



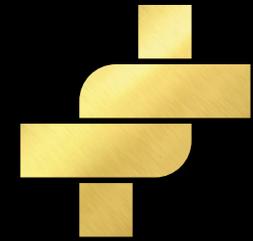
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Long Term Effectiveness

VHI - Restoring Balance in the Healthcare Market

Publicis & PHD Ireland



Company Profile

Publicis Dublin

One of the largest and most awarded communications agencies in Ireland, Publicis Dublin is an affiliated agency of Publicis, the world's second largest network. We are a multidisciplinary agency constantly evolving to release the full value of our clients' business and brands. We plan seamless customer journeys. Tell great stories. Build compelling experiences.



PHD Ireland

PHD is a media and communications agency that has been built on a culture of thought leadership, creativity and innovation. PHD is committed to delivering dynamic communication solutions with effectiveness at the heart of everything we do. Quite simply, we produce integrated communication solutions that are accountable. PHD is responsible for looking after some of the largest and most prominent brands in Ireland.



Introduction and Background

In 2013, Vhi Healthcare was a brand at a crossroads. A landscape brand in Ireland, Vhi was strongly associated with insurance market staples – dependability, reliability and trust. However, by 2013, the economic downturn had hit the private medical insurance category, hard, and Vhi’s competitors were using aggressive, price-based strategies to try to commoditise the market. Vhi’s market share was slipping.

Vhi Healthcare is a brand, which naturally draws loyalty from its customers; particularly those who have experienced ill health and who fully understand the importance of private medical insurance. However, in the face of the deepest recession in memory and aggressive competition, younger customers who had not yet done so, were wavering. Vhi’s ‘book’ of customers was becoming disproportionately older and, as a result, their annual claims costs were almost 14 times higher than their competitors. In a community rated market (i.e. where everyone pays the same premium regardless of age), this imbalance was entirely unsustainable. Vhi needed a better blend of younger and older customers.

The easy answer would have been to “dumb down” cover to facilitate price plays. However, as a business whose purpose was to enable its members to access potentially life-saving medical treatment, such an approach would be completely contradictory to the company’s ethos.

Introduction and Background

Rather than adopt the new behaviours of the category, Vhi doubled down on its unique business values and committed to long-term brand building in favour of short term tactics - a move that would ultimately prove more effective in winning back customers and critically, getting that better blend of younger and older customers. This is the story of how, in 4 short years, Vhi turned around a decline and convinced the health insurance market that when it comes to your health, you should never settle for less.

Marketing Objectives

Commercial Objectives

Commercial Objective #1: Stop market share decline by 2018

This was by far the most pressing commercial challenge for Vhi as it directly affected their ability to make a surplus to reinvest in services for members.

Commercial Objective #2: Maintain premium positioning

While much of the rest of the market was buying market share through price and offers, Vhi would not compromise on their high standards.

Marketing Objectives

Marketing Objective #1: Balance The Book

Having a disproportionate share of older and sicker customers was a challenge for Vhi as it was driving up claims costs.

Vhi needed to achieve a **better balance in their customer portfolio by increasing the proportion of younger age groups**, specifically the Young Singles and Young Families cohorts.

Marketing Objectives

KPI: Increase penetration of Young Singles and Young Families by 5%.

Role for Communications

Such ambitious objectives required the communications to work extremely hard.

Communications Role #1: **Improve brand perception and increase relevance among younger cohorts**

Communications Role #2: **Drive a wedge between Vhi and competitors by highlighting the 'Vhi difference'**

Communications Role #3: **Boost value perceptions**

The Task

Two considerable challenges stood in the way of Vhi's achieving their objectives:

1. The Age Gap

The health insurance market is community rated, meaning everyone pays the same price for the same level of cover regardless of their age or health status. So in order to be sustainable all insurers need to have a sufficient share of younger customers who tend to claim less to support the older customers who tend to claim more.

In general, the value and importance of health cover is intuitively understood by older customers, or those who have had experience of needing healthcare. For younger people, it can appear to be less relevant.

