

John Lewis **adam&eve**DDB°

Client company: John Lewis

Entry category: Category S Long term marketing excellence

Title of entry: Making the nation cry and buy

Client name: Craig Inglis

Job title: Marketing Director

Campaign timings: Early 2009 - December 2012

WORD COUNT 2043

# Introduction

In 2013 John Lewis is one of the most talked-about and admired advertisers in the UK. But it's easy to forget how recently that wasn't the case. This paper tells the story of how a bold decision to use highly emotional advertising cemented the brand as a national treasure and drove significant incremental returns.

This paper covers the period from early 2009 to the end of 2012. Throughout this period many retailers have closed their doors:

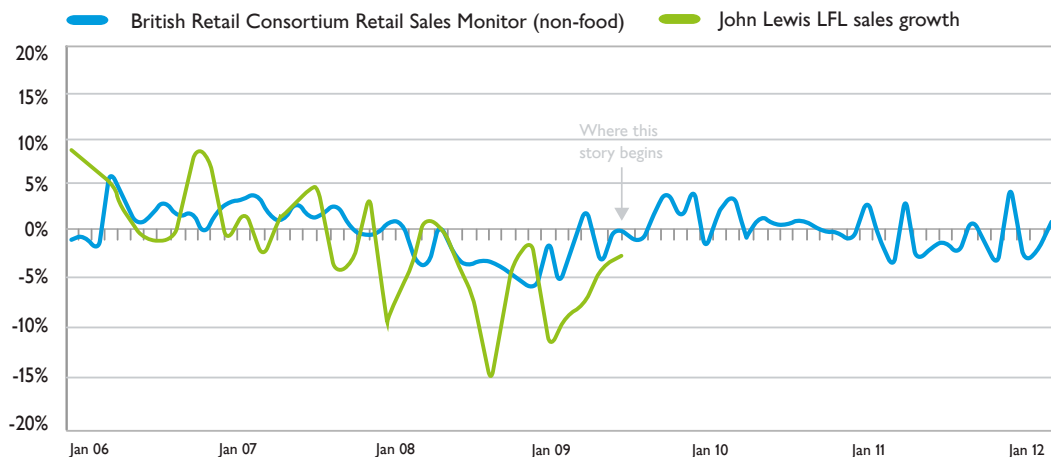
## UK retailers in John Lewis categories announcing closure/administration

Brand	Month that closure/administration announced
MFI	Nov 2008
Woolworths	Dec 2008
Zavvi	Dec 2008
The Pier	Dec 2008
Land of Leather	Jan 2009
Allied Carpets	Jul 2009
Borders	Nov 2009
Adams	Dec 2009
Confetti	Aug 2010
Suits You	Oct 2010
Focus DIY	May 2011
Habitat	Jun 2011
Jane Norman	Jun 2011
TJ Hughes	Jun 2011
Lombok	Aug 2011
Best Buy	Nov 2011
Barratts	Dec 2011
La Senza	Jan 2012
Peacocks	Jan 2012
Fenn Wright Manson	Mar 2012
Game	Mar 2012

Source: Press coverage

And until Spring 2009 John Lewis had been suffering too. For all but two of the previous 18 months, like-for-like sales had been negative and often more so than the British Retail Consortium's average.

## Sales growth (like-for-like) amongst UK non-food retailers vs. John Lewis prior to mid 2009

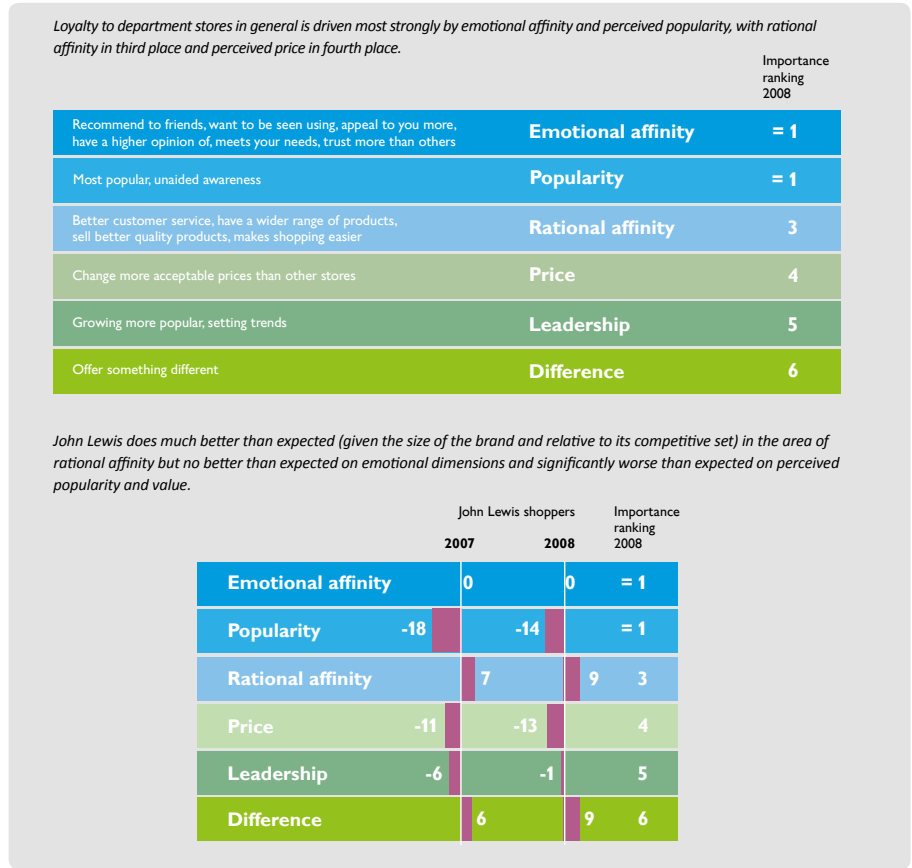


Source: British Retail Consortium; John Lewis

# Customers did not have an emotional relationship with John Lewis

The chart below illustrates the fundamental difficulty John Lewis faced as a brand. It had huge rational affinity, but was weak on popularity and emotional affinity – the two top drives of loyalty. John Lewis was trusted, but not loved.

