

Lidl: Gaining a lot from living a little

Chemistry & Media Works



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COMPANY PROFILE

Chemistry is Ireland's most creative agency. We have a strong track record in transforming the fortunes of our clients. We love to create work that is controversial, work that gets people talking. And we love to create work that engages on a deep emotional level, or simply makes you laugh. But above all, we love work that works. And we love to be where our client's consumers are. To that end, our most powerful creative ideas have two facets in common: they clearly match marketing intent with consumer need, and they come from insights based on a thorough understanding of the context the idea needs to operate in. So although we prize creativity, we never regard it as an end in itself. Its true purpose is to realise our clients' marketing objectives. This was our belief when we established Chemistry as a fully integrated communications agency in 1999, and it remains our belief today.

Mediaworks was launched in 1996 and is part of Core Media, Ireland's largest media buying group. Our approach has always been to firmly position our clients at the heart of everything we do. We see ourselves as an extension of our clients' marketing departments. We don't see our remit as being limited to media planning, but as an integral part of the greater communication process. Our positioning is "Forward Thinking". This means being at the forefront in all aspects of marketing communications, not least the constantly evolving media landscape, in order to ensure our clients remain firmly ahead of the competition.

INTRODUCTION & BACKGROUND

In 2001, an alien landed in Ireland, bringing with it a concept never seen before in this market – a discounter supermarket. Being a sceptical bunch, the Irish at first viewed it with suspicion. What was this strange thing, full of strange alien food? However, it wasn't long before the DIY enthusiasts were surprised and delighted to discover an array of drillbits, hammers and spirit levels at unheard of prices. Ski fanatics were also thrilled to pick up all their paraphernalia for prices they couldn't believe. Before long, walkers, gardeners, home decorators, petrol-heads and all kinds of other hobbyists were popping in to see what magical items for even more magical prices were to be found.

The “alien” of course was Lidl and for another nine years, Lidl experienced immense growth by serving up the unexpected to the Irish consumer, who fluttered with excitement to see what deal would be brought to them each week. Stores opened up across the country and the alien began to settle into communities across the land.

As you might recall, during this time, Ireland was surprising and delighting itself with its own success. Celtic Tiger Ireland was experiencing unprecedented financial highs. But then Ireland hit a deep recession and the Irish consumer faced a wake-up call like never before. Spending was curbed; people started looking for ways to spend less and soon the word “austerity” was inescapable.

You might have expected that a discounter supermarket, selling an array of products at far cheaper prices, would flourish during this time but instead, as store expansion slowed down, Lidl's growth began to stagnate and eventually flat-lined.

This case study will demonstrate how Lidl's investment in brand and a brand campaign helped it achieve impressive growth in a challenging market.

MARKETING OBJECTIVES

Business Objectives

Put simply, Lidl wished to increase turnover. At the point of setting the targets, the market was in negative growth, so this was no small ask. However, we agreed the following commercial target: to achieve yoy spend growth.

Marketing Objectives

In order to achieve growth, and in the absence of new store expansion or changes to the business model, we set ourselves a number of marketing objectives. These objectives were designed to help us both increase footfall and also encourage deeper shopping behaviour amongst existing customers.

1. Grow consideration – which we agreed we would measure by changes in penetration.
2. Grow our share of main shop – Lidl’s “in and out” promotions model drove a decent level of footfall but with no new store openings planned, Lidl needed to convert their existing footfall to shop more deeply.
3. Prove advertising’s effectiveness to the rest of the business – Lidl’s internal culture was sceptical about how marketing could impact the business; we needed to prove our value and demonstrate the contribution advertising makes to overall sales. Ideas and learnings from other markets did little to help this argument and in some cases, even compounded the problem.

Communications Objectives

In order to engage the Irish consumer, we understood that Lidl needed to stand for something clear in the mind of the consumer. To achieve this, we needed to create a strong position for the brand.

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MARKETING OBJECTIVES

To cut through and grow, we wanted Lidl to become distinct amongst its competitors and in particular, create distance between it and its closest rival Aldi.

Increase Mum's engagement with the brand – the more she liked and engaged with the brand, the more likely she was to shop at Lidl.

THE TASK

With no significant changes to the business model or to the store footprint and aggressive sales growth objectives to achieve, our ambitious alien had a daunting task ahead.

Changing deeply entrenched behaviour: Lidl had good penetration in terms of footfall through the door. However, these shoppers were coming in on a mission – and that mission was typically to purchase a short-term promotional item. This was the behaviour that had been encouraged by the retailer for over 12 years; rewiring shopper behaviour was going to be a challenge.

