



WINNER

The *Most effective advertising campaign* category was arguably the most competitive sector of the 2004 awards. Judge for yourself by reading the case studies by the joint winners – Yorkshire Building Society (who also picked up the award for the *Best contribution to marketing learning*), and Loans.co.uk – also commended in *Most effective direct marketing campaign*.

YORKSHIRE BUILDING SOCIETY

**Category: MOST EFFECTIVE ADVERTISING CAMPAIGN
BEST CONTRIBUTION TO MARKETING LEARNING**

The challenge

The growth of our mortgage business has been based on using “best buy” products to stimulate mortgage sales. The problems with this are:

- It uses a large amount of budget to discount the products.
- It creates huge peaks in volumes that are difficult to deal with operationally.
- The surge in inquiries means that a proportion of the service calls from existing members are lost.
- During a best buy period, our staff become processors rather than advisors.
- It attracts “rate tarts” who display little loyalty to the society, but as a mutual we have a duty to attract customers wanting long-term benefits.
- It stimulates existing borrowers to transfer onto the best buy products.
- It does not provide a sustainable marketing message, as the products could be withdrawn at short notice.

We wanted to test whether product advertising could be used to drive mortgage business that would not have these problems, and also to determine:

- What volume of business could be generated compared with best buy.
- What type of customer and mortgage would be acquired.
- What effect advertising would have on brand awareness.
- The impact on staff motivation.

Proposed strategy

Our strategy can be summarized as **taking** the most effective and differentiated message that we have; **reaching** as many of our target audience as possible; **through** the most credible and impactful media; **in the**

right operational regions; **with an incentive** to encourage people to act **today**; and with **pull-through** to branch/local level.

We believed that the right approach was using TV, supported by other media. TV would give maximum coverage as quickly as possible, generating credibility and portraying us as a national player. Other media would act as a support and enable the pull-through to local level.

Although we are a national building society, there are only limited areas (mainly in our heartland) in which we have the critical mass, market share and awareness level to take advantage of the leads generated. We therefore limited the choice of TV to the ITV North region.

When developing our differentiated product proposition, our driver was the need to be as compelling as possible in a 30-second window. We needed to identify a short cut – something that evoked product quality, service and rate-competitiveness without having to say all of those things.

We knew one of the critical success factors would be the buy-in of staff with whom the potential customers would interact, so we developed an extensive internal communications programme to support the campaign.

Consumer insight

We conducted qualitative research to determine the different factors that influence the choice of provider. Attitudes were determined by the interest/importance attached to financial affairs by consumers, and their financial sophistication.

The findings enabled us to devise a segmentation model that categorized customers into three high-level attitudinal segments.

This was followed up by analysis by customer segment, quantifying the external market place, those active in the previous twelve months, and YBS direct lending in 2003. We also identified the relative profitability of each for YBS.

The research enabled us to define clearly our target market, and also confirmed that implementing the campaign within our heartland was the correct strategy.

We believed that the fact that we were winners of two awards from mortgage magazines and an award for our customer service could be the compelling proposition on which to build our campaign – our short cut. As the objective was to generate business rather than brand awareness, we also felt that an incentive would stimulate immediate responses.

To test whether a proposition focusing on our awards and on the prize draw would be effective, we conducted hall tests – research with staff, customers and potential customers in several of our branches.

Controls

- No best buy products were launched in the run up to, or during, the campaign.
- We measured business volumes in the period immediately preceding the campaign.
- A new unique telephone number was set up for the promotion.
- Codes were set up on the sales systems, to capture inquiry sources.
- Research measured spontaneous and prompted YBS awareness before, at the peak of and after the campaign.
- Staff and customer feedback was sought via our member panel.
- Service standards were monitored.

Results

Three five-week periods in 2004 were evaluated:

- A “business as usual” (BAU) period without advertising or best buy products.
- A best buy period, during which our products were extremely competitive.
- The advertising campaign.

The volumes achieved during the BAU and best buy periods were checked for accuracy against similar periods. The uplift in balance and contribution during the measured periods are shown in Figure 1.

FIGURE 1: UPLIFTS COMPARED TO BUSINESS AS USUAL

Period	BALANCE	CONTRIBUTION
Best buy	56%	22%
Advertising	34%	22%

The contribution uplift was driven by a significant switch in the business written, as best buy mortgages are 21% less profitable than standard mortgages, and offset accounts are 88% more profitable. The actual split of business delivered is shown in Figure 2.

FIGURE 2: SPLIT OF BUSINESS

Period	Standard	Best buy	Offset
Best buy	45%	45%	10%
BAU	85%	-	15%
Advertising	72%	-	28%

The campaign has proved that advertising can:

- Deliver an equal value for less volume.
- Generate business on a proposition other than price.
- Reduce the need for heavy discounting, which affects margin levels.
- Ensure margin is not given unnecessarily to customers who would have not have otherwise sought it.

Added value

- An increase in spontaneous awareness of YBS, which rose from 7% to 10% in Granada and from 8% to 17% in Yorkshire.
- Call volumes were managed effectively and service standards met.
- A sustainable message for marketing activity was developed, enabling us to mail existing and prospective customers.
- There was a positive impact on staff motivation – the TV presence increased their sense of belonging and importance.
- Staff were able to develop their sales skills by moving away from simply “order taking” on the back of a rate.
- It is too early to assess the long-term benefits of acquiring a non-rate-led customer. Offset accounts automatically give both a savings and mortgage product relationship. Experience has shown that the broader the product relationship, the greater the customer loyalty.
- By detailed analysis of responses and media, and by focusing our spend on tactical programming and highest-response publications, we can achieve the same volumes that would be delivered by a best buy period, but contribute 54% more value.