## Analysis of drivers of 'bonding' (a measure of loyalty)



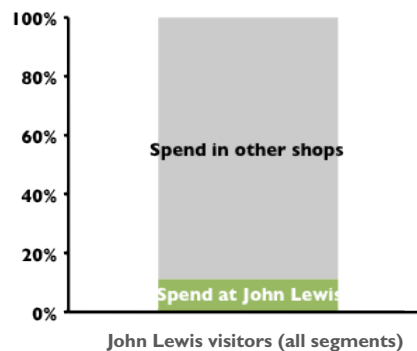
Source: BrandZ/Millward Brown 2008, base department store/John Lewis last 12 month shoppers at bonding level

The impact was that whilst it had strong penetration in its key catchments, John Lewis suffered from low frequency of purchase and consequently low share of wallet amongst its key target customers:

Percent of visits (within a 30min drive time)



Percent of total spend



# The communications solution

A new, more emotional communications approach was required.

The primary objective was to encourage existing shoppers to visit a little more and spend a little more. On a secondary level it was hoped to get those who hadn't shopped at John Lewis to visit for the first time.

There have been two main strands of communications (Christmas and Never Knowingly Undersold), plus category marketing for the likes clearance, technology, home and fashion.

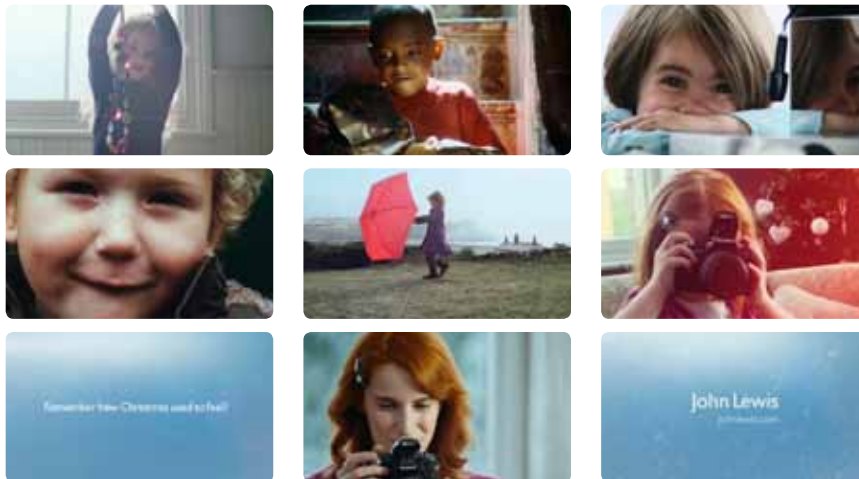
## 1 Christmas – the most important sales period

Christmas 2009 became the first test of this new strategy. Christmas is hugely important to John Lewis, accounting for around 40% of sales and 20% of profits.

Christmas ads are all celebrities and sparkle, but John Lewis chose to position itself as the home of more thoughtful gifting, celebrating those who put more care into what they choose.

The Christmas 2009 commercial 'Remember the feeling' showed children unwrapping adult gifts with childish delight. It used a well-known track re-recorded by a contemporary artist, a model all subsequent commercials followed...

### 'Remember the feeling' TV ad and other Christmas 2009 communications



Music tracks used in the TV ads

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 Millie
'Never Tear us Apart'	INXS	Paloma Faith
'The Power of Love'	Frankie Goes to Hollywood	Gabrielle Aplin

In Christmas 2010 the campaign was spearheaded by the TV ad 'For those who care'; for Christmas 2011 'The long wait' was created; and in 2012 a Snowman famously went on an 'The Journey':

'For those who care' TV ad Christmas 2009



'The long wait' TV ad Christmas 2011

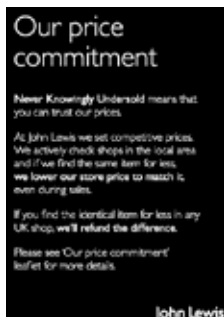


'The Journey' (snowman) TV ad Christmas 2012



**2 'Never knowingly undersold' – the brand's philosophy**

John Lewis's commitment to be 'Never knowingly undersold' was introduced by founder, John Spedan Lewis in 1925. He intended it as a total trading philosophy, but 'Never knowingly undersold' had been allowed to become just a price promise:



'Never knowingly undersold' communication pre 2010

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.

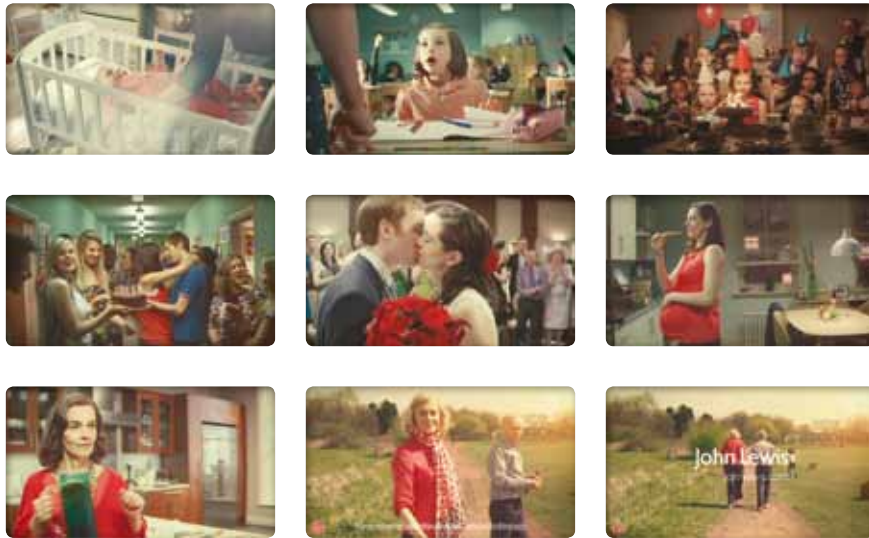
New 'Never knowingly undersold' communication from 2010

