

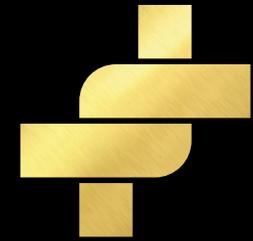


GOLD

Long Term Effectiveness

**Vodafone - The Tin Man Gets a Heart: 5 years of
Elevating and Celebrating the Vodafone Ireland Network**

Grey London & Wavemaker



ADFX
AWARDS
2018



Company Profile

Grey London

At its heart, Grey London is an open, vibrant collaboration of over 400 people who look at the world in a different way.

Our creativity defines us and shapes everything we do.

Our ambition is to create more than just adverts.

Our mission is to collaborate with the world's most ambitious brands to play a meaningful role in culture.

Wavemaker Ireland

Wavemaker Ireland was born in in January 2018 with the merger of two GroupM owned agencies, MEC and Maxus, to form a brand-new media, content and technology agency made up of 38 experts in Digital, Data, Media, and Platform Management.

At the heart of our business is our Purchase Journey obsession which, through support, consultation, and execution, helps Vodafone translate audience behaviours and insights into smart decisions today, for a prosperous tomorrow.

The logo for GREY, featuring the word "GREY" in a bold, red, sans-serif font.The logo for WAVEMAKER, featuring a stylized "WM" icon above the word "WAVEMAKER" in a bold, black, sans-serif font, with the tagline "MEDIA. CONTENT. TECHNOLOGY." below it.

Introduction and Background

MARKET OUTLINE - IRISH MOBILE MARKET REACHES ITS PEAK

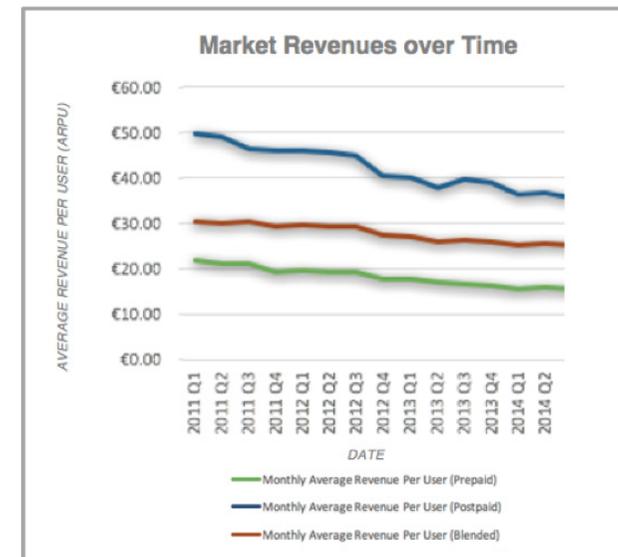
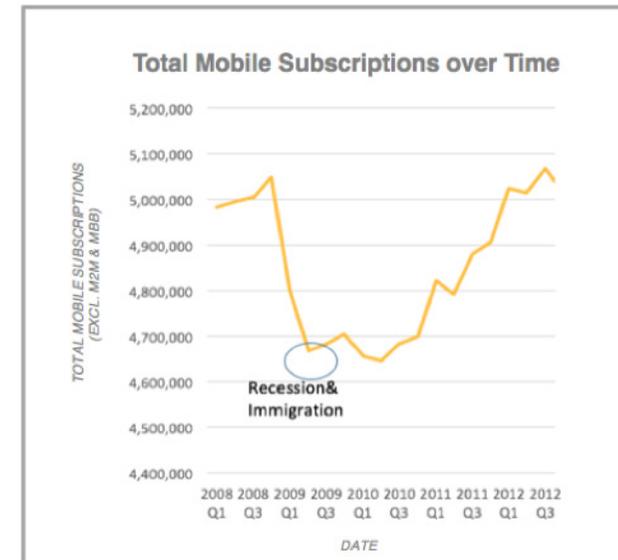
- By the end of 2012, the Irish mobile phone market had peaked - subscriptions exceeded people in the market as penetration reached 119%.

DECLINING REVENUES ACROSS THE MARKET

- Network offers had become richer and deeper as operators aggressively fought for market share. Revenues were driving downwards, which further fueled the competitive roundabout.

VODAFONE'S NUMBER ONE MARKET POSITIONING WAS AT RISK

- Vodafone were number one in the market, but their market share of subscriptions was dropping thanks to highly aggressive new entrants, who were effectively buying share.



Introduction and Background

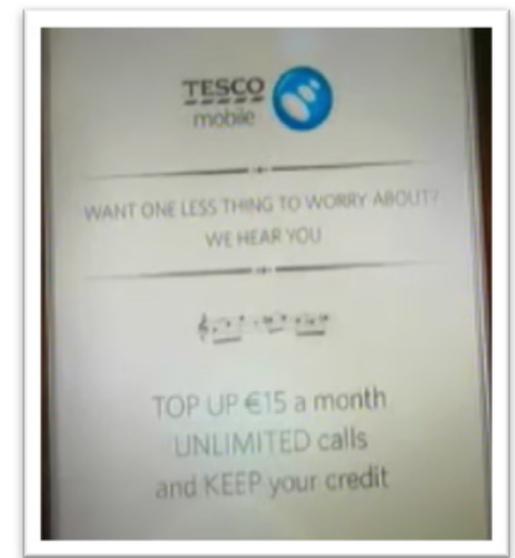
- Tesco was offering cheap offers on the Pre-Pay side, and Three Mobile were going after the Bill Pay market with their "All-you-can-eat" data offer.

AS THE MARKET STAGNATED, PRE-PAY WAS IN DECLINE VS THE GROWING BILL PAY SEGMENT

- The main growth in the market was in conversion from Pre-Pay to Bill Pay contracts.
- However, despite its overall market leader position, Vodafone were not No. 1 in the more dynamic and profitable Bill Pay market.

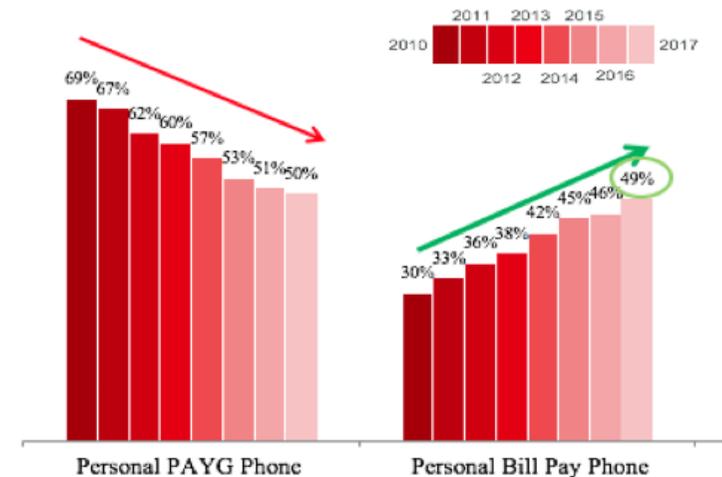
WITH A COMPETITOR MERGER AFOOT, VODAFONE HAD A BATTLE ON ITS HANDS - THE FIGHT TO MAINTAIN FIRST PLACE

- In July 2014, just one year into Vodafone's new strategy, everything was set to change for the Irish telecoms market.



Summary of Mobile Services Held Personally

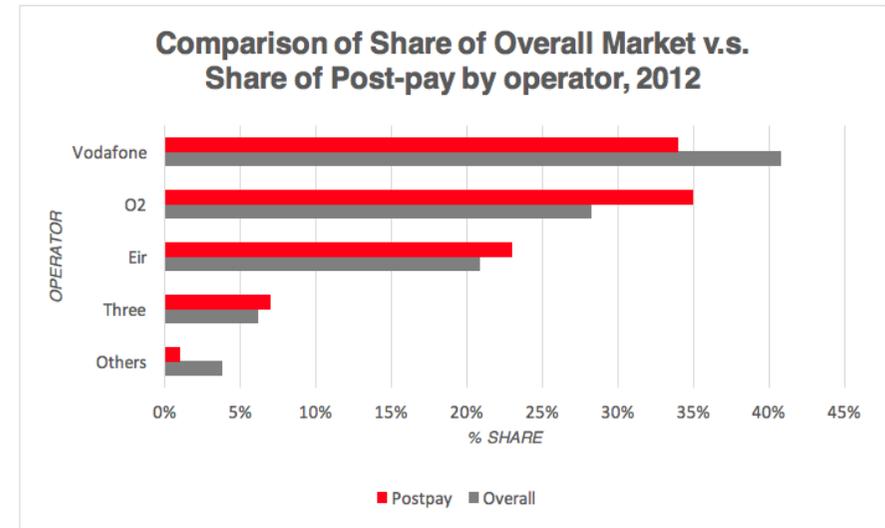
(Base: All Adults Aged 16- 3,017)



Marketing Objectives

Three Mobile were to purchase O2 Ireland in a deal worth €780m, acquiring approximately 1.5m active customers overnight and growing their market share from 9% to 34%.

- This posed a serious threat to Vodafone's leadership. Market growth was being driven by Bill Pay where O2 were the incumbent leader⁵. Coupled with Three Mobile's rapidly growing market share and deep discounts - the cheapest offers within Bill Pay - and you have a marriage made in telco heaven.
- Vodafone faced a hellishly real danger of slipping behind post-merger.