Minimising risk for the consumer: Mum had less disposable income. Therefore, when spending her limited cash, she was averse to spending it on something she wasn't familiar with.

Beware of the unknown: Mum was not familiar with Lidl's grocery offering, therefore was not considering Lidl for grocery purchases. And for the small few who were aware of Lidl's grocery offering, they had been given no reason to trust its quality.

Competing in a busy sector: The grocery sector is one of the busiest sectors in terms of marketing – cutting through would be difficult.

Competing against itself: Lidl's business model has been built on its "in and out" promotions which came from the international business, and this business model was not going to change.

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Verbatims (pre-campaign qual)



Source: Spark Research

THE TASK

Weak brand image: Lidl stood for cheap. And cheap in all senses of the word – low prices were good, but consumers were also equating cheap with poor quality and poor service. However, from extensive testing and research, we knew that this was just a perception issue. Lidl actually had very good quality products that scored well in consumer taste testing. A new and strong brand image would be quickly needed to replace the weak image.

Alien: And remember, Lidl was alien, seen as foreign, not Irish. During the recession, supporting Irish had become more important to Mum. However, merely saying we supported Irish was never going to be enough. Again, we firmly believed that positioning the brand and speaking to her in a relevant way would be crucial to helping our alien become a naturalised Irish citizen.

To address all of the above challenges, we decided a strong brand communications platform was needed.

THE STRATEGY

Humanising the alien

We were speaking to a consumer whose mindset had been radically altered since Lidl originally entered the market. Trust in brands had been shattered. A 'price promise' was the modern equivalent of a barcode. The number of ads people were seeing had doubled in less than 5 years. If Lidl was going to succeed and continue to grow its business in Ireland, it needed to be brave; it needed to fundamentally change the way it spoke to shoppers.

As mad as it sounds, we had to humanise the alien.

Connecting the alien with Irish Mum

We carried out extensive research to gain real insight into our consumer. Rather than focus on just the price of groceries, we looked to their aspirations. Mum with children aged 8 -18 is our core audience. Our insight: even on a budget, Mum desires to live well. Living well covered being healthy, hospitable, aspirational, even a little indulgent.

We developed a brand architecture to guide the business and from this, developed a brand belief: people should be able to live well without spending the earth.

We created a new strapline "Choose to live a little." Mum loved this thought; it tapped into her wish for herself and her family to make the most of life. From this we created, for the first time, a brand world and a set of values to guide the organisation.

Mum's experience of retail

The grocery sector is hugely cluttered and typically communicates on a functional basis. Replicating competitor activity was not going to provide the desired impact on Lidl's growth, so instead we needed to look to the brand.

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THE STRATEGY

At the time of planning this campaign, we were just emerging from recession. Not only was Mum experiencing austerity but she was being reminded of it daily by supermarkets who bombarded her with price and item offers from all angles. Furthermore, Lidl was perceived as cheap and growth had stagnated; therefore it was clear that Mum did not choose where to shop for price reasons alone. Therefore, we made the strategic decision to separate our brand communications from price, and to not compete on value alone.

Which Mum to win

During our investigations into the market and insight gathering, we noticed a correlation between the Tesco shopper and the Mum we had identified as being most strategically valuable to us. Therefore, we decided to up-weight our efforts to convert the Tesco shopper into doing more shopping at Lidl.

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THE IDEA AND COMMUNICATIONS ACTIVITY

Prior to this brand launch, our communications had mainly focused on functional benefits and helping to increase quality perceptions for the brand. Lidl had never communicated a brand position to the Irish consumer and we had big ambitions. Therefore, we believed it was best to firstly establish the new brand proposition and then layer in the brand benefits.

Year 1 - Launch the new “Choose to live a little” brand position:

May 2014 marked the launch of the new Choose to live a little brand to the Irish market. This entailed more than just the production of a TV campaign; it was a massive logistical operation which relied on the collaboration of multiple parties within the client and agency teams.

The first step of this was to develop a brand bible. A huge team of people across different functions were going to need to work at speed in a collaborative and integrated way. Chemistry’s creative director and a creative team worked closely with Lidl’s internal design team, developing a design identity and new tone of voice based on the new position, and this was supplied to all team members.