**Never Knowingly Undersold  
on quality | on price | on service**



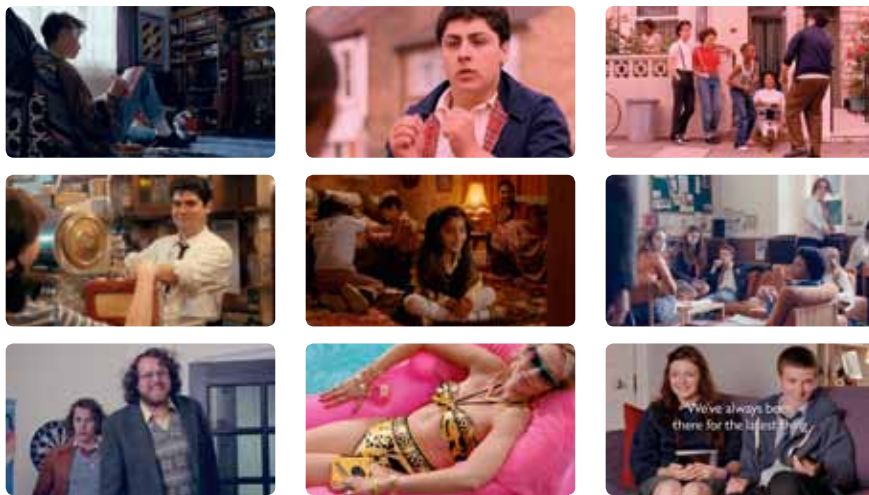
The accompanying commercial 'Always a woman' was an emotional demonstration of John Lewis's constancy through the key moments of a customer's life:

'Always a woman' TV ad, May 2010



In Autumn 2011 John Lewis again supported 'Never Knowingly Undersold' with the 'Through the ages' campaign, which continued with the focus on the passage of time, but this time with technology and music as the vehicle for emotion.

'Through the ages' TV ad and other electricals communications, September 2011



Then again in 2012 a campaign reminded customers that the important things in life never change, including John Lewis's promise to be Never Knowingly Undersold:

'The Other Half' TV ad September 2012



### 3 Delivering greater emotion in all John Lewis does

As well as these major peaks of marketing activity, deepening customer's emotional affinity has informed all of John Lewis's marketing activities since 2009.

This includes building our fashion credentials, with campaigns in leading fashion titles and the launch of Somerset by Alice Temperley, an exclusive partnership that has been the fastest selling brand launch of all time at John Lewis:



The launch of Somerset by Alice Temperley





Beauty is another area where John Lewis has made significant strides to engage with its customers emotionally. In 2012 beauty sales at John Lewis were 10% up year-on-year, vs just 5% market growth:



And greater desire and fashionability has been created in marketing for technology products too, from press through to brochures. Technology has proved to be the fastest growing category for John Lewis across 2011 and 2012, with 25% of sales going to new customers. The success of this more fashionable marketing can be seen in the fact that John Lewis is now the third largest retailer of Apple products in Europe:

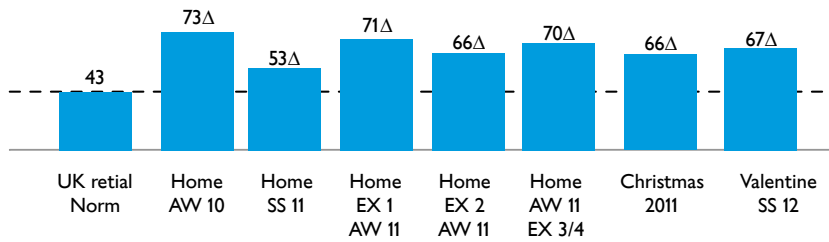


And finally the home category that John Lewis is most famous for, has also taken significant steps forward to engage emotionally, tapping into key trigger points in customers lives:



John Lewis home advertising has consistently outperformed the UK retail norm for increasing brand appeal:

Made the brand more appealing %



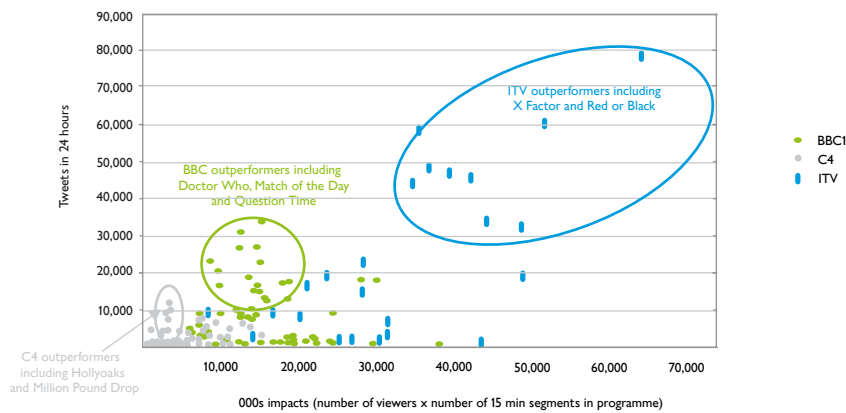
Source: Millward Brown tracking amongst John Lewis shoppers in catchment areas

## Building our emotional strategy into our media approach

John Lewis's media approach is designed to optimise the emotional strategy and ensure an integrated approach.

TV buying has ensured that the ads are experienced within emotional programming (e.g. X Factor/ dramas, soaps) and prioritises the programmes seen to be highly 'sociable':

Analysis of 'sociability' of TV programmes



Source: Data Science The horizontal axis takes account of how long a programme is, since this affects how likely it is to generate Tweets

Despite increases in overall investment, John Lewis is still heavily outspent by key rivals - M&S's annual TV spend is greater than John Lewis's entire annual advertising spend.

