

MARKETING EXCELLENCE 2

giffgaff

People power builds a
breakthrough brand



MARKETING
SOCIETY

AWARDS FOR
EXCELLENCE

in association with
Marketing

About The Marketing Society



INSPIRING BOLDER MARKETING LEADERSHIP

The Marketing Society is a not-for-profit organisation owned by its members, with over 2500 senior marketers. Over the past 50 years it has emerged as one of the most influential drivers of marketing in the UK business community.

The Society challenges its members to think differently and to be bolder marketing leaders by supporting the development of leading-edge thinking, and promoting the evidence of effective marketing. The Society does this through the Marketing Society Awards for Excellence; its publications Market Leader, Our Week and rich online Knowledge Zone; a national programme of world-class events; innovative professional development, such as the annual Marketing Leaders Programme; and extensive on-and-offline networking opportunities.

www.marketing-society.org.uk

Foreword

By Roisin Donnelly

What is marketing excellence?



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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 25 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 in this book is the best of the best from the past four years of our Awards, and I am confident that it truly demonstrates *marketing excellence*. I have been truly inspired by these case studies and I hope you will be too.

giffgaff

People power builds a breakthrough brand

Snapshot

O₂ created an iconoclastic new brand to capture a digitally-savvy audience who rejected traditional network operators.

Key insights

- A powerful mix of entrepreneurialism and digital dexterity enabled mobile phone operator O₂ to create a new brand to attract a sceptical but influential group of customers.
- This interesting new brand worked on a collective principle of incentivising its satisfied customers to recruit new ones. This emulated the mutuality embodied in social platforms such as Wikipedia to provide real value for customers while keeping operating costs as low as possible.
- Developing strong bonds with customers through this strong focus on simplicity, transparency and rewards has been a source of continuing insight and brand advocacy.

Summary

In late 2009 O₂ created giffgaff, a SIM-only mobile network, to attract an audience of digitally-savvy consumers who avoided traditional networks. Its defining characteristic was the application of the community-powered model of social media sites such as Wikipedia to the mobile sector. Based on

mutuality, giffgaff would not only offer great value, but would reward consumers financially and emotionally for their contribution.

Its journey began with a beta launch in November 2009 with a collection of weird and wonderful tools to draw in these tech-loving individuals. They could ‘hire’ these tools for free and bring them to life by making a video which they could then upload to YouTube. They were also incentivised to take part with the prize of a SIM card that offered free calls, texts and data for a year, along with cash prizes for sharing and creativity.

Following a successful debut, the public launch six months later was aimed at a more mainstream audience and focused on driving word-of-mouth through a tightly-integrated campaign. It achieved significant success despite its comparably small share of voice in paid media. The brand has since gone from strength to strength and boasts a base of committed members who continue to act as brand advocates by recruiting new customers.

Breaking the corporate mould

When O₂'s head of brand strategy Gav Thompson attended a social media conference in San Francisco, he was struck by what would turn out to be a game-changing idea for the business. Inspired by the way that platforms like Wikipedia and Facebook were enabling new, non-institutional ways of doing things, he imagined a mobile network run on the principle of mutuality: one that rewarded its community of customers for doing much of the work normally done by employees. He could see a gap in the market for people who liked to get involved in different ways of doing things.

Back at head office, the analysts concluded there just might be a business in it. And so the idea of giffgaff was conceived: a mobile virtual network operator (MVNO) which would run on the O₂ network and be owned by O₂, but which would operate as a separate business and target a group of consumers for whom the O₂ brand had little appeal.

The first step was to hire creative agency Albion to help transform what was still an embryonic idea and a rather thin business plan into a fully-fledged and profitable business.

The brief was dauntingly broad in scope:

- Define and name the brand.
- Identify and understand the target audience.
- Design and build the web interface.
- Help develop the business strategy and process.
- Create the launch communications.

Bringing the brand to life

The name chosen for the nascent brand encapsulated its essence: giffgaff, which is an ancient Scottish term meaning ‘mutual giving’, but which also sounds like it is describing a conversation: an apt metaphor for a social mobile network.

The big challenge was how to transform the loose principle of mutuality into a functional business model. giffgaff's association with O₂ meant that emotional rewards alone might be met with scepticism, so a functional benefit was also created: ‘Payback’, giffgaff's reward currency, which members could convert into cash, credit or a charity donation. More significantly, these pioneering members would provide customer service by helping new members with queries and problems. The goal was to deliver better and more efficient service than that of the big networks' call centre model; one which could therefore offer much better value (Figure 1).

