

MARKETING EXCELLENCE

John Lewis

The enduring power
of emotions

headline sponsor



Foreword

By Amanda Mackenzie

What is marketing excellence?



Amanda Mackenzie,
President of The
Marketing Society
and Chief Marketing
& Communications
Officer at Aviva

Marketing excellence can drive breakthrough business results for the short and long-term. Marketing excellence requires great strategic thinking, great creative thinking and perfect execution.

But how do we assess marketing excellence? First we choose brilliant industry judges who are all experienced and successful practitioners of excellence and we ask them to pick out the cases which they see as remarkable. We ask them to look for two key qualities from our winners: creativity and effectiveness.

But marketing continuously changes and evolves, as consumers become more sophisticated and demanding and the media for communicating with them ever more diverse. So the standards for marketing excellence change and in turn become more demanding.

We believe that The Marketing Society Awards for Excellence in association with Marketing set the standard of marketing excellence in the UK.

They have established this reputation over a period of more than 28 years, and they have always been based on the principle of searching out the best examples of different marketing techniques in action, that showcase great strategic thinking, great creativity and perfect execution.

In order to be a winner of one of the Society's Awards, marketers have to demonstrate that what they have done is outstanding in comparison with marketing in all industries not just their own particular sector.

If a marketing story has been good enough to impress our judges, then all marketers can learn from it – however senior they have become. The collection of case histories brought together here is the best of the best from the past two years of our Awards, and I am confident that it truly demonstrates marketing excellence. As you read these case studies I hope you are inspired by them and impressed at the talent and expertise in our profession which created them.

John Lewis

The enduring power of emotions

Snapshot

John Lewis overcame a lacklustre sales performance with an acutely-observed marketing strategy which emphasised deep human truths.

Key insights

- In the midst of the economic downturn in 2009 retailer John Lewis realised that difficult times called for a radical rethink of its marketing strategy in the face of lacklustre sales.
- The result, an approach which centred on encouraging a much deeper emotional engagement between the brand and consumers, transformed the brand from one which was not only respected but loved.
- The sales from all departments have reflected its restored fortunes, with a record-beating return on investment over three years of more than 500%.

Summary

It might be hard to recall, but in 2009 one of the UK's most-loved retailers was facing a less-than-sparkling performance. Like all its fellow retailers, John Lewis had been hit by the economic downturn and its impact on its customers' wallets. But there was more to it than this. John Lewis was trusted on many levels, but it wasn't loved. This resulted in a low frequency of purchase and lower share of customer spend.

John Lewis decided to employ a much more emotional communications approach to target people's hearts as well as their heads to attract a higher share of wallet and new customers through the door. The first campaign, unveiled that Christmas and showing children unwrapping adult gifts with glee, was accompanied by a well-known music track re-recorded by a contemporary artist that became the model for all subsequent campaigns.

The rest is marketing history, with the impact of subsequent campaigns both for the Christmas season and to emphasise the retailer's message of 'Never knowingly undersold' being greatly magnified through social media. The end result was a return on investment of more than 500% between 2009 and 2012.

Trusted but not loved

In 2013 the UK retailer John Lewis was one of the most talked-about and admired advertisers in the UK. But, just a few years previously the retailer, like many of its high street counterparts, was suffering. For the previous 18 months prior to spring 2009, like-for-like sales had been negative and often more so than the British Retail Consortium's average (Figure 1).

The problem was that John Lewis as a brand faced a fundamental difficulty. Loyalty to department stores in general is driven most strongly by emotional affinity and perceived popularity, with rational affinity in third place and perceived price in fourth.

However, tracking showed that John Lewis, while doing much better than expected in measures of rational affinity, given the size of the brand and compared to its competition, fared less well when it came to emotional dimensions and significantly worse than expected on perceived popularity and value. This underlined the challenge the retailer faced: it was trusted, but not loved.

This was affecting performance, with John Lewis suffering from low frequency of purchase and consequently low share of wallet among its key target customers. A new communications approach, with more emotional appeal, to be developed with Adam and Eve DDB, was needed to achieve two objectives:

- The primary one was to encourage existing shoppers to visit and spend a little more.
- The secondary aim was to attract new shoppers.