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1. ComReg Quarterly Key Data Reports, 2008-2012
 2. ComReg Quarterly Key Data Reports, 2011-2014
 3. Vodafone Market Sizing research, Empathy, 2017
 4. ComReg Quarterly Key Data Report Q4 2012
 5. Vodafone's base was 36% Bill Pay; O2's base was 38% Bill Pay; Three's base was 11% Bill Pay.

Marketing Objectives

THE OBJECTIVES:

As the mobile market matured and competition increased, there was a real danger that a race to the bottom would begin - with providers focusing on price rather than service.

Vodafone wanted to maintain profitability by increasing the share of Bill Pay customers on their base, becoming the clear market leader in Bill Pay by focusing on their brand and superior network and thereby maintaining a price premium.

OBJECTIVES SUMMARY:

Become the leading Bill Pay provider in Ireland without sacrificing revenue per customer.

COMMERCIAL:

In a market where Average Revenue Per User (ARPU) was declining, Vodafone sought to:

- Return to number one position in Bill Pay in Ireland

Marketing Objectives

- Become the most profitable provider in Ireland, by transforming the business base from being focused on lower ARPU Prepay to higher ARPU Bill Pay.
- Increase the length of life of the customer by reducing churn.

MARKETING

- Maintain consideration gap of Vodafone Bill Pay among non-customers, vs. competitor set

ROLE FOR COMMS

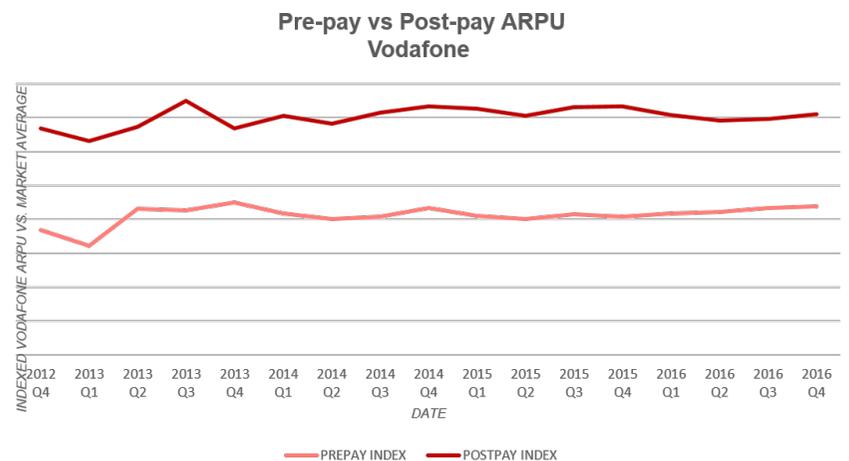
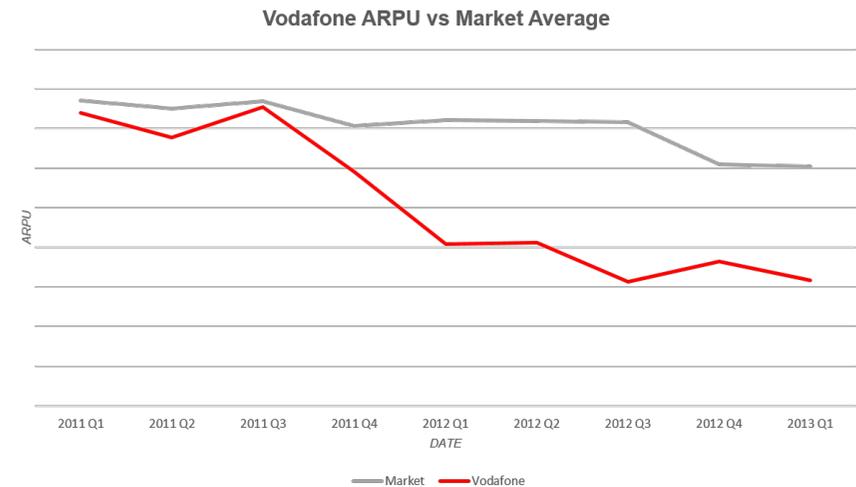
- Build the Vodafone brand by bringing the benefits of the network to life in a relevant and appealing way to customers and non-customers.
- Own superior network performance - fast and reliable connection
- Maintain value perception - that Vodafone is worth what you pay for.

The Task

Even for the overall market leader, these were ambitious targets.

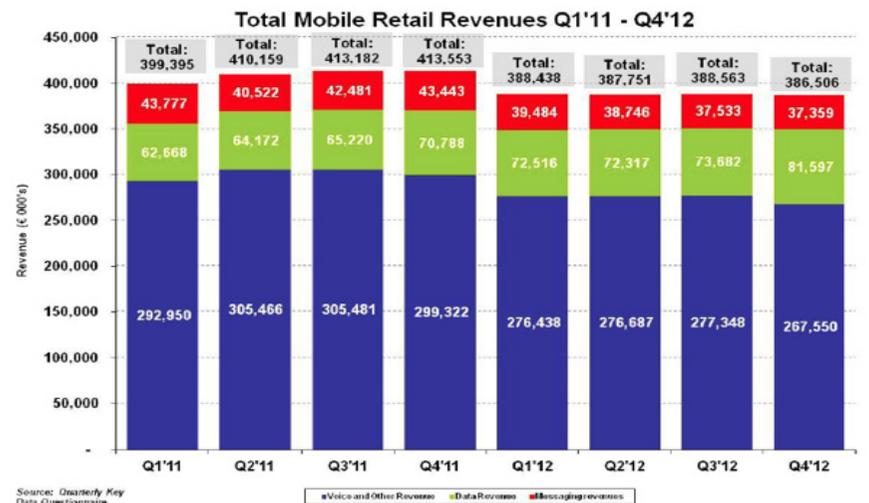
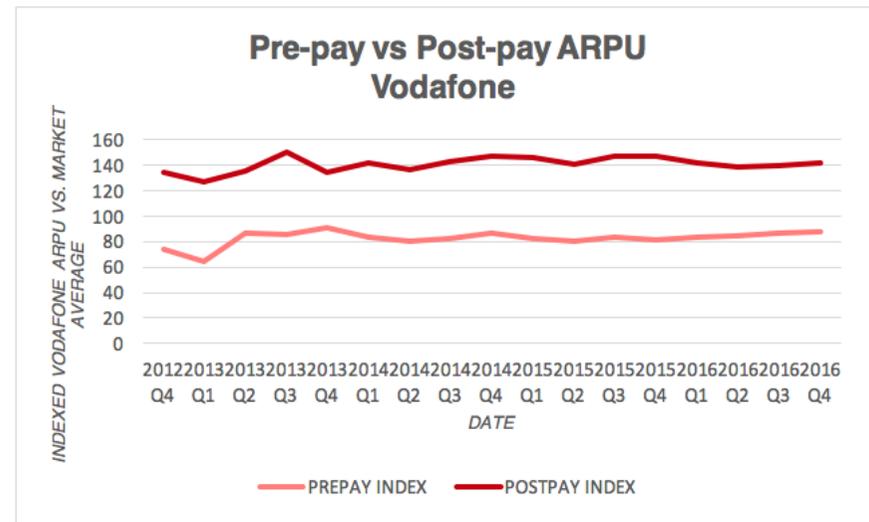
Throw into the mix a multitude of market, competitor and consumer factors and the scale of that task grows even higher.

- **VODAFONE'S ARPU WAS BELOW MARKET AVERAGE AND DECLINING**
 - Vodafone's customer base was predominantly Pre-Pay - and consequently lower spending and more promiscuous switchers than their more profitable Bill Pay counterparts.
- **WHY DOES BILL PAY MATTER? IT IS THE HOLY GRAIL OF GROWTH**
 - The Bill Pay customer is vital for mobile operators, not only is their ARPU significantly higher, but they are more loyal and less likely to churn.



The Task

- **ENTRENCHED BEHAVIOUR: The Bill Pay Customer is rarely in active switcher mode**
 - The Bill Pay customer may be the most lucrative customer, but they're also the most difficult to attract. Even with the most appealing offer, it is almost impossible to trigger immediate action since most are signed up to 12-24-month contracts.
 - So the available switching market is only ever a proportion of the overall mobile market.
 - In the quarter to December 2012, of total Bill Pay subscriptions (1,895,079), just 27% were new additions, and just 5% were consumers switching between operators.⁹
- **THE RISE OF SMARTPHONES PLACED GREATER EMPHASIS ON DATA QUANTITY**
 - Data was increasingly important as a revenue stream - comparing Q4 2011 to Q4 2012, data revenues were up by 15%.¹⁰



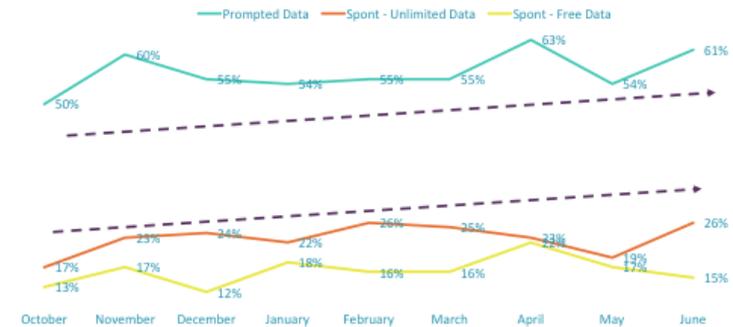
The Task

Vodafone had long held the network advantage for quality. However, as smartphone penetration increased customers were starting to focus on data quantity (unlimited and free data), driving consideration for and churn to competitors.

