Case Study

2019 EFFIE AWARDS UNITED STATES FINALIST

"WHAT'S IT GONNA TAKE?"

LG is an electronics Goliath, that was forced to embrace its role as David in the US smartphone category. People are so blinded by brand love for Samsung and Apple that they're on autopilot, never considering switching. We burst the blind brand love bubble by challenging consumers to think for themselves. We took on Goliaths by challenging consumers with a provocative question: WHAT'S IT GONNA TAKE to switch to LG G7 ThinQ.

Competition:
Effie United States

Ran in:
USA

Category:
David vs. Goliath

Brand/Client:
LG Electronics

Lead Agency:
72andSunny

Product/Service:
Business and Industrial

Classification:
National

Dates Effort Ran:
June 8, 2018 – September 23, 2018

Category Situation:
Growing

Credits:
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Version: Edited

Executive Summary

The Challenge

LG is an electronics Goliath, that was forced to embrace its role as David in the US smartphone category.

The Insight

People are so blinded by brand love for Samsung and Apple that they're on autopilot, never considering switching.

The Idea

Burst the blind brand love bubble by challenging consumers to think for themselves.

Bringing the Idea to Life

Take on Goliaths by challenging consumers with a provocative question: WHAT'S IT GONNA TAKE to switch to LG G7 ThinQ.

The Results

We beat the previous launch's daily average sales by 230%, doubled our consideration targets and conquested from our main competitors.

Effie Awards Category Context

LG is a Goliath in most categories in which it operates, but in US smartphones it is a tiny David battling two of world's largest and most loved brands: Samsung and Apple. We were a minnow with ~9% share vs their ~77%.[11]

This case is about what happens when a Goliath becomes a David, when the market leader tactics no longer work and you have to think like a challenger brand. And though it did not come naturally to LG, this case proves even a Goliath can act like a David, and win.

State of the Marketplace & Brand's Business

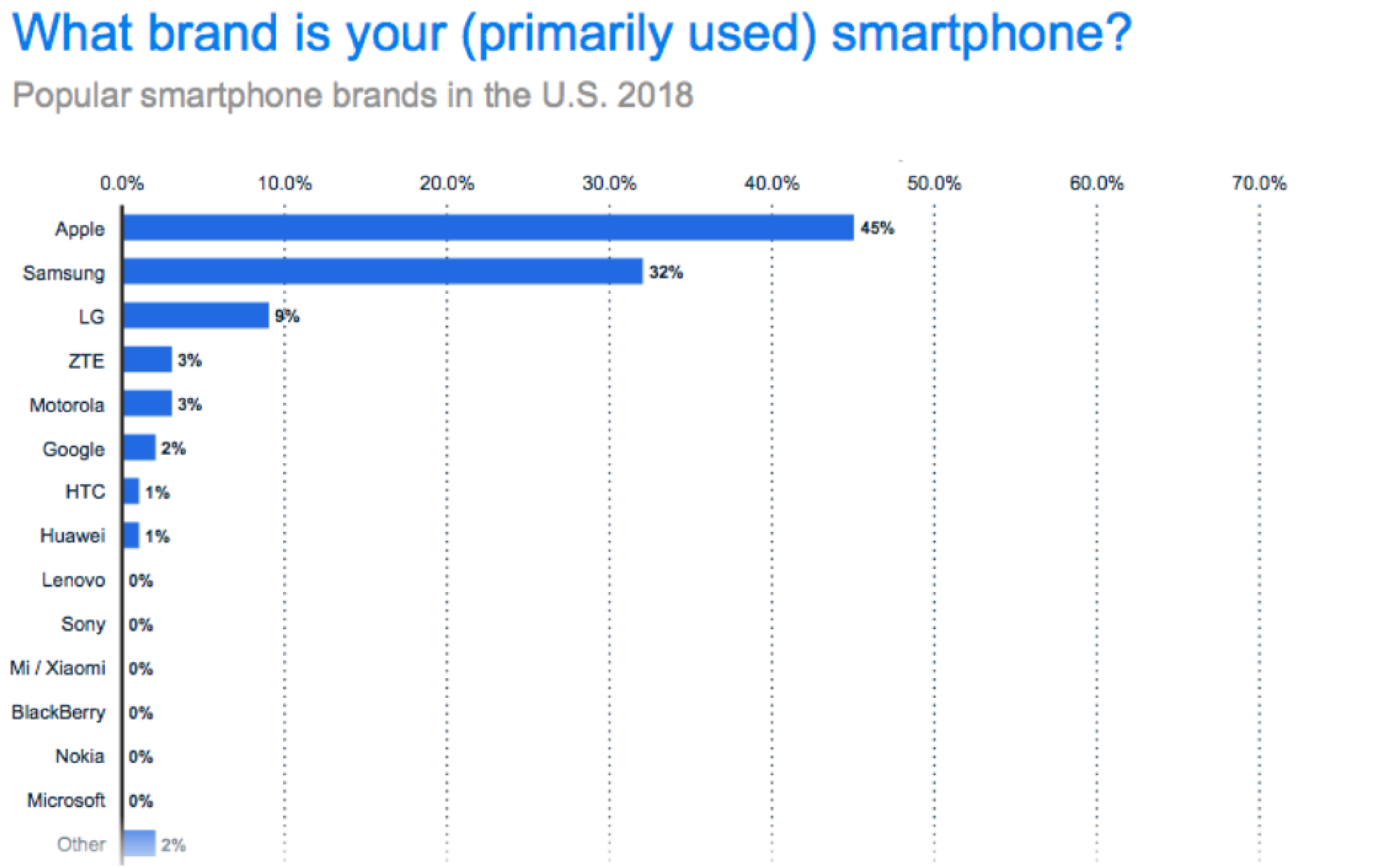
LG mobile is an unexpected David in the US smartphone market