The new position, Choose to live a little, then needed to be executed the length and breadth of the organisation. This entailed the following:

- ▶ 100 photography concepts, 60 of which were lifestyle led and 40 were high quality food. These were designed to be suitable for use in large formats such as outdoor billboards as well as in-store signage.
- ▶ Over 140 Lidl stores across Ireland were fitted out with new signage and new brand POS using the new brand photography. Each piece of collateral demonstrated to the consumer different ways in which they could “Choose to live a little.”



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THE IDEA AND COMMUNICATIONS ACTIVITY

- ▶ Staff engagement was a vital part of the rollout plan. We ran a two-day event in the Guinness Storehouse to educate all senior management on the benefits and value (including commercial value) of investing in the brand. This was then rolled out nationally so that every member of staff at Lidl was fully engaged before the campaign launched.
- ▶ 6 x new TVCs were shot. These showed the many different ways that Lidl can help you to Choose to live a little, even when things might not be going your way elsewhere in life.
- ▶ The weekly offers leaflet was transformed from being a busy piece of collateral - crammed full of information in multiple fonts - to a beautifully presented brochure, still communicating offers but now in an invitational tone, full of ideas to help you live a little.
- ▶ No stone was left unturned and the transformation continued across every channel, including online, radio, email campaigns, staff uniforms, shopping bags and much more.

Year 2 - layer in benefits that help you “Choose to live a little”:

Over the following months, we could see the transformational impact of the new brand position through our tracker and at the tills. We now progressed towards building in benefits based on Mum’s needs and wishes for her family – healthy eating, local, summer eating, back to school, a break from the norm. However, we knew Mum was sick of seeing a beaten down version of herself (always in the kitchen, of course) reflected back at her. So instead, we created entertaining alternative family situations to convey the benefits of main shopping with Lidl:

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THE IDEA AND COMMUNICATIONS ACTIVITY

- ▶ Firemen (always a hit with the ladies!) told us how their lives were made healthier after they started to main shop with Lidl.
- ▶ Nuns began to “go out” a lot more... To their garden to enjoy BBQ food.
- ▶ An older couple were inspired to spice up their lives after discovering the range of international food themes available in Lidl.
- ▶ A man obsessed with all things Local found an easier, more convenient life.
- ▶ And a schoolboy found himself the most popular kid in school after his mum started shopping at Lidl.

Again, all of these benefits were communicated through all appropriate touchpoints, both owned and bought.

Use of channels

Were we to succeed in humanising the alien, we would need to depart from what was the normative behaviour within the category. Historically, print media and in particular national newspapers have been the core battleground within which retailers have fought price wars (in 2012 almost 70% of supermarket adspend was still in print). In a market that was becoming increasingly cluttered, we needed to reevaluate how we intended to cut through, particularly in that value-driven environment which had traditionally served us well.

In order to connect with the modern Irish Mum, we knew our media selection needed to reflect a ‘Mum first’ rather than a ‘Lidl first’ approach. Trusted media such as TV would allow us to introduce her to Choose to live a little, building familiarity with the brand through frequency over time. We launched TV on April 28th, 2014, with a heavyweight burst across all channels running for 5 weeks.

THE IDEA AND COMMUNICATIONS ACTIVITY

After that, rather than pull off air entirely, we decided to pulse the campaign, alternating between TVCs right throughout the summer, and in turn demonstrating to viewers that this was not a flash in the pan, but that there was permanency to our proposition.

We were forensic in our programming selection. Our TV buy was based around the shows Mum loved, but the targeted nature of the medium meant that we could also identify the shows that Tesco shoppers loved, such as Eastenders, Ireland AM and The Voice of Ireland. Identifying these properties early on in our planning process meant that we could give our TV buyers a timely, detailed brief, in turn enabling them to book early and block Tesco and other competitors from access to those audiences.

The over-reliance of our competitors on print presented an opportunity in other media too, where we could claim high share of voice at a relatively low cost.

Section takeovers on key news sites allowed us to target specific days of the week with vibrant, aspirational creative. RTÉ and TV3's players were integrated into our TV channel mix, extending our audience reach and ensuring that we were speaking to Mum in her own time.

We overhauled our print strategy, divesting one-third of our budget out of newspapers and into magazines and supplements. We targeted cover positions – typically not synonymous with supermarket adverts – to surprise readers and help convey the fun side to the Lidl brand.

Our campaign launch extended right across cinema and outdoor too. We targeted the summer hit, “Mrs Browns Boys D’Movie”, with our ‘Break-up’ TVC, confident that the show’s popularity with Mums on the small screen would transfer cross platform. Our outdoor campaign focused on fewer, higher quality 48 Sheet and Adshel sites and again – ripping up the rule book – we prioritised locations outside of the main cities rather than defaulting to the norm and over-indexing in Dublin and Cork.