John Lewis above-the-line spend and share of voice

	2009	2010	2011
ATL spend <sup>7</sup>	£15.2m	£21.3m	£26.3m
ATL share of voice <sup>8</sup>	7.5%	7.9%	9.4%
TV spend	£2.3m	£8.9m	£10.0m
TV share of voice	2.6%	6.5%	6.6%

Source: Nielsen AdDynamix

## The key brand results

### The communications were noticed and enjoyed and triggered an emotional response

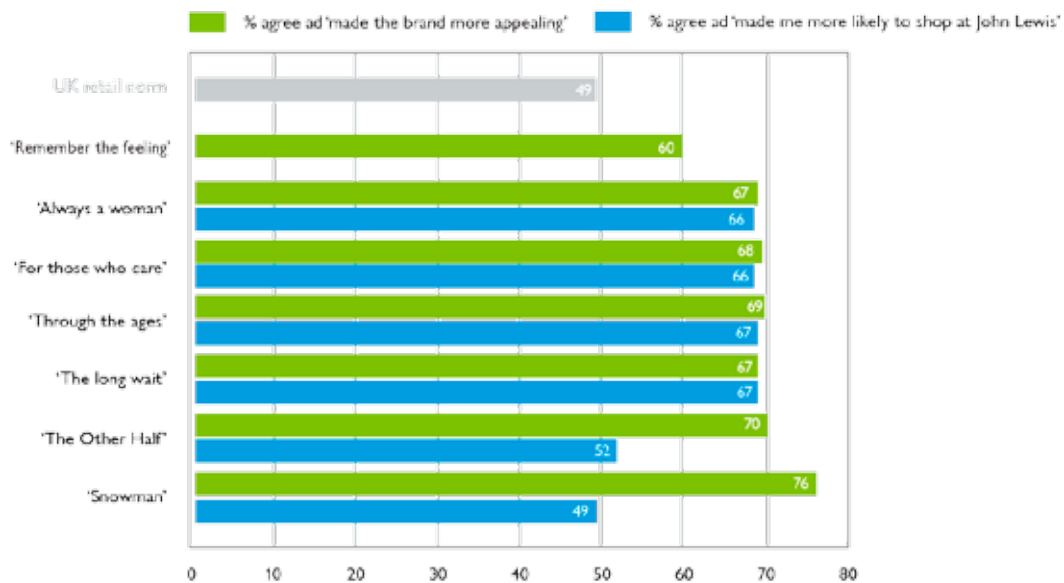
Tracking shows that existing customers, our primary audience, have noticed and enjoyed the advertising to an extent previously unseen:

#### Total brand communication awareness and TV ad awareness

	Pre new emotional strategy Sep 2009	Post new emotional strategy Dec 2012
Total communications awareness	23%	55%
Awareness of TV ads	8%	45%

Source: Millward Brown tracking

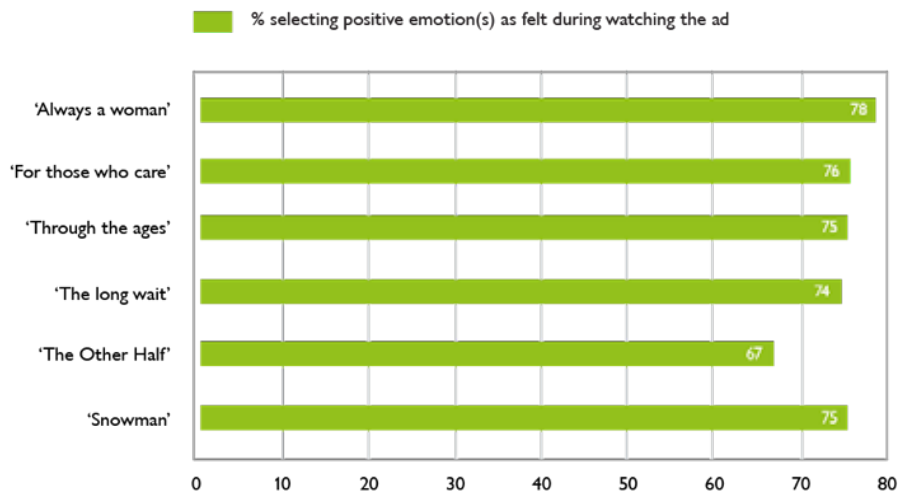
#### Advertising enjoyment and music enjoyment



Source: Millward Brown tracking amongst John Lewis shoppers in catchment areas

As intended the ads triggered positive emotions amongst customers.

### Emotional response to ads

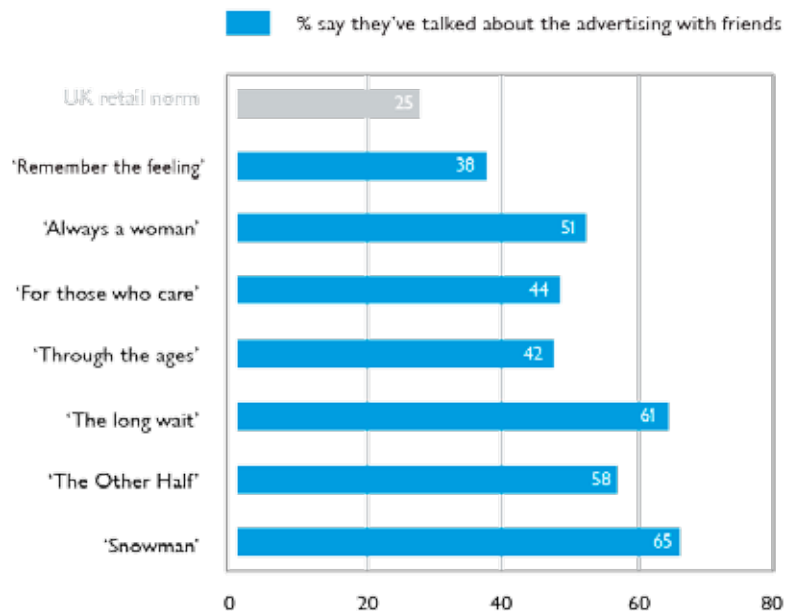


Source: Millward Brown tracking amongst John Lewis shoppers in catchment areas (These questions weren't asked for Christmas 2009 and there isn't a norm)

### The communications were sought out, talked about, shared and spoofed

Not only were the communications enjoyed at the time of viewing but people talked about them, looked for them online and shared them, greatly amplifying the effect of the bought media.