It is unusual to find a challenger brand that has over $15BN of global sales.[1]

But that is the situation that LG found themselves in, in the US smartphone market.

Despite their huge global presence, most Americans know LG for their TVs and fridges, not their smartphones.

When we began working with LG in early 2018 they had around 30% unaided awareness (vs ~70% for Samsung and Apple), were a distant third place in market share (see chart) and retailers were limiting their shelf-space.[2] There was even industry discussion that LG might pull out of the smartphone market if their next launch was not a success.[3]



The Goliath tactics don't work when you are a David

LG's muscle memory in marketing is to act like a leader. In previous smartphone campaigns they had drawn from the Goliath playbook: own a category benefit, inject it with emotion and appeal to a broad audience of opinion forming, tech-forward influencers. However, this was not working. Their previous two flagship smartphone launches (flagship defined as premium handsets that cost over $400, like Apple's iPhone or Samsung's Galaxy) had not performed. Buyers were fiercely loyal to their current smartphones (88% of flagship buyers saying they would buy the same device again) and LG was failing to differentiate itself from the competition.[4]

Our Communications Challenge

Disrupt the loyalty of the category Goliaths by embracing our role as David

Audience

Goliaths compete for the same audience, we needed to find those with a challenger mindset

Samsung and Apple were targeting the same people: tech forward, creative, entrepreneurial Millennials. In previous campaigns, LG had chased this same audience with limited success. We could not hope to win on our budgets if we talked to the same people, we needed to find an audience who would be receptive to our challenger mindset:

Introducing the Savvy Skeptics

We developed a custom survey to define and size an audience of persuadables. They had to be in the market, open to Android and open to switching. This gave us a potential audience of 43.7MM people.[5]

We further segmented this audience based on attitudes that would make them predisposed to listen to a challenger brand like LG. Attitudinally we found interesting statement suggesting they were non-conformists, from being pro-marijuana legalization to describing themselves as 'anti-establishment.'

We layered onto this attitude that related to their openness to smartphone alternatives and we called them the Savvy Skeptics (see visual).[6] This group represented a massive growth opportunity as it included the segments that over-index in smartphone purchase yet they were being ignored by the Goliaths.