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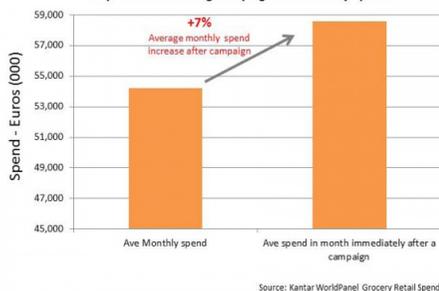
Achieved DOUBLE our YOY growth targets



This equates to an average yearly increase in turnover of **€68.8 million**

Source: Published data from Kantar WorldPanel

Impact of advertising campaigns on monthly spend



RESULTS

NB For the purposes of this case study, reported data is using most recent figures for 2016 (12 weeks to end February) and equivalent periods in 2015 and 2014. All tracker charts commence from January 2014, 5 months prior to campaign launch, so a fair and accurate image of the impact of the campaign can be given.

Business results

We had set ourselves a growth target of +5%, which was very ambitious given the post-recession environment in which we were operating and the increasing competition (offers and media spend) from other supermarkets. However, we over-achieved our growth targets each year.

Lidl's average growth rate is 5x higher than the market growth rate, which according to recent Kantar figures, lies close to 2.1%.

"Lidl has now seen double digit growth for the fourth consecutive 12 weekly period. The retailer is successfully driving growth across the board, with a higher number of shoppers visiting its stores more often and spending a larger amount each time."

Georgiann Harrington, Kantar World Panel

We must ask ourselves, however, can we attribute this growth directly to the advertising communications campaign?

In a nutshell, yes, for a number of reasons:

1. In the absence of significant new store openings during this period or any changes to the business model, we could only conclude that the Marketing Communications played a strong role in achieving Lidl's growth.
2. And secondly, if we compare the average monthly spend figures with the spend figures (Kantar) when in campaign, there is an average 7% uplift during the month immediately after the campaign start date.

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RESULTS

We can also exclude any notion of a general rise in discounter popularity. Lidl achieved growth that was double that of Aldi, but during the same period, Aldi were opening about 10 new stores per year, which Lidl was not doing, so their store expansion would have been a significant contributing factor in Aldi's growth.

Marketing Results

Increased Total Share of Shoppers:

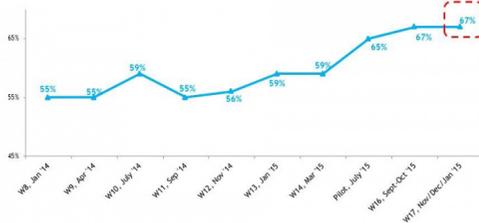
Our brand tracker reflects the published commercial figures. We experienced significant increases in penetration over the duration of the campaign at +12%.

Again, we can track this against when we were in campaign, where we can see a +12% increase in total share of shoppers (penetration) pre-campaign versus present day. Furthermore, in the 5 months preceding the campaign launch, growth had been flat, proving the impact of the campaign. This increase has been sustained over the duration of the campaign. The below chart proves the correlation between penetration and advertising impact. (NB tracker measures every 3 months; both campaigns launched on the 1st week of May.)

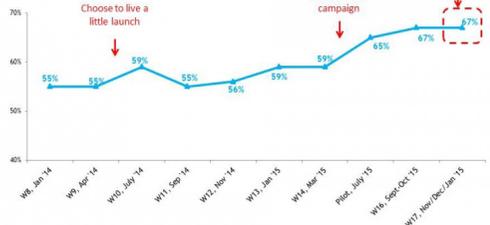
Increased Share of Main Shoppers:

While we were thrilled to have increased penetration, we were particularly keen to make an impact on main shop behaviour. Main shoppers, aside from spending more money when in store, tend to be more loyal, which in turn tends to mean they become better advocates of the brand. The chart opposite demonstrates how Lidl's main shop share has increased over the duration of the Choose to live a little campaign. Importantly, this increase has been sustained.