In 2013 Vhi had a 75% share of the 70-79 age bracket and an 87% share of the 80+ age bracket in the health insurance market. Conversely, they only had 55% of the under 59 age bracket. With the CSO projecting Ireland's population to age considerably over the coming years, Vhi's book was only set to get older (*Figure 1*).

Healthcare Market Demographics by Competitor 2013

Age Group	Irish Life Health %	Laya Healthcare %	Vhi Healthcare %
0-49	23%	28%	49%
50-59	20%	27%	53%
60-69	18%	28%	54%
70-79	12%	22%	66%
80+	7%	12%	81%
Total	21%	27%	52%

Source: HIA Annual Report.

Figure 1

The Task

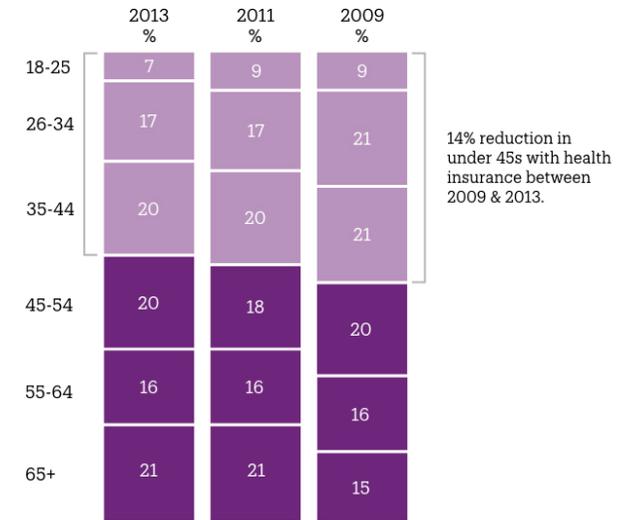
While their loyal base of older members was a great source of pride for Vhi, the unbalanced nature of their customer base meant their annual claims costs (€110m) were almost 14 times higher than their competitors (€8m).

To make matters worse, by 2013, 14% of the under 45 age cohort had cancelled their health insurance policies (Figure 2).

When it came to brand perception, Vhi was considered traditional and conservative which only reinforced the assumption that it was a brand for older people (Figure 3).

In short, with the oldest customer base in the market, Vhi had to find a way to connect with a younger audience too.

Profile of People with Health Insurance



Source: HIA A Review of Private Health Insurance in Ireland 2017.

Figure 2



Figure 3

The Task

2. A Premium Brand in a Price Sensitive Market

Consumer confidence, although beginning to pick up, was still low in 2013 (Figure 4).

Consumers continued to cut down on spending, switching utilities, grocery stores and insurers. Articles encouraging consumers to switch their health insurer and highlighting the cost savings to be made were commonplace.

Health insurance was increasingly commoditised with the market focusing heavily on price. Consumers reacted and many began to prioritise price over all else. With a far higher claims cost than its competitors, Vhi couldn't just drop its prices without also cutting back on benefits.

One of Vhi's key target groups, Young Families, were perhaps hit hardest by the recession. This was a cohort that would become referred to as the 'Squeezed Middle', who had likely bought houses at the height of the boom which were now devaluing, had considerably higher expenses than most (e.g. mortgages, childcare, school fees) and may have experienced pay or indeed job cuts in recent years.



Source: ESRI 2014

Figure 4

THE IRISH TIMES Fri, Apr 6, 2018

NEWS SPORT BUSINESS OPINION LIFE & STYLE CULTURE

Consumer Ireland World Politics Crime & Law Social Affairs Health Education

VHI price rise means more misery for consumers

Some prices are up by 70 per cent, or over €1,000, in little more than three years

© Wed, Jan 29, 2014, 15:35 Updated: Wed, Jan 29, 2014, 18:07

Conor Pepe Follow Follow 5

Vhi price increases (average over all plans)

Year	Price Increase (%)
2001	10
2002	18
2003	10
2004	5
2005	12
2006	12
2007	12
2008	12
2009	22
2010	10
2011	15
2012	10
2013	5
2014	5

The Task

This was a cohort who were constantly shopping for value.

Generally speaking, this was also a cohort who, because of their age, were less likely to have experienced serious health concerns. As a consequence, it was easier for them to think that low-level cover would be enough.

