

MARKETING SOCIETY AWARDS 2016

LONG-TERM MARKETING EXCELLENCE: [O2](#)

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Minimum 3 years to Dec 15

At least 2013-2015

Executive Summary

There are countless papers on O2 that have charted an 8-year history from troubled BT Cellnet right through to successful rebirth and market dominance. However by the end of 2011, O2 had only just begun to realise a new realm of possibilities with a redefining sponsorship of The O2 and Priority tickets for its customers. This paper charts what O2 did next, how they became more than just a network and kept on delivering for its customers.

In the last 5 years, there have been huge sea shifts in the market; the new threat of EE, the rising dominance of smartphone brands, the new possibilities of 4G, the disappearance of Phones4You and the increasing challenge presented by quad-play.

But through all that O2 has remained top dog.

They put their customers first through amazing Priority experiences and a whole new type of contract called Refresh. They served their customers better in an increasingly diverse digital world with Gurus, My O2 and TU Go. They found renewed purpose that was bigger than just its advertising, and they showed that they could live beyond the confines of just mobile, playing a role in culture, sport and wider society.

It's a story that ends with O2 retaining its position as the strongest brand in a fiercely competitive landscape, achieving record levels of new uptake for digital services and accomplishing unprecedented numbers in customer acquisition and reduced churn.

WORDS: 234

Introduction

By 2011, O2 had emerged from the ashes of BT Cellnet through to successful dominance of market share and brand equity through initiatives like the sponsorship of The O2 and Priority Tickets.

Since then, profound shifts have taken place in the category: the merger of T-mobile and Orange into EE, launched to the public in autumn 2012, overnight created a new market leader in terms of market share. Smartphones have come to dominate the mobile landscape, while 4G has expanded the possibilities of what we can do with those smartphones. The retail environment has altered, with the disappearance of Phones4You and emergence of a complex mix of direct and indirect options for consumers. Finally, the growing challenge of quad-play has seen new, powerful entrants to the mobile market such as BT, with marketing and content budgets that far outstrip ours.

O2's response to these changing conditions is necessarily diverse and complex, and reaches far beyond the scope of traditional marketing. In this paper we can only trace the outlines of that story.

For the sake of simplicity, we won't provide a chronological account of the last 4 years of activity: instead, we will cover themes that we feel best capture the breadth and depth of what has been achieved. These are:

1. Putting customers first
2. Serving better in a digital world
3. One brand, one story
4. Living beyond mobile

The results of this activity form the second half of this paper. In brief, through the contributions of all four of these streams, O2 has successfully re-established itself as the No.1 brand, challenging and beating EE in commercial terms around the most crucial trading periods of the year.

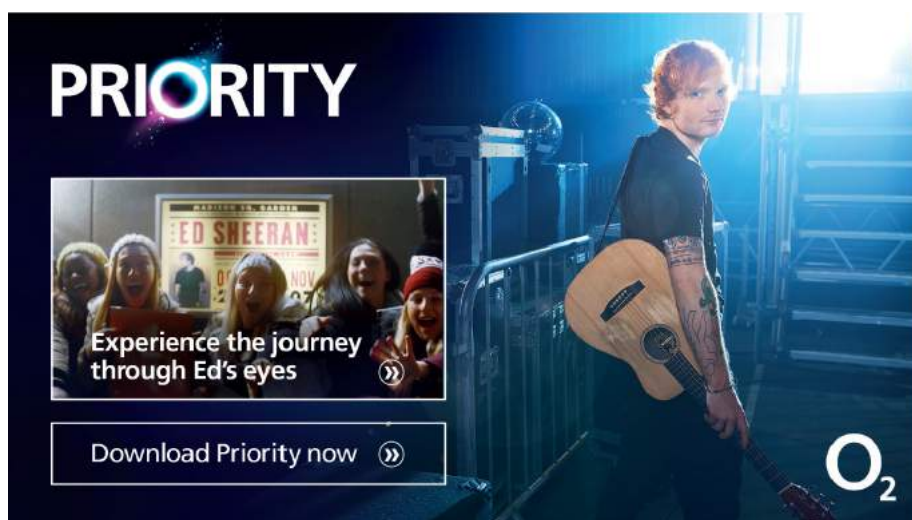
PART 1: Getting it right in a rapidly changing world

1. Putting Customers First

A fundamental principle from launch has been that, in a category seemingly obsessed with chasing new business, we always put our customers first. Two initiatives illustrate this particularly well:

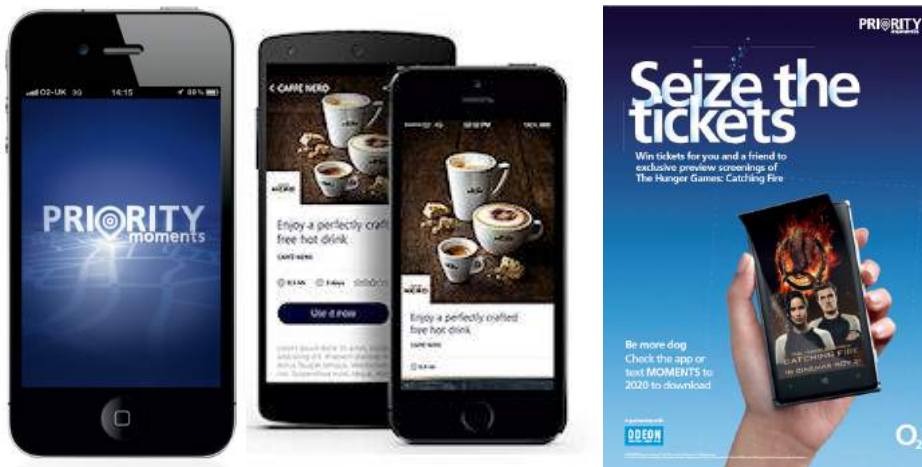
Priority

Since 2011, O2 has built upon an already successful partnership with AEG to bring its customers close to the biggest music acts at Europe's biggest music venue, The O2, as well as our 15 local O2 venues. From Beyoncé to Ed Sheeran, O2 customers have enjoyed unparalleled access to some of the most amazing music experiences, with the chance to buy must-have tickets 48 hours before general release.



But only so many customers want to go to gigs. So over the last 4 years we've broadened the reach of Priority. In 2011, we launched Priority Moments, which brought our customers everyday perks and delights such as £1 lunches and free

coffees at Caffé Nero, right through to premiere film tickets, preview screenings and movie merchandise. We now give more customers than ever before a feeling of being our priority.



Refresh

Phone contracts and technology don't move at the same pace.

Smartphones are in a constant state of radical reinvention; pushing the boundaries each and every year, and yet most of the category prefers to lock customers into 24-month contracts they can't wrench free of. We looked to boldly challenge this convention within the category, and make this year's latest shiniest handset available to customers when they wanted, not just when we wanted.

So we created 'Refresh', a unique first, that works to the timeframes of our customers, rather than the telecoms industry. Allowing each and every one of our customers the opportunity to instantly upgrade to the latest handset whenever they wanted it. Alternatively if they don't decide to upgrade once their phone has been paid off, their bill is automatically halved.



2. Serving better in a digital world

Over time, O2 had built a solid reputation for customer service, but we wouldn't defend this by standing still. In a world where customers increasingly wanted greater choice of how they talk to us, we created more digital ways of maintaining our status as no.1.

Gurus

Smartphone capability has expanded beyond just minutes and texts; our digital lives had become all the more impressive - a world of data, apps and the cloud. Our products were becoming more complicated and diverse, so our service needed to follow suit.

So we set up a free of charge service offering help, advice and inspiration to customers both online and in-store – we called them O2 Gurus.



Following the success of Gurus we expanded further with Guru TV; the most popular 'how to' channel in the UK with an average of 1 million views a month.

The platform also provided short, inspiring videos showing the possibilities of what we can do with technology.



Digital Apps

Along with highly empathetic Gurus, we also provided highly efficient services that made the O2 network a simple pleasure to be on. We launched 'My O2', an app that housed everything you needed to know about your contract, your limits and allowance. It also gave customers the option to upgrade their plan with just a touch and a swipe.



We also extended the power of our network. Not limiting numbers to the confines of our customers' phones, we launched O2 'TU Go', another industry first. Setting numbers free, TU Go gave customers the option to call from anywhere, on any device over Wifi.



As a result, we firmly consolidated our position as market leader in customer service. In January 2016, we were, for a remarkable 7th year in a row, number 1 for customer service as recognised by Ofcom.¹

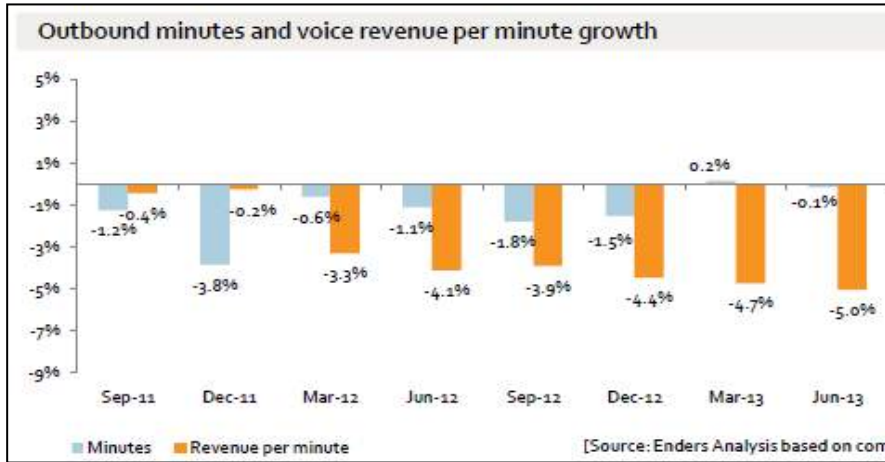
3. One brand, one story

For 10 years, since launch, O2 had built an incredibly strong brand. But in 2012 the shine was starting to wane. The handset had become king, with the likes of Samsung and Apple starting to disintermediate the role of O2:

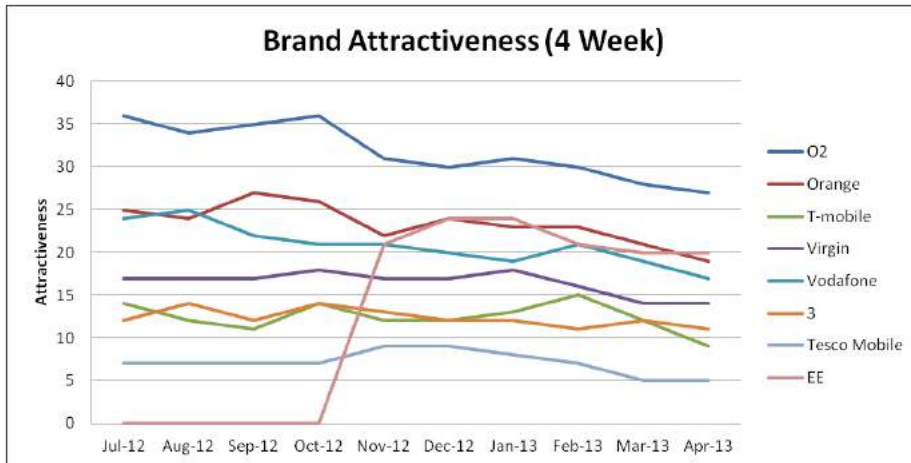


¹ <http://www.broadbandchoices.co.uk/news/mobile/ofcom-reveals-latest-mobile-customer-service-stats-00958>

More worrying the commercials in the market had also started to decline:



And in turn so had O2's attractiveness:



(Source: Millward Brown)

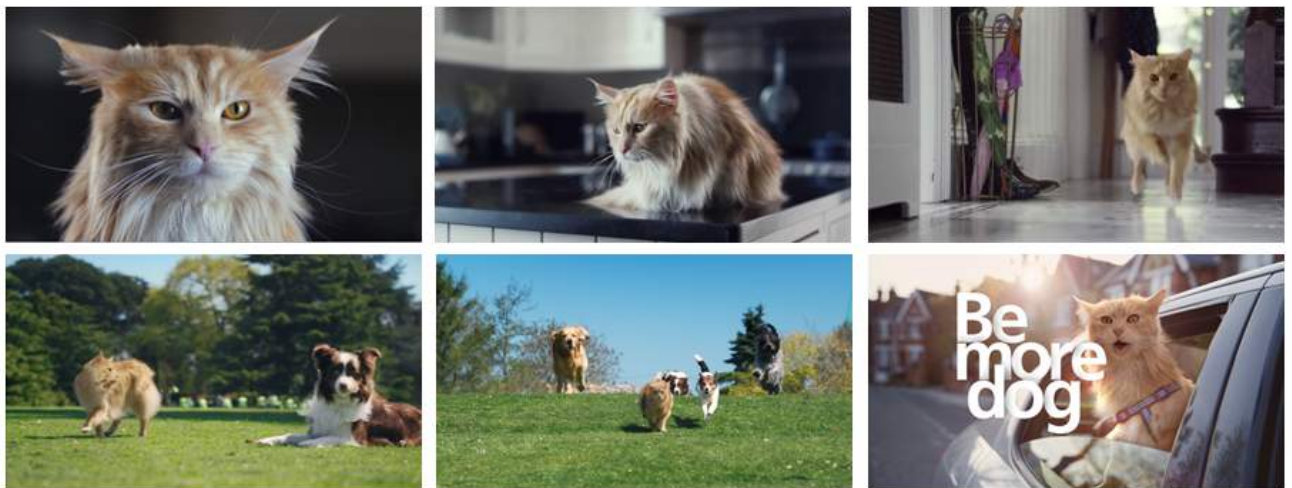
Rather than wait for a future of being just a utility bill, we decided to act. A bolder ambition was made for the future of the business; transforming from just a network to a 'digital telco' and all the revenue stream that came with it.

