

Turning Brand Truth into Brand Response. Three does Mobile As It Should Be.



Boys and Girls

AGENCIES



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COMPANY PROFILE

Boys and Girls is a creative agency founded in 2009 on the principle of “Daring Simplicity”. We believe that the simpler an idea, the more it resonates and the more it inspires action.

Over the last five years we have grown rapidly, and now produce award winning campaigns for a range of clients from indigenous brands, to large international companies as far afield as the Caribbean, the USA and Europe.

We work above the line, below the line, through the line, in areas where there is no line, in both analog and digital. Wherever we work, we believe that ‘Great work, works’.

Mindshare was founded in 1997 and was the first global media agency; Mindshare Ireland opened in 1999. Since then, it has grown to become Ireland’s largest media agency. The name Mindshare comes from a firm belief that communication is about share of mind not share of voice. Mindshare is positioned in the media investment management business and offers a full range of services including traditional media planning, buying and reporting, all forms of digital media including search and SEO, consultancy, research, business planning, budget setting, and direct response. Our focus is on accountable return on investment solutions for our clients.

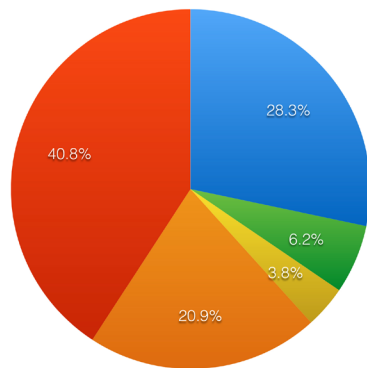
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Figure 1. Market Share - (ex. mobile broadband and M2M)

● O2 ● Three ● OAO ● Meteor ● Vodafone



Source: Comreg Quarterly Key Data Q4 2013

INTRODUCTION & BACKGROUND

NOTE

Throughout this case study we have stated market share excluding Mobile Broadband (HSDPA) and Machine to Machine (M2M) as no significant campaigns were undertaken for Mobile Broadband during 2013 and advertising communications have no direct impact on M2M contracts. (Examples of M2M include smart metering and vehicle GPS tracking used for delivery services.)

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Introduction & Background

Three launched in 2005 with a clear ambition, to make mobile better. In 2013 people finally got to see what better looks like – Three. Mobile As It Should Be.

Once dynamic, the Irish mobile market had become stagnant by the end of 2012. Aside from some minor in-roads made by Three and MVNO's like Tesco Mobile, 48 and Lycamobile, the big players remained in line with their spend, Vodafone, O2 and Meteor had remained relatively stable. By Q4 of 2012 ComReg showed that the big players were maintaining their share - Vodafone leading with 40.8%, O2 with 28.3% and Meteor with 20.9%. Three sat a distant fourth with 6.2% despite continual investment since launching in 2005. We needed to find a way of out thinking, if not outspending the established hierarchy.

In recent years the market had experienced a 'race to the bottom' with competitors going toe-to-toe with big value products like 'Free any network texts' or 'Free same network calls and texts'. They gradually neutralized each other's impact with each having virtually the same offers. Big value leaps were replaced by smaller incremental steps as the networks moved to use short-term deals to encourage switching.

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INTRODUCTION & BACKGROUND

Up to 2012, Three's growth had been built on a similar strategy to the competition; highly tactical campaigns that chipped away at the other players. While successful in maintaining modest growth in market share, it failed to build a brand as it sacrificed its long-term brand building approach in favour of short-term gains. The cost? By the end of 2012 Three was lost, with no clear 'place' in the market - with little to stand for beyond value and little for the consumer to recognize it by.

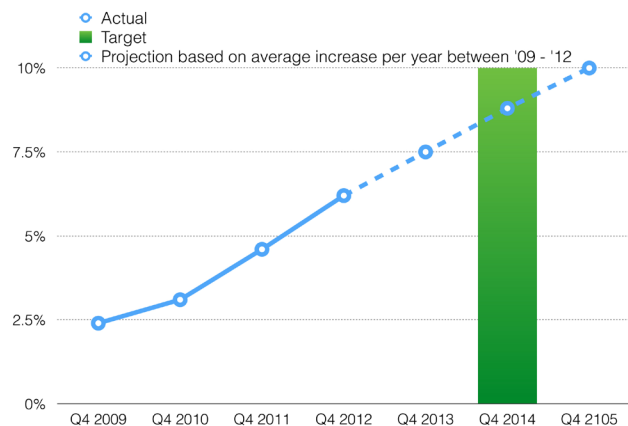
This is the story of how Three found its way, turning the brand around with an idea that delivered a long-term brand vision without sacrificing short-term gains.

