

YouTube Works For Brands 2017

AMV BBDO - SAINSBURYS

SAINSBURYS YOUTUBE IS FOR SHARING

EXECUTIVE SUMMARY

Sainsbury's Christmas campaigns used YouTube to embed themselves at the heart of popular culture. Of how – from 2013's 'Christmas in a Day' through to 2016's 'The Greatest Gift' – we built 74,893,046 views, generating a VoD ROI of at least £236 for every £1 spent.

All this was in the face of our toughest ever market conditions, and drastic YOY declines in media spend.

YouTube was never a tactical addendum to our campaign – it was the strategic heart of it. It enabled us to reach success by creating advertising indistinguishable from entertainment.

Each year was different, surprising. A new cultural creation inspired by extraordinary collaborations. Ensuring our work was anticipated, sought out and enjoyed, adding layers far beyond our direct category competitors, generating greater value from a YouTube view than we could from conventional video advertising.

It's compelling proof that YouTube Works.

ENTRY

It has been said before, but Christmas advertising has really transformed in the past 5 years; it's the season of the blockbuster with audiences paying active attention to advertising (for a change). Less well documented (for Sainsbury's, at least) is how much the business impact was boosted by YouTube.

This paper tells the story of how, by creating advertising indistinguishable from entertainment, we generated more value from a YouTube view than conventional video advertising. And we made it better every year. This enabled a brand connection based more on emotion than reason and grew share of market whilst *reducing* spend.

THE BUSINESS CONTEXT

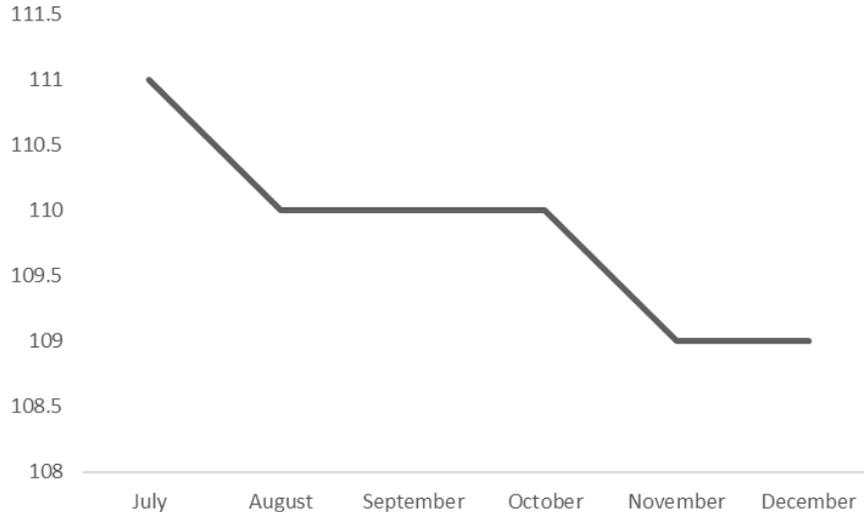
Every year, the supermarket sector gets tougher. As the German discounters launch more stores, their scale supports higher budgets, and share of market for established British supermarkets is squeezed. Add ongoing tough economic conditions (so families' minds are always on price) and food deflation (cutting revenue even if you maintain transactions) and you have a perfect storm.

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UK food deflation 2016 amongst the Big 4