The question was, how do you get this audience to continue to pay for better cover when they are:

- a) Already squeezed enough
- b) Increasingly view health insurance as a commodity
- c) More likely to be tempted by cheaper plans and price offers from competitors
- d) Are being encouraged to switch



The Strategy

Vhi needed to create clear blue water between itself and its competitors, highlighting what consumers were sacrificing by choosing another health insurer. In order to do this, the brand couldn't just be a health insurer anymore.

Vhi needed to evolve from 'traditional health insurer' to 'total healthcare provider'. This positioning was in complete contrast with the behaviours of the category at the time, when competitors were buying market share with aggressive price-led offers.

A Communications Architecture was developed to map out this evolution, underpinned by four key communications pillars, all of which signalled that this was a brand that was much more than just a health insurer.

Leadership in insurance

With insurance becoming commoditised, Vhi needed to start communicating true leadership by highlighting the areas in which they had competitive advantage.

Clinical Access

In order to serve its members better Vhi had to provide clinical services of their own rather than solely rely on public healthcare services. Vhi HomeCare and Vhi SwiftCare demonstrated Vhi's vision for the future and care for their members.

The Strategy

Wellbeing

Vhi communications to date had reinforced the idea that they would be there for you if you fell ill. But a true healthcare partner shouldn't just look after you when you're sick, they should actively encourage and support you to live a healthier life. Vhi's link with participative running allowed the brand to do this via sponsorship of the Women's Mini Marathon, parkruns and Vee, a chatbot designed to help users start running and stay running with tips, motivation and recipes.

Value for Money

As a premium brand, Vhi could never compete on price alone. While all communications pillars would contribute to communicating 'value', if Vhi were to appeal to the younger cohorts and compete against aggressive price-based offers, they needed to demonstrate value for money specifically. Research indicated families were the cohort that felt the squeeze most, especially when taking out cover for the whole family. The Half Price Kids offer was designed with them in mind.

Over the next four years, Vhi would begin their evolution from health insurer to total healthcare partner using this Communications Architecture as a guide.

The Idea

Much of Vhi's creative strategy to date has been about building what Byron Sharp refers to as Mental Availability, i.e. the built up mental associations and memories we have of a brand which make it more or less likely for it to be chosen in purchasing situations. Over the years, the development of a 'brand world', unique animation style, look and feel, tone of voice, use of music and endline "When you need us, we're there" all contributed to this.

Vhi needed to hold onto this brand heritage but begin to tell a new story and behave more like a partner. This evolution took place through a number of campaigns.

Testimonials

Emotional storytelling via testimonials (i.e. real members' stories of falling ill and being covered by Vhi) had always been a cornerstone of Vhi communications. However, research had advised against talking about more serious health issues for fear that younger cohorts would switch off.

But Vhi's market leading cover is one of its strongest assets. With many consumers beginning to prioritise price over cover, it was the right time to remind them of the importance of having quality cover and tell them that even during the worst times imaginable, they would have one less thing to worry about if they were a Vhi member.

The Idea

From 2013, Vhi went against the advice and decided to address more serious health issues, including cancer and open-heart surgery, in three testimonials. The risk paid off as all three turned out to be Vhi's best performing testimonial campaigns to date.

Media

The PMI media landscape is heavily based on seasonality; with Vhi and their competitors focusing their media spend within two key renewal periods every year. This meant that at key times of the year, media spend was heavily focused on a burst strategy, however not all consumers were in-market at one time of the year. The priority was to shift to more weeks on air and drive brand consideration no matter when people were in-market. The focus shifted to an optimal weekly 1+ in AV with a week-on / week-off approach

Fertility

Because Vhi continuously re-invest profit back into services for members, they had developed a number of unique benefits which had not yet been replicated by competitors. In 2017, a campaign was created about one of these USPs: Fertility benefits.

The Idea

As discussed in the 'Let's Talk About Fertility' paper (also written for this year's awards), the decision to communicate this benefit was not taken lightly, given fertility is still a taboo topic in Ireland and these benefits would only be relevant to a niche audience. Instead of pushing a product, the campaign attempted to shed some of the stigma around the topic by encouraging consumers to start the conversation. The campaign had a deliberately different look and feel, featuring real young couples - not Vhi customers - discussing some common facts and misconceptions about fertility in advance of starting to try for a family.