- **COMPETITOR THREAT - With an imminent merger between O2 and Three Mobile, could Vodafone weather this storm?**
 - Three Mobile's large 3G and 4G data allowances had helped shape the market. Coupled with value driven offers, plus the imminent merger with O2 (with more ABC1/higher margin subscribers), this posed an even more serious competitive threat.

The Impact of Data on Churn – SPONTANEOUS AND PROMPTED

(Base: All Vodafone Churners)



Unlimited data and free data are increasing in importance over the last 9 months as spontaneous reasons for churn to new provider.



The Task

6. Market ARPU - ComReg Quarterly Key Data Reports, 2011-2013; Vodafone ARPU - Vodafone internal data
7. Vodafone internal data
8. ComReg Quarterly Key Data Reports, 2012-2017
9. Q4 2012 - total post-pay market of 1,895, 079 subs; 516, 286 gross additions; 107,720 ported numbers; Source: Comreg Quarterly Key Data Report, Q4 2012
10. Comreg Quarterly Key Data Report, Q4 2012
11. ComReg Quarterly Key Data Report, Q4 2012
12. Vodafone Churn Report, RED C

Three set to take on Vodafone in all-out price war after its €800m buyout of O2

PROJECT 'Ozone', the €800m buyout of O2 Ireland by Chinese giant Hutchison Whampoa, owner of mobile operator Three, will lead to an unprecedented price war.

Vodafone the big loser in wake of 3 Ireland deal, says Moody's



Vodafone

 Adrian Weckler  
June 14 2014 2:30 AM



The Strategy

OUR STRATEGY: TRANSFORM THE BUSINESS BASE FROM BEING FOCUSED ON LOWER ARPU PRE-PAY TO HIGHER ARPU BILL PAY WHILE MAINTAINING PROFITABILITY (IN A MARKET WHERE ARPU WAS DECLINING)

Against this increasing competitor threat, the way to increase profitability in a stagnant market was to win greater share of the Bill Pay market.

But we needed to find a way to secure leadership in the Bill Pay market whilst simultaneously maintaining premium pricing.

In short, we needed to find a way to capture the public's imagination in a way that reframed value as offering more, rather than simply costing less.

So, while the category was racing to bottom, we sought out a way to push ourselves to the top by highlighting Vodafone's quality advantage.

- **THE POWER OF THE NETWORK**

Research showed that network performance was a key consideration driver for customers and non-customers.

The Strategy

NETWORK PERFORMANCE WAS THE PRIMARY DRIVER OF CONSIDERATION

Drivers of Consideration							
Importance				Ranks			
Overall category	Vodafone Drivers	Vodafone Customers	Vodafone Non-Customers	Overall category	Vodafone Drivers	Vodafone Customers	Vodafone Non-Customers
Network Performance Provides a fast and reliable connection	19%	20%	18%	1	1	1	1

Figure 13

Furthermore, qualitative research supported that the most critical factor to own in the Irish market was coverage.

“For both segments, good coverage emerges as the most important attribute”
Coyne qualitative research

“It is great that its fast, but that’s no good if I can’t get signal on my way home”
O2 customer, 25-35 Bill Pay

“I can’t even get signal in my kitchen, I have to go outside to make calls!”
Meteor customer, 25-35, PAYG

The Strategy

WHEN LOOKING AT CONSIDERATION ACROSS THE COMPETITOR SET, THERE WAS NO CLEAR "BLUE SKY" - VODAFONE WANTED TO GROW THE GAP TO TAKE A CLEAR LEAD (Figure 14)

LIKEWISE, VODAFONE'S LEAD ON NETWORK CREDENTIALS WAS NARROWING (Figure 15)

Vodafone's advantage in competitive perceptions of its network performance was waning, but this didn't really add up.

Why? Because quite simply, Vodafone had the best network in Ireland.

ELEVATING AND CELEBRATING THE NETWORK:

Historically, the conventional approach to communication was through price and device - selling what we had to offer rather than championing any higher order benefit to consumers. Hiding in plain sight however, was a sleeping giant of an asset that we had never explicitly advertised - our network.

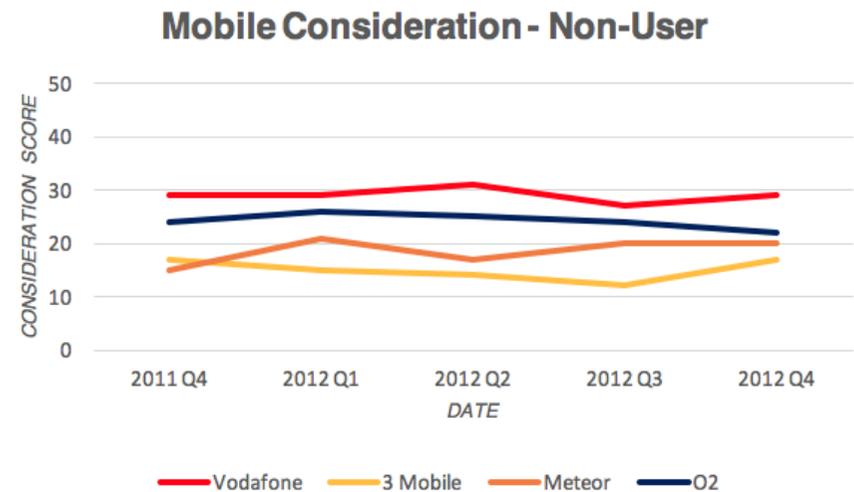


Figure 14

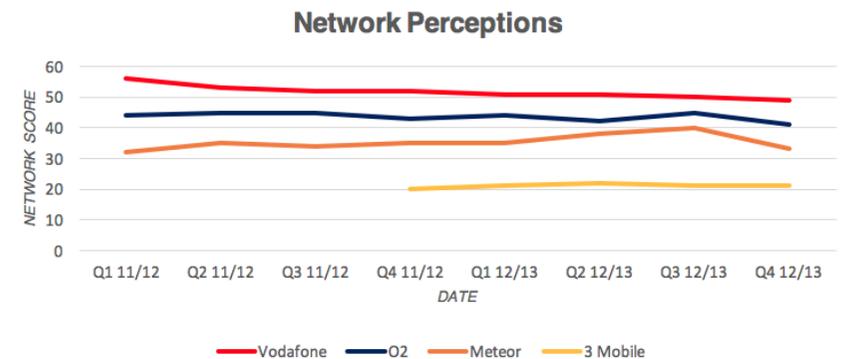


Figure 15

The Idea

At the time of developing the campaign strategy, neither Vodafone nor the category at large had placed the network front and centre of communications.

This seems all the more remarkable when we fast forward to present day where we proudly champion our network using independently verified claims - from being the number one mobile network for voice and data¹⁶, to having Ireland's fastest network.

We know that brand advertising works by driving salience, so for our strategy to work we needed to continually build and refresh those associations with best network consistently over time.¹⁷

We needed to let people know that we had the best network in Ireland.

We needed to take something invisible and intangible and make its presence felt.

Figure 13. Vodafone Consumer Brand Tracker - Consideration Driver Analysis, GfK, 2014

Figure 14. Vodafone Consumer Brand Tracker, RED C, 2011-2017

Figure 15. Vodafone Consumer Brand Tracker, RED C, 2011-2017

16. Sources: P3; Ookla Speedtest, 2017

17. Byron Sharp, How Brands Grow: What Marketers Don't Know

The Idea

HUMANISING THE DUMB PIPE - THE TIN MAN FINDS ITS HEART

- It's difficult to love a mobile phone operator. Years of expensive charges, the occasional 'bill shock' and ironclad two-year contracts make them more like an enemy than a friend.
- The balance of power had shifted from networks to manufacturers (like Apple and Samsung) and networks were becoming commoditised as little more than dumb pipes.

INSPIRATION

Mobiles. Not so long ago they were about talk and text. Now and tomorrow, they're that and so much more, increasingly amazing "do anything" mobile PCs - remote controls for busy lives.

And when it's all going swimmingly, that feels exhilarating, we love it.

But to keep the momentum, your phone has to work - on-demand and seamlessly.

Why? Because when we drop a call or can't get a signal indoors, it feels so irritating, as if life itself is buffering.

The Idea

ISSUE

- People really under-appreciate their network's role in powering the every day-amazing stuff we do on our smartphones.
- When things work, the phone gets the credit - when things don't, the network gets blamed.

INSIGHT

We expect the phones to just work. But it doesn't happen by accident and it doesn't always happen. The secret sauce is the network. And not all networks are created equally.

CREATIVE TASK

Vodafone needed a new brand platform that positively challenges this apathy, raising 'network quality' much higher in people's minds and positioning Vodafone as the one network you can count on.

- **ON A FUNCTIONAL LEVEL**
We wanted to elevate Vodafone's superior network - showcasing the improvements and advancements that are setting the pace for the rest of the category.

The Idea

- **ON AN EMOTIONAL LEVEL**

We wanted to bring this to life in a way that connected to consumers' lives, felt relevant and showed the true value of being with the best network. In short, to help the tin man finally find his heart.

IDEA: QUALITY COVERAGE MATTERS

- We shifted the category conversation from focusing on quantity of data to the importance of quality of network.
- When everyone else talked about costing less - a sea of deep discounts and data giveaways - we took a consistent, long-standing approach to elevating the true value of what Vodafone offered: a superior network.
- Leveraging our USP as Ireland's best quality network, we dramatised the everyday moments where quality coverage matters most.

To bring this idea to life, we identified three ingredients which would deliver the emotional pay-off of the network benefit.