Objectives & KPI's

The overall success of a smartphone brand is disproportionately tied to their flagship launches. These launches signal to consumers, press and the markets that the company has a forward momentum. A misstep can lead to immediate declines in share price and lead to a spiraling loss of confidence, distribution, and investment.

For that reason, our main KPI was to outperform the previous flagship launch, the V30, from September 2017.

PRIMARY KPIS

- **KPI: Average Daily Sales**
- **TARGET: Statistically significant percentage increase over V30**
- Average daily sales demonstrate consumer demand.[7]
- **KPI: Market share of flagship segment**
- **TARGET: Statistically significant percentage increase over V30**
- Market share shows performance above the category, V30 showed no significant increase.[8]

SECONDARY KPIS

- **KPI: Source of Volume**
- **TARGET: Statistically significant sourcing from competition compared to V30 (31% Samsung, 8% Apple, 47% LG)**
- Conquest from Goliaths not cannibalize from LG.[9]
- **KPI: Consideration**
- **TARGET: +2pp (based on G6 launch)**
- Consideration had declined during the V30 launch so our target was based on the previous launch, the G6.[10]

Sourcing:

1 Forbes, 'Top Regarded Companies, #46, 2018', June 2018

2 Millward Brown, LG Brand Tracking, August 2018 // Statista, Global Consumer Survey, 3,489 respondents; 18 to 64 years; Nov 22 to Dec 27, 2017 / April 11 to May 28, 2018

3 Financial Times, "LG Electronics seeks to escape Samsung's shadow: Korean group finds favour with foreign investors but still faces smartphone challenges", it quotes: "It seems too late to expect a major turnaround of the mobile business. In terms of earnings, it may be better for LG to just pull out of the business," June 29, 2017

4 IPSOS Path to Purchase Study commissioned by LG MC, February 2018

5 Yougov Survey commissioned by Agency, 2300 respondents, March 8, 2018

6 Simmons, Winter Connect Study, March 27, 2018

7 LG Daily Sales, V30: October 1, 2017 - January 31, 2018

8 LG G7 ThinQ VOC Survey, August 2018

9 LG G7 ThinQ VOC Survey, August 2018

10 Millward Brown, LG Brand Tracking, August 2018

11 Statista, Global Consumer Survey, 3,489 respondents; 18 to 64 years; Nov 22 to Dec 27, 2017 / April 11 to May 28, 2018

Insight

Our Insight: People are so blinded by brand love for the Goliath brands they're on autopilot, never considering switching

The smartphone Goliaths seemed untouchable.

But under closer inspection we began to notice weakness. Hardware innovation was slowing and being replaced with hype. While the Goliaths were hyping their flagships as 'the next big thing' or saying 'this changes everything,' the devices themselves were looking increasingly familiar. The press was even reporting "smartphones have gotten a little boring to the casual consumer".[1]

Savvy Skeptics felt this way too.[2]

They described 'feature fatigue':

"I feel like at the beginning there were huge differences when you got a new model but now it is just little things...big deal." Female, Samsung G6 owner

They bemoaned the problems with their device, yet they remained unthinkingly loyal.

"I had the 6S before, and the battery was terrible. And it was very very slow. Unbearably slow. [sigh] So I ponied up and got the 10." Male iPhone X owner

We realized people were not actively choosing their smartphone brand, they were on autopilot, blindly following the hype.

Sourcing:
1 Gizmodo, 'Smartphones might get super exciting again in 2018, December 14, 2017
2 Agency Qual Research, Savvy Skeptic Audience, March 2018

The Big Idea

Burst the blind brand love bubble by challenging Savvy Skeptics to think for themselves.