### Talking about the advertising



Source: Millward Brown tracking amongst John Lewis shoppers in catchment areas.

## Facebook response to Christmas 2011 ad

The image shows a collage of Facebook content. On the left, two posts from John Lewis are visible. The top post, dated November 12, 2011, asks for feedback on the Christmas TV ad airing on ITV. The bottom post, dated November 11, 2011, offers a preview of the ad. On the right, a list of user comments expresses admiration for the ad. Below the comments are two Facebook group listings: 'Slow Moving Millie for Xmas number 1' with 190 members, and 'We love the John Lewis 2011 Christmas Advert' with 197 members.

Huge numbers of people have viewed the John Lewis TV ads on YouTube with many spoof versions created and shared too.

## YouTube viewing of ads

Advert	YouTube views
Remember the feeling	338,319
Always a woman	1,073,927
For those who care	858,930
Through the ages	353,410
The long wait	4,167,209
Love will never tear us apart	586,021
The journey	3,166,677 *
<b>Total</b>	<b>10,544,493</b>

Source: YouTube, first 3 months only

Such was the Twitter interest in 'The long wait' and 'The Journey' that both trended globally – within hours of being launched online, even before they had been on TV

Twitter worldwide trending topics on the day 'The long wait' was launched on Facebook

Trending Now	
#lestweforget	>
#armisticeday	>
#LadiesWeWantAnswers	>
Today is 11/11/11	>
John Lewis Christmas	>
WW1	>
Mike Tindall	>

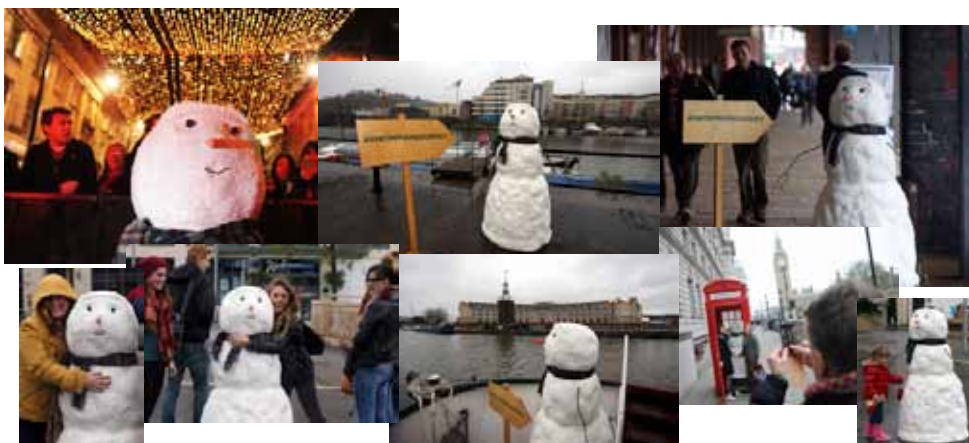
Source: Twitter, 11.11.11

Celebrity tweets about 'The long wait'



Source: Twitter

In 2012 an incredible 51% of the UK twitter users received at least one mention of the Snowman campaign, whilst the 'snowman journey' activity that saw the Snowman appear in real life across the country generated 36,076 tweets and 6.5 million page impressions.



## The communications were talked about in the media and entered popular culture

All the John Lewis ads have been frequently discussed in the media again ensuring that a limited budget went much further. The estimated 'advertising value equivalent' of all the coverage is approaching £5m

Example press coverage



Daily Telegraph cartoon of George Osborne as the little boy in 'The Long Wait'



Even more incredibly 'Always a woman' was the subject of 'Thought For The Day' on BBC Radio 4's Today programme and an exam topic for AS Media Studies, whilst 'The long wait' became an official subject for church sermons and school assemblies: over 7000 schools (teaching over a million pupils) downloaded an assembly guide devoted to the ad:

Assembly guide involving 'The long wait'

A screenshot of the 'Primary Current Assemblies' page on www.assemblies.org.uk. The page features a navigation bar with links for 'HOW TO USE THIS SITE', 'ABOUT US', 'RESOURCES', 'SUBMISSIONS', and 'FEEDBACK'. Below the navigation bar, there are three buttons: 'CURRENT ASSEMBLIES', 'STANDING ASSEMBLIES', and 'RAPID RESPONSE'. The main content area is titled 'Primary Current Assemblies' and features a section for 'THE LONG WAIT: An Advent and Christmas assembly' by Revd Alan M. Barker. The assembly is suitable for Key Stage 2. The aim is to reflect upon Christmas as a time of giving rather than receiving. The preparation and materials section includes a link to a YouTube video of the 2011 John Lewis television commercial and a note about the commercial's content.

Source: assemblies.org.uk

The music has been an important part of the advertising's entry into popular culture. The tracks have charted and featured heavily in radio airplay. In 2012 the soundtrack to 'The Journey' topped the official UK charts



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#### 'The Journey' Soundtrack at Number 1

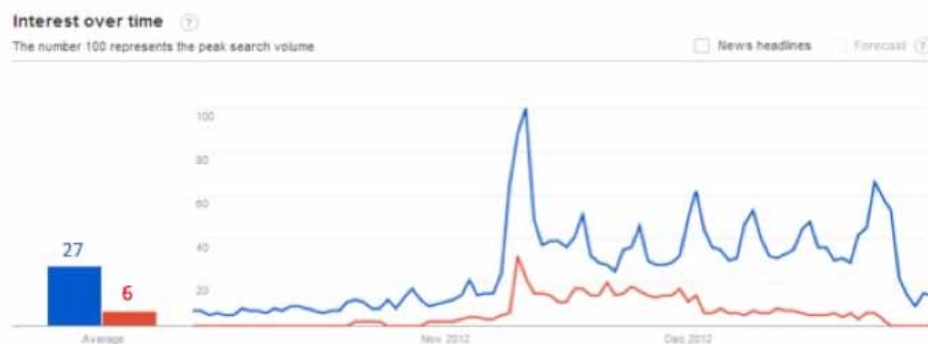


The 'advertising value equivalent' of airplay and single downloads has been calculated at over £15m. This free coverage almost doubles the TV media investment.