The Idea

- **OUR COMMUNICATIONS FORMULA:
HELPFUL HUMANITY**

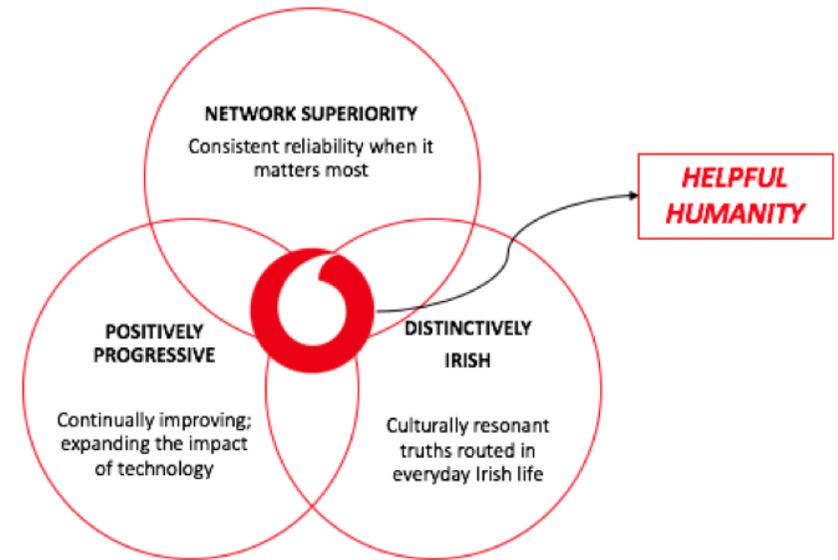
For the purposes of this paper we will focus on three key phases of activity, all bound by this red thread of Helpful Humanity.

Phase 1: Network Improvement, "Even better coverage across Ireland"

'THE WAIT'

Remember when you could stay happily in denial if he never called?

'The Wait' was an integrated campaign dramatising the benefit of Vodafone's continually improving network through a lovelorn teenage girl. Despite full coverage, she never gets that call - resolving in the line "if you don't get that call, it's probably not our network."



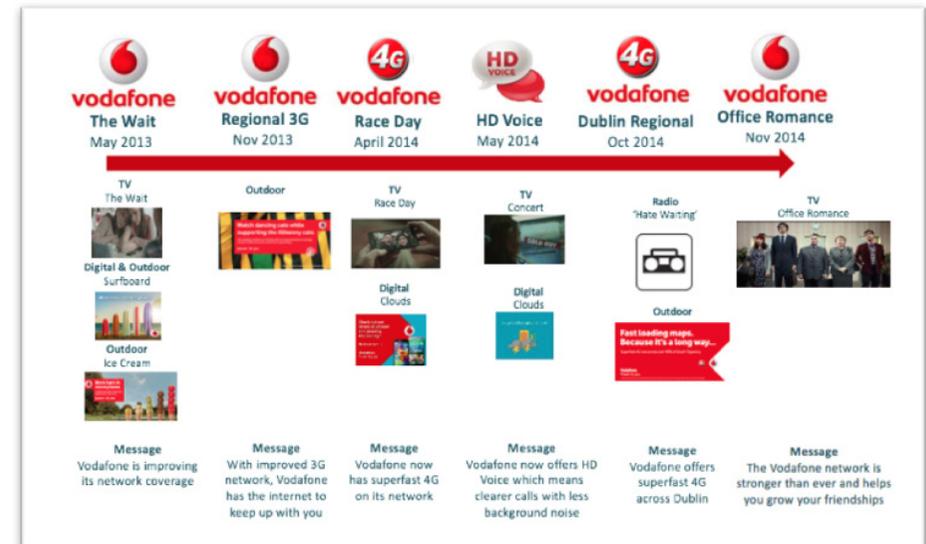
The Idea

REGIONAL ROLLOUT OF 3G, 'HEARTBREAK' (HD VOICE) 'RACE DAY' (4G LAUNCH), 'OFFICE ROMANCE'

As Vodafone's network improvements rolled out, communications championed that the network was the strongest it's ever been.

Three distinct regional campaigns helped make our network locally relevant and tangible. As 3G rolled out regionally, we built on our story to show that we were now bringing data wherever there is voice.

Building on our established voice quality to grow credentials in data would be even more vital when it came to announce our 4G launch through 'Race Day'. Meteor were first to launch 4G18. However, by waiting until we had sufficient coverage before we promoted it through comms, we had the credibility to announce 4G through a more emotional lens. 'Race Day' showed how our network helps people do great things every day.



The Idea

'Heartbreak' revealed a unique feature of our network - the ability to get incredibly clear calls on your mobile, without background noise. We dramatised how HD Voice technology helped one friend be there for another in her moment of need.

As our 4G network strengthened, 'Office Romance' dramatised how even better mobile and data coverage and Superfast 4G make it easier to keep in touch with the people you care about.

Phase 3: Network Invitation, *"Put our network to work"*

'ANTONIO', 'PIGGY SUE', '4G TO THE RESCUE'

2015 marked a crucial turning point, with 4G-enabled handsets reaching critical mass.

As competitors sought to capitalise by fighting the battle on data quantity - driving value down through propositions like Three Mobile's "All you can eat data" - Vodafone wanted to bring to life the superiority of their data quality. Challenging consumers to put Vodafone's network to work underscored their confidence in the reliability of their quality coverage.

The Idea

'Antonio' tells the story of a chef down on his luck until his son films him singing in his restaurant. The video goes viral and strikes a chord with cringing teenagers everywhere.

Competitors soon caught onto the power of humanising the network and followed our lead attempting to build their own network reputation, such as Three Mobile's "Loneliest Whale".

So, it was even more important that we kept our advantage and made it famous.

The 'Piggy Sue' campaign took the campaign one step further - building on Vodafone's network credentials to show the benefits of Vodafone's Superfast 4G Network and the availability of 4G in over 90% of Ireland.

Piggy Sue was quite simply the little pig that captured the country's heart, provoking a spontaneously strong emotional reaction and driving social media discussion: *"Twitter is having a meltdown over the Vodafone pig... the little pig that has captured the country's heart"*.



The Idea

And even inspiring a parody Republic of Telly sketch:

The final campaign '4G to the Rescue' demonstrated that Vodafone had the best 4G network in Ireland by bringing to life the real moments when great 4G coverage matters most.

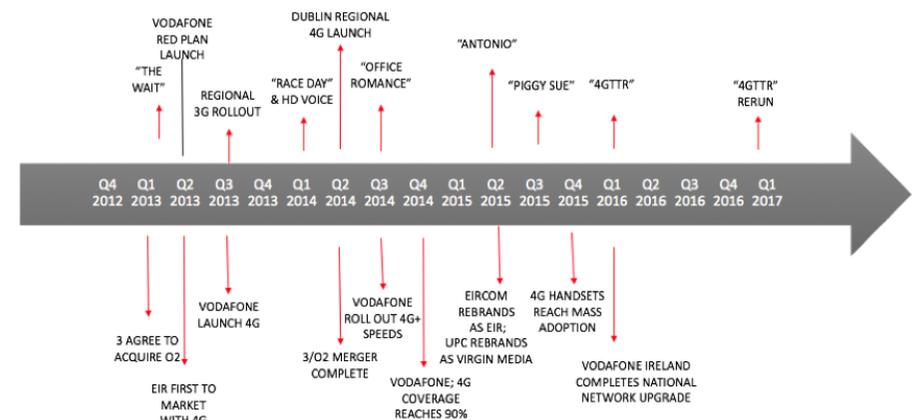
In this light-hearted campaign we showed how Vodafone's superior 4G coverage gives you the edge. We set the scene by launching a wide-reaching TV and OOH campaign and adapted the story to small and relevant 4G moments using contextual media and creative placement.



USE OF CHANNELS

Prior to 2012/13, the focus of Vodafone Ireland media activity was promoting 'price and device', i.e., retail-led messages supporting plans, tariffs and handsets. Vodafone's investment in the network led to a media strategy which mapped the purchase journey of a population-wide Irish audience of mobile phone users.¹⁹

TIMELINE OF KEY ACTIVITY



The Idea

Like any brand with hidden infrastructure as its core, we needed media to demonstrate both utility and emotional appeal by:

- making the invisible visible through media that gives physical presence to the power of the network
- ensuring consumer 'mental availability' through media that dramatises, at scale, key everyday moments of usage.

Through deep analysis of the key media drivers of brand health²⁰ and proprietary purchase journey and touchpoint insights from MEC/Wavemaker's Momentum, we identified the consumer needs, the influences and the role that communications could provide at each stage of the journey.

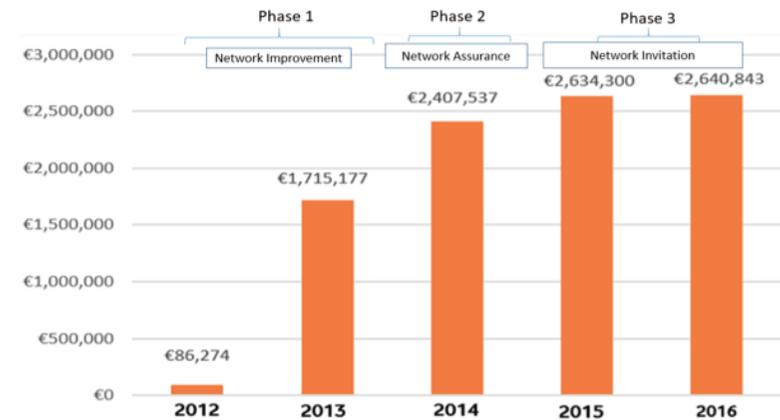
In three key phases, rolled out over a five-year period, we mirrored the growing capabilities of Vodafone's superior data network.