This is a story of a Brand Response campaign as it should be.

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Figure 2. Market Share - (ex. mobile broadband and M2M)



Source: Comreg Quarterly Key Data Q4 2013

MARKETING OBJECTIVES

By Q4 of 2012, Three's problem was apparent - the brand itself, or rather the lack of one. A harsh and uncomfortable reality. While they had seen modest growth in market share it had also seen consistently disappointing results in terms of brand development. This was hindering the brand from achieving its long-term market share target of 10% by the end of 2014. In fact, if it continued at the rate it grew between 2009 and 2012 it wouldn't achieve this target until the end of 2015 at the earliest.

The main brand issue was that consumers struggled to identify with Three. They had little understanding of what the brand stood for and the associations they had weren't always positive. The brand had failed to shake off legacy issues such as coverage, trust and reliability.

Inconsistency of how the Three brand was communicated was the cause. Every campaign was different with no consistent style or theme and worse, no cohesive Brand Idea sitting at the core.

Those who knew or used Three associated it with value and innovation. However, for everyone else the perception of Three consistently performed poorly on those key 'hygiene factors' such as trust and reliability - making a potential switch to Three a risk.

These brand perceptions were a source of great frustration. Three had worked tirelessly to improve its network and invested millions of euros to get their performance on a par with the competition. The challenge these perceptions created provided us with our communications opportunity.

Improving brand perceptions wasn't the only objective. Long-term brand development couldn't come at the expense of short-term gains, the following commercial objectives also had to be met:

- (1) Accelerate the level of growth in market share to break the 10% mark by Q4 2014. As per the earlier chart (Fig. 2) this would require a significant increase in the rate of growth beyond the current level.

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Figure 3. Brand Health Scorecard

Trust	Brand Image	Brand Health Q4 2012 22 Target 26
Innovation		
Leadership		
Consumer Champion	Brand Disposition	
Consideration		
Loyalist		

MARKETING OBJECTIVES

- (2) Within market share sat the individual product acquisition targets that would need to be met to deliver on the main goal;
- ▶ Increase Bill-pay users
 - ▶ Increase the proportion of Bill-pay customers on plans over €40
 - ▶ Increase Pre-pay users

From a Brand Metric point of view a balanced scorecard approach was developed by Three and their research agency RedC to evaluate the brand performance against Key Brand Health Indicators.

The scorecard contained six key brand attributes. These have been identified by Three as key contributory factors to business growth. The six attributes are condensed into a tighter Brand Health Scorecard developed by RedC for Three. Key KPI's were identified and cross agency remuneration was dependent on achieving these KPI's.

Our objective was to concentrate on Trust and Consumer Champion as these two attributes would be the biggest contributory factors in moving the Brand Health figure from a score of 22 to 26 over the course of 2013. All of the attributes were tracked on a monthly basis.

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THE TASK

As already mentioned the negative perceptions of the Three brand were frustrating. As a business Three believed in doing the things the right way. Its DNA has always been about making mobile, not just a little bit better, but fundamentally better. Putting what the consumer needs first and developing products and plans that met those needs.

The proof of this was Three's great work from a product perspective. They launched market leading propositions like All You Can Eat Data (available on both Pre-pay and Bill-pay since 2011), Flexi-units, Best of Both, market leading Mobile Broadband, had invested heavily in network performance and coverage and rolled out the National Broadband Scheme.

Three believes in being The Consumer Champion. A product like All You Can Eat Data is a perfect example of this. While the competition were offering bite sized chunks of data, sometimes as low as 100mb, Three was offering unlimited Data. All You Can Eat in fact. Just what the consumer needed and probably a lot more.

Throughout the business there were more examples of how Three did things the right way and yet the brand continually fell short in terms of trust and reliability with consumers. By late 2012 the brand was entering its eighth year in the market yet the RedC tracking continually tracked it as not being 'a brand that is here to stay'.