Bringing the Idea to Life

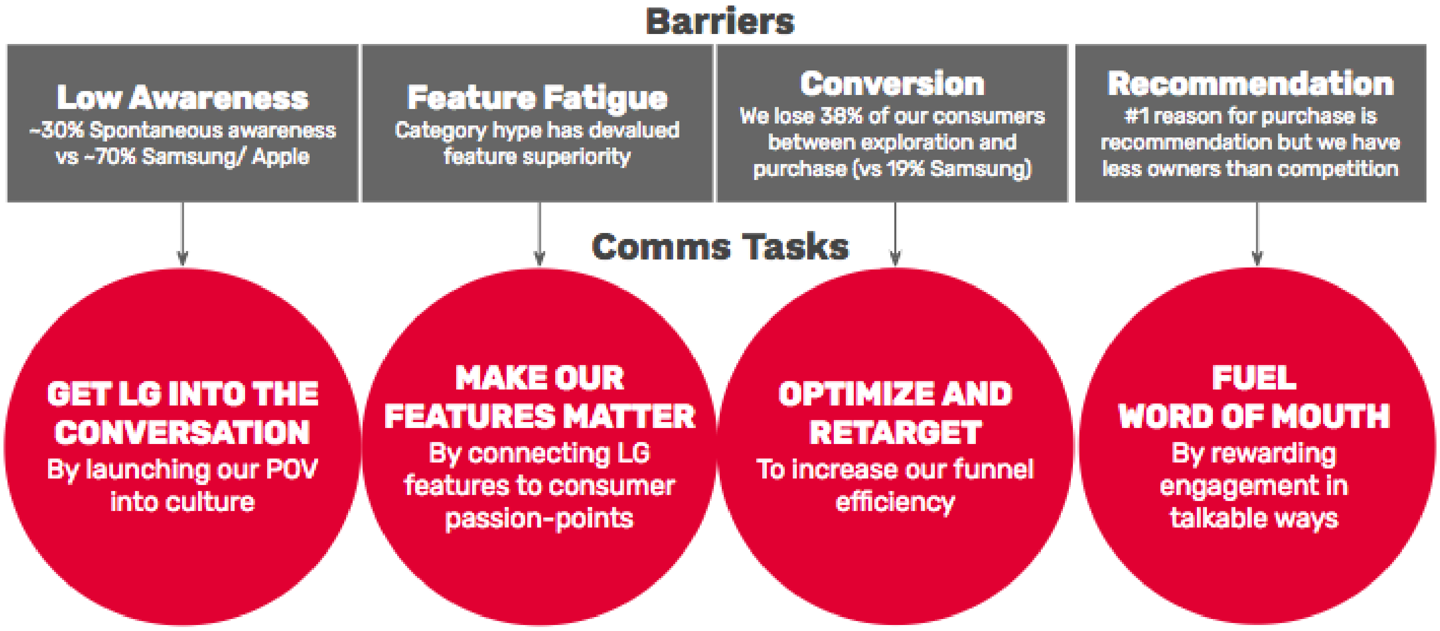
The G7 is a great phone, with awesome features like an AI camera that knows what you're taking a photo of, a boombox speaker you can actually hear and updates that feel more like upgrades. We just needed an idea that would shake people out of their blind loyalty and get them to consider switching to LG.

The idea: WHAT'S IT GONNA TAKE

It was a challenge and a dare, designed to prod our skeptical audience into questioning their own buying behaviors.

The Communications Strategy: Challenge Savvy Skeptics to buy the LG G7 ThinQ by getting them to rethink their loyalty throughout the purchase journey

We distilled this strategy into five actionable tasks, which would allow us to tackle the main switching barriers via media and messaging solutions.



GET LG INTO CONVERSATION:

We knew that overall awareness of LG Mobile was lagging.[1] Therefore, we needed to come out of the gates with a launch that would drive immediate awareness of the G7 ThinQ. We used TV, OLV and Social as primary audience reach channels to announce our campaign with hero film, "Dear Ryan." Our spot showed that LG would go to great lengths to convince our hero character, Ryan, to switch.