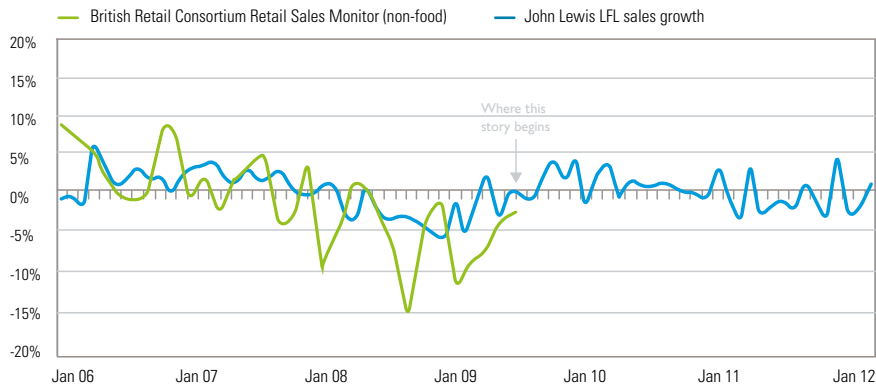


Figure 1. Sales growth (like-for-like) among UK non-food retailers vs. John Lewis prior to mid-2009

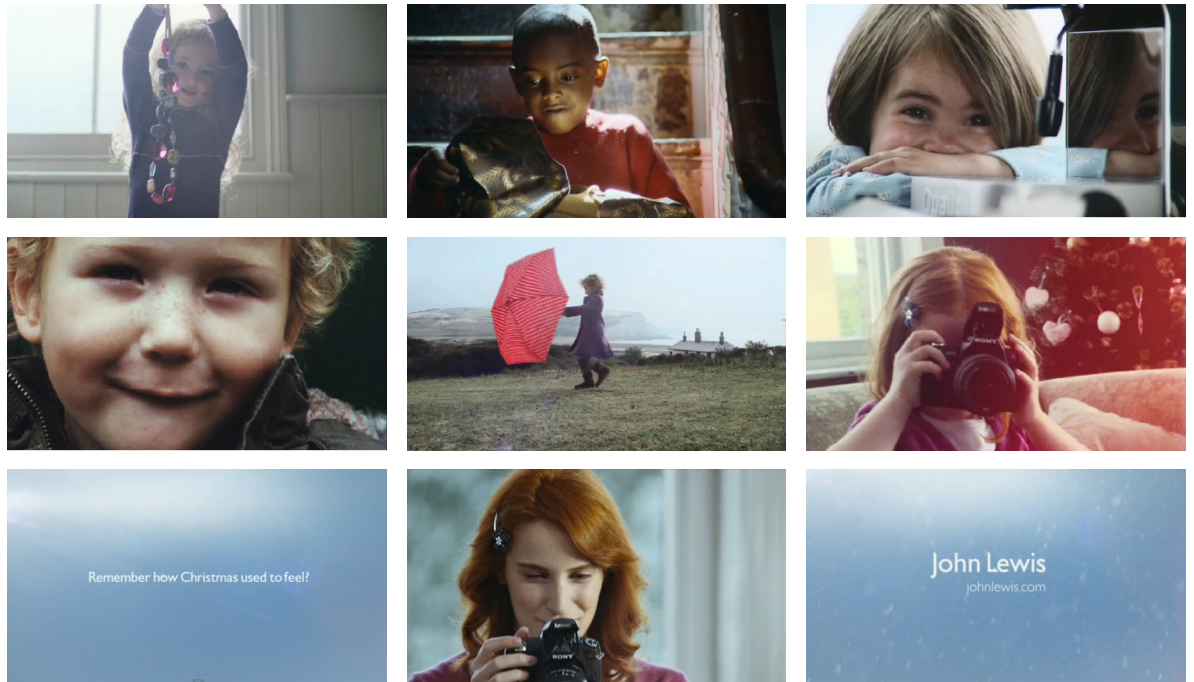


Figure 2. 'Remember the feeling' TV ad

Capturing the Christmas spirit

The first test of the new strategy would be Christmas 2009. The Christmas period is hugely important to John Lewis, since it accounts for around 40% of sales and 20% of profits. Rather than follow the usual seasonal advertising route of celebrities and sparkle, John Lewis chose to position itself as the home of a more thoughtful approach to gifts by celebrating those who put a lot of care into what they choose for others.