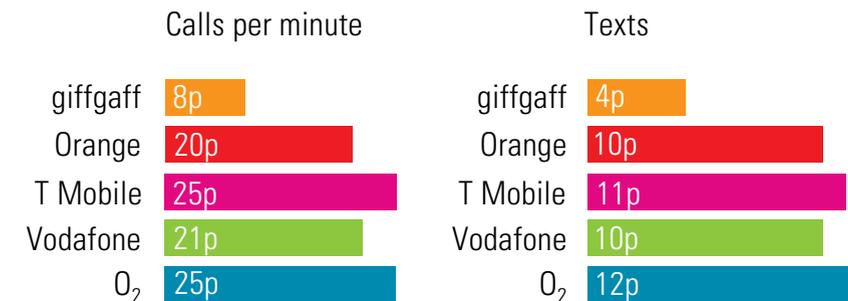


Figure 1. Cost comparisons

The concept of member involvement was key to creating a powerful value proposition. By removing call centres and big-budget advertising campaigns, costs would be kept low and savings passed back to members. It would give the brand the ability to beat the big networks on price and even match the budget competitors, but with an interestingly differentiated experience.

Key to giffgaff's strategy is that it isn't for everyone. Freed from the need to try and attract a broad audience, the brand could focus on creating an experience that really connected to that substantial niche of mobile users who weren't being recognised by any other operator.

Banking on people power

Accepted wisdom said that launching this type of network would take two years. Because giffgaff didn't want to wait that long, it decided to adopt the beta launch approach common with web start-ups to get the operation up and running within six months.

But launching before the technology platform was completely developed would only work if it could attract enough users onto the network to give it a good shakedown and create an embryonic community. Moreover, a beta test requires a certain sort of person: they need to be happy to put up with, and accurately report, any bugs in the technology in return for the 'bragging' rights of being first in. It was felt that those traits would be found among students, particularly at art colleges.

The result was a campaign which kicked off in November 2009. It was centred around the power of mutuality and participation with the introduction of 'Tool Hire'. This involved a collection of offbeat tools that people could 'hire' for free and bring to life by making a video using them which could then be uploaded to YouTube.

Consumers were incentivised to take part with the offer of a VIG (very important giffgaffer) SIM card that offered free calls, texts and data for a year. To promote sharing and creativity there were five prizes of £5,000 awarded to the community-nominated winner of categories such as 'most viewed', 'funniest' and so on (Figure 2).



Figure 2. 'VIG' SIM card campaign

Although the barriers to entry were seemingly high – asking the public to create and upload video content had proved too great a stumbling block for many a bigger brand with a large existing customer base – the results after a scant three months were impressive:

- 156 videos.
- 615,116 video views on YouTube.
- 43,301 visits to the Tool Hire site.
- A reach of 1.2 million through primetime TV pick-up.

More significantly, the campaign began to lay strong foundations for the community-powered business model, with members proving themselves to be effective recruiters.

The first campaign made an impact in two critical ways:

- It showed that a strong appetite existed for a brand built on mutuality.
- It proved that the business model of community-based support and acquisition worked as well in practice as it had sketched on the back of a napkin in San Francisco.

The community also proved to be a great source of insight. The members loved the competitive prices as well as the simplicity and transparency of the offering. But they had also shown an interest in additional products, particularly the bundled packages of calls, texts and data. This led to the development of 'goodybags', or bundles of texts, minutes and containing everything the members liked about other networks' bundles without those elements they disliked, such as 'unlimited' not really meaning unlimited.

This emphasis on simple transparency proved to be a hit and a major draw for smartphone users. But what really created buzz and generated advocacy was the level of consultation with members on the make-up of the goodybags.

Moving towards the mainstream

After only six months, with the powerful combination of a working business model, a solid base of members poised to deal with queries and competitively-priced products for all user types, the time had come to leave beta.

To do that, a 'hook' was needed to win over a more mainstream audience, particularly those who might have been a bit baffled by the concept of Tool Hire. The launch would aim at driving online word-of-mouth about the brand to create activity through the low-cost acquisition channels, such as search engine optimisation, that the business model depended on.

