

An abstract line art illustration of various building shapes in a cityscape, rendered in a light brown color. The buildings are of different heights and widths, some with small rectangular cutouts, creating a geometric skyline. They are positioned on the left side of the page, with some overlapping.

THE WORST OF TIMES, THE BEST OF TIMES

**How marketing communications
enable premium brands to thrive,
even in recessions**

A White Paper by EACA / Effie Awards Europe,
in partnership with The Effectiveness Partnership



About



EACA

The European Association of Communications Agencies (EACA) represents more than 2 500 communications agencies and agency associations from nearly 30 European countries that directly employ more than 120 000 people. EACA members include advertising, media, digital, branding and PR agencies. EACA promotes honest, effective advertising, high professional standards and awareness of the contribution of advertising in a free market economy and encourages close co-operation between agencies, advertisers and media in European advertising bodies. EACA works closely with EU institutions to ensure freedom to advertise responsibly and creatively.



The Effie Awards Europe

Introduced in 1996, the Effie Awards Europe were the first pan-European marketing communications awards to be judged on the basis of effectiveness. Effie leads, inspires and champions the practice and practitioners of marketing effectiveness through education, awards, ever-evolving initiatives and first-class insights into marketing strategies that produce results. Effie recognises the most effective brands, marketers and agencies in Europe and is considered as global symbol of achievement, while serving as a resource to steer the future of marketing success. EFFIE® and EFFIE EUROPE® are registered trademarks of Effie Worldwide, Inc. and are under license to EACA.



The Effectiveness Partnership

The Effectiveness Partnership (TEP) is a transformation agency designed to help brands and agencies embed a culture of effectiveness. Founded in 2008 TEP has been making clients more successful through designing effective strategies, mentoring more effective ways of working, and overseeing executions fuelled by insightful evaluation. Bridging the gap between creative and logic TEP's consultants offer a wealth of experience across change management, organisational structure, brand strategy, advertising, content marketing, storytelling, performance coaching through to econometrics, analytics and insight.

About the authors



Gurdeep Puri

Co-founder

The Effectiveness Partnership

Gurdeep Puri co-founded The Effectiveness Partnership in 2008 to help brands and agencies transform the value of their marketing. Since then Gurdeep, along with an experienced collective of TEP strategists, have consulted with brand teams and agency networks globally, upskilling and embedding new organisational structures, as well as overseeing award-winning effectiveness papers. Before co-founding The Effectiveness Partnership in 2008, Gurdeep worked as Head of Effectiveness at Leo Burnett having graduated with a BSc (Hons) in Statistics and an MSc in Financial Econometrics. Gurdeep is an Honorary Fellow of the Institute of Practitioners in Advertising and a Cannes Creative Effectiveness Master.

