



MARKETING EXCELLENCE 2

Marks & Spencer

Quality worth paying more for



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,
President of The Marketing Society

What is marketing excellence?



Roisin Donnelly
President of
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Corporate Marketing
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Marketing at Procter &
Gamble UK and Ireland

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.

Marks & Spencer

Quality worth paying more for

Snapshot

The determination of Marks & Spencer to hold fast to its message of quality through both the good and bad times reinforced the brand's premium positioning and its profitability.

Key insights

- Despite the recession Marks & Spencer (M&S) held its nerve by maintaining its premium pricing and continuing to invest in brand-building advertising.
- Refusing to lower prices meant the retailer didn't suffer the fate of companies which cut pricing in the bad times and then struggled to raise them again.
- Outstanding communications, including iconic advertising, were an important part of its strategy.

Summary

M&S is one of the UK's leading retailers, selling clothing, food and homeware. In what have been troubled times for the UK high street, the retailer took what appeared to many in the media to be two foolhardy decisions. First, it was determined to maintain its price premium when competitors were slashing their prices to the bone to survive. Secondly, it decided to continue to invest in brand-building advertising to justify that premium.

Even though newspapers were full of stories of falling sales and declining share prices and consumer confidence plummeted, measures of M&S's 'brand momentum' remained consistently positive — despite premium pricing in a discounting world — and were shown to be directly influenced and maintained by advertising.

As 2009 progressed, so M&S's sales performance and share price began steadily to improve. It was able to resist the margin-pinching 'race to the bottom' in which many of its competitors were engaged and which they would find very hard to reverse once the recovery set in. By the last quarter of 2009, M&S had achieved its strongest performance for two years, with shares outperforming the DJ Stoxx European Retail Index by 46%.

The good times, the bad times

In the years prior to the recession, when M&S was faced with a takeover bid by Sir Philip Green, it invested heavily and consistently in advertising that was universally acknowledged to have increased footfall, sold products and benefited the brand by raising measured scores on such dimensions as 'quality', 'trust', 'understanding' and 'worth paying more for'. This, in turn, boosted the share price.

As the dark clouds of recession loomed, things got tough on the high street. It was, without doubt, the worst recession in living memory. As a consequence, consumer confidence plummeted by an unprecedented forty percentage points. Some of the biggest names in retail crashed out of business. Only four or five years ago, for example, it would have been hard to imagine the high street without Woolworths. But it happened.

Perhaps unsurprisingly, more or less the whole of the industry went into a discounting frenzy. And Britain's biggest retailer, Tesco, became Britain's biggest discounter. But every cloud has a silver lining: the Primarks of this world, whose business models were built around absolute bargain-basement prices, did very nicely for themselves. But everyone else was hurting.

Standing firm

One retailer that did not cut its prices as deeply as the rest, and that did not abandon its commitment to brand-building, was M&S. This was despite the fact that keeping a steady nerve when all around were panicking was hard and, at times, painful. In consequence, stories abounded about the 'troubles' and 'difficulties' suffered by the brand. In January 2008, when £5 billion was wiped off of the share

prices of high street stores, the media were quick to pin the blame on M&S, which had just reported a 2.2% fall in sales.

"Credit crunch wipes a third off of M&S profits" said one headline. *Troubled High Street Giant M&S to cut jobs* said another; *"M&S sales likely to fall again,"* said yet another. The negative press coverage was creating a vicious circle. But M&S still did not rush to join the price-cutters. Chairman Sir Stuart Rose announced that he was confident that a strong brand left M&S "well positioned to compete by improving our operational delivery and continuing to focus on quality, value and choice." And communications were central to the job of turning the vicious circle around.

In February 2009, *Marketing Week* published the results of a survey, carried out by Brandhouse/The Centre for Brand Analysis in 2008 at the nadir of the recession, into the emotional appeal of a hundred of Britain's leading brands as judged by consumers. The only retailer to feature in the Top 10 was M&S, which came seventh. This is despite the fact that M&S's prices consistently indexed at +8, versus Tesco's -11 and Asda's -22.

Meanwhile, in sharp contrast to this precipitous drop in consumer confidence overall, attitudes to M&S as measured in terms of brand momentum were far less volatile, and never strayed into negative figures, not even at the very worst of times.

Consumers, it seemed, continued to feel good about the M&S brand despite the best efforts of the media doom-mongers and the appeal of price-slashing rival retailers. Gradually, the drop in M&S's sales and profits began to slow down, so that by April 2009 the year-on-year drop for the quarter was just 4.2%. Investors who, acting on the strength of media

reports, had been expecting a continued downward spiral, were taken by surprise. The result was that the share price jumped by 12% overnight.

One of the strongest influencing factors driving this strong brand momentum was consistent advertising. Even throughout the worst of the recession, M&S advertising explicitly focused on building the brand's quality perception, rather than 'selling off the family silver' for short-term gain by just plugging the latest low prices.