Media

A bespoke digital unit, 'Fertility IQ', aimed to educate and inform Ireland via a quiz, which tested people's knowledge about fertility. Fertility IQ was further supported with an Irish Times partnership fronted by Maia Dunphy, which included 10 native articles, 1 DPS advertorial, 3 FP Advertorials and 2 Podcast. This was supported by a mass reaching AV campaign, which sought to drive awareness of the newly launched benefit.

Exclusive Vhi SwiftCare Clinics

Since 2005, many people in Ireland have been experiencing the benefit of Vhi SwiftCare Clinics first hand.

The Idea

In 2017, the decision was made to make this service exclusive to Vhi members. Vhi needed to tread carefully in communicating this change, as it would involve communicating with both members and non-members, some of whom had used the service previously and who would no longer be able to avail of it. The campaign took the form of an evolved testimonial using real Vhi SwiftCare users' stories to demonstrate the benefit of being a Vhi member.

Media

The implementation strategy for Vhi SwiftCare had been heavily influenced by the top injuries that people presented at the clinic for. Out of the top 20, 60% were child related and 30% were sports related. This focused the media, in both Radio and Digital, around Young Families and Sports or Sports Clubs. 'Exclusive Vhi SwiftCare' was treated as a product launch although the service had existed for 11 years and was only available in Cork and Dublin. The TV strategy was focused nationwide, with heavy weighted geo-targeted Video and Display to Cork, Dublin and the commuting areas.

Participative Running

In 2015, Vhi decided to link the brand with participative running in an effort to extend its relevance beyond health insurance and illness and to demonstrate how the brand proactively encourages and supports its members to live healthier lives.

The Idea

To effectively reinforce this link, Vhi became the title sponsor of the Women's Vhi Mini Marathon in 2015 and began sponsoring Park Runs in 2016. In 2017, perhaps the most tangible and active demonstration of support came in the form of Vee, a chatbot on Facebook messenger designed to support runners of all levels with tips, motivation and recipes. This not only allowed Vhi to move beyond health insurance and illness, it also allowed the brand to open up a regular conversation with consumers, 82% of whom were under the age of 44.

Media

The story of Women's Mini Marathon in media shows that content truly is king. One cross-media partner was selected each year to carry the Women's Mini Marathon story, executed through video, social, press, display and native. In the run-up to the marathon Vhi, through this media partner, becomes a 'running partner', coaching runners along their journey. Vee was launched in tandem with the 2017 Women's Mini Marathon campaign with an explainer branded video and native article to go in-depth with its usage to ensure people knew what it was. Facebook formed the backbone of this campaign, naturally, and over the course of 6 weeks over 25 videos were run, each detailing how to use Vee.

The Idea

Half Price Kids

Launched in 2014, the 'Half Price Kids' offer cut the price of policies for children under 18 in half, directly demonstrating value for money for families.

Media

Offer campaigns typically followed the same twice-yearly 3-month renewal period every year. With every competitor vying to be heard, an efficient media strategy was necessary. The challenge was to extend the budget over the course of 3 months, twice a year, without creating wear out. To stretch budget further without sacrificing coverage and frequency, AV channel selection was reviewed, with the much-researched decision to move away from RTE taken and instead run with TV3, Sky, Channel 4 and TG4. The same optimal 45%-50% 1+ weekly coverage could be reached for on average per year, a 32.68% saving

The Idea



The Results

Commercial Objective #1: Stop market share decline by 2018

Not only did Vhi stop market share decline, in 2017, for the first time in 20 years (since market deregulation in 1997) Vhi achieved an increase in market share of 0.1%.

Commercial Objective #2: Maintain premium positioning

Consumers are less dependent on discounted or offer plans from Vhi. Between 2016 and 2017, there was a 7% decrease in new business attributed to offer plans. Finally, internal research for new members highlights a shift in priorities for consumers taking out health insurance with Vhi. In 2015, the top criteria for selecting Vhi was competitive pricing, with level of cover in second place. In 2017, the criteria has flipped, with level of cover being the priority.