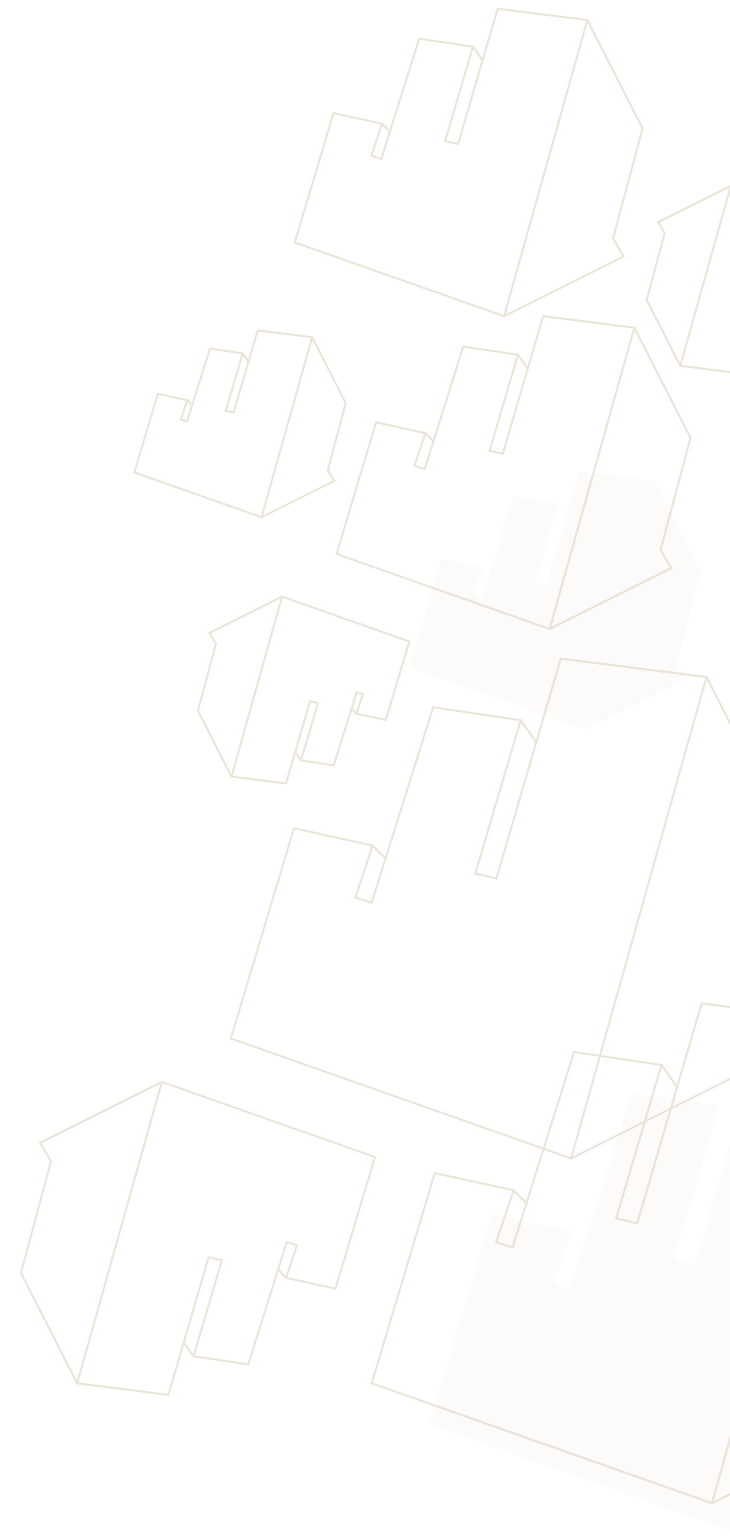


Donald Pirie

Consultant Strategist

The Effectiveness Partnership

Since graduating from Oxford University, Donald has worked in strategic roles at some of London's leading agencies including DDB, Leo Burnett, Ogilvy and Wunderman Thompson. In that time he has led global and UK strategy for some of the world's leading companies including McDonald's, Samsung, Kellogg's, UPS and The Times. Donald has won multiple effectiveness prizes including an Institute of Practitioners In Advertising (IPA) Effectiveness award and Effie Awards Europe prizes. As a Consultant Strategist for The Effectiveness Partnership, he has worked with European agencies to help prove the effectiveness of communications campaigns, winning an Effie Europe Grand Prix as well as Agency of the Year along the way. When not strategizing you can find him spending time with his son, running and watching Chelsea FC in their quest to regain the Premier League title.



Introduction

As the pandemic combines with global economic shock, the world is entering a period of economic contraction in which, at the time of writing, recession is forecast for many countries and prospects for recovery are uncertain.

Its effect on people, brands and business could be seismic and long-lasting. Some outcomes will certainly be category-specific – for instance travel will be hit much harder than food – but will also be very dependent on how individual brands respond.