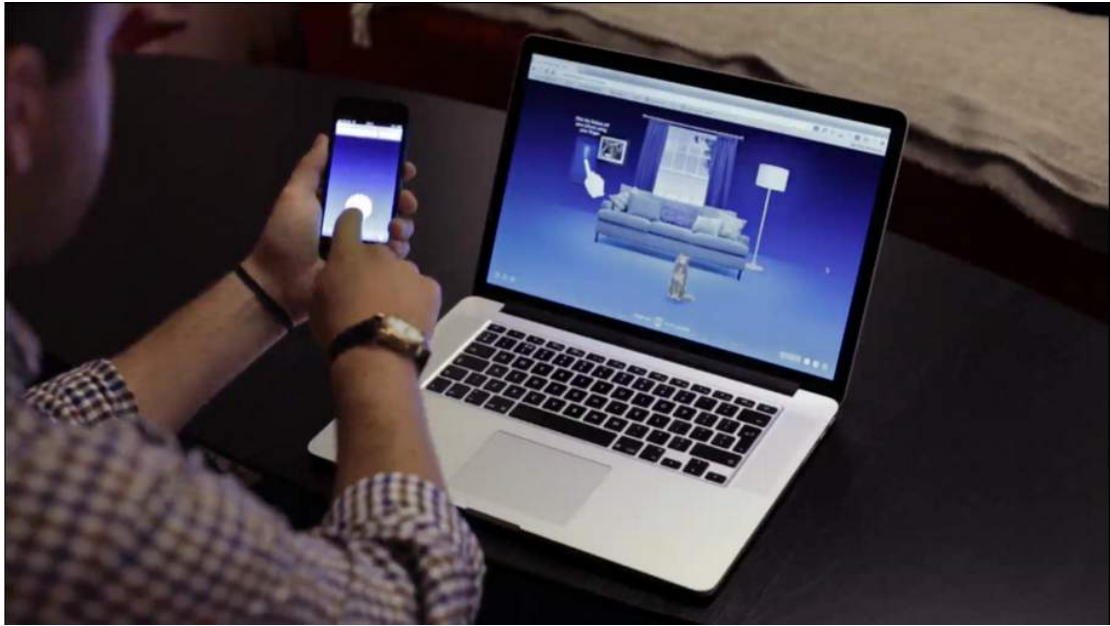
In 2013 we challenged consumers and the business to open their minds to the potential of change. Faced with a wall of apathy and cynicism around the possibilities of technology, we decided to unify the nation around a singular attitude; to step away from cat like comfort zones and get stuck in - to 'be more dog'.



Be More Dog became three small words synonymous with sociability, playfulness, curiosity and enthusiasm. It didn't matter if you were a Raspberry Pi extraordinaire or a Skype virgin, there was always space to be a little more dog.

Importantly, it was bigger than just advertising: it personified everything we stood for and challenged our audience, a rallying cry externally and internally.





It translated effortlessly across all touch points and media:



Convincing O2 internally of our new direction was just as vital as communicating it to consumers. We created a roll out programme inviting the entire business to Be More Dog.





It was also an overarching story that could be a vehicle for everything O2 had to talk about; from leading propositions like Refresh and TU Go right through Sales and promotions, SIM deals and even the iPhone 6 launch.



Pay Weekly

Catch

your calls on wifi

Download our 100MB app to call or text from your O2 smartphone with Wi-Fi. Get it at any self-service kiosk.

O2

Pay Monthly

O₂ Refresh

Trade in. Trade up.

Recycle your old phone for cash before you get O₂ Refresh.

Still in contract? Speed to Refresh is for you. Ask in how.

O₂ Refresh

Pay Monthly

Grrr

Other networks let you keep paying for your phone even when it's paid off.

Be more dog
O₂ Refresh. Only available in O₂ shops or o2.makethem

Pay Monthly

Woof

On O₂ Refresh, your bill automatically halves when your phone's paid off.

O₂

Pay Monthly

One giant leap for sims

Unlimited minutes & texts | 2GB data | 4G

£20 sim only tariff 12 months
On the network with more ways to connect

Be more dog
0800 970 0202
Visit o2.co.uk/1simonly or any O₂ shop

O₂

Pay & Go

BIG UP YOUR MINUTES

We've turned up the minutes on new and existing Big Bundles Pay & Go sims

FEAT. 750 minutes, 1GB data, 2000 texts when you top up £15 a month.