Judges comments

There is a big problem in the mortgage market, because of the preoccupation with best-buy products. These are very expensive acquisition tools, and there is a risk that acquired customers may well walk for the next “best” deal. Yorkshire challenged that with a campaign that evoked product quality and service as well as overall competitiveness in a very effective bundle, and then carefully evaluated how well that approach worked against the best buy approach. They found a winner.

As well as showing that the power of branding can outweigh short-term pricing effects, Yorkshire used well-controlled tests to prove the relative effectiveness of the alternative tactics – a lesson that many other companies and marketers would do well to heed.



WINNER

LOANS.CO.UK NEW CUSTOMER ACQUISITION

Categories: MOST EFFECTIVE ADVERTISING CAMPAIGN

Business challenge

As part of its growth strategy, Loans.co.uk planned to acquire an additional call-centre in April 2004. There was therefore a requirement to find new ways of increasing application volumes. Rising competition also meant that existing channels had begun to reach saturation point, with marginal acquisition costs approaching an unprofitable level.

We therefore needed new acquisition channels which would also allow us to take advantage of seasonal peaks in demand with a short lead time.

Key parameters were:

- The solution must be measurable in terms of both direct response and also the effect on other media channels.
- It must have sizeable roll-out potential.
- The acquisition cost per loan application (CPA) to be cheaper than the current average CPA.
- The campaign to generate more than 300 new customer applications.

Marketing solution

Up-weighting of existing direct mail, inserts, door drops and on-line recruitment campaigns was considered, but we knew that this would not meet our CPA target. We also considered national press advertising and advertorials, but these did not have the potential to provide the volumes of applications needed.

The decision was taken to run a test direct response TV (DRTV) campaign in February 2004. By testing in a single ITV region (Tyne Tees), we hoped to assess the impact on other media in a controlled manner.

Consumer insight

Analysis of competitor TV spend identified a potential gap, as their advertising was almost entirely on

Channel 4, Five and satellite. These stations have a lower cost per thousand than terrestrial TV but are more saturated. Our hypothesis was that, by using ITV1, we would establish more cut-through, which would mitigate the additional costs.

Based on historical results, we expected a peak in demand for loans for debt consolidation during the first three months of the year, but didn't know exactly when this peak would be. DRTV would allow advantage to be taken of any peaks by varying the weight of the campaign very quickly.

It was identified, via focus groups, that when consumers take out a loan for a car or home improvements, for example, then the need comes first and the finance second. However, the majority of Loans.co.uk's business was for debt consolidation, where the benefits of reduced monthly repayments have to be explained to the customer – thereby creating the need for the product.

As we were hoping to achieve cut-through on ITV, the decision was taken to give the advertisement higher production values than those associated with satellite TV advertising, using film rather than video. The aim was to position Loans.co.uk as a responsible company, working on the customer's behalf to find the best possible loan. This contrasted with the "doom and gloom" approach taken by our competitors.

We chose to use TV personality Phil Tufnell, whose own image was high at the time following *I'm a Celebrity ...* He was not portrayed as a Loans.co.uk spokesman but as the average man in the street, so that viewers could identify with him and his confusion over the loans marketplace.

Controls

Several measures were put in place to gauge the effectiveness of the campaign:



- A unique telephone number was set up for those responding to the DRTV advertisements. Responders using this number were processed on a unique campaign code and so could easily be tracked for conversion rate, average balance, etc.
- For internet applicants (although this was not the primary call-to-action of the ad, we are fortunate that our name is our web address) a "Television" option was added to the "Where did you hear about us?" box on the on-line application form. To allow for error, this was put in place two months before the campaign to see how many people would click this option accidentally. (In the event, this number was negligible).
- Analysis showed the Tyne Tees region to be "average" in response rates to all existing media types, so it was an ideal test area.
- All other advertising activity was measured before, during and after the television campaign to check any variance in response rates whilst the campaign ran.

Results

- Analysing responses on the unique DRTV telephone number showed that there were 176 applications.
- The addresses of these applicants were analysed, and a negligible percentage were found to be outside the Tyne Tees area – thus we believe the data capture to be accurate.
- Internet applicants who had selected "Television" as the medium they had responded to were analysed. Any with addresses outside the Tyne Tees area were disregarded.
- An outbound calling exercise was undertaken to contact these Internet applicants. They were asked questions about the advertisement, to ensure that they were genuinely responding to the ad. All of those contacted (26% of Internet applicants) were genuine. This resulted in 172 additional applications being attributed to the DRTV campaign.

Overall, we were confidently able to attribute 348 applications to the campaign, 15% above target.

Business value

In addition to the business directly generated, TV advertising was expected to have a positive impact on brand awareness, and we were pleased to be able to measure this effect on other activity.

Staff were actively involved in the making of the commercial. Filming took place at the company offices and staff were used as "extras". Auditions prior to filming also increased the sense of occasion and boosted staff morale. The effect of this was shown when we made it into the top five of the *Sunday Times* "Best Companies to Work For" list later in 2004.

We gained good local and national PR from the advert, especially because of our decision to use Phil Tufnell. This also benefited our drive to form affinity business alliances with other lenders.

A proven model is now in place for all future television advertisement campaigns, and this methodology was used to increase our TV spend gradually throughout the rest of 2004.

Judges comments

This is a small, lively company, with lot going for it. They attempted to quantify objectives, got all their basics in a row, and then planned and executed it well.

The business challenge was clearly articulated, with specific and measurable objectives. The pre-testing of the TV option, despite the small budget, was a good decision, and they gave clear numerical evidence of the value-added to their business.

Compared to other entries they were addressing a small problem, but they did it with real professionalism and the correct techniques – which should be used whether the campaign is big or small, and for that they deserve recognition.