MAKE OUR FEATURES MATTER:

Category Goliaths had created a cloud of feature fatigue in the market, and we needed to be smarter by breaking through with messages that our audience actually cared about. We used data to determine which features we would message and how. Social and OLV were key channels for hyper-targeting Savvy Skeptic's passion points (like food and pets) and serving them content that intersected their interests with our phone's features. For example, we targeted Savvy Skeptic dog lovers with an AI camera lens that enhances dog photos.

OPTIMIZE AND RETARGET

We needed to hit record conversion numbers and all media channels (TV, OLV, Social, Influencers, Digital Banners, Search, Press) were aimed at helping us to achieve this. We optimized towards best-performing assets and then retargeted consumers nearer the point of purchase.

FUEL WORD OF MOUTH:

We knew that we needed to drive positive conversation around LG Mobile and created a Twitter activation that encouraged people to tell us #WhatsItGonnaTake for you to switch. We created a real-time response fulfillment strategy for engaging with and rewarding our top fans, and used influencers to help fuel this conversation.

Sourcing:
1 Millward Brown, LG Brand Tracking, August 2018

Paid Media Expenditures

Current Year: September 2017 - August 2018
- $40-60 million

Year Prior: September 2016 - August 2017
- $40-60 million

Budget
- Less than competitors in this category.
- More than prior year spend.

Our overall spend was TV = 32MM, Cinema = 2MM, Digital = 2MM, Total = 54MM

Paid media was vital to us as we needed to recruit a new audience to LG and our awareness was low. We chose high reach channels to get our message out there in the most efficient way. Our digital spend allowed us to be hyper targeted towards different groups to convert them.

We augmented our paid strategy with earned in order to extend the effectiveness of our buy, utilizing a Twitter conversation strategy.

Owned Media

All owned channels delivered our idea.

Communication Touch Points

INTERACTIVE/ONLINE
- Contests
- Digital Video

SOCIAL MEDIA

TV
- Spots

Results

Our success was based on beating the previous launch, the V30, as in the smartphone game momentum is everything. We needed to demonstrate YOY improvement to build confidence among consumers, press and Wall Street.