Finally, in 2012 it was clear that the John Lewis Christmas campaign has overtaken Coca cola 'Train' as the signal of the start of Christmas:

#### Google analytics comparison of John Lewis vs Coca Cola

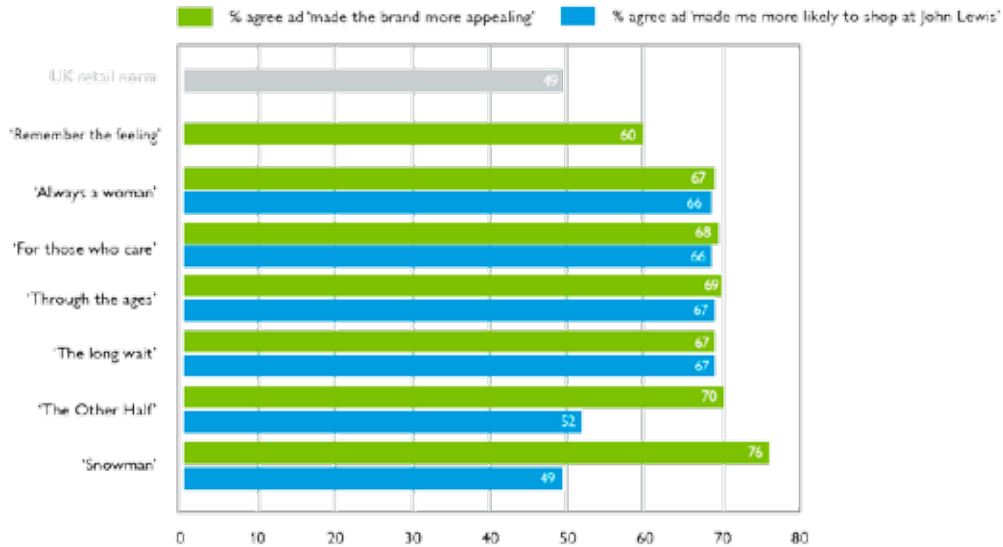
JL vs. Coca Cola  
Comparison of Google searches for "John Lewis Christmas" vs. "Coca Cola Christmas"  
(Oct – Dec 2012)



## Penetration, frequency and average spend increased

Customers are prepared to directly attribute the advertising with making the brand more appealing and making them more likely to shop at John Lewis

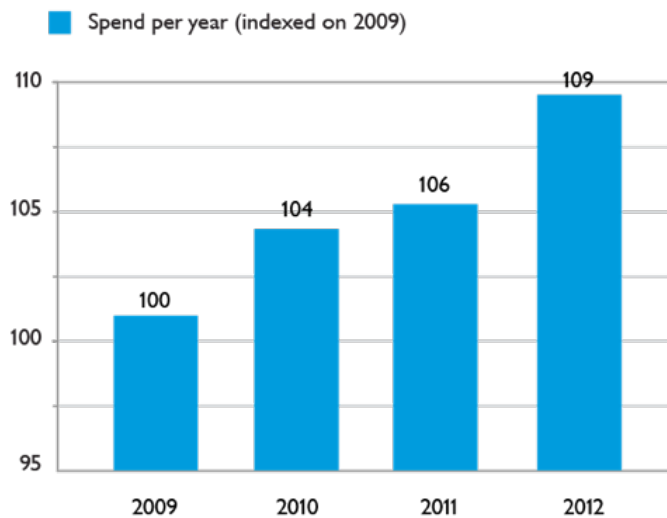
### Brand 'feel good' generated by the advertising



Source: Millward Brown tracking amongst John Lewis shoppers in catchment areas

This translated into meeting our primary objective - getting existing shoppers to visit and spend more has indeed been achieved.

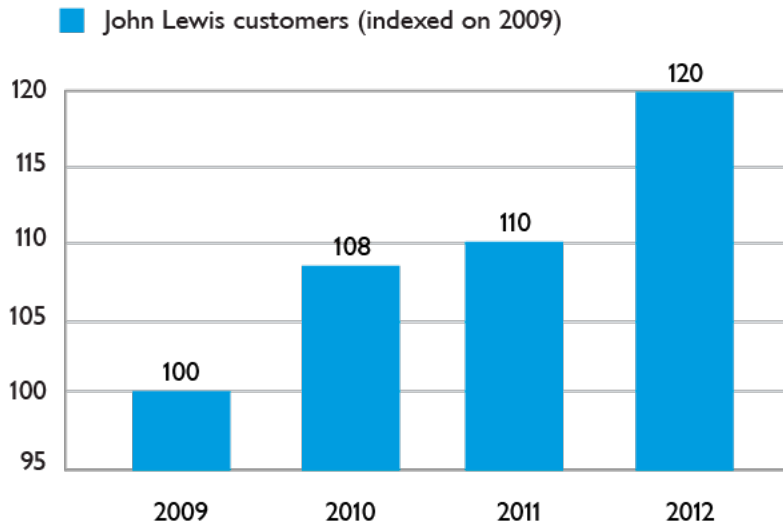
### Average annual spend per John Lewis customer



Source: John Lewis analysis of payment card data (not possible prior to 2009 because EPOS system not in place)

Furthermore our secondary objective of increasing penetration has also been achieved