Marketing Objective #1: Balance The Book

KPI: Increase penetration of Young Singles and Young Families by 5%

By the end of 2017 the percentage of sales from these younger cohorts had increased by 5%, one year ahead of target.

At the same time, the proportion of Older Singles and Empty Nesters decreased by 6%.

The Results

Figure 5 highlights the rebalance taking place in Vhi's book, with the under 59 age cohort increasing over time while the over 60's cohort decreases.

Communications Role #1: Improve brand perception and increase relevance among younger cohorts

Since 2014, Vhi's brand imagery has improved on 20 of the 21 criteria tested, and 10 of the criteria have increased by more than 5 percentage points. This, according to B&A who conducted the research, is unprecedented.

In particular, 'has brought about real changes in the health insurance market' (+8) and 'health insurance experts' (+9) suggest Vhi's evolution from health insurer to healthcare partner is on track.

Boosting Vhi's perception of being 'innovative' was particularly important in tackling the assumption that Vhi was a brand for older people and increasing relevance among a younger audience.

Movement in Key Age Cohorts Over Time

Age Band	2014	2015*	2016	2017
18-59	100	128	104	107
60+	100	127	67	77

Source: Vhi Healthcare Internal Data & Lifetime Community Rating.

*Lifetime Community Rating.

Figure 5

The Results

This metric lifted significantly when the Fertility Benefit campaign launched in 2016 and continued to rise with the launch of Vee in 2017.

As mentioned earlier, 82% of Vee users were under the age of 44 and since launch it has had 500,000 helpful conversations. 6,600+ users chatted directly with Vee, 55% of which converted from casual initial conversation to subscription, actively choosing to let Vee contact them several times a week.

Communications Role #2: Drive a wedge between Vhi and competitors by highlighting the 'Vhi difference'

The widening gap between Vhi and its competitors over time can be seen in the improvement in key metrics in Figure 7 - all of which show comparative scores ('best', 'more' etc.).

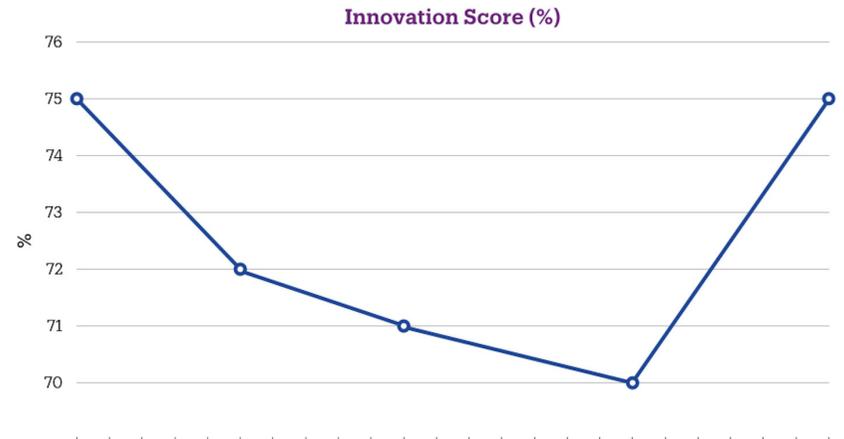


Figure 6
Source: B&A Brand Tracker 2017.

Improvement in Key Premium Brand Metric Score Over Time

	October 2013	October 2017
Sets the standard for excellence	100	133
Apart from pricing they are the best private medical insurance provider	100	122
Have access to more hospitals, treatments and scan centres	100	126
I trust them more to pay claims	100	132

Source: B&A Tracker Data, 2013, 2015, 2017. Indexed figures.

Figure 7

The Results

Communications Role #3: Boost value perceptions

Figure 8 shows how the dial shifted significantly on the key 'value for money' metrics since 2013.

Performance of Advertising

Vhi's TV campaigns have consistently performed in the top 10% in terms of awareness of all TV advertising (source: B&A data bank, collated over twenty years). However, a noticeable incline began in 2014 in line with the launch of the new comms and has remained at 77-78% ever since.