The Idea

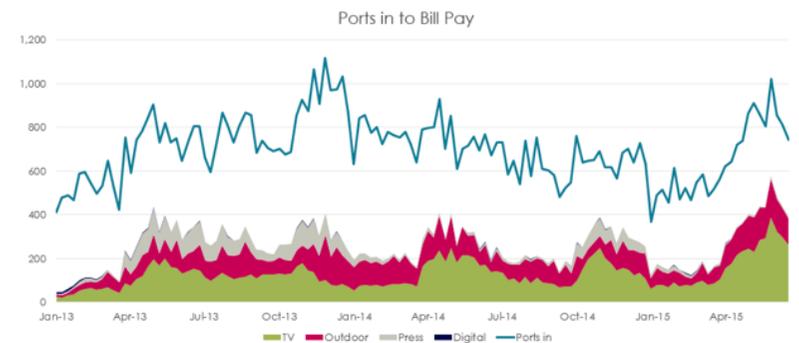
Phase One - awareness building activity to announce network improvement. This was the beginning of the transition from 'voice' network to 'voice and data' network, targeting both users and non-users. 'The Wait' campaign was led by national OOH and TV demonstrating physical presence and coverage. Brand reinforcement was also important at this stage in preparation for the upcoming O2 and Three Mobile merger.

Phase Two - With network awareness built, we now needed to offer network assurance. Spend was expanded to include a regional rollout programme. Again, using heavyweight OOH to deliver physical presence, we focused first on Dublin where 4G network was strongest, building out into the regions to match the coverage growth of the network. At this stage, we began to substantially increase our investment in TV demonstrating the confidence of a national network and recruiting non-users through emotion-led media.

VODAFONE IRELAND NETWORKS MEDIA SPEND



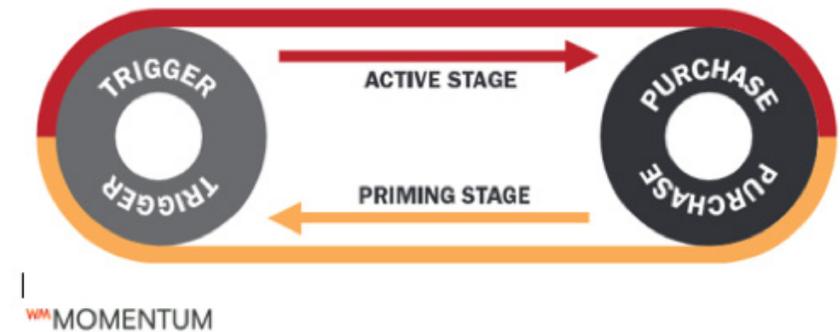
Media contribution: Ports in to Bill Pay. TV and outdoor have biggest effect
In 12/13, 25% driven by media. In 13/14 and 14/15 it was 35%



The Idea

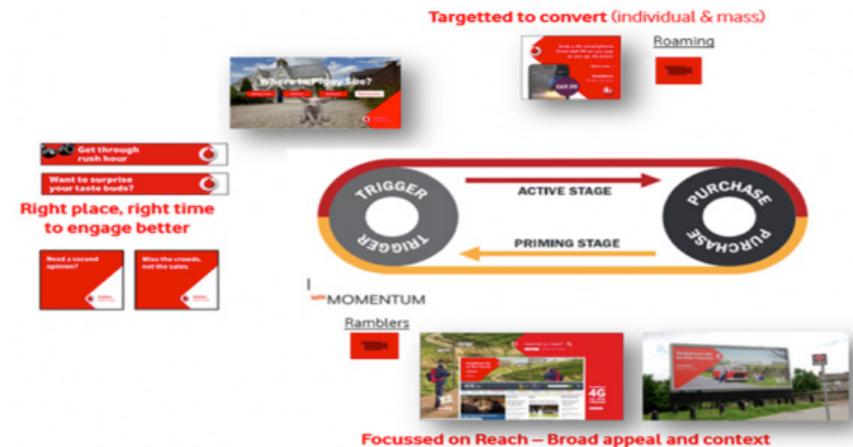
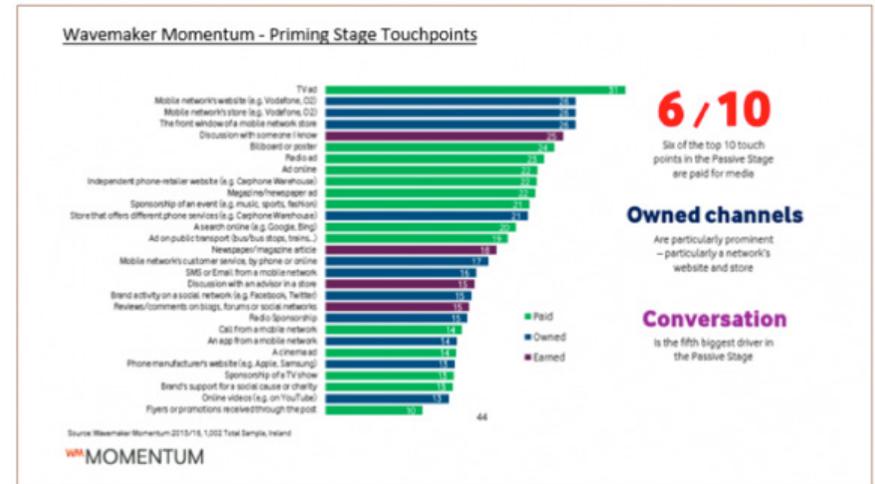
From Momentum, we knew that the brand-building 'Priming Stage' was critical - in the 'Active Stage' of choosing (and buying) a mobile network, on average you are likely to **spend about three weeks shopping** before making a final decision. If you are taking out a new 24-month contract that means **you spend under 3% of your time actively shopping, and the other 97% of your time in the Priming Stage.**²³

Phase Three - We invited non-users to put the Vodafone network to the test. Using Momentum, we identified key touchpoints to help them experience our network strength story. The investment in TV was again increased substantially to emphasize 4G superiority and underline the value of data value that could be used anywhere. With iconic activity like 'Piggy Sue' on TV and smart contextual targeting in Digital and OOH, we were able to charm non-users with the Vodafone network and mobilise word-of-mouth.²⁴



The Idea

- 18. Meteor 4G comms launch, Nov 2013; Vodafone 4G comms launch, April 2014
- 19. ComReg Quarterly Key Data Report Q4 2012: Mobile Penetration exc. Mobile broadband - 106.9% of population
- 20. RED C, Wavemaker, Vodafone
- 21. Vodafone media spend, 2012-2016
- 22. Vodafone Econometrics, BrandScience, 2013-2015
- 23. Momentum Benchmarks, Wavemaker, 2012-2017
- 24. Vodafone Momentum Study, Wavemaker, 2015



The Results

WHAT HAPPENED?

Through a long-term consistent approach to building its network credentials, Vodafone successfully snatched victory from the jaws of defeat.

As new aggressive entrants were eroding the profitability in both Bill Pay and Pre-Pay, Vodafone focused on its brand quality and not on price. As a result, they managed to remain leader in the Bill Pay market but also maintained their price premium in a mature and highly competitive market.

To evidence this leadership, we will now look at the performance against each of the outlined objectives.

COMMERCIAL OBJECTIVE (1): "Return to No. 1 position in Bill Pay segment in the Irish market"

VODAFONE WENT FROM BEING BEHIND THE MARKET CURVE ON BILL PAY SHARE TO AHEAD OF IT (Figure 25)

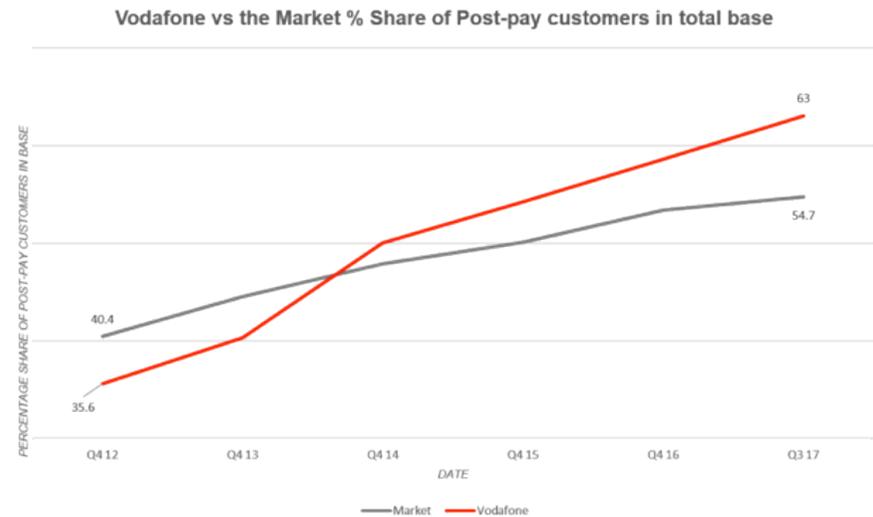


Figure 25

The Results

VODAFONE HAS GROWN ITS SHARE IN BILL PAY WHILE KEY COMPETITORS DEMONSTRATED SIGNIFICANT DECLINE

Since June '13 Vodafone have moved from being behind as No. 2 player in Bill Pay market to opening up a lead as market leader (Figure 26).