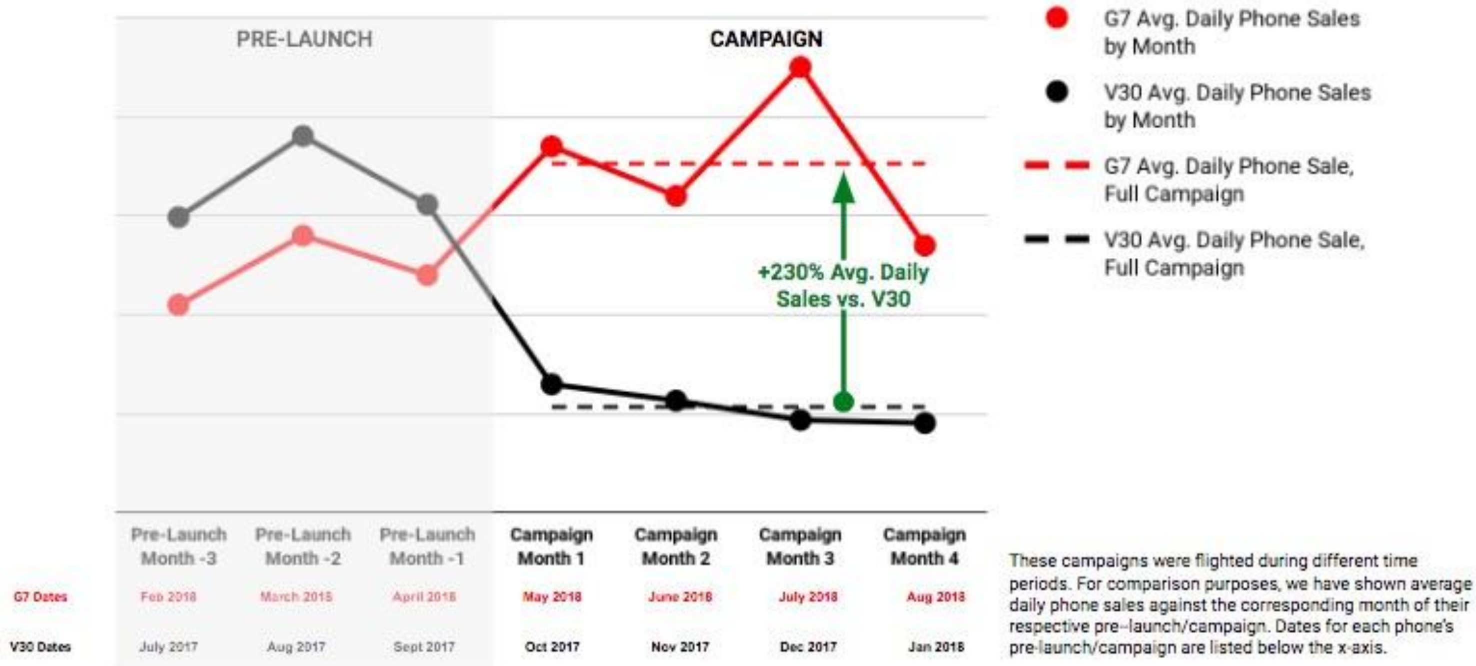
PRIMARY KPIS

We achieved our primary KPIs by significantly outperforming the V30 launch.

- KPI: Average Daily Sales[1]

- RESULT: +230%
- TARGET: Statistically significant percentage increase over V30
- G7 average daily sales were +230% higher than V30, when you compare the first 4 months of each launch. This is clearly attributable to the campaign as in pre-sales G7 undersold the V30 by 35%. In other words V30 on its own generated more hype and sales, but with our campaign the G7 outsold it.