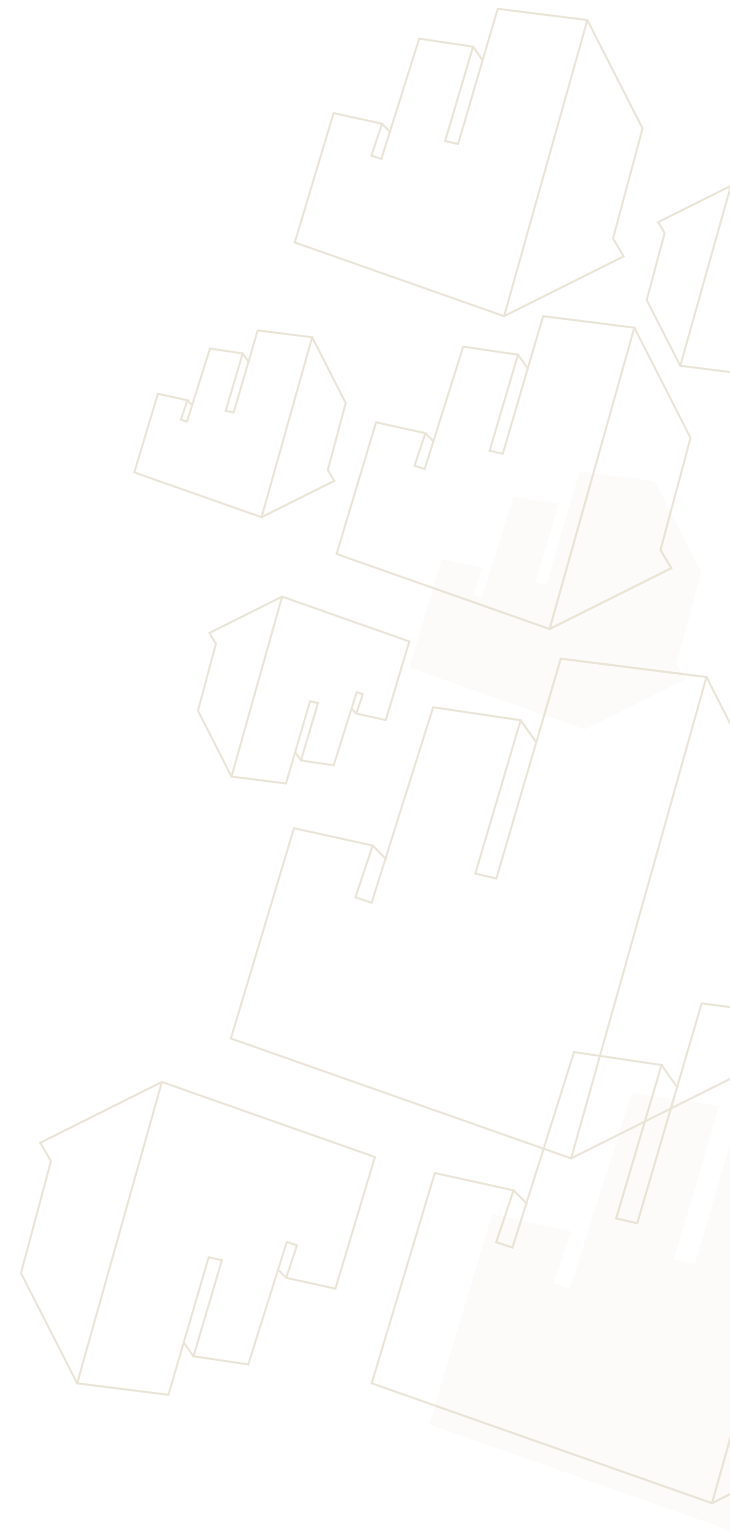
Many commentators expect that premium brands will be the ones likely to suffer most.

Recessions dampen consumer confidence, making them less likely to spend on discretionary goods.

Recessions hit incomes and make people price sensitive, so they may want to trade down to cheaper alternatives.

So recessions feel like the worst time to be in marketing premium brands (as opposed to mainstream or value brands).

But new findings from the EACA's Effectiveness Knowledge Centre of Effie Europe winners from 2008-2019 show these grim predictions often aren't realised. With the right growth strategy and using communications as an accelerator, premium brands can achieve growth in the toughest of times, as well as times of economic growth.



Data & methodology

All our findings are derived from the EACA's Effectiveness Knowledge Centre, comprising 10 years of data from the Effie Europe Effectiveness Awards, the gold standard for European communications campaigns. For the purposes of this paper, we have analysed data from 230 winning campaigns entered into this annual effectiveness competition between 2009 to 2019. All entries needed to prove results in two or more European markets, giving us a truly international perspective.

The data (covering 28 knowledge fields per entry) records the status and situations of the brands considered, their objectives for communication and the results of their campaigns. By digging deep into the winning cases, we can start to isolate the key drivers of success to give valuable insights for the marketing communications industry.

For the purposes of this paper the knowledge and data were 'back analysed' from the written case studies, providing a rich but not totally complete evidence base. Going forwards the knowledge and data evidencing each case will be codified and systematically collected via a confidential data questionnaire completed by case study authors competing in the awards.

Defining recession

Within our dataset, a key focus for this paper is the performance of premium brands in a recession. A recession is commonly defined as a period of two or more consecutive quarters of declining GDP.¹

By this standard, most of our European markets under consideration experienced two recessions between 2008–19.