The resulting commercial, 'Remember the feeling', showed children unwrapping adult gifts with childish delight. It used a well-known track re-recorded by a contemporary artist, which was a model followed by all subsequent commercials (Figure 2).

The next three years built on this highly-emotional mood.

- The Christmas 2010 campaign was spearheaded by the TV ad 'For those who care'.
- 'The long wait' was created for Christmas 2011 and featured a young boy waiting to give a gift to his parents (and which reputedly caused a few parental tears to shed) (Figure 3).
- In 2012 the snowman famously went on his 'journey' accompanied by the plaintive tones of Gabrielle Aplin singing a new version of *The Power of Love* (Figure 4).

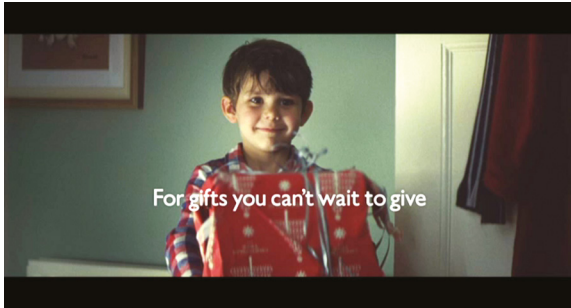


Figure 3. 'The long wait' TV Christmas ad 2011

Building on the brand philosophy of 'Never knowingly undersold'

This has been the retailer's abiding ethos since introduced by founder John Spedan Lewis in 1925. While he had always meant it to be the very bedrock of the company's culture, it had, over the years, become just a price promise. As the recession continued it was felt that the time was right to return to the broader meaning of 'Never knowingly undersold' and put it back at the heart of the brand and encompass quality and service as well as price.

The new approach was encapsulated in 2010 with the commercial 'Always a woman' to demonstrate the constancy of John Lewis throughout key moments of a customer's life (Figure 5). This was followed by the 'Through the ages' campaign in the autumn of 2011. This continued the focus on the passage of time and the emphasis on 'Never knowingly undersold', but this time with technology and music as the source of emotional appeal. In 2012, the new campaign reminded customers that the important things never change, including the brand promise.

Track	Original artist	Artist
'Sweet child o' mine'	Guns N' Roses	Taken By Trees
'Always a woman'	Billy Joel	Fyfe Dangerfield
'Your song'	Elton John	Ellie Goulding
Please please please'	The Smiths	Slow Moving Mille
'Never tear us apart'	INXS	Paloma Faith
'The power of love'	Frankie Goes to Hollywood	Gabrielle Aplin

Figure 4. Music tracks used in the TV ads

Mastering the emotions

Along with the high-profile advertising campaigns, this commitment to encouraging a more emotional connection to the brand has informed all the company's marketing activities since 2009.

- The retailer has built on its fashion credentials, with campaigns in leading fashion titles and the launch of 'Somerset' by designer Alice Temperley with an exclusive partnership that has been the fastest-selling brand launch ever at John Lewis.
- Beauty is another area where John Lewis has made significant strides towards its goal of engaging more emotionally with its customers with notable success: in 2012 beauty sales were up 10% year-on-year compared to just 5% market growth (Figure 6).



Figure 5. 'Always a woman' TV ad 2010



Figure 6. Beauty ad



Figure 7. Technology ad



Figure 8. Seasonal ad

- Greater desire and fashionability has been created in marketing for technology products too, from press through to brochures. In fact, technology has proved to be the fastest-growing category for the company, with 25% of sales in 2011 and 2012 coming from new customers. John Lewis is now the third-largest retailer of Apple products in Europe (Figure 7).
- Finally, in the home category for which John Lewis is best known, the company has taken significant steps to engage more emotionally by tapping into trigger points in customers' lives. Tracking shows that this advertising has consistently outperformed the UK retail norm for increasing brand appeal (Figure 8).

An integrated media approach

The media approach has been carefully crafted to optimise the emotional impact. For example, TV buying has ensured that the ads are set in the context

of emotional programming (*X Factor*, dramas, soaps) with the emphasis on 'socialability', based in part on the tweeting they generate.

The success is despite the fact that, even with increases in overall investment, John Lewis is still heavily outspent by key rivals. For instance, Marks & Spencer's annual TV spend is greater than John Lewis's entire annual advertising spend.