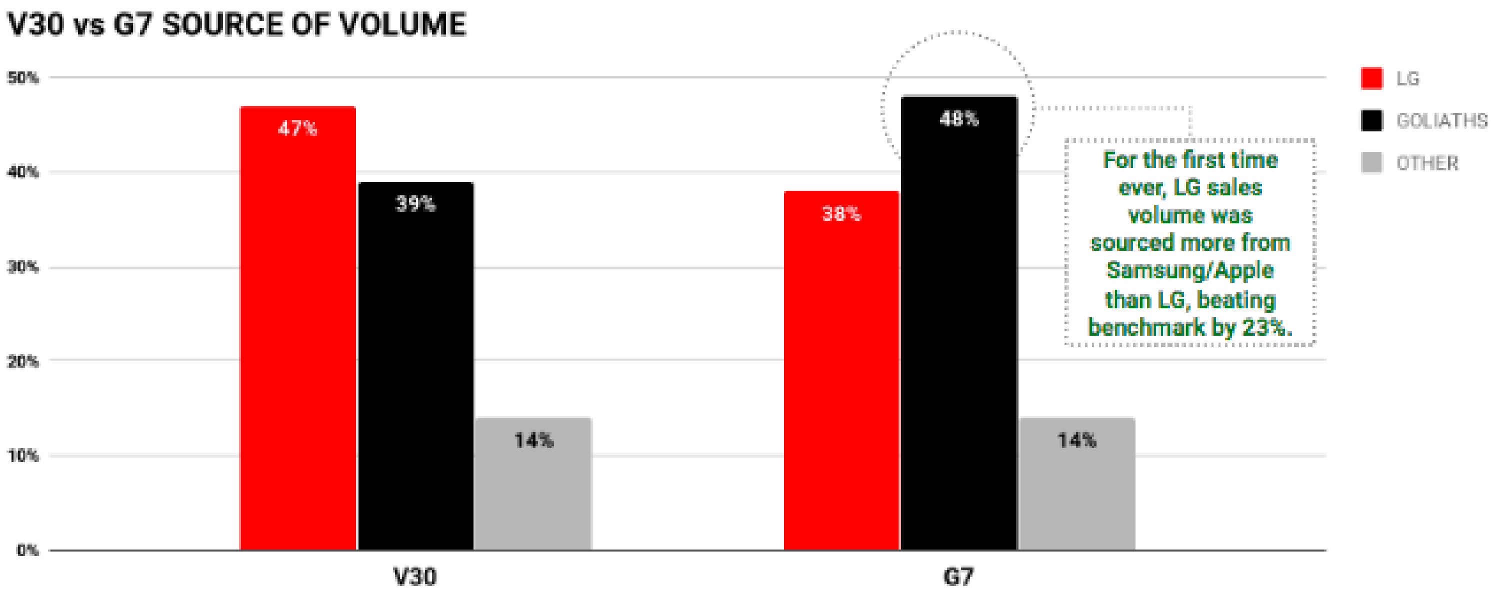
G7 and V30 Average Daily Phone Sales



- KPI: Flagship Segment Share[2]
- RESULT: +2.5X
- TARGET: Statistically significant percentage increase over V30
- LG's market share of the flagship smartphone segment grew 2.5X during first 30 days of campaign period. In the V30 campaign period market share did not change.

SECONDARY KPI

- KPI: Source of Volume[3]
- RESULT: 38% Samsung, 10% Apple, 38% LG
- TARGET: Statistically significant sourcing from competition compared to V30 (31% Samsung, 8% Apple, 47% LG)
- For the first time ever LG conquested more from Samsung and Apple than itself.



- KPI: Consideration[4]
- RESULT: +4pp
- TARGET: +2pp
- Consideration grew from 17%-21% during the campaign period, setting a new record for LG. Unaided awareness has also reached a new record high for the brand.

While not a defined KPI we also saw our social activation massively increase the earned reach of our campaign, helping us to punch above our weight. Our social activation had **76k hashtag mentions** (Category benchmark: 4,096 mentions) and **94% positive sentiment**, resulting in **149,510,659 earned impressions**.[5]

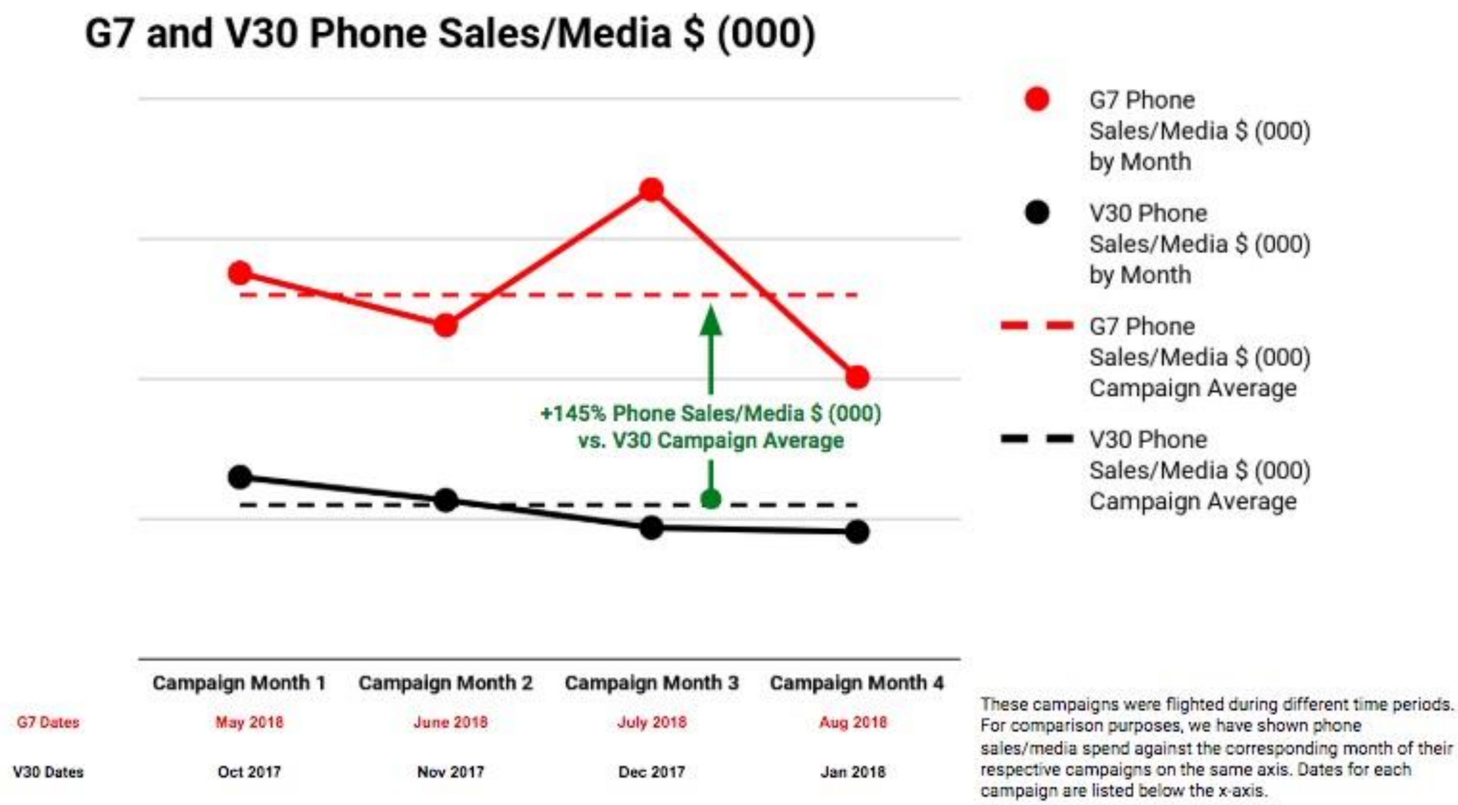
We're also happy to report the press has stopped suggesting we might be pulling out of smartphones.