Number of John Lewis customers

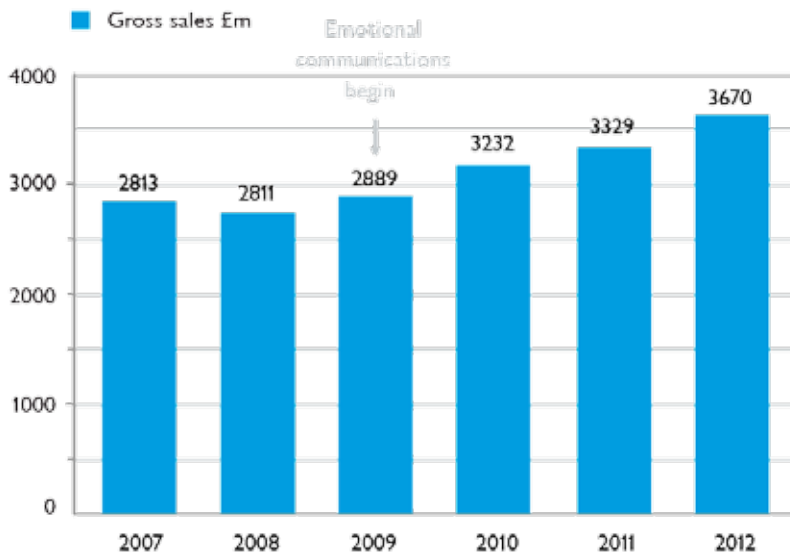


Source: John Lewis analysis of payment card data (not possible prior to 2009 because EPOS system not in place)

## The key business results

Following a difficult 2008 where sales declined slightly, John Lewis returned to growth from 2009 onwards

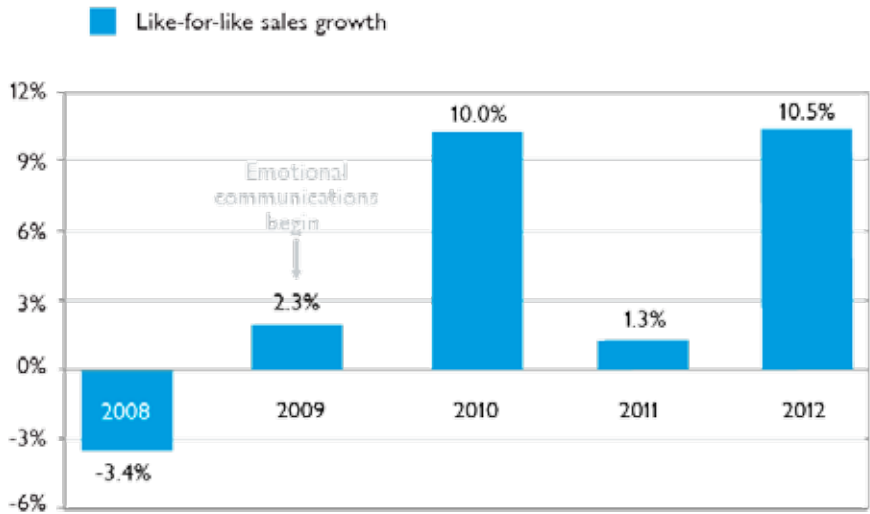
John Lewis gross sales



Source: John Lewis financial reports (John Lewis financial years run Feb to Jan but have been taken as equivalent to the relevant calendar year)

Like-for-like sales growth has become positive again, although 2011 was a particularly challenging year for John Lewis in line with the rest of the high street.

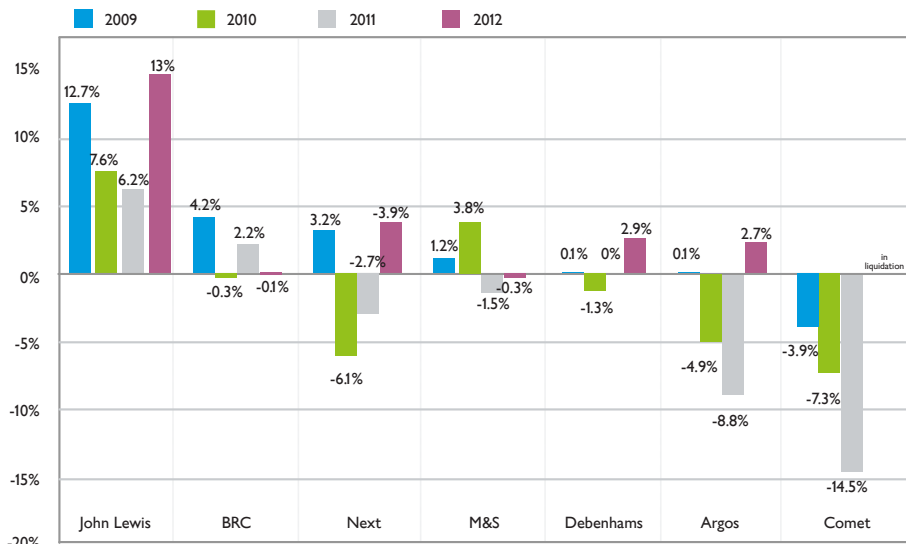
John Lewis like-for-like sales growth



Source: John Lewis financial reports  
(John Lewis financial years run Feb to Jan but have been taken as equivalent to the relevant calendar year)

John Lewis's December sales have been particularly impressive since the new advertising began, outperforming the rest of the high street and setting new internal records every year.