Simply put we realized that the Three Brand was 'less than the sum of its parts'.

Despite these great products, the hard work and continual investment in the network the brand still suffered. Nothing tied it all together. There were lots of great stories within the business but what it needed most, what it was crying out for was a great brand story to bring it all together.

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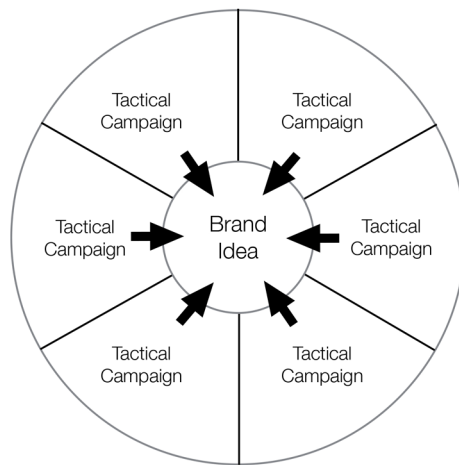
THE TASK

It was the perfect communications challenge, all the ingredients were right there in front of us. Great products developed with the consumer need in mind, a strong business belief in doing things the right way that permeated the whole organization and a client who fundamentally believed in building the brand to achieve its long-term goals. All we needed now was an idea and a strategic approach to deliver it. The natural next step next was to turn Three's greatest challenge to date, the brand itself, into its biggest asset for the future.

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Figure 4. Brand Response Model



THE STRATEGY

Our strategy was to develop a compelling Brand Idea that could be activated through every touch-point, tying together all the tactical campaigns required throughout the year into one cohesive brand story. Not a hollow brand manifesto ad that runs at one level with no connection to the business of increasing sales but a series of connected tactical bursts throughout the year that would drive sales under the same brand theme building momentum over the year. A true Brand Response campaign.

Big brand ideas in mobile are nothing new. For years the major brands have bombarded us with great big statements of 'Togetherness' and 'Empowerment'. Each trying to create a bond with consumers through a shared insight into a powerful human truth. And for a time it worked. Even Three have been guilty of attempting to convince consumers that they were 'Unstoppable'. But times have changed and if Three were to say something really powerful they would need to escape banal and meaningless brand statements and just start showcasing the truth. The Three brand really is different. Big bold steps, not incremental nudges. All You Can Eat instead of 'please sir, can I have some more'.

So that's where we started. With the simple, bold truth - Three does things the way they should be done.

Brand Idea

Three is Mobile As It Should Be.

Immediately we felt like we had struck gold. An inspiring, bold statement of intent that was also an honest straightforward brand truth. Our recommendation to Three was to lead with this truthful, straightforward and dynamic brand idea and use each individual tactical campaign throughout the year as an opportunity to prove it. From sponsorship to coverage, Bill-pay to Pre-pay each campaign was another proof point - another chance to demonstrate that the way Three does things as they should be done.

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THE IDEA

The Idea and Communication

Creative Strategy

The challenge creatively was to produce individual tactical campaigns that were hard working, creatively engaging and that moved collectively towards a more emotive tone. Each tactical campaign had very different subject matter, from a football sponsorship to an All You Can Eat Data offering when you Top-Up by €20, to a campaign dealing with coverage, to a Christmas ad – but all a clear individual demonstration of the brand idea - As It Should Be.

What follows is a short description of each product campaign and how they worked as individual tactical bursts while building towards the overall brand message.

Three Football – Support as it should be.

The first campaign was for Three's sponsorship of the Irish football team. At the time, Irish football was at an all-time low. Embarrassment at the European Championships epitomized the Trappatoni era, the media and many of the fans had turned against the team. Our insight was that 'support is always a positive act'; the creative idea was to produce an Ode to Irish fans from Three that celebrated "the best fans in the world". Rather than cast actors to play as fans, we enlisted the help of the fan group "Ye Boys in Green" to give our casting authenticity but also because they epitomized our idea of 'Support as it should be'.

Three Pre-pay – Data as it should be.

Next we showed 'Data as it should be', when you top up by just €20 with Three you get to use the

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THE IDEA

internet as it was designed to be enjoyed, unbridled, unfettered and unlimited with All You Can Eat Data. Now with Three 'Facebook You' can post to your heart's content, 'Twitter You' can tweet until your beak falls off and 'Regular You' doesn't have to worry about the bill. That's 'Data as it should be'.