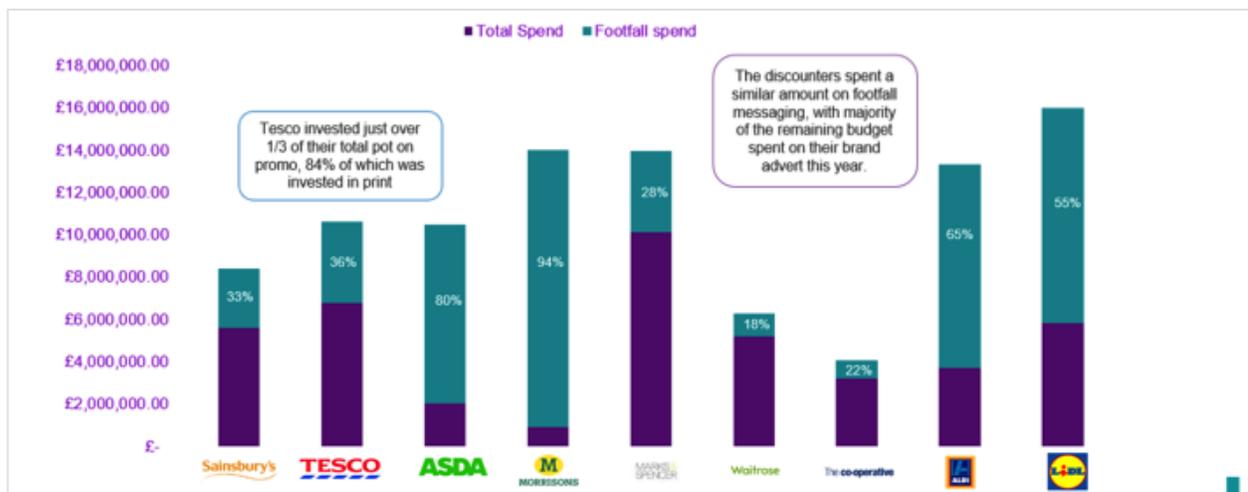


Source: Big 4 Grocer Price Index July 2016 – December 2016 (The Grocer).

“We’ve seen a pretty tough six months for [Sainsbury’s], which seems to have been affected most by food price deflation despite transactions [being] up.”

Neil Wilson, markets analyst at ETX Capital, September 2016.

Christmas compounds this, some weeks worth more than double a standard shopping week. Sainsbury’s competitors would chase the remaining market with more media money, doubling down on price and promotional advertising, as this example from 2016 illustrates:



Source: Ebiquity, 31st October – 25th December 2016. TV, Press and Radio only.

In contrast, our media spend at Christmas is less than half our spend in 2013¹.

OUR CHRISTMAS GAMBLE

¹ Source: Addynamix 1st Nov - 31st Dec 2010-2015

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The strategic question was clear – **how could we make a bigger impact, driving vital mental availability, without ruining our bottom line?**

We decided to spend on creativity, pursuing RoC to deliver RoI, but it wasn't going to happen by magic.

We had to make a bet: if we invested in time, courage, production and talent, audiences would seek us out, breaking the linear relationship between share of spend and market.

What if we thought of our Christmas campaign as *part of the experience* of Sainsbury's at Christmas, rather than *telling you about the experience*?

DOING CHRISTMAS DIFFERENTLY

We looked beyond advertising to create a new communication model. Our principles borrowed from the world of entertainment:

Total commitment to the audience

We would commit to entertaining and engaging the audience, with no regard to 'message' beyond the thematic concept.

Extraordinary collaborations

If we were a fashion brand, we would have called our first project "Sainsbury's x Kevin MacDonald". We invited special talents to deliver something great, giving them creative freedom.

Great merchandise

All our Christmas projects could be enjoyed passively or actively with things to do and buy, not just watch.

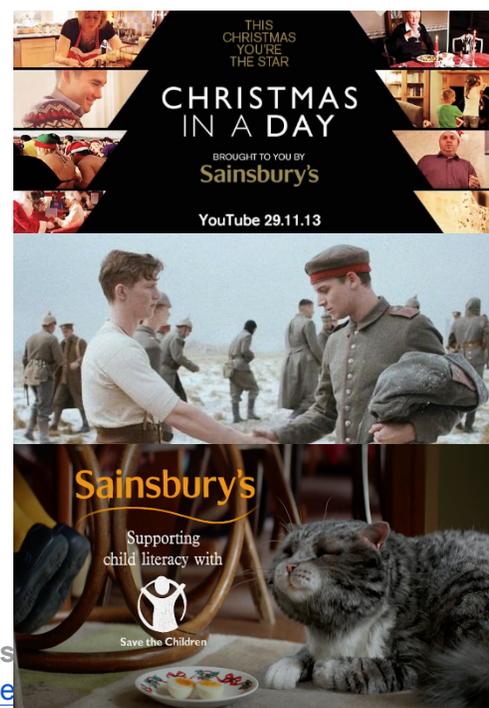
This enabled us to create work that was anticipated, sought out and enjoyed, adding layers far beyond our direct category competitors.

OUR CHRISTMAS CAMPAIGNS

Christmas In A Day – Kevin MacDonald completes his 'in a day' trilogy with Britons documenting their Christmas in a feature length documentary released on YouTube and DVD.

1914 – We mark the 100th anniversary of WWI's infamous Christmas truce in WW1 with our biggest Royal British Legion campaign ever, inviting the nation to share a chocolate bar.

Mog's Christmas Calamity – Children's author Judith Kerr creates a new 'Mog the Cat' book in aid of Save The Children, topping the bestseller list and bringing Mog to life in CGI.



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The Greatest Gift – James Corden voices a Brett McKenzie song to accompany a stop-frame animation from an Oscar winning team, and the nation enjoys gingerbread men for Great Ormond Street.