Triggering the right response

Tracking showed that existing customers, the primary audience, noticed and enjoyed the advertising to a much greater degree than previously. The ads not only encouraged positive emotions among customers, but people talked about them, looked for them online and shared them, greatly amplifying the effect of the paid-for media (Figures 9 and 10).

Huge numbers of people viewed the TV ads on YouTube, with many spoof versions created and shared as well. Meanwhile, such was the Twitter interest in 'The long wait' and 'The journey' that both trended globally within hours of being launched online, even before appearing on TV. Tweets appeared from high-profile people such as Caitlin Moran, Kirstie Allsopp and Philip Schofield.

That was surpassed in 2012, when an incredible 51% of UK Twitter users received at least one mention of the Snowman campaign, while his journey activity that saw him appear in real life across the country generated over 36,000 Tweets and 6.5 million page impressions.

Becoming part of popular culture

All the John Lewis ads have been frequently discussed in the media, ensuring that a limited budget has gone much further. In fact, the estimated 'advertising equivalent' of such coverage is approaching £5 million.

The ad 'Always a woman' was even the subject of BBC Radio 4's 'Thought for the Day' contribution as well as an exam topic for AS media studies, while 'The long wait' became an official subject for church sermons and school assemblies. Over 7,000 schools, encompassing over a million pupils, downloaded an assembly guide devoted to the ad.

The music has also been an important part of the advertising's entry into popular culture. The tracks have reached the charts and featured heavily in radio airplay. In 2012 the soundtrack for 'The journey' topped the official UK charts. The advertising value equivalent of this airplay and single downloads has

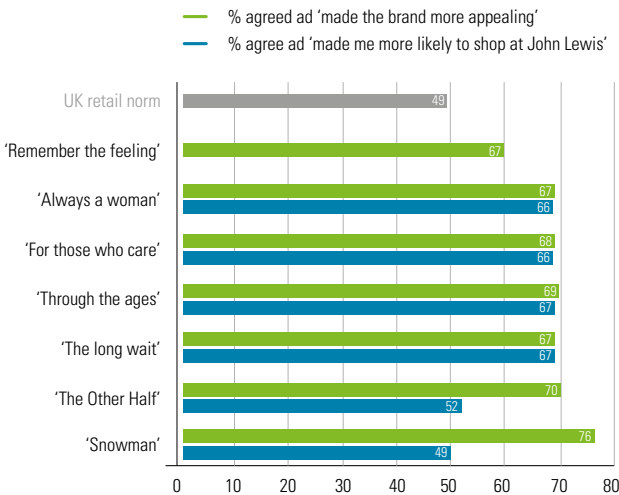


Figure 9. Advertising and music enjoyment.

Source Millward Brown tracking among John Lewis customers in catchment areas

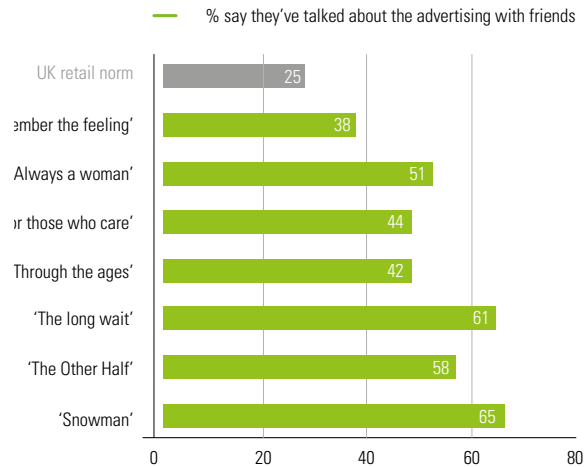


Figure 9. Talking about advertising.