COMMERCIAL OBJECTIVE (2): "Become the most profitable provider in Ireland - by transforming the business base from being focused on lower ARPU Pre-Pay to higher ARPU Bill Pay."

What's vital to our story is that Vodafone became No.1 in the Bill Pay market without sacrificing revenue per customer.

VODAFONE SUCCESSFULLY GREW ARPU AGAINST OVERALL MARKET DECLINE - TAKING THE LEAD AND OPENING UP THE GAP TO COMPETITORS (Figure 27)

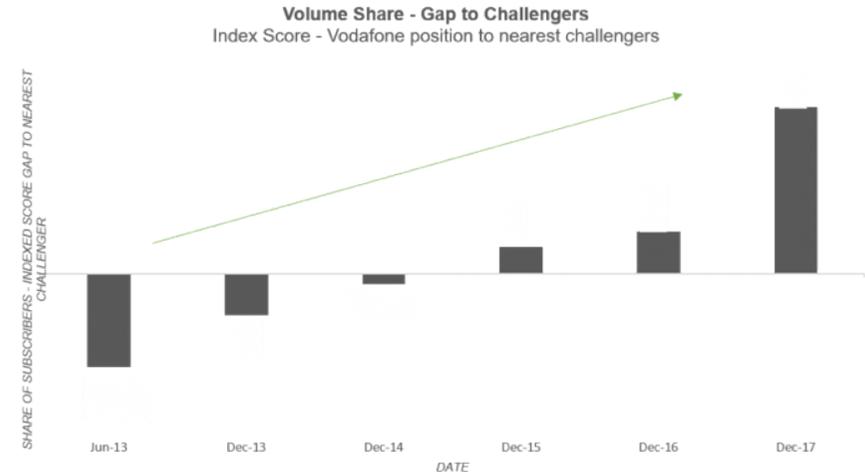


Figure 26

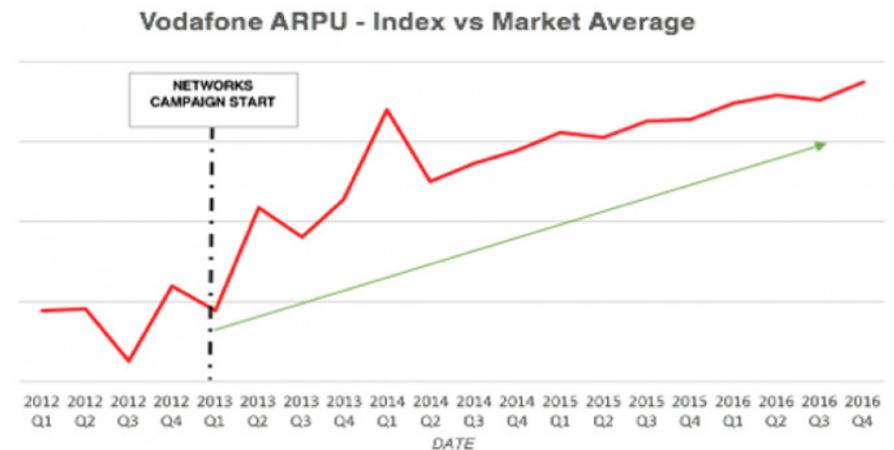


Figure 27

The Results

Countering the category convention of eroding price and revenue to attract and grow a user base, Vodafone has shifted the Irish telecoms market, reframing value to be quality-led.

NOT ONLY HAS VODAFONE SUCCESSFULLY TAKEN THE LEAD OF THE BILL PAY MARKET IN TERMS OF VOLUME, BUT ALSO IN TERMS OF VALUE²⁸

By maintaining profitability, Vodafone have increased their value share - opening up a revenue share gap to its nearest competitor.

Three Mobile, previously Vodafone's closest competitor, eroded their value by continually promoting free data (Figure 29).

COMMERCIAL OBJECTIVE (3): "Increase the length of life of the customer by reducing churn."

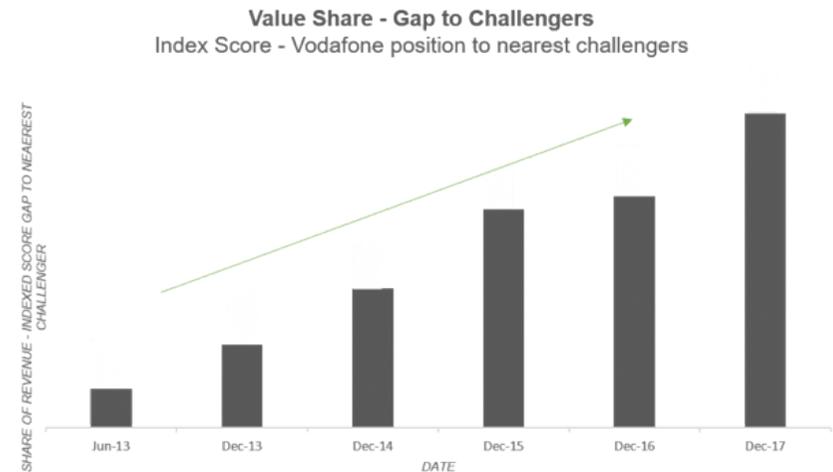


Figure 29

The Results

VODAFONE HAS COUNTERED THE MARKET TREND OF CHURN RATES - CONSISTENLY SHOWING LOWER CHURN LEVELS THAN THE CATEGORY

By elevating their network superiority, Vodafone stemmed reasons for customers to switch elsewhere (Figure 30).

With a consistent uplift over time for Bill Pay NPS scores, Vodafone increased satisfaction and reduced churn (Figure 31).

MARKETING OBJECTIVE: "Maintain consideration gap of Vodafone Bill Pay amongst non-customers, v.s competitor set"

VODAFONE MAINTAINED THEIR LEADERSHIP AND FURTHER GREW THE GAP IN NON-USER CONSIDERATION

Against the backdrop of an increasingly aggressive competitor climate, Vodafone managed to leverage its network superiority to attract new customers (Figure 32).

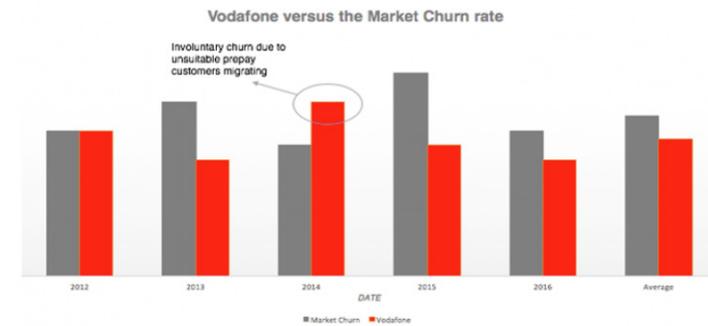


Figure 30

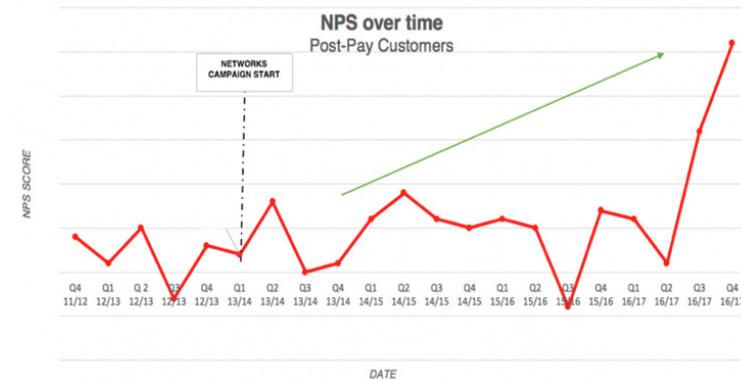


Figure 31

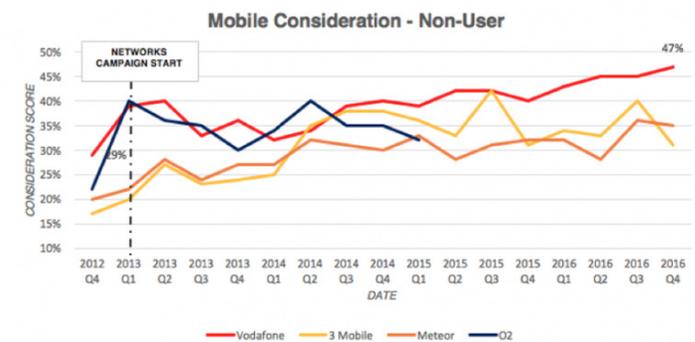


Figure 32

The Results

WHY DID IT HAPPEN? THE IMPACT OF COMMUNICATIONS

ROLE FOR COMMS (1): "The role of communications was to build the Vodafone brand by bringing the benefits of the network to life in a relevant and appealing way to customers and non-customers."

There are five key KPIs that are used consistently to assess Vodafone campaign performance.

Across the creative executions within the campaign, there is consistently high performance above the benchmark norms - with strong over-indexing on recognition and positivity measures.