Each different. Each surprising. And each can be described in terms of impact on culture, making our Christmas campaigns different from the other high profile Christmas retailer. Where they create expertly integrated advertising campaigns (making their advertising a cultural moment), we create collaborations and culture beyond advertising (we ended up on The Moral Maze, for goodness sake). Both good strategies, but quite different.

We were doing more than just advertising, so needed more than advertising media.

THE ROLE OF YOUTUBE

Without YouTube, our Christmas campaigns wouldn't have become so embedded in popular culture. Each year, YouTube played a different, innovative role in our campaigns.

Christmas in a Day, YouTube was movie theatre – our primary distribution channel for a feature length film. We reached so many viewers via YouTube that if it were a cinema release, it would have been in the top 5 in the UK box office that week.

1914, YouTube was educator, it deepened the story behind the film driving repeat views, enabling everyone to learn more about the cause and appreciate the authenticity of our treatment.

Mog used YouTube's role as children's entertainer, with parents and kids able to enjoy Mog on demand, whenever and wherever they wanted. The extraordinary view count driven partly by kids wanting to watch it again and again.

The Greatest Gift launched mobile first on YouTube, topping the 2017 UK leaderboard of ad views, with the platform serving as a music player (the UK's favourite way to listen to music).

From 2013 to 2016, we learned:

YouTube is a complement to TV, enabling incremental reach without much incremental budget.

Impact at launch is critical for cut-through at Christmas, as YouTube synchronized with other channels.

YouTube allows *greater agility* to switch between mass reach and micro targeting, optimizing based on actual TVRs.

THE EFFECT OF YOUTUBE

The overall effect of Sainsbury's Christmas campaigns has been well documented in successive IPA Effectiveness Awards (2014 and 2016), so you can be confident they worked:

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ROI – each campaign achieved significant ROI each year, jumping 20% from 2013 to 2014 where we delivered a Profit ROI of £24.34 per £1 spent which we sustained into 2015 and 2016.²

Market share – we maintained momentum each year, delivering an increase in volume and value market share each Christmas since 2013 (the only 'Big 4' supermarket to achieve this).³

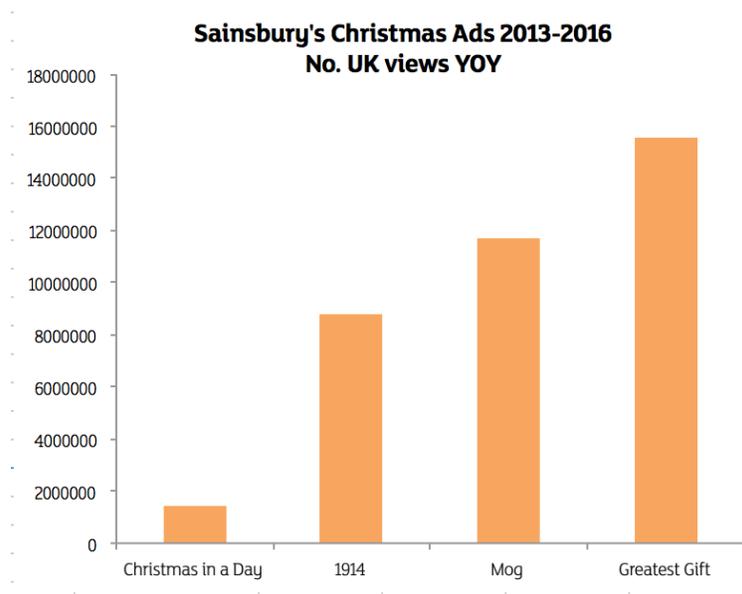
Transaction growth – an increase in transactions in the week before Christmas every year, rising from 23m in 2013 to >30m in 2016. That's a 30% increase.⁴

Money for Good – our cumulative efforts have raised £2.85m for Sainsbury's charity partners⁵ proving our campaigns were a win for brand and cause.

But that's not what you're here for. You're here to hear how YouTube Works. And boy did it work. Here's how:

1) VIEWS

From 2013 to 2016, Sainsbury's accrued 74,893,046 views of our Christmas campaigns globally. But you are rightly wary of global view figures, as you know we don't have shops outside the UK. So the number you need is UK views. We built these year on year, and in 2016 was the most viewed ad in the UK (the other Christmas retailer had more views overall, but fewer UK views).



Source: YouTube/ PHD.

2) ENGAGEMENT

Each year, our cumulative minutes watched increased (execution time length remained broadly similar each year – the length of an ad break). In total, Britons have spent over 30 million hours watching our Christmas campaigns on YouTube – 152 years of viewing⁶. They only do that if they like it.

² Source: Brand Science/ Annalect

³ Source: Nielsen Panel Data, 2013-2016

⁴ Source: Kantar Worldpanel, J. Sainsbury's, Brand Science.