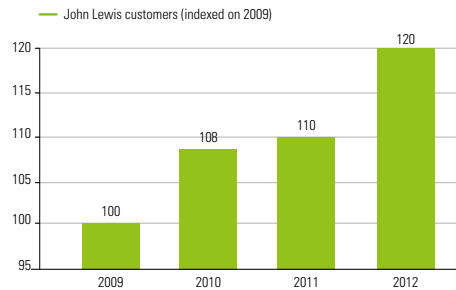


Figure 11. Number of John Lewis customers
Source: John Lewis analysis of payment card data

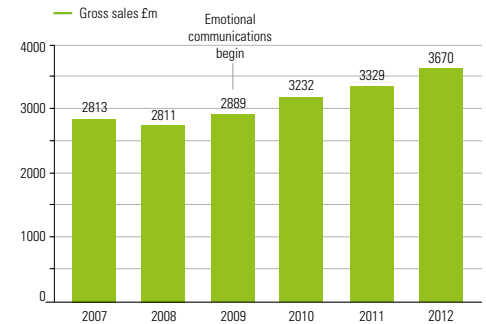


Figure 12. John Lewis gross sales
Source: John Lewis financial reports

been calculated to be worth over £15 million. This free coverage almost doubled the TV media investment.

Finally, in 2012 it was clear from a Google analytics comparison of John Lewis vs. Coca Cola that the retailer's ad overtook the equally high-profile 'Train' ad from the soft drinks brand as the signal to the start of Christmas.

Surpassing expectations across key business measures

Penetration, frequency and the average spend per customer showed marked increases. For example, tracking among customers in catchment areas showed that the ads significantly boosted the percentages of people who agreed that the ads 'made the brand more appealing' and that they made them 'more likely to shop at John Lewis'.

This translated into the primary objective: encouraging existing shoppers to visit and spend more, and the secondary objective of increasing penetration (Figure 11). Even more significantly, the company returned to growth after a difficult 2008 (Figure 12).

Other positive results include:

- Like-for-like sales growth became positive again, despite the fact that 2011 was a particularly challenging year for the retailer, along with the rest of its competitors.
- This boost in like-for-like sales was noticeably strong during December each year, coinciding with the start of the new advertising, resulting in the retailer outperforming the High Street and setting new internal records every year.
- John Lewis has consistently outperformed according to tracking from the British Retail Consortium of sales growth (like-for-like) among UK non-food retailers vs John Lewis.

The impact of compelling communications

The outcome of this new communications strategy can be seen from the retailer's own econometric modelling, which showed that, between 2009 and 2012, the communications delivered £261 million in incremental profit, meaning that for every £1 spent £5.02 returned to the business. The effect of 2012's 'The journey' alone registered the highest return of any single campaign John Lewis has ever run, with well over £160 million in incremental revenue.

An additional benefit has been the dramatic increase in the desirability of the brand to other suppliers, particularly those with premium brands, while further evidence of the increased commitment to John Lewis is the greater willingness of suppliers to contribute to funding the advertising.

Finally, there has been the impact on employee satisfaction and happiness. The overall stated purpose of the John Lewis Partnership is "the happiness of all its members, through their worthwhile and satisfying employment in a successful business". The communications have played a big role in fulfilling this objective, not only by giving them advertising they have enjoyed and felt proud of, but also by increasing the size of their annual bonuses. For the three financial years covered by the advertising, bonuses at both John Lewis and Waitrose have been unprecedented, at 15%, 18% and 14% of annual salary (equivalent to seven to 10 weeks' pay).

About The Marketing Society



Inspiring bolder marketing leaders

The Marketing Society is an exclusive network of senior marketers. Over the past 54 years we have emerged as one of the most influential drivers of marketing in the business community. The Society challenges its members to think differently and be bolder marketing leaders by supporting the development of leading-edge thinking and promoting the evidence of effective marketing. We do this through The Marketing Society Awards for Excellence, our publication Market Leader and in the online Clubhouse. Our well-respected calendar of world class events provides extensive networking opportunities and inspiration with speakers including Lord Sebastian Coe, Sir Terry Leahy and Paul Polman.

We are the place for discerning marketers to learn, develop and share best practice.

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MARKETING EXCELLENCE

“A treasure trove of case study examples covering the whole waterfront, from launching new brands to revitalising, sustaining and extending established ones, and from insights to advertising and sustainability. Whatever your business, they should make you proud to be a marketer, shake up your thinking and inspire you to go the extra mile.”

Professor Patrick Barwise, London Business School, Chairman of Which?

“These cases are a great source to stimulate your thinking. Some will stimulate new thoughts; some will unlock ideas from the back of your memory. All of them however are great fuel for growth.”

Keith Weed, Chief Marketing and Communication Officer, Unilever

Published in 2013, this series of award-winning case studies features some of the world's leading brands:

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