Be more dog
Text BUNDLES to 66202 or visit any O₂ shop

O₂

Pay Monthly

Take home a winning deal

Grab any of these for only £27 a month and save up to £170

Now £49.99 upfront Samsung Galaxy S4 Was £129.99

Now £49.99 upfront HTC One Was £219.99

Deal ends 8 January

Be more dog
Grab a new deal every week

O₂

4. Living beyond mobile

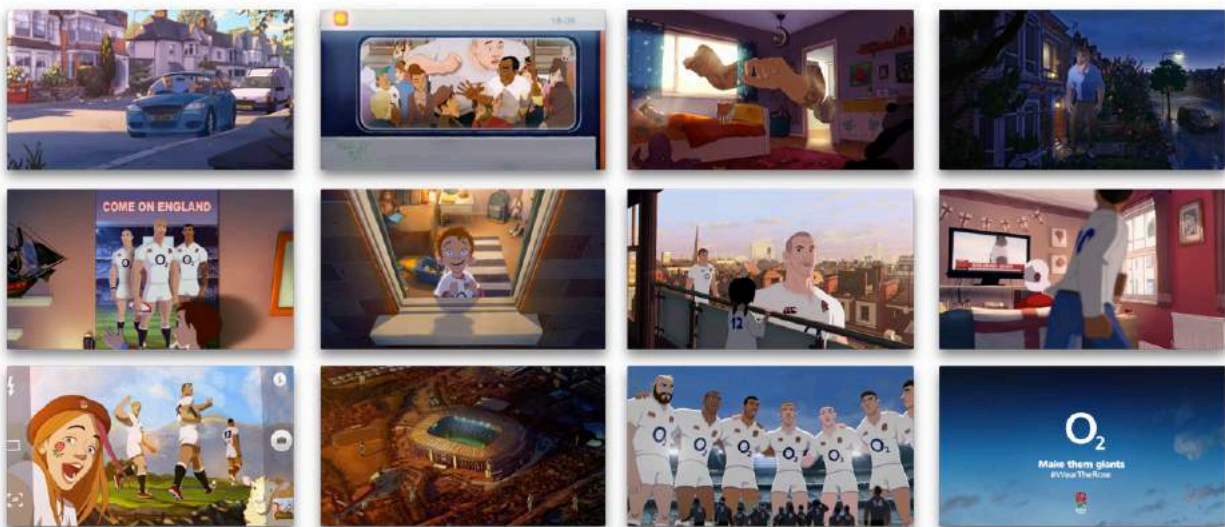
As mobile has become increasingly omnipresent across our lives, we have strived to live beyond mobile.

Whether that's taking a greater role in cultural and sporting events, or responding to social challenges, we've done far more than just great value and service for our customers: we've been there in the places that matter to them.

Rugby World Cup

O2 and English Rugby have enjoyed a fruitful 20 year relationship, but the World Cup in 2015 presented a rare opportunity to engage the nation, in what was a minority sport.

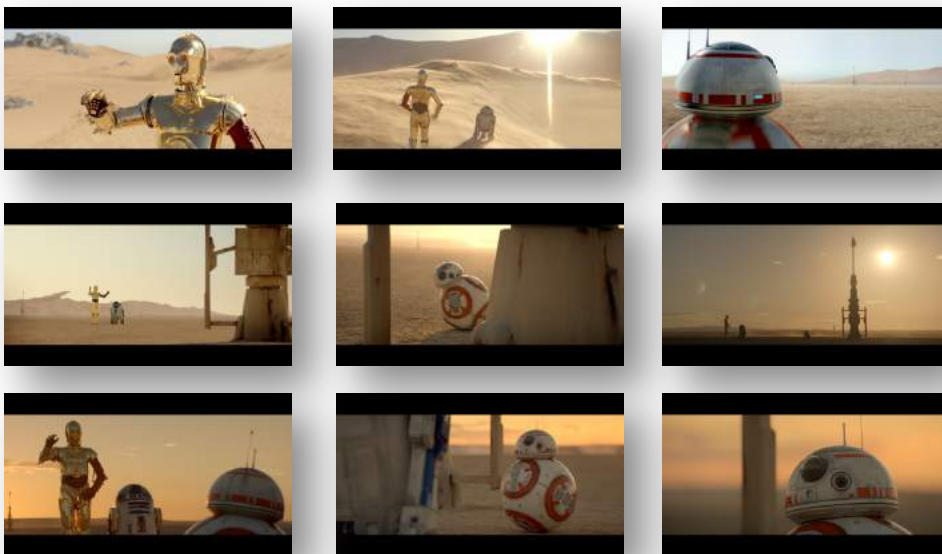
Often the margins between victory and defeat can be minimal; but being on home soil meant that O2 could play a role recruiting the nation, energising a movement of support to make the English rugby team 'giants'. Using an animated style that could transcend ages, genders and backgrounds we managed to drive 5.4 million acts of support.



Star Wars

In 2015, O2 ventured into a whole new and redefining partnership for Priority with Disney; 1,750 tickets to the European Premiere for 'Star Wars: The Force Awakens'. We were the only brand in the world to secure anything of this nature. Through a too good to miss proposition and the enduring nostalgia for the franchise, O2 balanced its most ambitious targets, with the smallest Priority media budget ever.