Other Contributing Factors

Media Spend

G7 had a higher media spend than the V30.[6]

- **V30 Media Spend - $40MM**
- **G7 Media Spend - $54MM**



However, we can eliminate this impact by showing the sales/ $M. G7 outsold V30 by +145% per $m of media.

Model

The V30 and G7 were comparable models in terms of pricing (G7 $829, V30 $809), spec and reviews (see chart).[7]

	V30	G7
Google (/5)	4.6	4.7
Cnet (/10)	8.6	8.3
The Verge (/10)	7	7

Distribution

We had significantly lower distribution for the G7 than the V30 due to a big carrier not supporting the product, resulting in 36% less distribution.[8]

- V30 Distribution - 100 (index)
- G7 Distribution - 74 (index)

Discounting / Coupons

There was a similar level of discounting on both the V30 and G7.[9]

<u>*Sourcing:*</u>

1 LG Daily Sales, V30: October 1, 2017 - January 31, 2018 G7: May 1, 2018 - August 31, 2018

2 LG G7 ThinQ VOC Survey, August 2018

3 LG G7 ThinQ VOC Survey, August 2018

4 Millward Brown, LG Brand Tracking, August 2018

5 Netbase Social Listening by Agency, August 2018

6 Media Agency data, 2017-2018

7 Google, Aggregated Reviews for V30, 2017-2018; Google, Aggregated Reviews for G7, October 1, 2018; cnet, "LG V30 Review," June 12, 2018; cnet, "LG G7 ThinQ Review," June 8, 2018; The Verge, "LG V30 Review: Groundbreaking Phone with a Deal," October 16, 2017; The Verge, "LG G7 ThinQ Review: A Big Price for Small Improvements," May 22, 2018

8 LG calculation based on approx distribution per carrier, October 1, 2017 - January 31, 2018 for V30 and May 1, 2018 - August 21, 2018 for G7

9 LG promotion budget was similar across V30 and G7, October 1, 2017 - January 31, 2018 for V30 and May 1, 2018 - August 31, 2018 for G7

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