For the first time, too, the brand was showcased offline as well as online to help validate the service in the eyes of this broader audience. The integrated campaign ran across digital outdoor, national press, online display and social media. It was based on the concept of 'The Man', a representation of the 'establishment' way of doing the sort of things that giffgaff and its customers were against. The caricature tapped into the cultural rage against bankers and fat cats in the wake of the recession and oil spills (Figure 3).



Figure 3 'The Man' integrated campaign

Because the main objective was to use offline not to drive acquisition but to create buzz, the campaign was run for only two weeks. Despite such a concentrated period, the results were strong. Even more promisingly, it ignited traffic in the non-traditional channels. Search traffic, for example, was still increasing 20 days after the paid-for media campaign ended.

Building on success

The 'run by you' community-powered model has continued to flourish and its success can be seen in:

- Excellent customer service. By the end of 2010 there were 8,000 questions asked with an average of five responses to each one. Questions were answered within an average of three minutes compared to the industry standard of 15 minutes.
- High levels of recruitment of members by members.
- Members creating new apps, holding events, building a wiki and even launching (and had upheld) an Advertising Standards Authority complaint when rival network 3 claimed that "no other network gives you more for £10".
- Regular mobilisation for defence of the brand: for example, forcing the community review site Pownum to change its business model to allow free right of reply.

The company has also continued to improve the offering, for example by generating buzz and exploring new ideas in its experimental goodybags. In addition, each member has been provided with a unique affiliate page through which their own networks can order SIMs and which includes a selection of banners and buttons they can use across their online profiles.

The community has been well-rewarded for its efforts as well. For instance, in the November 2010 payout the top earner received over £900, with a further top ten earners making £450 on average. One member was even hired to join the giffgaff team.

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We are committed to delivering one distinctive experience for our customers. Wherever they are, we want them each to feel that "no one recognises me like Aviva". Our global consumer research reveals that most of our competitors are particularly bad at recognising people's individual significance. This research also tells us that small human touches can make a huge difference to a customer's experience. Our aim is to make recognition the familiar quality that distinguishes Aviva from our competitors - just as Apple means user-friendliness and FedEx means reliability.

BT operates in over 170 countries and is one of the world's leading communications services companies. BT is a major supplier of networked IT services to government departments and multinational companies. It's the UK's largest communications service provider to consumer and business markets and is made up primarily of four customer-facing lines of business: BT Retail, BT Global Services, Openreach, and BT Wholesale.

BT operates in a thriving, multi-trillion pound industry that spans the whole world. In recent years the global communications market has been focused on convergence, whereby the boundaries between telcos, IT companies, software businesses, hardware manufacturers and broadcasters have become intertwined to create a new communications industry.

BT has evolved from being a supplier of telephony services to become a



"We know insurance isn't just about policies' and pensions; it's about people. That's why we're making our customers the big picture, putting a spotlight on them and our people. Putting customers at the heart of everything not only makes sense for them, it makes good commercial sense too." (Amanda Mackenzie, Aviva's chief marketing and communications officer)

We are working hard every day to build the company around what our customers want from us. That's why Aviva now ranks among the UK's top ten most valuable brands, according to the 2010 Brand Finance Global 500 survey and that success is something we are looking to replicate across the world.



leading provider of innovative communications products, services, solutions and entertainment products. BT's business customers range from multinational, multi-site corporations to SMEs and start-ups.

More than 80 per cent of the FTSE 100 and 40 per cent of Fortune 500 companies rely on BT for networking, applications and system integration. The National Health Service, Procter & Gamble, PepsiCo, BMW, Emirates, Fiat, Microsoft, Philips, and Unilever are just some of the organisations working with BT.

BT has been a driving force behind the success of 'Broadband Britain'. Thanks to the company's investment, nearly every home in Britain now has access to broadband and in September 2009, BT announced plans to more than double the availability of its fastest fibre broadband service.

MARKETING EXCELLENCE 2

"A treasure trove of 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, it 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?

"This exciting book demonstrates how great marketing can solve the most difficult problems, through analysis, teamwork and creativity.

It contains 34 fascinating case studies, selected from hundreds of high quality entries to The Marketing Society Awards for Excellence. Those involved had the determination to win, and the courage to think differently. An inspiring read."

Professor Hugh Davidson, Co-Founder, Oxford Strategic Marketing

"This is the textbook, the toolkit and the manual for marketing excellence."

Cilla Snowball, Chairman, AMV BBDO

"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

Featuring 34 award-winning case studies from some of the world's leading brands:

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