Three Bill-pay – Bill-pay as it should be.

All You Can Eat Everything is a tariff that Three launched in May. It offered unlimited calls, texts and data for €39.75 per month. Creatively we used the idea of The Big Fish to show the scale of this offer. It's bigger than all calls, bigger than all calls and all texts, it's bigger than all calls, all texts and all data. In fact, it's the biggest deal in mobile. It's 'Bill-pay as it should be'.

Three Networks – The Network as it should be.

The Network campaign was critical in terms of Three's Brand Perception. The brief was to create an emotional connection with consumers and build important trust in the Three Network. The creative challenge was to take very functional subject matters like minutes, texts and megabytes bytes and make them engaging and emotive. The creative idea was a simple one – that, no matter how small, every little thing is important on Three's network. The result was "Three Little Words" demonstrating The Network as it should be.

Three Christmas – Christmas as it should be.

Finally, we produced the critically important Christmas campaign. Always a challenging mix of handset driving sales activity and the emotional pull of the festive season. This campaign was also about how the little things matter, especially at Christmas.

THE IDEA

How the tiny details add up to a 'Christmas as it should be'. The campaign formed a love story, one between two decorations hung together on the tree who fall in love only to be separated year after year. Through their story we show how little things make Christmas magic and reinforce the emotive brand tone that we had begun at the beginning of the year with our Football campaign, showcasing Three's focus on things that really matter and proving that they do Mobile as it should be.

Use of Channels

Coming into 2013 we knew from the brands own research (RedC) that current customers were positive about their experience of Three, believing they have discovered the best deal in the market place. The challenge for brand communications was how to encourage a wider customer base to experience what current Three customers already knew.

So how did we use media to overcome current perceptions?

Our overall media solution for 2013 was to Spark Curiosity and Enable Discovery.

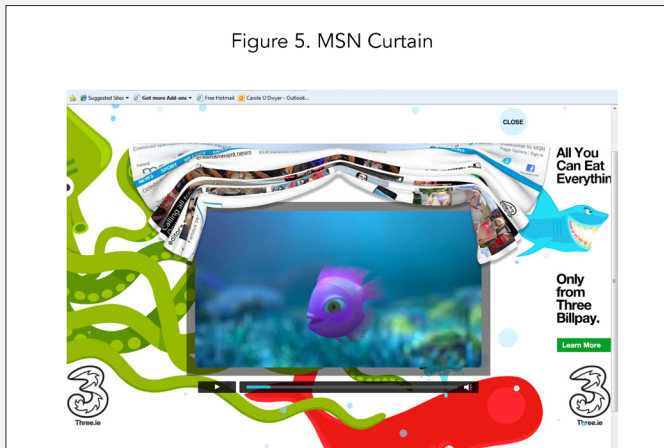
Sparkling Curiosity and Enabling Discovery allows Three to:

- ▶ Seize the attention of the target audience
- ▶ Create intrigue and invite action
- ▶ Enable consumers to take a voyage of discovery and learn more about Three (mobile centric or action centric communications)
- ▶ Educate non-customers – provide knowledge / facts what Three has to offer
- ▶ Give current customers a reason to talk positively about Three
- ▶ Work through the line: adapt creative messages around a simple media behavioural type for propositions, different segments, point of sale etc.

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Figure 5. MSN Curtain



THE IDEA

We created a media manifesto that detailed the rules of engagement with our audiences.

- ▶ Seize attention and surprise
- ▶ Prompt a behaviour or action (to satisfy curiosity)
- ▶ Bring consumers to our owned media / channels / stores (enabling discovery)
- ▶ Bridge the gap between offline and online driving more brand communications as opposed to solely tactical advertising
- ▶ Be shareable

On Audio Visual this included running road blocks at launch across all TV stations as well as Video on Demand so that no matter where viewers consumed their content they were all viewing a Three ad at a particular time. We also wanted to target the programmes that had a high affinity with our competitors customers. Through the use of our bespoke Addynamix system we were able to look at Nielsen data and ensure we had access to the programmes that did well for those customers of Vodafone, O2 and Meteor.