⁵ The Royal British Legion (2014), Save the Children (2015) and GOSH (2016).

⁶ Source: YouTube/ PHD.

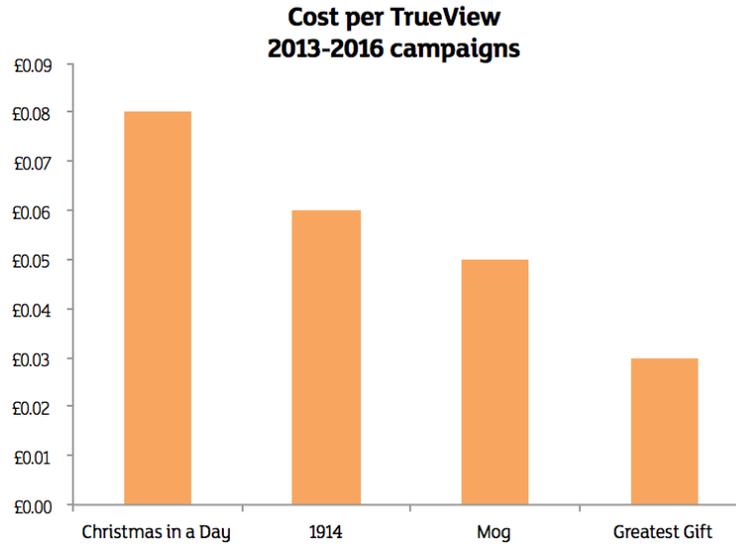
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3) EFFICIENCY

Our cost-per-view (CPV) reduced by 62.5% (and therefore paid media) as we optimised our approach.



Source: YouTube/ PHD.

We achieved this by refining strategy each year, adopting more innovative targeting approaches and grasping opportunities in the marketplace (such as bidding during down times) to lower our CPV, while delivering volume increases YOY.

4) VoD ROI

YouTube returned back to the business.

In an ideal world we would have an econometric model running every year. But when cost is under pressure, it's not an ideal world. The last year we had Christmas econometrics is 2014. But fortunately, that year's model isolated the role of video on demand.

In 2014 we saw a **VoD ROI of £236 per each £1 spent.**⁷ This is almost 4x VoD benchmark for grocery retail of £63.2 per £1 spent.⁸

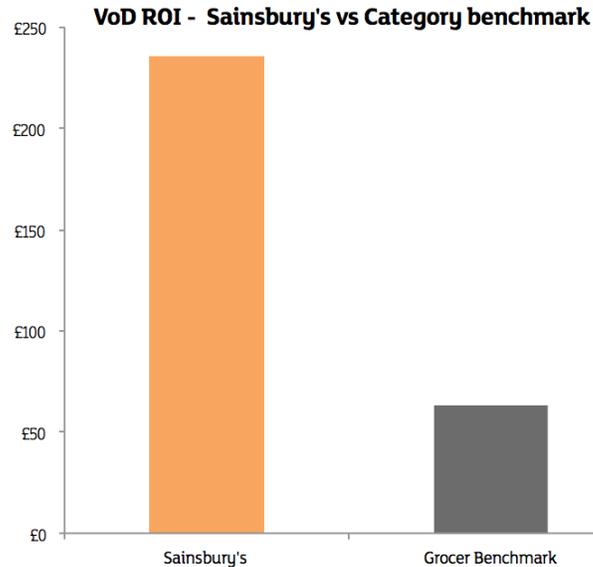
⁷ Source: Brand Science – note that we can provide a full technical appendix, if required.

⁸ Source: Omnicom Media Group Results

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Source: Brand Science.

We're hoping you will agree that the 2014 ROI is a good proxy for our other Christmas campaigns. The data behind 2015 and 2016 was even stronger (more views, more engagement, greater market share and transaction growth), so assuming that 2014 ROI stayed constant in those years is, if anything, an underestimate. Using that 2014 figure, we can estimate that **for the £204,181 we spent on YouTube between 2013 and 2016, we saw a return of over £48m.**

NO YOUTUBE, NO CHRISTMAS

Sainsbury's Christmas campaigns have created a four-year legacy, delivering results year after year in the toughest market conditions. YouTube has played a different role each year, going way beyond 'free' views of our main ad, instead shaping the relationship between the brand and the audience at the heart of each campaign, playing an instrumental role in the 30% increase in transactions the week before Christmas generated over the four campaigns.

Without YouTube, we would have just been making best-in-class integrated advertising, amplified through social media. With YouTube, we released a movie, educated the nation, created giggles on demand and got the nation singing along. Just four of the ways that YouTubeWorks.

I wonder what we'll do next.

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