Becoming the most successful Priority campaign ever; it achieved just under a million views on social media, and drove 2.5 million redemptions on the Priority app.²



Protecting children with the NSPCC

To children, online friends are real friends. And while 90% of parents will say they have an open dialogue with their children about what they do online and online safety, only 30% of children would say the same.

So O2 joined forces with the NSPCC, with a simple mission: to keep kids safe online. Launching an online safety service for parents, it also included workshops that will connect parents and carers with schools and workplaces.



² O2 Research and Analytics



Supporting young people with 'Think Big'

It's the most difficult time in post-war history to be a young adult attempting to gain access to work experience. There is no shortage of initiatives; the problem is few succeed in providing real skills.

So we launched 'Think Big', a youth-focused initiative that is there to provide useful and rewarding work experience to over a million young people that goes somewhere, rather than nowhere.

From shooting music videos with Rizzle Kicks and remixing with Nile Rodgers to the first female led film crew, O2 has not just opened possibilities in the world of tech, but the world of fulfilling employment as well.

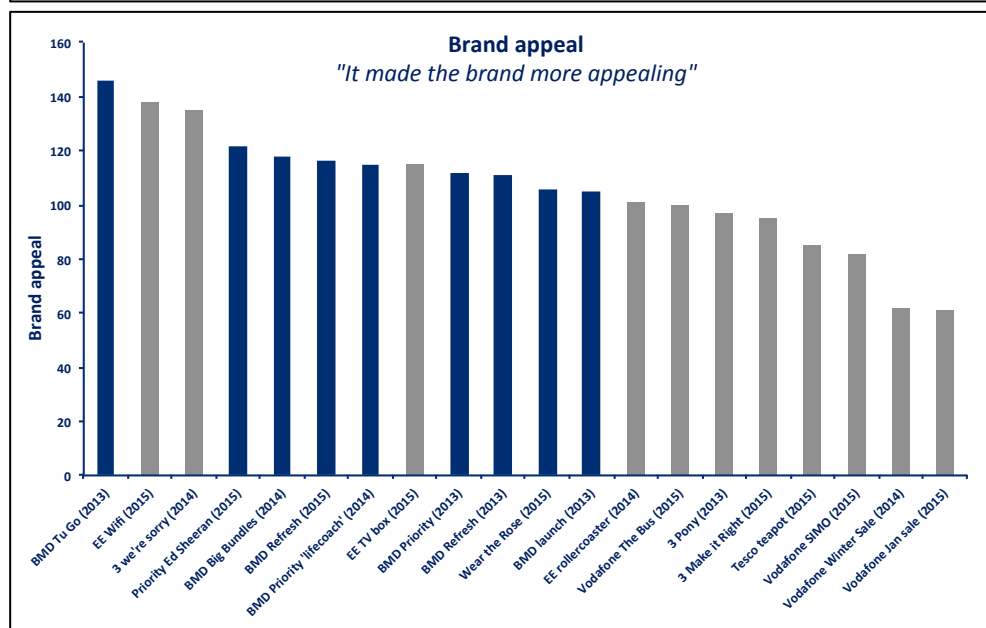
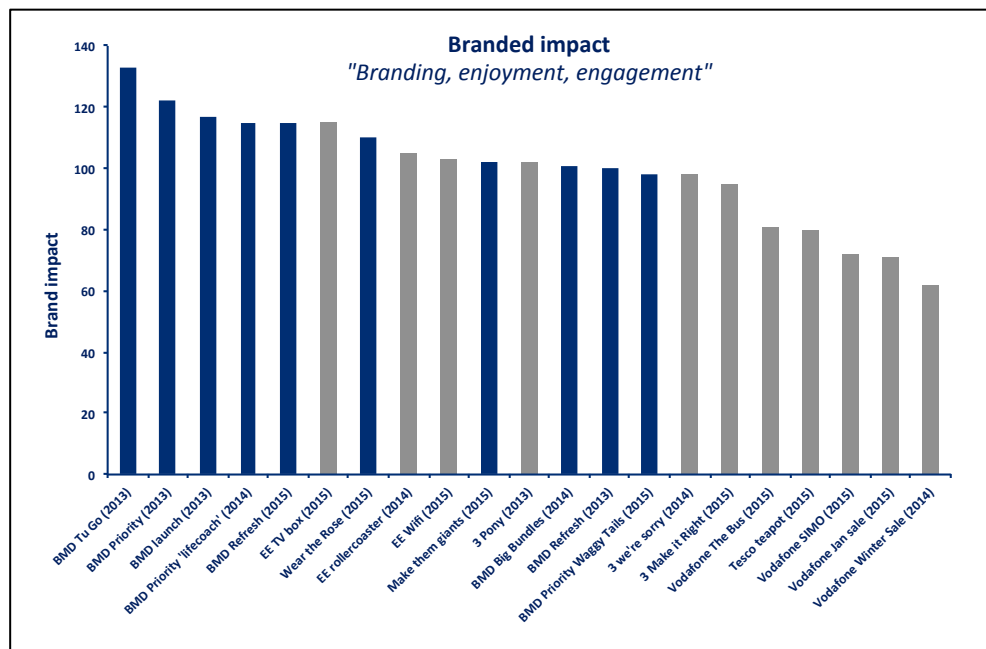


So, that's a whistle stop tour through over four years of diverse activity, but what have we achieved?