The Great Recession of 2008-09, in which Europe and the world entered a recession sparked by the US sub-prime mortgage crisis and its resulting impact on the world financial markets

The European Sovereign Debt Crisis of 2011-2013, when Eurozone governments struggled to repay or refinance government debts, exacerbated by the failures of banks in these markets

Not all markets (such as the UK during the 2011-3 Eurozone recession) experienced the full effects of these crises, nonetheless these periods saw a widespread contraction of economic growth, so form our working definition of recession.

Given the Effie Europe papers are written up to one year following the campaign activity they document, we have considered any paper written between 2009–10 and 2012–14 as part of our recessionary data set, a total of 89 papers.

¹ Julius Shiskin

Understanding & defining a premium brand

The EACA's Effectiveness Knowledge Centre groups brands into 5 key categories

Superpremium

Premium – the focus of this study

Midmarket

Value

Other (usually not for profit brands)²

Although there is not one single agreed definition of what makes a premium brand, such brands are usually reckoned to have certain characteristics that mark them out versus others.

1. Premium brands command price premiums

Defined for this exercise as charging more than 20% than the median price in any category, but below the top 10% of pricing commanded by superpremium brands. Unlike superpremium brands they command a mass audience, but one that may have to make the decision to “trade up” to afford it.³

2. Premium brands have a reputation for quality

To justify their price premium, brands have a reputation for offering superior products, services and experiences compared to the average standard of the market. These quality signatures are usually well established and evidenced through brand tracking and industry surveys⁴

3. Premium brands are desirable

Most of these brands have emotional appeal that goes beyond their functional performance, as evidenced by metrics from our papers such as “brand I’d like to be seen with”, and “appeals to the senses”, indicating they satisfy the need for social cachet as well personal satisfaction.

² Non-profit brands are excluded from the whole of this analysis

³ Trading Up: Michael J. Silverstein and Neil Fiske

⁴ Forbes



KEY FINDINGS from the EACA's Effectiveness Knowledge Centre

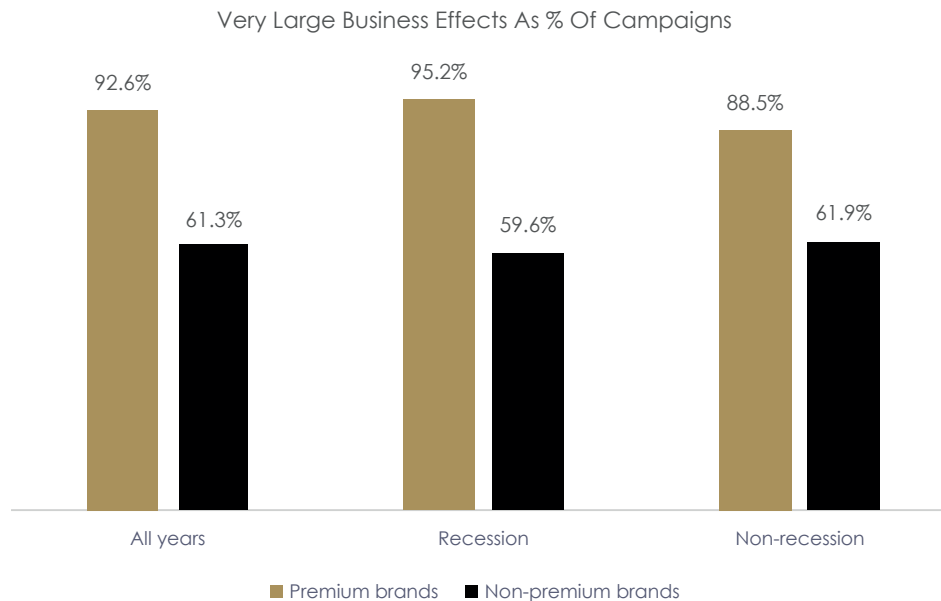


1

Communications drive stronger growth for premium than non-premium brands, both in and out of recessions

Over the whole of the 2008-19 period our findings show campaigns for premium brands outperform those of non-premium brands in generating large business effects.⁵

But in recessionary times, these business effects are even more pronounced. This data indicates the power of communications in overcoming the structural odds stacked against premium brands, even in tough market conditions.