In particular, the testimonial campaigns, which focused on more serious illnesses, outperformed previous campaigns and indeed industry benchmarks in terms of effectiveness as evidenced in Figure 9.

Improvement in Key Value for Money Scores Over Time

	October 2013	October 2015	October 2017
Better overall value for money than competitors	100	147	147
Good overall value for money	100	156	175
Good prices for products they provide	100	153	153

Source: B&A Tracker Data, 2013, 2015, 2017. Indexed figures.

Figure 8

Vhi TV Campaign in context (Benchmarks = TV Campaigns)
Awareness of Any Vhi TV Advertising

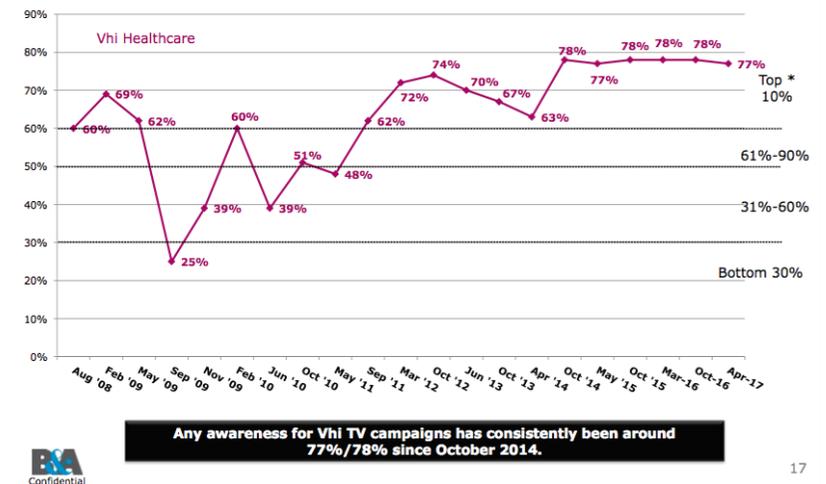


Figure 9

The Results

Finally, if the brand ever needed evidence for the benefit of long-term brand building over short-term tactics, even during challenging years as they were, it is in Figure 11 - which shows how Vhi has outlasted and outlived every competitor who has entered the Irish health insurance market. Vhi has existed for over 60 years and this is only the beginning of their journey.

As already mentioned, any surplus is reinvested in products, benefits and services for members. The return from the younger members was re-invested in a number of benefits for all Vhi members, some examples below:

Vhi HomeCare: launched in 2008, extended geographically in 2015 and over 6,000 Vhi members were treated by this consultant led hospital in the home service in 2016.

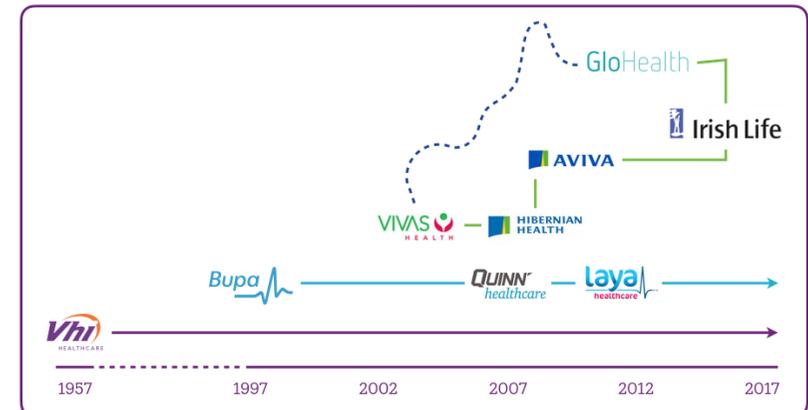
Vhi Fertility Benefit: Launched in 2016. This benefit was holistic, and included cover for counselling sessions, consultations and fertility procedures.

TV Advertising Effectiveness Breakdown – Cancer Stories

	Benchmark Average	Carmel (Breast Cancer)	Katherine (Thyroid Cancer)	Trevor (Open Heart Surgery)
Persuasive	+21	+43	+46	+22
Involving	+3	+15	+19	+42
Staying Power	+15	+42	+38	+35

Source: B&A Tracker Data.

Health Insurance in Ireland: A Stable Market?