On outdoor it meant running with eye catching specials and large impactful formats while maintaining a high share of voice.

We are the only advertiser to ever take the whistle stop break on Sky Sports Premiership coverage, this helped us surprise our audience with an exclusive new ad placement, using our 'Support as it should be' execution to bring Three closer to the action and really delivering on our requirement to seize attention.

Across digital it included utilising media firsts such as the curtain creative on MSN to seize attention but also to drive to our destination. It meant using digital as a brand driving tool in addition to a working tactical format. We were able to use digital and social media to launch our new Football ad before it ran on TV creating a strong sense of occasion, surprise and shareability.

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THE IDEA

We also needed to ensure that we allowed for contextual placement as needed – for instance in the All You Can Eat Data Pre-pay campaign. We used press and online media placement so that each 'Digital You' character was seen where it would have the most affinity. 'Music You' was placed in print music sections and on music sites, 'Sport You' was included in sport sites and within sport pages.

Overall in 2013 our media strategy supported the brand strategy across all of its platforms, targeting and requirements.

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Figure 6. Market Share - (ex. mobile broadband and M2M)

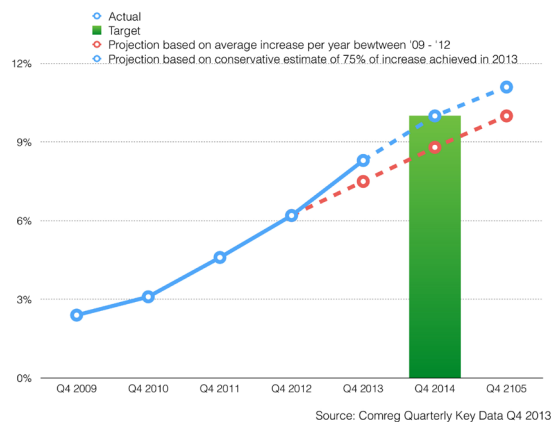
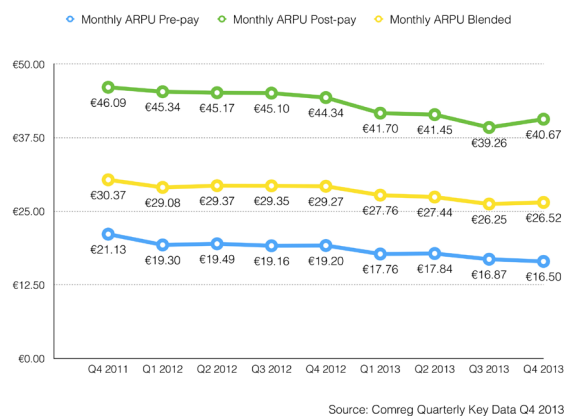


Figure 7. Monthly Average Revenue per User by Type



THE RESULTS

Results & Payback

We will now demonstrate how we performed versus our objectives as set out under 'Marketing Objectives' earlier in the paper.

Results

(1) Accelerate level of growth in Market Share

VThis was the most important metric our work would be judged against. Acquisition was they key aim for Three in 2013. If they were to hit their overall target of 10% market share by Q4 2014 then we would need to accelerate share growth up to 2% points per annum. The result was an outstanding success. Three's market share rose by 35% from 6.2% to 8.3%. Based on our conservative calculations the brand will achieve its 10% market share figure by Q4 of 2014 at the latest. One year ahead of schedule. In fact if the rate of growth continues at the same rate as 2013 we could see a market share as high as 10.8% by the same date.

(2) Individual Product Targets

i. Increase Bill-pay users

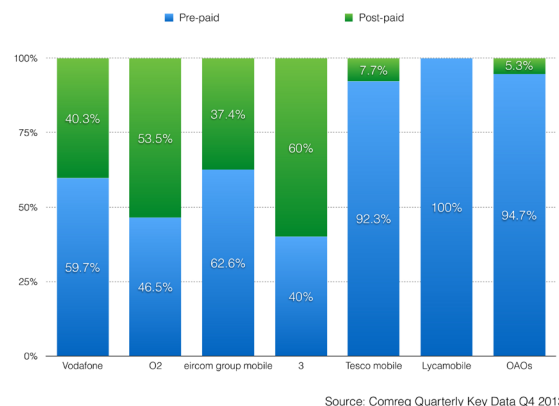
A major key to our success and one of the most significant contributors to our revenue share growth was the increase in Bill-pay users. Bill-pay customers contribute a higher ARPU (Average Revenue Per User) to the business than Pre-pay customers due to the monthly recurring cost and the contract length making them the most sought after customers in the market. The graph below from ComReg's Q4 2013 Quarterly report calculates the monthly average for the market at €40.67 for Bill-pay and just €16.50 for Pre-pay.