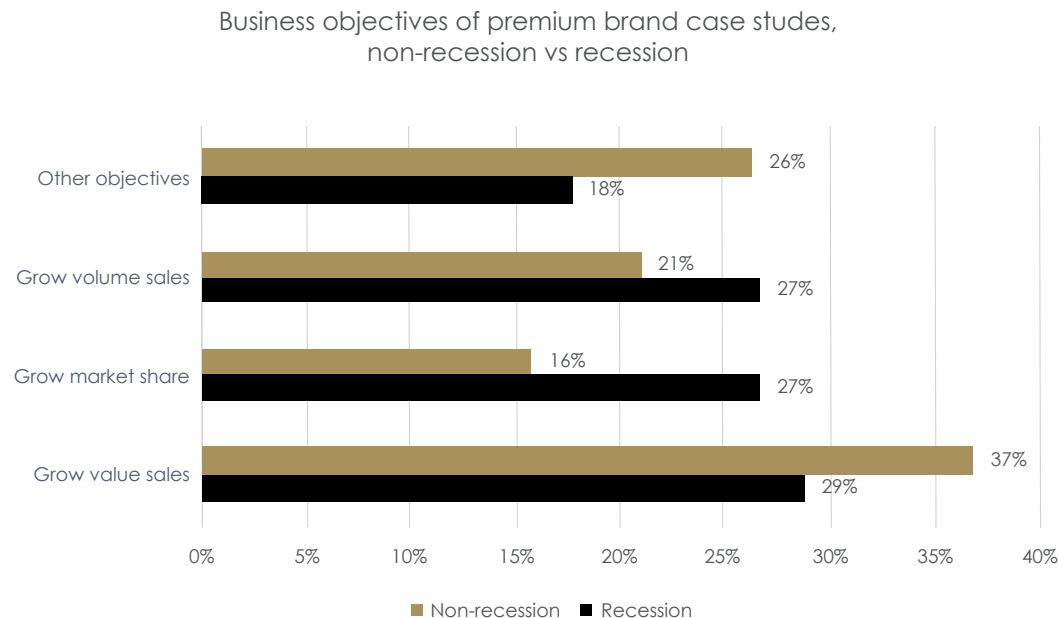
⁵ The EACA's Effectiveness Knowledge Centre splits business effects into very large, large and small. As a rough rule of thumb very large equates to a +20% or more uplift, large is between 10 and 20% and small is under 10%. Clearly this varies from category to category, largely based on its maturity

2

Most successful campaigns for premium brands in recessions balance volume growth with value growth

Success for premium brands depends on selling high volumes as well as maintaining a price premium. Our evidence shows that during non-recessionary times, growing value by justifying a premium becomes a primary focus when discretionary spend is higher and most categories are expanding (especially ones driven by technology-driven innovation).

However, in recessions a more balanced approach is needed with premium brands becoming more likely to focus on market share and volume to grow their market positions and maintain mass sales, potentially at the expense of margin, giving them scope to raise prices when market conditions improve.

