support and falling revenue was driving down the category profitability. This was unsustainable for O2 in the long term.

Communication Objectives

- Create excitement and drive awareness of the new O2 ‘Clear 350’ plan and its family of extras.
- Simplify the offer to make it consumer friendly.

- Increase brand consideration.
- Drive switching; make post pay contracts seem less scary.
- Reinforce the brands position that ‘Together is Better’.

THE TASK

O2 approached Rothco with the new post pay brief to address falling recruitment and increased churn. Hooray we thought! However, on closer inspection, the challenge was difficult from a number of perspectives.

Market Reverse and Fear Removal!

Firstly, it involved growing a decreasing post pay segment that was being driven by palpable economic chaos. Pre pay customers were looking for less commitment in all aspects of their financial life. How were we going to remove the major barrier of consumers not wanting to be tied down by contracts?

The Post Pay Customer

The post pay customer is not only the most lucrative for any network, but they are the most difficult group to attract. It is almost unachievable to see immediate traction in the post pay market even if you have an offer with significant appeal, as the majority of post pay customers are locked into their network by 12 to 18 month contracts. Contractual obligations set out by the networks make it arduous and laborious to switch as customers have to cancel one contract before they can begin another, so your accessible market is 60% less than it appears before you even start. For every 1,000 post pay customers you set out to communicate to, only 400 are ever potentially ready to act on your message at that time, based on contractual tie-ins.

Complex Offer!

Secondly, the offer attached to this proposition was lengthy and complex. Most of the other networks would take one of these offers and one ‘extra’ and promote it, but O2 knew each of the 3 extras would appeal to various segments and therefore nothing could be discarded. The challenge was also to create a campaign that was that was flexible enough to host the range of ‘free extras’ under the core umbrella ‘Clear 350’ plan without:

- Requiring the creation of multiple different executions and increasing the production budget.
- Making the offer seem disjointed, laborious and difficult for consumers to grasp.

Creative Appeal

From a creative perspective, it was also going to be quite a challenge. The O2 brand is iconic and magical. O2 distinguish themselves, particularly from the other mobile brands, through a fresh, simple and positive tone of voice. They apply a policy of shorter is better to their communications, avoiding much overused mobile jargon. This was by far the most intricate plan O2 had ever devised in terms of message and spread of target market. The idea had to be engaging and impactful to cut through the proverbial competitive noise, appeal to a wide segment and be on brand.

No New News!

It was essentially 3 offers in 1, which is hardly the greatest challenge to overcome. However, when taken in isolation, all of these offers, extras and 30-day walk-away contracts were already being offered by competitor networks in various manifestations! Due to the aggressive nature of the market, consumers had seen these offers before. It was the sum of the parts that would make this plan unique and compelling, but far more difficult to communicate. In order to make 'Clear 350' unique, the breadth of choice and the control elements were its USP. This was proving to be quite a convoluted story to simplify, telling it in 40 seconds for TV and radio was going to be tough!

THE STRATEGY

Our strategic approach was based on a human truth and simplification. 'As with everything in life, anything worthwhile requires a little effort'

Rather than focusing on the complexity of a tariff overload and trying to unlock the audience with loads of free stuff, we chose to communicate the 'Clear 350' plan by telling a story based on human truth.

By early 2009, Irish consumers had become jaded and cynical to the relentless onslaught of Harvey Norman style 'recession busting' offers. Consumers were being bombarded with offer overkill in every category and with churn rates at an all time high, all 4 mobile operators (Vodafone, 3, O2 and Meteor) were particularly aggressive. Consumers knew there was no such thing as 'free'. The entire mobile category had managed to devalue the word 'free' by bandying it about on every offer over the previous 4 years. We wanted to relieve the viewers from the free/savings onslaught and connect on an emotional and functional level. Rather than assault them, we chose to appeal to their common sense.

We began by interrogating the offer and distilling all the elements down to create one unifying thought.

€50 a month – get 350 mins and 150 texts plus one extra:

FREE calls evenings & weekends to any network
 FREE texts to any network
 Or FREE calls to landlines in Ireland and the UK

= MORE VALUE

Spend alerts – helps to control what you spend

=MORE CONTROL

No lengthy contract – walk away any time after 30 days

= MORE FREEDOM

No need to sacrifice or limit contact with family and friends

= MORE CONNECTION
 with more talk and text time.