Further, we can see increases across these measures, with a pronounced spike resulting from 'Piggy Sue', which indicates the positive impact of a consistent campaign evolved over time. (Figure 33)



CAMPAIGN PERFORMANCE- INDEX AGAINST NORMS

	THE WAIT	RACE DAY	HD VOICE	DUBLIN REGIONAL	OFFICE ROMANCE	ANTONIO	PIGGY SUE	4GTRR
RECOGNITION	116	112	100	88	91	125	122	114
BRANDING	102	97	95	123	102	115	113	118
CUT THROUGH	119	108	94	108	94	144	136	100
POSITIVITY	100	89	91	102	107	101	130	100
DIFFERENTIATION	86	95	122	103	100	102	127	100

Figure 33

The Results

ROLE FOR COMMS (2): "Own superior network performance"

Positive brand diagnostics show that our communications successfully asserted Vodafone's network superiority.

VODAFONE INCREASED ITS LEAD ON NETWORK PERCEPTIONS (Figure 34)

Vodafone saw a 20-point uplift on pre-campaign network scores, increasing the gap vs. the competitor set.

The impact that communications have had on perception of Vodafone's network performance is visible in the dominant messages taken out by consumers.

Across all we see how communications reframed the value of being with the best network. (Figure 35)

ROLE FOR COMMS (3): "Maintain value perception"

At the heart of this campaign's performance is its success in driving share of Bill Pay customers, whilst maintaining a price premium.

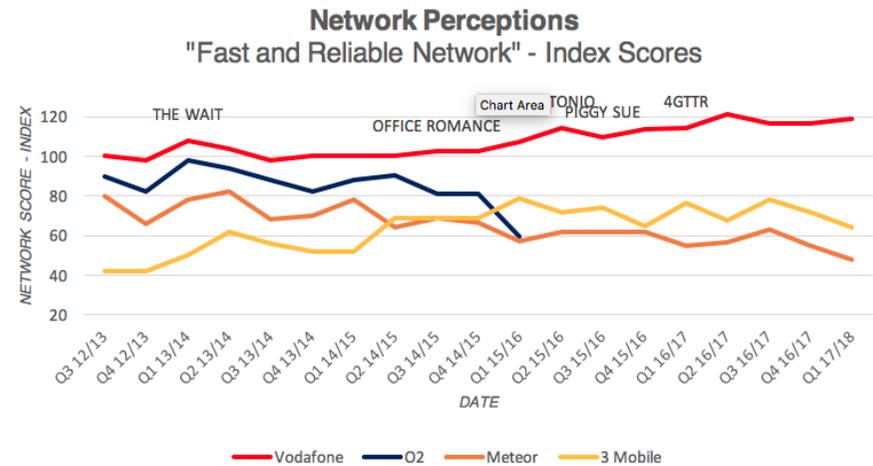


Figure 34

MAIN MESSAGES TAKEN OUT OF VODAFONE IRELAND ADVERTISING:

CAMPAIGN	MAIN PROMPTED MESSAGE	% AGREE
THE WAIT	Vodafone is improving its network coverage	75
RACE DAY	Vodafone now has superfast 4G on its network	72
HD VOICE	Vodafone now offers HD Voice which means clear calls with less background noise	92
DUBLIN REGIONAL	Vodafone offers super fast 4G across Dublin	85
OFFICE ROMANCE	Vodafone's strongest network helps you to grow your friendships	80
ANTONIO	Vodafone's superfast 4G network is now across 90% of Ireland	87
PIGGY SUE	Vodafone's superfast 4G network is now across 90% of Ireland	78
4G TO THE RESCUE	Vodafone has 90% 4G coverage	83

Figure 35

The Results

Vodafone successfully held its price and grew its share of revenue amongst Bill Pay by maintaining its value perceptions.

Persuading consumers that Vodafone was worth what they were being charged, reducing price-sensitivity and enhancing perceptions of added value were vital to defending against deep competitor discounting (*Figure 36*).

FACTORS TO DISCOUNT

- There were no major new Vodafone promotions or offers during this time.
- In terms of new product and service propositions - Vodafone Red was launched during our campaign period, but this was not significantly competitive or cheaper than the competitors' deep discounting. Initial acquisition in 2013 was counterbalanced in 2014 by proportionally higher churn rates which we have factored into our payback calculations.

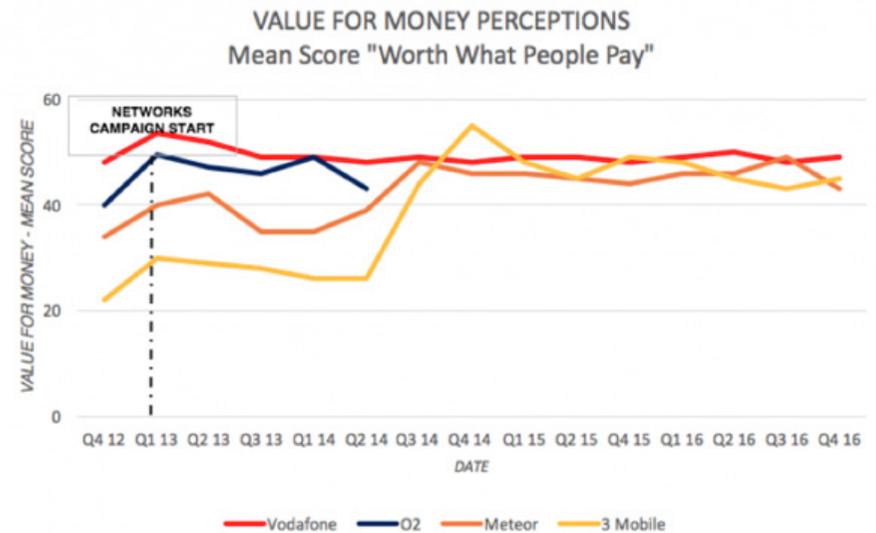


Figure 36

The Results

- Declining ARPU is likely to be a reflection of a number of market-wide factors - which Vodafone were equally as vulnerable to as any other competitor.³⁷

Once we won new customers we kept them for longer: a strong network has prevented churn.

By lowering churn rates across the course of the campaign, from 10.5% to 8.2%, we have increased the lifetime value and profitability of our customers.

By increasing the lifetime of our customers - even using the conservative estimate of the forecasted 2017 customer base of 363k - would have added **€45 million** in revenue. So, improving retention alone would have paid for the campaign twice over.

Our quality network attracted new customers at a rate that was both above the market growth rate, and ahead of Vodafone's growth rate when we began in 2012 - resulting in 179,913 additional new customers joining across the whole period.

This led to revenue growth of **€87 million** growing our share from 32% to 38%, while maintaining a significant price premium.

We kept our existing customers for longer than previously

The Results

PAYBACK

The impact of the Campaign on revenue and profits

Our focus on network superiority paid off in two ways - we were attractive to non-users and we were sticky - creating a barrier to exit for our existing customers.

We became more attractive - resulting in more customers joining than before (Figure 38).

ROMI

Looking at the most basic lifetime value (LTV) which focused on actual churn rates on our incremental sales, we see very strong results - long term revenue after marketing costs is **€71 million producing a ROMI of 4.6x or €5 for every €1 of marketing spend.**³⁹

Similarly, when we look at profit a positive picture emerges with **€29.7 million producing a profit ROMI of 1.9x or €2 for every €1 of marketing spend.**⁴⁰

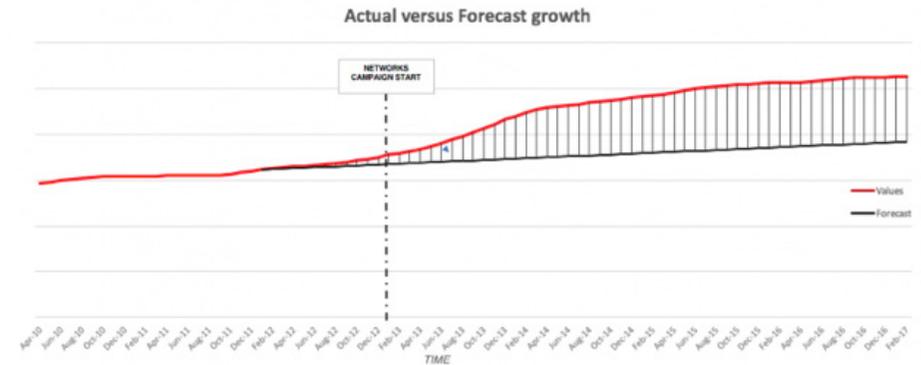


Figure 38

The Results

However, when we couple the LTV of the new customers acquired alongside the value of increased retention, the full impact of the campaign is revealed. ⁴¹

The LTV revenue after marketing costs would increase to **€100.8million**, so the additional revenue from six months of the campaign would have paid for the marketing costs. **The ROMI was 6.8x, so every Euro spent paid back seven-fold.**

Similarly, the LTV profit is more positive - with profits almost doubling to provide a **ROMI on profits of 3x, or €3 profit generated for every €1 of marketing spend.**

25. Market data - ComReg Consumer Post Pay Data , 2012-2017; Vodafone - internal data, 2012-2017

26. Market data - ComReg, 2012-2017; Vodafone data - internal consumer post-pay, 2012-2017

27. Market data - ComReg, 2012-2017; Vodafone data - internal, 2012-2017

28. Here volume refers to share of subscribers, and value refers to share of revenue

29. Market data - ComReg, 2012-2017; Vodafone data - based on internal assumptions, 2012-2017

30. Market data - CCPC Switcher Survey, 2012-2016; Vodafone data - internal, 2012-2016

31. Vodafone internal data, RED C, 2011-2017

32. Vodafone Consumer Brand Tracker, RED C, 2011-2017

33. Vodafone Communications Tracking, RED C, 2012-2017

The Results

34. Vodafone Consumer Brand Tracker, RED C, 2012-2017 (indexed due to change in tracking supplier)

35. Vodafone Communications Tracking, RED C, 2012-2017

36. Vodafone Consumer Brand Tracker, RED C, 2012-2016; BMS up to Q3 2014, RED C tracking Q3 2014 onwards

37. ComReg Quarterly Report, Q4 2012 , "Declining ARPU is likely to be a reflection of a number of market-wide factors such as those attributable to worsened economic conditions in Ireland (e.g. reduced consumer spending), lower priced mobile plans, increased sales of bundled products (combining mobile with fixed calls and sometimes broadband) and reductions in mobile roaming and termination rates, among others. "