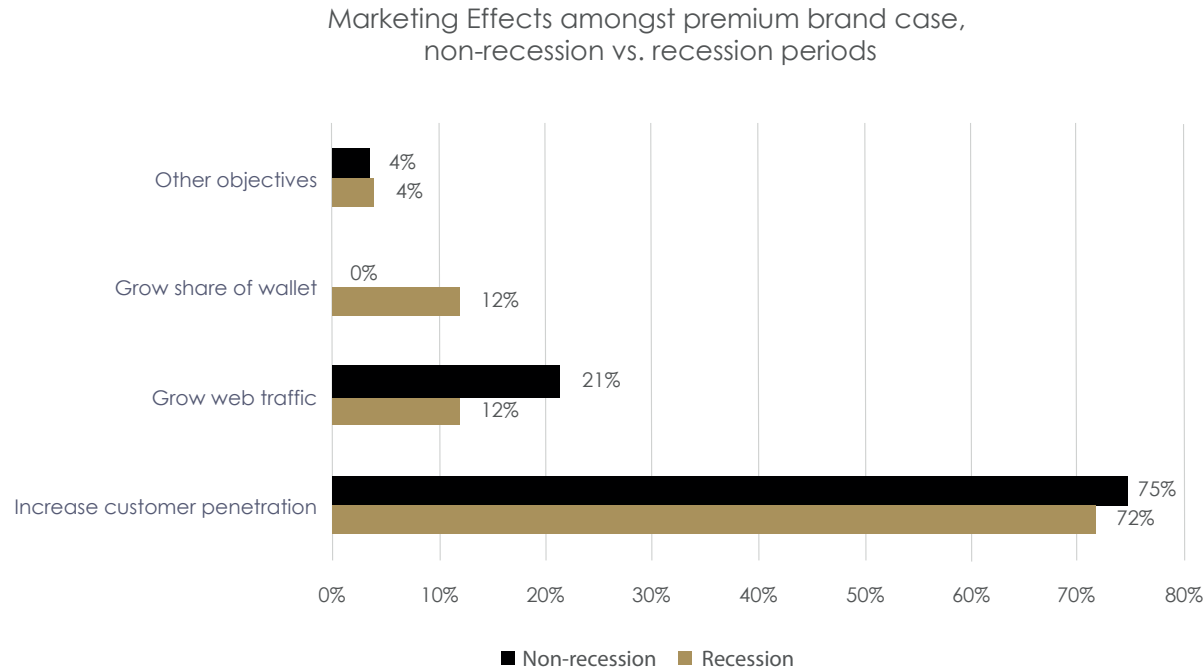


Other business objectives captured by the EACA's Effectiveness Knowledge Centre include defending market share and revitalizing markets. The decline in the number of these objectives in recessionary times indicates that premium brands are still pursuing growth strategies versus non-premium brands we have analysed.

3

Capturing new users is the lifeblood of growth for premium brands

Growing penetration is the #1 marketing objective and effect for successful premium brands achieving large or very large business effects, in and out of recessions, as our data shows.



This confirms the importance of continually creating new customers to grow a brand's franchise, especially when these brands are launching new products targeted at a premium brand's core franchise of mass affluent buyers.

In recessions, growing share of wallet to create more share of customer spend becomes a greater priority, especially where the brand is a service or subscription brand.

Looking further into the data we can see that growing web traffic has become more important in recent years. The period of 2008-13 saw this effect comprise only 1% of large or very large marketing effects. By contrast the period 2014-19 saw this comprise 14% of such effects.

4

Premium brand success depends on a clear definition of a core audience segment

Although growing penetration is vital, successful premium brands captured in the Effectiveness Knowledge Centre are rigorous in their focus on one audience segment. A qualitative analysis of our cases shows that rather than trying to be all things to all people, successful brands define a target that is aspirational and has unmet needs that these premium brands can satisfy.

Analysis of winning papers indicates that automotive, electronics and service brands are the most prominent proponents of this approach. Defining these segments enable distinctive and focused creative and media approaches, ensuring premium brands drive growth by creating strong identification and involvement with their target. Crucially, in the nature of the way that most communications channels work, the impact of a focused approach is usually much broader than the core audience targeted.

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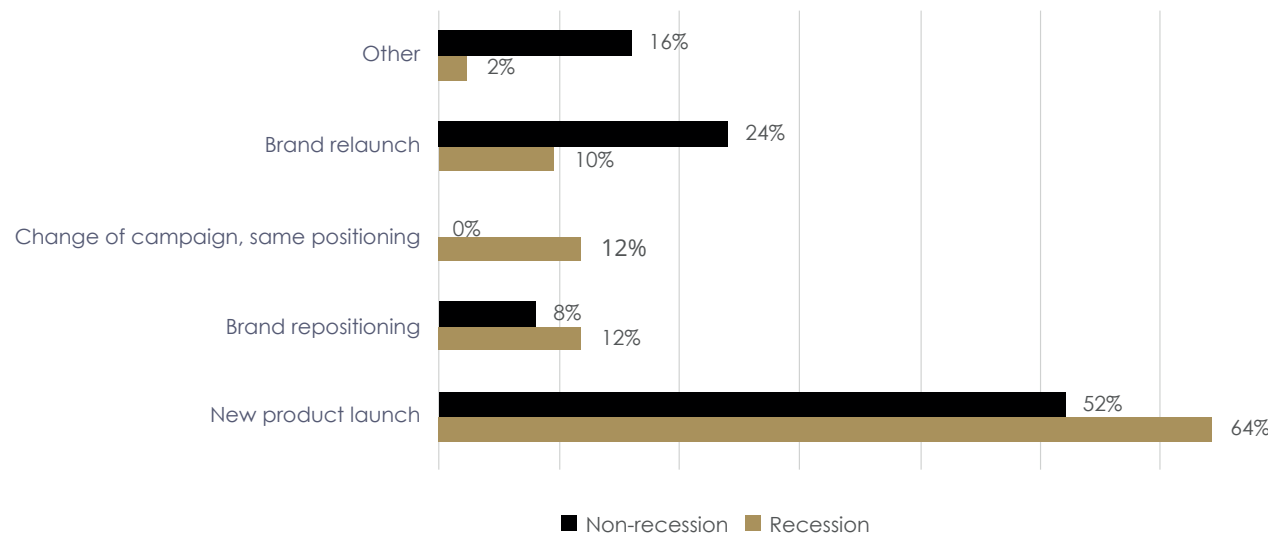
Most successful premium brand campaigns in recessions support new product launches