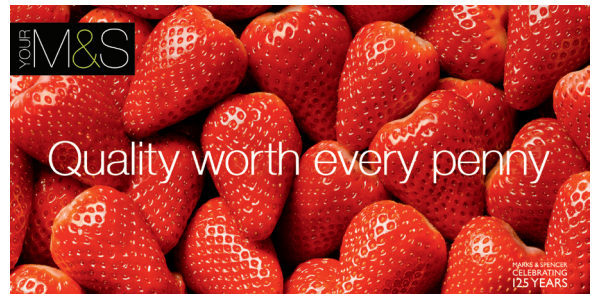
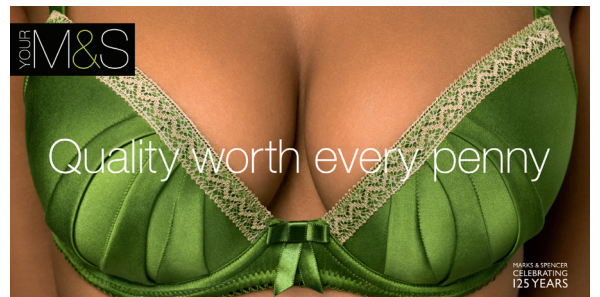
Consistency of communications

The overarching communications strategy was based around the idea that M&S provides 'quality worth paying more for': you pay a bit more but get a lot more back. This brand campaign ran across all parts of the business celebrating the brand's long-term commitment to quality. The activity also coincided with M&S's 125th anniversary. This enabled it to assert its stability and heritage in a time when big names were disappearing from the high street. The retailer was able to show how the brand had been there for people through the decades. The TV spot told stories that illustrated the lengths M&S has gone to bring the best quality products to the high street for the past 125 years. (Figures 1 through 10 show some of the TV stills from the M&S 125 years campaign. Figures 11 through 17 show a selection of outdoor ads from the M&S 125 years campaign).

The TV campaign was supported by national poster and press to provide a sense of scale and stature and featured 'hero' products such as Oakham chicken, the iconic chocolate pudding, lingerie and tailoring.



Figures 1-10. Stills from the 125th anniversary TV campaign



Figures 11-17. The 125th anniversary poster campaign

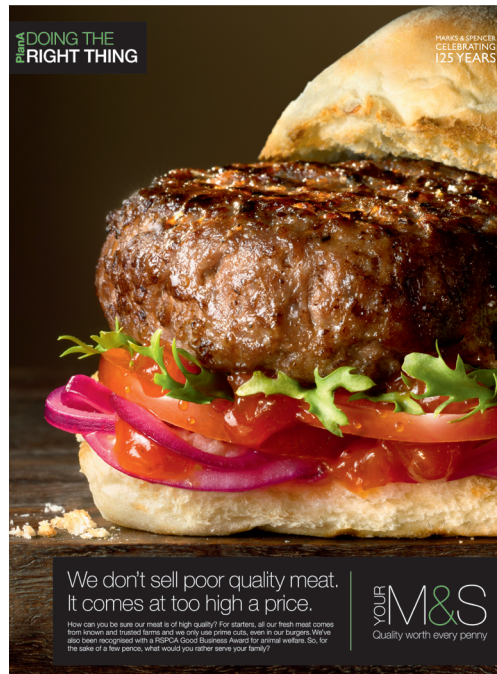
The brand idea also ran across the Plan A activity to show how committed the retailer was to becoming more sustainable and which helped to reinforce M&S's quality credentials (see Chapter 11). Stories included Fairtrade cotton, sustainable fishing suppliers and traceable meat (Figures 18 and 19).

The quality message was also reinforced in promotional activity: namely 'Dine in for £10'. This reframed the competitive positioning strategy to challenge restaurants directly because compared with a meal out, £10 for three courses plus wine represented fantastic value for money. Despite being a promotional mechanic, this actually raised quality perceptions and positioned the food as worth paying more for, not only among core customers but crucially among occasional food customers too, helping drive footfall and basket size.

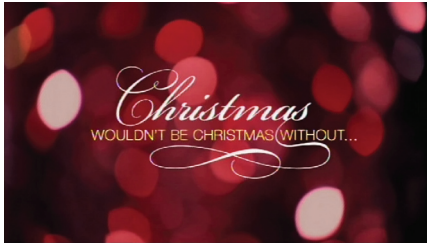
Finally, even the M&S Christmas campaign reflected the changing mood of the UK consumer. Rather than celebrate with the opulence of previous years, it focused on the integral role M&S has played in the nation's Christmas for so many years. (Figures 20 through 28 show M&S Christmas TV stills).

Taking the long view

For a premium-priced high street brand to ride out of such a deep recession so well and to be in the position it is now in is a remarkable thing. But the longer-term achievements of consistent, long-term brand-building in both good times and bad are even more important. Econometric modelling has shown that the long-term payback of consistent brand investment are, on average, four times greater than the short-term profit boost generated by cutting it.



Figures 18-19. Press campaign



In contrast to many of its rivals, M&S continued to build its brand equity, continued to maintain its price premium and to justify it through advertising, and refused to damage its reputation for quality in pursuit of short-term gain, even when its profits and share price were falling. Nor did it educate or condition its shoppers to trade down to 'bargain basement' goods where once they would have been prepared to pay a bit more for quality.

It took time for this strategy to begin to pay off, and it took nerve. But, by the start of the last quarter of 2009, it began to pay off, with the *Wall Street Journal*, on 30th September, reporting how, after being "hit hard in the recession, losing ground to cheaper rivals like Primark in clothes and supermarkets in food", M&S had begun to turn its fortunes around, announcing its best financial performance for two years.

The result was a gradual growth in share price over 2009. By the end of the year M&S was outperforming the DJ Stoxx European Retail Index by 46%.

Figures 20-28. Stills from the Christmas TV campaign

Sponsors

Aviva - 300 Years of Insight

We're the world's sixth-largest insurance group and the biggest in the UK, with 46,000 employees that everyday serve 53 million customers worldwide.

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:

Sky+ BT Business NHS Blood and Transplant Magners Change4Life allii O2 Waitrose KFC McDonald’s Hovis British Gas Audi Marks & Spencer Virgin Atlantic Dulux Sainsbury’s Pedigree Thinkbox Harlequins More Th>n UPS Walkers Aviva ebookers Shell ICI Paints Channel 4 British Heart Foundation Keep Britain Tidy Ariel

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