Insight:

Consumers want all the control and value of a contract without the commitment and with flexibility.

Proposition:

Get more with O2 for €50

Creative Idea

Sometimes a small move can reap great rewards.

The Idea and Communication Activity

The manifestation of the creative idea was ‘Move to Get More’. The campaign demonstrates that by taking the little step of moving to O2, you can get so much more. It encourages the audience to take action, to participate, to get more out of life – and more for their money. It also works on 2 different levels.

On a functional level, we wanted to show how you get more by moving to O2. Like 350 minutes and 150 texts, plus a choice of other great offers such as free weekend and evening calls to any network, unlimited texts to any network or free calls to landlines. You also get more freedom and control with a 30-day opt out contract and regular spend alerts.

On a more emotional level, this translates as more fun, more shared experiences

and more togetherness. We are all caught up in our own little worlds. But what we're really looking for is a way to make a connection with the people around us - to share our experiences, our interests, our lives - because when we do that, we get so much more out of life.

Overall, 'Move to Get More' challenged consumers to investigate how moving to this O2 price plan would give them more value, more freedom, more connection and more control.

Our idea centred on one central character, our turtle, who discovers that a small move makes a big improvement to his life. One day, our turtle discovers a cargo of cycling helmets washed up on the beach. They turn out to be the perfect addition to his shells and allow him and his friends to do things they couldn't do before: high diving, surfing and even avoiding the hazard of falling coconuts. The new plan from O2 does the same for consumers. Make the small move to this plan and, because you get more, you can do more. The idea is summed up in the first line of the TV commercial:

'Every so often something comes along that's worth moving for'.

The tone, language and overall approach needed to be credible, soft and on brand. The O2 brand is iconic and positive, even our most tactical, hard-working offers have a sense of magic. The campaign was delivered in a very clear, straightforward, yet magically visual way. It was a clear representation of the brand essence, which is participation, and a demonstration why 'Together is better' with O2.

THE ACTIVITY

O2's multi layered 'Clear 350' plan was a difficult product to understand. There were multiple parts that made up the offer, and several optional 'extras' that alternative targets would opt for. In order to drive awareness of the breadth of the offer in its totality, we needed to focus on key media vehicles and definitive communications phasing that could best deliver our complex message to multiple targets across all media.

We needed to build a campaign that gave consumers all the information they needed in order choose the 'extra' that would best suit them. How best to achieve this? Launch the communications programme through print and radio. Not only would this give us a wide reach, but we could also drive comprehension of the total 'Clear 350' plan (the offer and control elements).

ROTHCO
IDEAS THAT GROW BUSINESS

Silver Award - IT Telecommunications & Digital
O2 - One small step for mobile users, one giant leap for O2
Rothco / Mediavest

O₂

Move to get more

All for just €50 a month

Get 350 minutes and 150 texts to any network, plus choose something a little extra. We'll even send you regular spend alerts so you always know where you stand. And with our 30 day contract you're free to walk away whenever you like.

Free text 'ANY' to 50308, visit an O₂ Outlet or o2.ie

Together is better O₂

Extras

- Free weekend + evening calls to any network
- Free landline calls to Ireland + UK anytime
- Free texts any network

350 mins +
150 texts +
1 free extra

Offer ends 31/03/09 and is available on O2 Clear SIM 300 to new and existing customers past the minimum term. Free Extras on Clear SIM 300 expires after 18 months. Free Plan and Free Extras allowances exclude roaming. Speed Alerts included on request. Subject to data, for usage and direct debit. See O2.ie for terms.

Move to get more

Get 350 mins, 150 texts, the freedom of a 30 day contract and one of 3 great extras. All to any network.

For just €50 a month.

Extras

- Free weekend + evening calls
- or
- Free landline calls Ireland + UK
- or
- Unlimited free texts

Call 1800 818 022
visit an O₂ outlet or o2.ie

Together is better O₂

Offer ends 31/03/09 and is available on O2 Clear SIM 300 to new and existing customers past the minimum term. Free Extras on Clear SIM 300 expires after 18 months. Free Plan and Free Extras allowances exclude roaming. Speed Alerts included on request. Subject to data, for usage and direct debit. See O2.ie for terms.