Our data shows that 64% of premium brand campaigns support new product launches in a recession. Significantly, this is also the objective of 54% of successful campaigns in non-recessionary times, showing why substantial effort is made to grow penetration.

Brand relaunches are far less like to be the focus of successful campaigns in recessions (10%) than in non-recessionary times (24%), which may be a sign that successful brands have the confidence to maintain the investment in innovation in hard times that made them successful in good times.

However premium brands are also likely to experiment with their campaigns, maintaining their positionings but changing campaigns in 12% of recessionary cases, indicating some agility to stay relevant in tough times.

Marketing Strategies of Premium Brands,
non-recession vs. recession



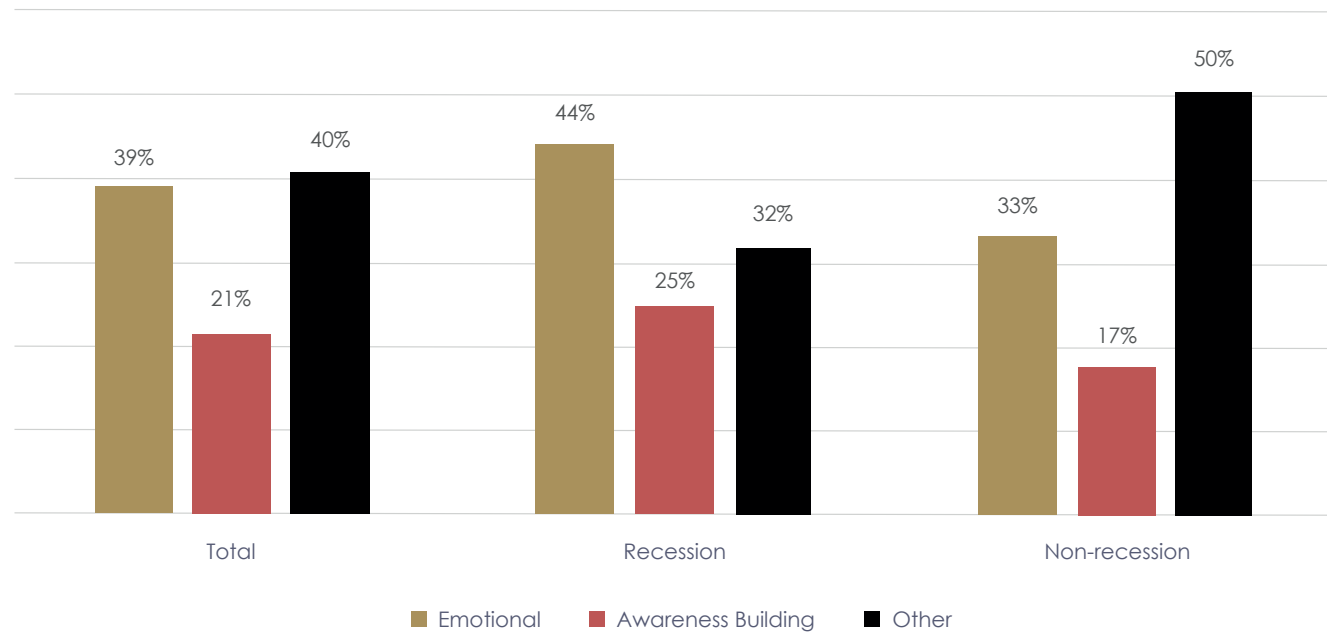
6

Emotion pays (even more) when you're a premium brand in a recession

Looking across our dataset, emotional campaigns are far more effective than persuasion or purely awareness building campaigns in generating large business effects.