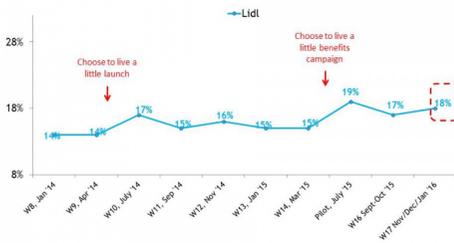
+12% increase in Total Share of Shoppers (penetration)
2014-2016



Correlation between penetration and advertising
2014-2016



+4% increase in Lidl's Total Main Shop Share (penetration)



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Market Spend Share increasing at a faster rate than Market Share

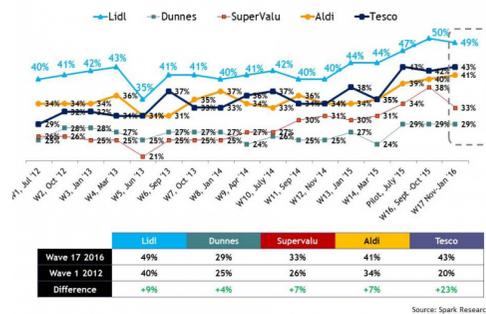


Increased Share of Repertoire Shoppers:

Lidl also grew its repertoire shopper share.



Lidl also grew its repertoire shopper share.



RESULTS

Furthermore, Lidl's spend growth is ahead of its market share growth, which means that it is attracting a more valuable customer i.e. one that spends more or main shops.

Given that Lidl historically had the highest penetration of repertoire shoppers, there was a risk that this could decrease if we focused heavily on Main Shop. The worry was how it would affect the "In and Out" or promotional side of the business. However, we were successful in not only retaining our top spot in repertoire share but also growing it. Beyond protecting the existing business model and increasing main shop behaviour with our existing customers, this proves that we were successful in persuading more people to simply try Lidl. And given that the penetration has been sustained, we can conclude that they are repeat visiting.

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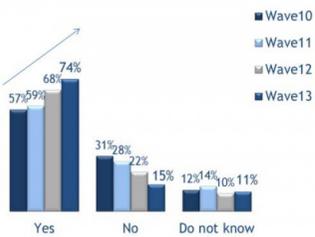


ADFX
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HIGH & GROWING AWARENESS OF CHOOSE TO LIVE A LITTLE

Q: Do you recall hearing or seeing the slogan "Choose to live a little" used recently in relation to a grocery retailer?

Spontaneous Awareness of CTLAL – 15% (Variations)

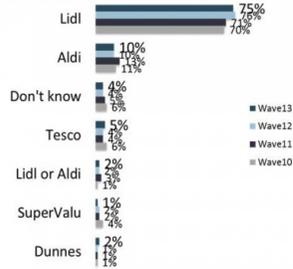


Source: Spark. Base: 1,014 (All ROI Shoppers)

HIGH ATTRIBUTION LEVELS

Q: What grocery store do you believe that the slogan "Choose to live a little" belongs to?

Consistent use of the CTLAL slogan has resulted in consumers becoming more and more familiar with the CTLAL campaign



Source: Spark. Base: 748 (Those who recalled hearing or seeing CTLAL)

RESULTS

Communications results

We had set out to create a strong position for the brand and help Lidl become distinct amongst its competitors, particularly in separating it from Aldi. Choose to live a little was immensely successful in achieving this, as the charts on the left prove.

And Mum really understands the meaning of Choose to live a little – the strength of the brand position meant she understood its meaning well at launch, and this was sustained.

Q: Please let us know whether these adverts suggest any of the following to you?



Base: 1,014 (All ROI Shoppers)

Source: Spark Research

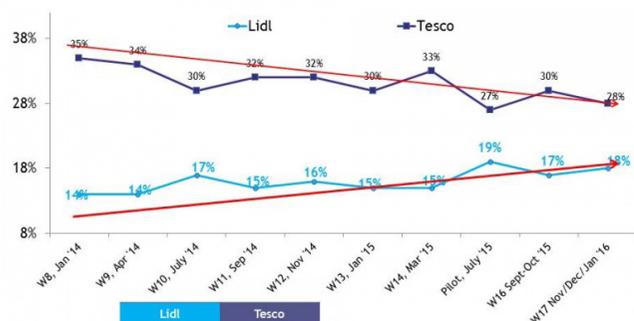
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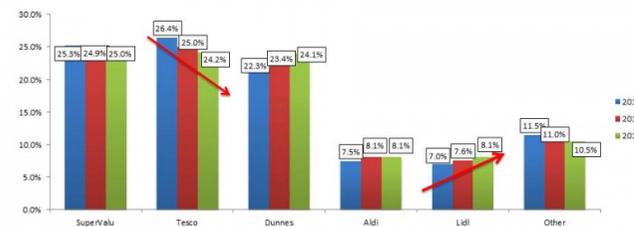
Total Main Shop Share increase (penetration) – where did the growth come from