PART 2: Getting back to No. 1

1. Category-leading communications

Our communications have a track record of outperforming the rest of the market on both impact and appeal, as measured by Millward Brown



(Source: Millward Brown / Note: BMD: Be more dog')

The strength of our ability to create great campaigns has been recognised in awards, including Campaign's Campaign of the Year 2013.



2. The leading brand

Across the key brand statements we track, we are maintaining consistent leadership³:

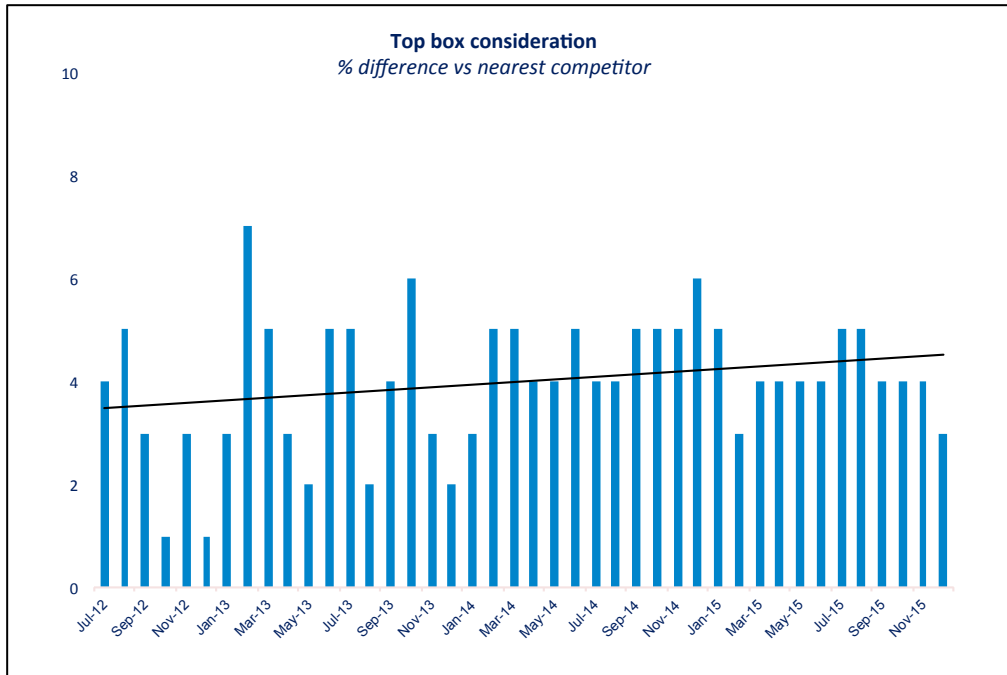
Metric	Rank 2012-2015	Difference vs. nearest competitor (Dec 15)
Top of Mind Awareness	1	+ 10ppts
Attractiveness ("a brand I love")	1	+ 7ppts
Top Box Consideration ("the only network I would sign up to")	1	+ 3ppts
Top 2 Box Consideration ("one of only a few networks I would consider")	1	+10ppts
Has the best range of handsets	1	+ 6ppts
Has the best range of tariffs	1	+ 4ppts
Is trustworthy		+ 8ppts

(Source: Millward Brown)

And the gap between us and our nearest competitor on our single most important metric – top box consideration - has continued to grow over the last 3 years:⁴