38. Forecast is based on sales data from April 2010 and using exponential smoothing technique to allow for seasonality and other factors such as underlying market growth in Postpay. As the forecast only ran to February 2017- we extended it out to June 2017 by applying the growth rate for the final months. The reason was the lagged impact of the campaign and we wanted to capture the impact of the final burst in early 2017. We began estimating incremental sales from April 2013 and finished in June 2017, a period of approximately 4 years. Forecast is based on sales data from April 2010 and using exponential smoothing technique to allow for seasonality and other factors such as underlying market growth in Postpay. As the forecast only ran to February 2017- we extended it out to June 2017 by applying the growth rate for the final months. The reason was the lagged impact of the campaign and we wanted to capture the impact of the final burst in early 2017. We began estimating incremental sales from April 2013 and finished in June 2017, a period of approximately 4 years.

The Results

39.

Long term Revenue and ROMI calculation:

(Incremental Sales x ARPU)

Churn rate

Less Cost of marketing: production and media

= Long term Revenue

40.

Long term Profit and ROMI calculation:

{(Incremental Sales x ARPU) x gross margin}

Churn rate

Less Cost of marketing: production and media

= Long term profit

41.

ROMI calculations for net additions- we used annual churn, ARPU and gross margins to calculate ROMI on the incremental sales.

ROMI calculations for retention benefit, or reduction in disconnections- For the retention figure we calculated the decrease in disconnections or incremental customer lifetime over the campaign by taking the churn at the start of the campaign from the end, and then applying this to the base or forecast sales for 2017. We used an average ARPU and gross margin and multiplied this by the additional lifetime created: 2.5%

The Impact

THE TOP IMPLICIT PERCEPTION OF VODAFONE IS 'GREAT NETWORK'

(Figure 42)

CUSTOMERS HIGHLY ENDORSE VODAFONE FOR NOT ONLY ITS GREAT NETWORK, BUT FOR FRIENDLINESS, TRUSTWORTHINESS, LEADERSHIP AND SERVICE

(Figure 43)

ELEVATING NETWORK CREDENTIALS HAS HAD A KNOCK-ON EFFECT ON BUSINESS CUSTOMERS

Non-user consideration has grown over time - showing the draw of our network to new audiences.

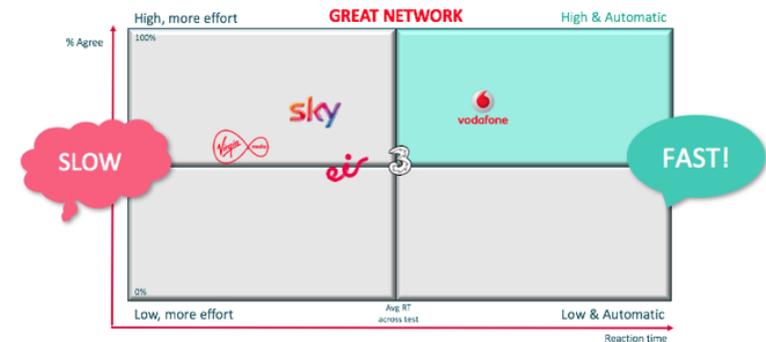
(Figure 44)

BUILDING ON OUR NETWORK'S PLATFORM FOR FUTURE INNOVATIONS

- Vodafone's share of home broadband continues to grow - now No. 2 in market
- An increasing proportion of households hold both mobile phone and home broadband products from Vodafone - 6% as of 2017. ⁴⁵

High & automatic perceptions of Vodafone as having a great network - response is certain.

MASTERBRAND
Total Sample



Click to add text house 51 REDC 15

Figure 42

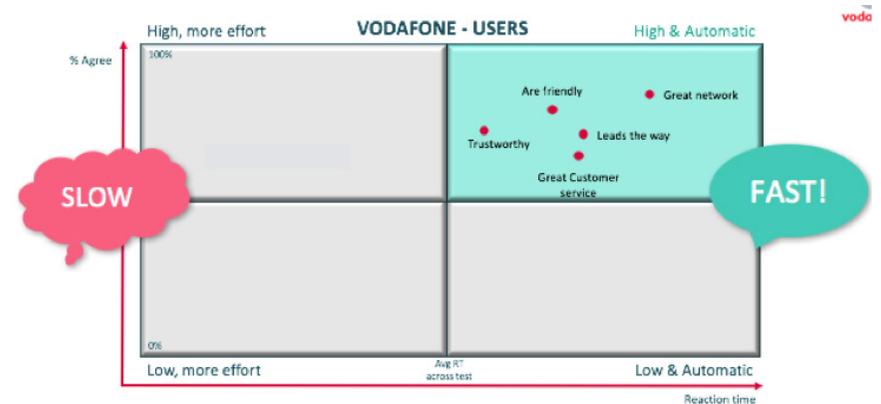


Figure 43

The Impact

- As we now in 2018 look to bring to market Vodafone's Fixed and Gigabit broadband products, we are doing so under the framework of the networks campaign - re-injecting renewed vigour into our approach and building on the solid foundations of the superior network that we have successfully built.

-
- 42. RED C Implicit Reaction Test, 2017
 - 43. RED C Implicit Reaction Test, 2017
 - 44. Vodafone Enterprise Brand Tracker, RED C, 2013-2017
 - 45. Vodafone Market Sizing Report, Empathy, 2017

Enterprise Business - Non User Consideration

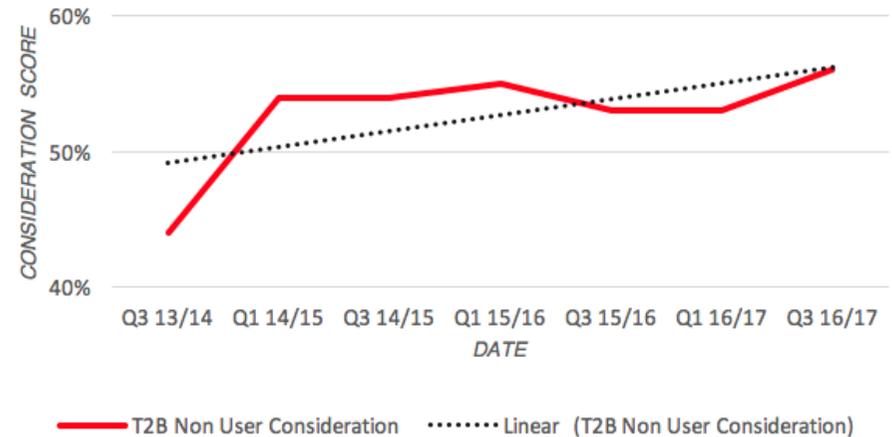


Figure 44

New Learnings

- **CULTURAL RESONANCE - DISTINCTIVELY IRISH BY DESIGN**
 - Both in terms of the creative and the media flighting, the networks approach successfully developed nationwide campaigns that told our Networks story writ large, whilst also feeling relevant to smaller regional areas through contextually-routed adaptations.
- **STICKING TO YOUR GUNS - PLAYING THE LONG GAME**
 - Research has told us that the effect of brand advertising is spread out over a long period⁴⁶ - a truth that lies at the heart of this campaign.
 - Across the course of five campaigns, by consistently showcasing their greatest strength - their network - Vodafone avoided chasing short-term gains that de-value the brand. This consistent approach not only defended Vodafone against competitive threat, but allowed them to charge a premium in the market.
- **KNOWING WHEN TO PIVOT - THE POWER OF FRESH CONSISTENCY**
 - It takes courage of conviction to stick to your guns - but it takes wisdom to know which elements of the brand and communications to stand firm on, and which elements to flex.

New Learnings

- By continually taking a read of consumer desires - through communications tracking as well as bespoke qualitative research on claims messaging, we were able to constantly refresh our Networks platform in line with what was most meaningful to them.
- In turn, this informed our pivot away from hero-ing voice and towards championing our 3G and 4G credentials.
- Leveraging the core benefit - network superiority - in a more relevant and contemporary way gave Vodafone's benefit renewed vigour, whilst staying true to who they are.

Summary

- In a world where mobile technology enables us to do more, at speeds faster than ever imagined, this is the story of a telecoms brand who stood their ground.
- A brand that chose to build their brand over the long term, held their nerve and resisted getting dragged into a competitor discounting race to the bottom.
- As new aggressive market entrants were eroding profitability in both Bill Pay and Pre-Pay, Vodafone decided to focus on quality, not on price.
- When everyone else was shouting about the virtues of costing less - a sea of deep discounts and data giveaways - Vodafone carved out clear ground by taking a consistent, long-standing approach to elevating the true value of what it offered: a superior network - shifting the category conversation from focusing on quantity of data to realising the importance of quality of network.
- By single-mindedly leveraging their superior network offering, Vodafone managed to not only increase their share of Bill Pay customers to become the clear Bill Pay market leader, but also maintained their price premium in a mature and highly competitive market.