The Results

Vhi SwiftCare Clinics: Launched in 2005 and made exclusive to Vhi members in 2017. They had previously been open to everyone, and the original business model was a joint venture between Vhi and a third party provider. In order to make the service exclusive Vhi bought out the third party, giving it full control of the service.

Discounting other factors:

Promotions:

Lifetime Community Rating (a government initiative) was an initiative implemented by the government in 2015 with the objective of encouraging young people to take up health insurance by a certain date, or face penalties (loading) thereafter.

All players in the market benefitted from this initiative. However, Vhi did not gain at a level in line with their market share, and so did not achieve a disproportionate advantage to competitors based on LCR.

Price:

Despite running value-based promotions during the period of the campaign, these offers never represented the cheapest price in the market.

The Results

Improved economy:

As illustrated in figure 12 the improved economy has had an impact on spending overall and the health insurance market did benefit from the economic lift. However, the incidence of having private health insurance has only risen by 3% (from 40% to 43%) in the period from 2013 to 2017, indicating a more buoyant, if arguably cautious economy (Source: HIA).

Share of voice:

Vhi's share of voice was in line with market share throughout the campaign period. Both Glo and Laya were spending ahead of share up to 2015, Aviva pulled back spend in 2014 and 2015. Irish Life Health was spending in line with market share.

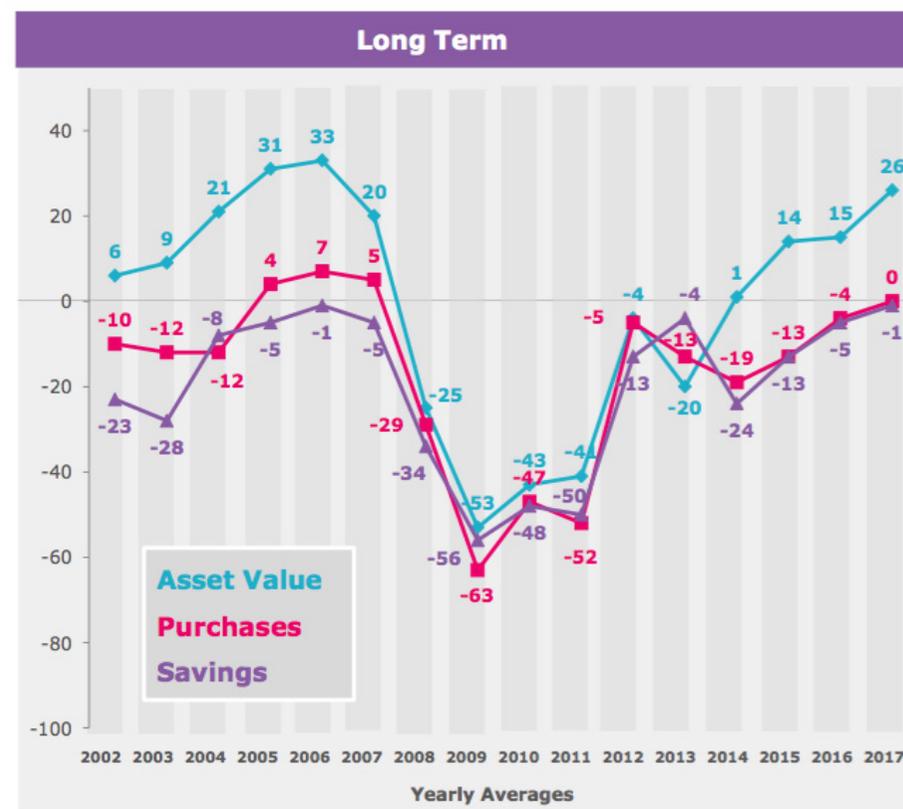
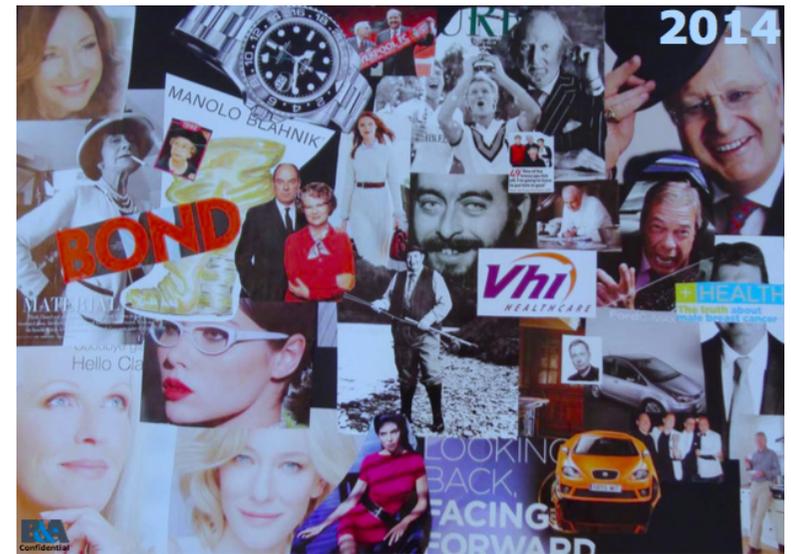