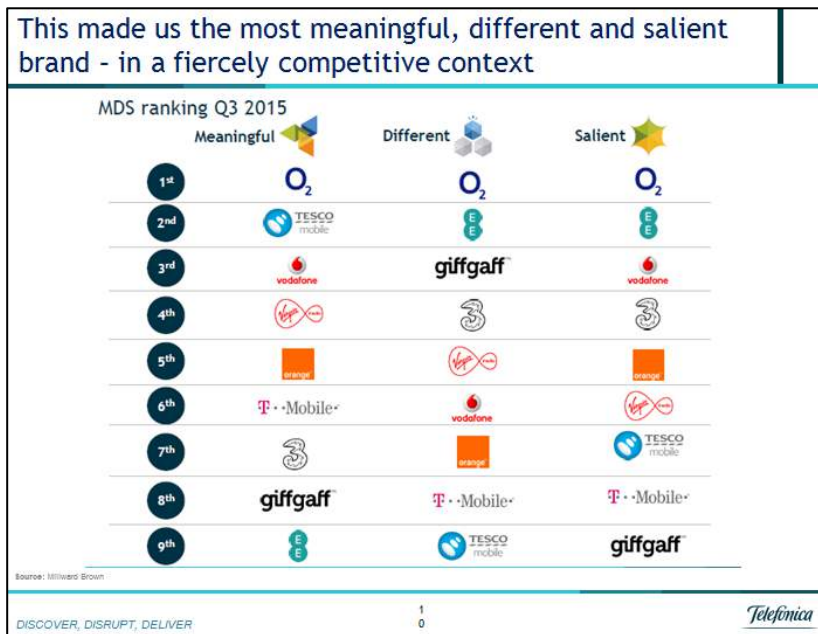
³ All statements from Millward Brown tracking 2012-2015

⁴ This is all the more impressive considering the nearest competitor's ESOV was consistently higher than their SOV



(Source: Millward Brown)

At the end of 2015, we were clear leaders on the Millward Brown Brand Power methodology. Our Brand Power now stands at a record high of 18.6, and with a record gap between the nearest competitor and us:



3. Record uptake of services

We have detailed econometric analysis linking the uptake of our services with commercial impact through reduced churn: getting more customers to enjoy more of what we offer is simply crucial to securing long-term value.

Awareness of 3 of our key services have reached record highs in 2015 among customers and prospects, including Priority which has the highest awareness of any customer benefit in category.

Service	Customer awareness	Prospect awareness
Priority	75%	44%
Gurus	45%	14%
Refresh	47%	13%

And in 2015 we have achieved record uptake of services across our core digital services:

Service	Active user base
My O2	3.76m
Priority	2.57m
TU Go	688k

(Source: O2 Research and Analytics)

4. Commercial results

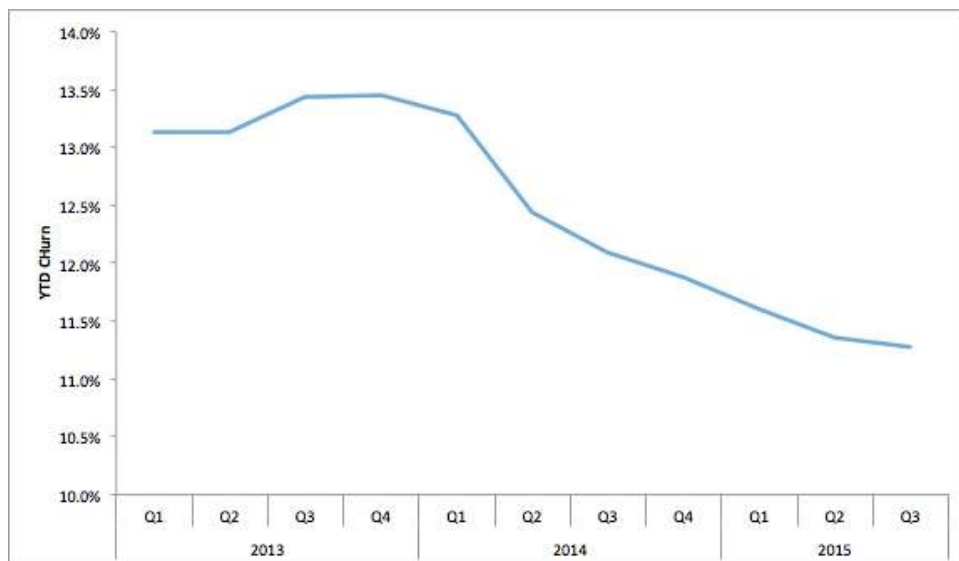
O2 has achieved outstanding results; leading the market on new sales of the crucial iPhone 6s launch. We overcame tough market conditions in 2012 – 2013 we started to drive ARPU⁵ from 2014 onwards with a 11.5% uplift:



(Source: O2 Research and Analytics)

⁵ Average revenue per user

O2 has also seen a 14.2% improvement in churn performance:



(Source: O2 Research and Analytics)

Applying econometric analysis we have also seen increases in incremental connections by 8% to 2m, incremental derived profit by 5% to £249m and a 4% increase in total ROI at £2.63. Contributing to record numbers for OIBDA⁶ for Q1, Q2 and Q3 2015 totalling £1,092M⁷

Conclusion

Succeeding in this category has never been tougher. But by putting customers first, serving them better, and living one brand story in a world beyond mobile, O2 has continued to lead year after year in delivering brand-driving and commercially successful communications.

WORD COUNT EXCL. TITLES, FOOTNOTES AND TABLES: 1,981

⁶ Operating income before depreciation and amortisation

⁷ Q4 is yet to be published