Move to get more

msn

Free weekend + evening calls to any network

Free landline calls to Ireland + UK anytime

Free texts any network

150 texts to any network

350 mins to any network

Free weekend + evening calls to any network

Free landline calls to Ireland + UK anytime

Free texts any network

Move to get more

msn

Free weekend + evening calls to any network

Free landline calls to Ireland + UK anytime

Free texts any network

150 texts to any network

350 mins to any network

Free weekend + evening calls to any network

Free landline calls to Ireland + UK anytime

Free texts any network

Move to get more
Click Now

Radio and print launched on May 4th 2009 for a 3 week burst in advance of the TV.

Radio

Our goal for radio was to leapfrog the competitors during the launch by seeking a continuous presence. Building coverage and frequency of our message quickly and cost effectively, 2 x 40 second spots were executed to:

1. Motivate switching by highlighting that many pre pay customers were in fact paying more by avoiding being on contract.
2. Explain the 'Clear 350' plan and communicate the range of extras.
3. Remove fear of commitment and instil a sense of control.

Ultimately, the radio enabled us to form the building blocks of comprehension and maximum effectiveness.

Print

There were 2 strands to our print strategy.

First, we launched with larger sizes to reflect the importance of the message and ensure we communicated the choice and flexibility of the total 'Clear 350' plan. 97 national press advertisements ran over a 5 week campaign From May 15th- June 24th.

Using a selection of national titles, we ran 25 x 4's and 15 x 8's. In order to gain momentum and aid comprehension, it was integral to present the complete 'Clear 350' with all the extras in one space to consumers.

In tandem with this, we ran smaller sizes that enabled us to increase our footprint in media, allowing us to weave our message into the daily lives of 15 to 34 year olds for longer (media buying target).

Regional press also ran from the 8th June, with individualized call to actions to drive traffic into each respective local retail shop to avail of the offer.

LAUNCH OF THE FULL 'THROUGH THE LINE' CAMPAIGN

TV

810 TVR's were run over a 4-week campaign from June 25th to July 19th. We ran three executions in total, breaking up the offer as follows:

1. 40" spot: Offer + evening and weekend calls extra and 30-day contract

2. 40" spot: Offer + landline calls extra and 30-day contract
3. 20" spot: Unlimited text and 30-day contract

Our goal for TV was to lead competitors on this medium. We would prioritise engagement and seek a continuous presence in 'must-see' programmes, while at the same time delivering quality up weights and key programme up weights. At a basic level, this meant associating O2 with key TV programmes targeting 15 to 34 year olds and following a leadership strategy in 'must-sees' for this audience.

Print

As before, print was primarily used to house multiple offer elements side by side, using smaller sizes to extend longevity. The reduction in weights allowed us to run multiple executions featuring one extra as the hero.

We cut down sizes across media to increase frequency for pulsed activity. Activity was also up weighted towards shopping days and the end of month to coincide with pay day.

Cinema

Our TV ad ran in cinema from October to November. It was positioned in the Platinum break immediately preceding all films screened in Carlton Screen controlled cinemas in the key pre-Christmas period.

Online ads

The online activity engaged consumers via the creative idea and linked customers back to O2.ie for full details of the offer.

THE RESULTS

1. Unprecedented growth in terms of acquisition and churn reduction when the world was ending.

By the first quarter of 2010, O2 were the only operator to grow revenue in market share.

Our dual strategy of focussing on the acquisition and retention of high value customers was showing unprecedented growth in our market share and revenue.

The campaign had succeeded in attracting the high-value customers O2 so

badly needed. Connections to the new 'Clear 350' plan jumped post pay additions by 70% in the first two months.

High Value Retention

Whilst maintaining an equal focus on retention of high value post pay customers, the reduction in churn was 10% from April 2009 to March 2010 and paid staggering dividends. The combination of attracting and retaining a larger base of higher value customers resulted in a 31% uplift in O2's annualised revenue.

The synergy of O2's value, flexibility and approach as a brand had finally settled the base. The elements of the 'Clear 350' plan were quickly repackaged by competitor networks, and yet our disconnections fell.