Christmas period like-for-like sales growth

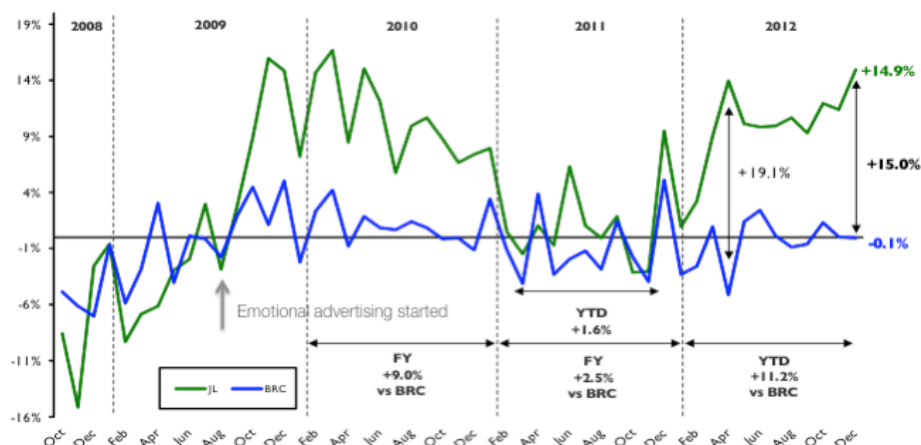


Source: Published financial information ; BRC: British Retail Consortium Retail Index (non-food)

“By any standards, this is an impressive performance, but when the general trading environment over Christmas is taken into account it underlines the fact that John Lewis is outperforming the market by a very significant degree.” (Neil Saunders, managing director of the retail analysts Conlumino talking to BBC News 2nd Jan 2013)

In terms of sales growth versus the high street, John Lewis has consistently outperformed the British Retail Consortium:

#### Sales growth (like-for-like) amongst UK non-food retailers vs. John Lewis



Source: British Retail Consortium; John Lewis

### The communications directly contributed to significant sales and profit uplifts

It's clear that John Lewis's business did very well during this period, but the critical question is: to what extent are communications driving this, versus other factors?

The sales of any large multi-channel retailer are affected by numerous variables and John Lewis uses sophisticated econometric modelling to isolate the contributions of different factors.

We have a full model up to Jan 2012. From here we only have predicted models, the full model not being updated until Q2 2013:

<b>ATL communications (TV, press, outdoor, radio, cinema, online display)</b>	<b>Nov-Dec 09 TV only</b>	<b>Feb 2010 to Jan 2011</b>	<b>Feb 2011 to Jan 2012</b>	<b>Total</b>
Spend (media, production, fees)	£3.2m	£19.0m	£29.7m	£51.9m
Total incremental revenue (including VAT)	£71.6m	£363.3m	£584.3m	£1019.2m
Total incremental revenue (excluding VAT)	£59.7m	£302.7m	£487.0m	£849.4m
Net profit <sup>28</sup> ((Incremental revenue excluding VAT x marketing contribution margin] – spend)	£13.7m	£97.5m	£149.8m	£261.0m
Profit ROI (Net profit / spend)	£4.24	£5.13	£5.04	£5.02
ROMI (% return on marketing investment)	424	513	504	502

As can be seen from the chart above, the incremental revenue generated by communications translates into impressive incremental profit. Between 2009 and 2012, John Lewis communications have delivered £261m incremental profit, meaning that for every £1 spent £5.02 is returned to the business.

The impact of marketing in 2012 appears to have had even more significant with 'The Journey' registering a predicted £163m in incremental revenue, the highest return of any single campaign John Lewis has ever run.

## The communications had other indirect business effects

Since the advertising began John Lewis's desirability to supplier brands (especially premium ones) has increased dramatically:

Premium brands that have become available at John Lewis since 2009

Electrical and Home Technology	Fashion	Beauty
Loewe (returned after 5 year absence) Bang & Olufsen (JL is only chain stockist) Monster Beats Bowers & Wilkins Manfrotto Smythson accessories	Ralph Lauren Hugo Boss Whistles Tom Ford Prada Valentino Thomas Pink Ghost Temperley Day Birger et Mikkelsen Hoss Intropia Links	Hugo Boss Prada Aveda Jo Malone Burberry Body Nars Bare Minerals Kiehls

Source: John Lewis

Further tangible evidence of suppliers' increased commitment to John Lewis is their greater preparedness to contribute to funding the advertising:

Growth in supplier funding since 2009

	Supplier funding of advertising (indexed on 2009-10 figure)
2009-10	100
2010-11	117
2011-12	175
2012-13 (estimated)	217

Source: John Lewis

## The communications made Partners very happy

The John Lewis Partnership's overall stated purpose is "the happiness of all its members, through their worthwhile and satisfying employment in a successful business".

Communications have contributed to the fulfilment of this objective, not only by giving Partners advertising that they have enjoyed and felt proud of but also by increasing the size of the annual bonuses they have been given.

### Partner feedback about the advertising

*Sir: I sat transfixed to the screen on Friday (23 April) at 7.45pm to what I can only describe as a very beautiful and touching advert. I think it has to be one of the best I have ever seen. The music was perfect, the way the story of a customer's life was shown with our products in her home updating was very clever.*

*All in all it left me with a tear in my eye and a lump in my throat. Very well done!*

*Yours, etc IMPRESSED PARTNER*

*Firstly who do I congratulate on the most intriguing advertisement campaign recently aired on Television from John Lewis. I absolutely loved it, I understood immediately how the girl/woman interacted with the brand, I even recognised some merchandise from our shop floor myself.*

*Gorgeous, sentimental, spell-binding and perfectly sums up a brand we have every reason to be proud of. Absolutely love it.*

*I would firstly like to congratulate you on a truly fantastic and moving Christmas advert. The first time I saw it, I cried!*

*We have been watching the new advert in the Partners entrance - its lovely. You have nearly every woman in Wycombe in tears. I think we all started recognising our own daughters and then flipped to seeing ourselves in the advert. Brilliant!*

*Just shown it, great reaction, tears and applause and huge thumbs up.*

Source: Letters to John Lewis Gazette, emails to Marketing department

For the three financial years that this activity straddles both John Lewis and Waitrose bonuses have been generous at 15%, 18% and 14% of annual salary (equivalent to 7 to 10 weeks' pay – an unprecedented level of generosity in retail)

### Partners celebrate the bonus announcement, March 2011



It is very unusual to be able to make a link between marketing effectiveness and employee happiness, but it is a fact of immense pride to all concerned that we can, and we would hope to the founder of John Lewis himself.

## Summary

This paper tells the story of how, in a little over two years, John Lewis communications have propelled the brand into the nation's hearts, achieved a return on investment of over 500% and made every Partner better off.

It is a story of consistency, the interrelationships between all media, and above the power of emotions to drive sales.