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Figure 8. Profile of Pre-paid and Post-paid subscriptions by Operator



THE RESULTS

Three's Bill Pay SIM sales rose a staggering 214% in 2013 compared to 2012. This increase helped protect the balance that Three has between Pre & Post-pay customers in favour of the more lucrative Post-pay type. Three has the highest ratio of these customers of any operator in the market.

ii. Increase the proportion of Bill-pay customers on plans over €40

To add to this outstanding achievement in Bill-pay SIM sales we also witnessed an amazing increase in our second objective. With the launch of the All You Can Eat Everything product using our Big Fish 'Bill-pay as it should be' campaign Three moved their proportion of sales on Bill-pay tariffs over €40 from 2% to 24% year on year. The highly aggressive target set before this campaign was 16% and even this was seen as 'stretching' given how low the base stood before the launch of this offer.

iii. Increase Pre-pay users

Our final specific sales measure related to Pre-pay users. On the back of both our All You Can Eat Data campaign and our Christmas campaign we saw Prepay SIMs sales increase by 26% from 2012 to 2013. This result is impressive but even more so given that the market trend is moving towards Post-pay. Our view is that our creative interpretations of the All You Can Eat Data product is finally cutting through with younger consumers who are hungrier for a data led proposition. Data volumes are the only mobile service on a consistent rise and the more the Three brand 'owns' this position with its market leading All You Can Eat offers in both Pre and Post-pay the more it stands to benefit from this growing consumer need.

THE RESULTS

ROI As It Should Be

To measure the overall effectiveness of the 'As It Should Be' 2013 Brand Response campaign, and without the benefit of having econometrics available, Three use the following equation to evaluate the financial impact of their campaign. Their ambition is to understand the return on investment for each €1 of media spend.

Adds x €LTV = ROI for each €1

€ Media Spend

NOTE

Adds = Additional customers acquired

LTV = Average Life Time Value (a different value is applied for Pre and Post-pay customers)

Media Spend = all media and ATL production costs

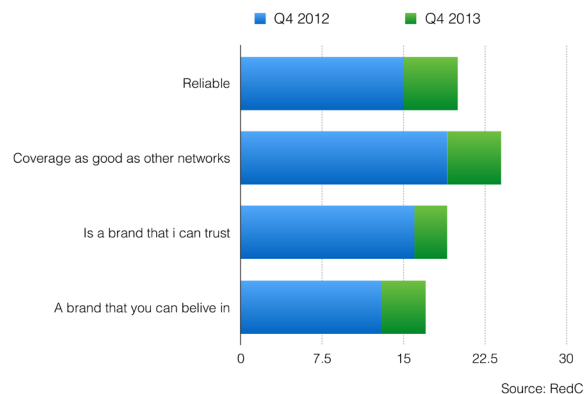
- ▶ *A number of assumptions are made*
- ▶ *Only connections made during campaign periods are included*
- ▶ *All connections during tactical ATL campaigns are attributed to advertising*

Based on the above, ROI on the Three As It Should Be Brand Response Campaign during 2013 is €1.92 for every €1 spent.

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Figure 9. Trust Image Statement Increases



THE IMPACT

Impact on behavioural attitude

Brand Metrics

Changing perceptions of the Three brand was the other key objective during 2013. As we outlined earlier the monthly tracking carried out by research agency RedC fed into a Brand Health Scorecard against which our cross-agency KPI's were set. As indicated in the 'Marketing Objectives' section of the paper the key attributes we focused on were 'Trust' and 'Consumer Champion' and what follows are the results for these and their overall contribution towards our improvement in Brand Health.