Disconnections fell by 10% from April 2009 to March 2010

Comparisons of ARPU

Although O2 continued to have a range of post pay plans for customers to choose, the campaign drove consumers specifically to the 'Clear 350' plan. With ARPU of the 'Clear 350' plan 38% higher than average post pay plan, the campaign investment was paying off.

Attracting existing O2 customers

The campaign also positively impacted on 31% of existing lower value plan customers by moving them up to the 'Clear 350' plan, although the activity didn't directly target existing customers. The campaign achieved growth within the O2 base on €0+ plans from 26% in March 2009 to 32% in March 2010.

2. Maintain Number 1 position in post pay market share from Vodafone.

In their 11 year history O2 had never before retained the number one position from Vodafone, the iPhone resulted in O2 becoming number 1 in the post pay market by May 2009. However it was effectiveness of the campaign that enabled them to retain that position.

Return on Investment

In 10 short months the campaign achieved a record 860.5% ROMI, we're looking forward to the final tally at the end of 2010.

The media investment would seem extreme in many other categories, however

the SOV figures for 2009 (figures based on rate card) showed we actually spent less in the highly competitive post pay sector than our other 3 competitors. O2 17%, Vodafone 30%, Meteor 20% and 3 mobile 33%.

Impact on behavioral attitude and payback

1. 'Lifetime' Revenue of high-value users.

If we consider that the results we have presented are only from May 2009 to March 2010, payback on these high value post pay customers does not take into account the potential lifetime value of attracting these high value post pay users and the value of our ongoing decreasing churn rates.

The average 'life' expectancy of a post pay customer before they churn again is between 2 to 3 years, so O2 will continue to reap higher ARPU rates from these high-value user.

2. Curbing the pre pay blight.

The campaign effectively altered the market trend and halted the hemorrhage and decline of the lucrative post pay user, as customers were migrating towards pre pay in order to actively manage their spend. However, if the pre pay market had continued to flourish, the threat to O2's overall profitability was enormous.

Pre pay revenues were in steep decline as a result of customers not burning through all the free credit the networks were offering them in order to gain share. O2 estimated that approximately 80% of their pre pay revenue was under significant threat. This market behaviour was not sustainable in the long term and posed a massive challenge for the company.

Appreciating how highly fickle this high value cohort were, and given the unique environmental factors that were pressurising them to remain on a pre pay plan, Rothco needed to creatively organise the context in which consumers would consider O2's 'Clear 350' plan, if we were going to convince diehard pre pay consumers to consider signing up for a contract. The 30 day opt out contract was already available on other networks, but they had failed to meaningfully communicate this to consumers, hence the ongoing reluctance to commit. We decided to creatively demonstrate the freedom of the contract opt out by showing our turtle 'walking away' after 30 days. Framing the 'Clear 350' plan in this way clearly demonstrated to reluctant pre pay consumers the choice to walk away should they wish, thus reducing the barrier to switch.

IN SUMMARY

‘Move to get More’ proves how a differentiated and engaging idea enabled advertising to achieve a complex and vast marketing challenge. The idea, messaging and delivery all served to resonate with an already bamboozled and fragile consumer. Sometimes it’s better to whisper if you want to be heard! The campaign convinced consumers that by taking the small step of moving to the ‘Clear 350’ plan - they would reap rewards and it certainly paid off for O2. And, for the first time, we achieved what was thought impossible - we got Irish mobile users to put their philandering pre pay ways behind them and finally commit.

“While the business and profitability impact of sustaining number one in post pay from May 2009 to March 2010 is evident, what was of equal importance was the direct competitive impact this result was going to have on our primary competitor, Vodafone. Sustaining this position became our rallying cry, and we saw that having an objective pointed directly at a single competitor, became a hugely motivating force of our employees and agencies alike. We were very clear on what had to be done. We were to sustain this position for as long as possible from Vodafone. This was hugely empowering, yet a daunting task but it provided the real energy for our drive. It was with the force of this campaign that we saw our numbers grow, leading to a position where we remain in net positive position – winning on customers - from Vodafone. As a result of this, we were also the only mobile operator to grow in revenue in Q1 2010. With Vodafone moving their global headquarters to Dublin, we sure have given them a welcome!”

Jonnie Cahill
Head of Communications and Sponsorships
O2 Ireland