Figure 12
Source: B&A Qualitative Research 2018

The Impact

One of the most difficult metrics to move for Vhi was brand perception. Because of Vhi's heritage as a public sector organisation, most consumers had immediate and ingrained assumptions about the brand. In 2014, research was conducted to measure Vhi's brand perception relative to its competitors. This included the use of a projective technique which involved having respondents create a mood board of images they felt represented the brand. Figure 13 shows the result of Vhi's mood board from 2014. Evidently, Vhi was associated with older males and politicians in suits! The use of black and white highlighted its traditional conservative image. Characteristics of being expensive and flashy were also prominent.

The same style of research was conducted in 2018 and the mood board created was a complete evolution of 2014 brand perceptions. The brand has shifted away from being heavily male more towards female or gender neutral. Old-fashioned male politicians in suits became stylish, well dressed people. References to health and lifestyle were prominent, perhaps influenced by the shift in focus from illness to proactive health.



The Impact

While 2014 mainly consisted of images of individuals, there were much more references to family (as depicted in the images of the Royal Family). Conservatism evolved to reliability as represented by the choice of car. Serious illnesses, cancer in particular, were even referenced. All in all, this was a picture of a brand beginning to shed the shackles of the public sector and be embraced in their new role as total healthcare partner.

Evidence from qualitative research also seems to suggest that Vhi's unwavering focus on serious, reliable cover and its evolution from 'insurer' to 'partner' may have repositioned the competition and consumer perception of them to a degree:

"It's saying this person had thyroid cancer and she got through it and we supported them rather than someone in a wedding dress rolling down the hill." (*competitor customer, 12-34, no kids, Dublin*)

"I feel if I was with Vhi and I was in the middle of nowhere and something happened to me, I wouldn't need to worry." (*competitor customer, 35-44, Young Family, Galway*)

"It makes you think they can help you with things as opposed to always being there for something negative." (*Vhi customer, 45-54, Teen Family, Dublin*)

[In relation to a competitor] "It's not what I'd look for in my health insurance. I get the discount and the Fitbit or whatever. But if you have a serious injury are you going to be covered? It's not do I get a Fitbit?" (*competitor customer, 25-34, no kids, Dublin*).

New Learnings

A considerable risk was taken in 2013 to start talking about more serious illnesses in TV advertising. This was against strong recommendations from research, which indicated consumers, especially younger cohorts, were likely to switch off because of the serious nature of the message. In fact, talking about more serious illnesses in the form of our testimonials from Carmel, Trevor and Katherine, did not turn off younger consumers as predicted - it had the opposite effect, giving Vhi its strongest performing campaigns to date.

Summary

In 2013, Vhi Healthcare was a brand at a crossroads with market share slipping and aggressive competitors attempting to commoditise the market. Vhi's portfolio of customers was ageing and, as a result, their annual claims costs were almost 14 times higher than their competitors. This was not sustainable in the long term. Rather than cave to the pressures of the market or compromise cover to facilitate price plays, Vhi doubled down on long-term brand building, a move that would ultimately prove more effective in winning back customers and critically, getting that better blend of younger and older customers.