	Lidl	Tesco
Wave 17 2016	18%	28%
Wave 8 2012	14%	35%
Difference	+4%	-7%

Source: Spark Research

Independent market share reports from Kantar reflect the brand tracker, showing yoy increases in Lidl's market share while Tesco's market share has trended downwards



Source: Kantar World Panel Market Share 12 weeks ending 28th Feb 2016, 1st March 2015 and 2nd March 2014

IMPACT ON BEHAVIOURAL ACTIVITY AND PAYBACK

We had focused on the Tesco shopper as a key consumer to target and encourage behaviour change. In short, we wanted them to stop main shopping in Tesco and start main shopping in Lidl. There is very strong evidence that our strategy was “on the money.”

We saw in the Results section that Lidl was successful in growing its main shop penetration by +4%. If we look at shifts in penetration across the two brands, you can see Tesco lost main shop share while Lidl gained. While we cannot claim to have received all of Tesco’s churned main shoppers, we are confident that we did win the majority of them over. We looked at other factors that could have impacted on Tesco’s decline. We can see Aldi gained just under +2% of main shoppers during the same period (half of that achieved by Lidl) and Dunnes Stores gained just over 1.5%. This leads us to conclude that Lidl must have won most of Tesco’s main shoppers.

Over the same period, Kantar’s spend figures tell a similar story. Looking at this in context:

- ▶ Lidl’s market share jumped +1.1% up to 8.1%, a significant increase in a market valued in the thousands of millions (€9,225,816,000 to be exact).
- ▶ SuperValu remains flat.
- ▶ Dunnes Stores achieves a greater jump in spend figures which has been attributed to their strong, longterm vouchering promotion (the more you spend, the greater the voucher you get for your next shop). This explains why their spend figures have increased ahead of their penetration figures.
- ▶ Aldi’s spend increases are half that of Lidl, which reflects the penetration figures. It’s also worth noting that Aldi opened on average 10 new stores per year during this campaign (approx. 20 over the two years) which accounted for much of their growth; Lidl did not have this type of store expansion.



IMPACT ON BEHAVIOURAL ACTIVITY AND PAYBACK

Kantar have been effusive in their reporting of Lidl's success and reflect that they have gained more from Tesco's lost share than closest rival Aldi:

"Lidl enjoyed the strongest growth within the grocery market with sales 11.6% ahead of Christmas 2014 – an additional 44,000 people chose to shop with the retailer this year."

David Berry
Business Unit Director, Kantar Worldpanel
18/01/2016

"Lidl's double digit growth continues, improving their market share by half a percentage point. Over 66% of Irish households shopped in a Lidl store in the past 12 weeks, compared with less than 60% five years ago. Aldi's growth is more modest but remains impressive, with larger shopping trips increasing sales by 3.0%."

David Berry
Business Unit Director, Kantar Worldpanel 14/03/2016

The impact also extends beyond the Tesco shopper. Having laid the groundwork for a very strong brand, Lidl are now sponsoring the Ladies Gaelic Football Association, having taken over the mantle from Tesco. A short few years ago, Lidl, our alien, would not have been accepted as sponsor of an organisation so rooted within the fabric of our culture. Already, Lidl are making waves within this area - but that is a story for another case study.

NEW LEARNINGS

This case study proves that brand stretch is achievable, if you follow these 5 steps:

1. Insight is everything: appeal to your consumer's aspirations, not just her needs.
2. Elevate your brand from its category: Lidl has transformed from being a supermarket to a lifestyle enabler.
3. Plan meticulously: if you're stretching your brand, remember to take a few steps between where you are now and your destination. You can learn a lot on your journey.
4. Engage your internal stakeholders: win them over and you multiply your brand's opportunities to succeed.
5. And finally, stay ambitious.

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SUMMARY

During its first decade in Ireland, Lidl experienced successful growth on the back of aggressive store expansion and offering something new and different to the Irish consumer – the discounter model. However, as new store openings slowed down and its competitors started to up the ante, Lidl needed to look to marketing to achieve new growth. In partnership with Lidl, Chemistry developed a distinctive and emotive brand position, Choose to live a little. With the support of media partners, Mediaworks, a hugely successful campaign was rolled out, achieving phenomenal growth for the Lidl brand.

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MEDIA GALLERY



Choose to live a little – Local



Choose to live a little – Healthy Eating



Choose to live a little - Today is the day



Choose to live a little - Playground



Choose to live a little – Summer Eating