Trust

The four statements shown below are the key drivers of trust for the Three brand. They include statements about reliability, coverage and stability, all of which are considered the 'hygiene factors' that, beyond price, help convince consumers to switch networks. As outlined in the Marketing Objectives section earlier Three had found it difficult to make in-roads in these areas leaving the brand with a perception of 'risk' when it came to consumers considering a switch. As you will see Three has made considerable positive strides towards correcting this perception in 2013.

Reliability has seen a significant increase from 15 points to 20 points. This is an important measure as when it comes to acquisition it gives consumers peace of mind that their current service will be maintained should they move network. It is a critical measurement when dealing with younger consumers and businesses who are reliant on a network that has a continuity of service.

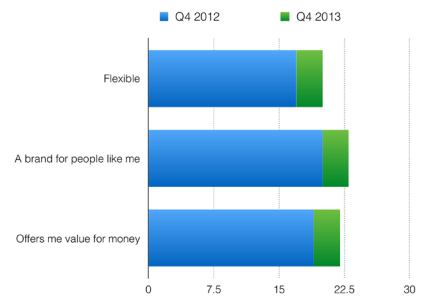
We witnessed the same level of increase in terms of the consumer perception of coverage. This has always been a legacy issue for the Three brand and one we addressed directly with the 'Three Little Words' tactical campaign in Q4 that demonstrated how Three was 'The Network as it should be'.

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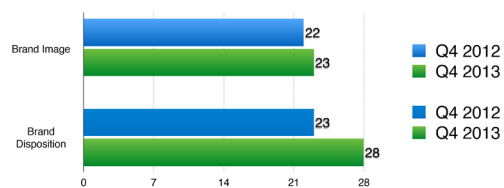
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Figure 10. Consumer Champion Image Statement Increases



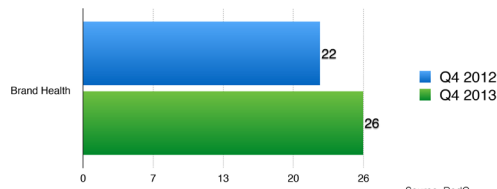
Source: RedC

Figure 11. Brand Image and Brand Disposition Increases



Source: RedC

Figure 12. Brand Health Increase



Source: RedC

THE IMPACT

Consumer Champion

Being seen as a Consumer Champion is critical to the performance of the Three Brand Health. It is the most significant contributor towards the Brand Disposition Indicator and again Three saw a considerable shift across the statements in this area.

Brand Image & Brand Disposition

Along with the improvements in Trust and Consumer champion, the brand saw other increases in terms of leadership (+1), Consideration (+4) and Loyalist (+5) with a minor decline in Innovation of (-1). The combined scores fed into the two key Brand Health indicators of Brand Image and Brand Disposition both of which increased year on year as a result.

Finally these increases helped us hit our overall Brand Health target of 26. A four point shift over the course of 2013 proving that our Brand Response approach not only helped us hit our multiple individual sales targets but also begun to build the brand over the long term. The true measure of a Brand Response campaign.

As predicted in the earlier score measurement improvements in these scores lead to improved business performance seen in both an increase in market share from 6.2% to 8.4% with an ROI of €1.92 or 92%.

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NEW LEARNINGS

Print As It Should Be.

The effectiveness of print is key for a brand like Three. As part of the monthly brand tracking all print executions are rated in terms of effectiveness by RedC using the RedStar Index. Up to Q3 we had used RedStar to review print campaigns however for Q4 we decided to use it to pre-test print executions to maximize their effectiveness.

The executions were benchmarked against previous executions from Three and from major competitors. The results provided us with a detailed heat-map of each execution showing us where consumers' attention was focused and what areas drew most interest. From this we gained important insights that we applied to the Christmas campaign to improve its effectiveness.

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SUMMARY

"Ideally, a campaign will be designed at the outset around an idea that can elastically accommodate brand and activation ideas i.e. a brand response campaign. The long and short of it."

- Les Binet

A little over a year ago, Three were producing tactical ads that were hitting sales targets but little else. Now the brand has a very clear idea that unites all of its communication. Campaigns are still tactical, driving footfall and sales targets, but they also crucially perform a brand job. They drive brand metrics, they increase trust and consideration and give people reason to understand and believe in Three as a brand. They have their cake and eat it too, and why shouldn't they? Isn't that what Brand Response was designed to do?

Isn't that Brand Response as it should be?

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