What is also striking is that successful premium brands skew even more towards emotional approaches in times of recession (44% in recessions, 33% out of recessions). Emotional campaigns signal to the customer how the brand will satisfy their unmet needs and wants (status, belonging, community etc.), and as such form a vital part of expectation setting, perhaps offering even more reassurance and security for these consumers when times are tough.

Premium Brands - Style of Communication,
non-recession vs. recession

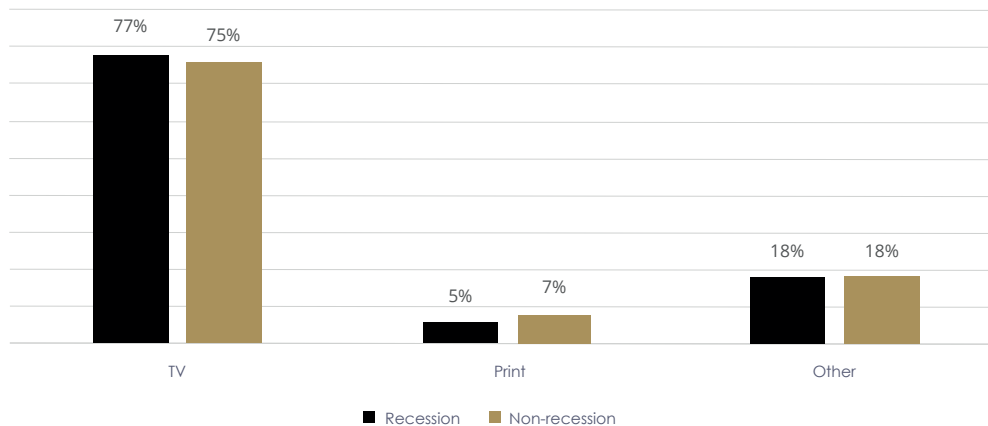


7

Broadcast and narrowcast channels work hand in hand for success

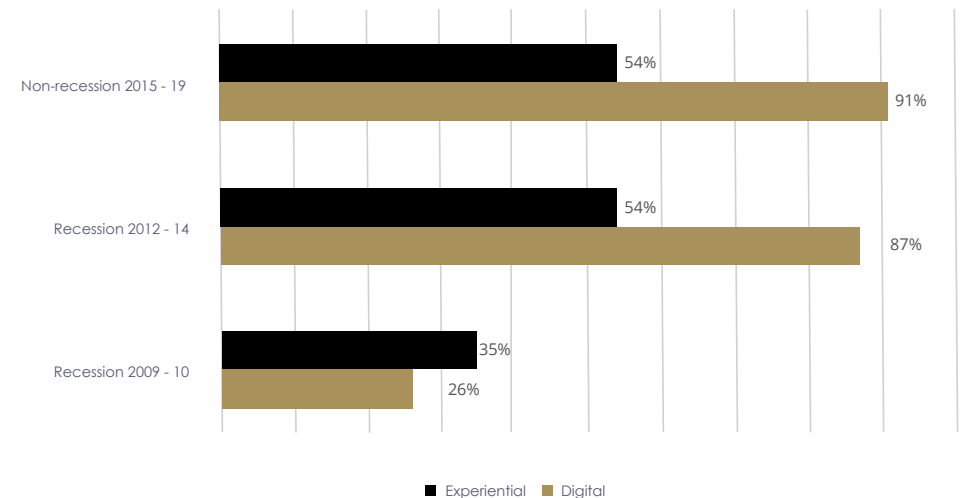
TV continues to be the most effective channel in driving large or very large business effects for premium brands, whether in recession or better times (and of course for those brands that continue to invest in marketing communications, greater media value is on offer in recessionary times). TV allows emotional messages to be delivered at scale and as such is critical to growth.

Lead channels for premium brand campaigns, recession vs. non-recession



But all our successful premium brands used other broadcast and narrowcast channels too. Digital channels are now becoming an increasingly important part of the communication mix of premium brands. Recessionary periods show both an increasing skew towards digital channels but also a more overall participative approach towards campaign planning, with users taking an active role in these campaigns. Going forward we would expect to see this trend continue.

Key secondary channels for premium brand campaigns



SUMMARY & CONCLUSIONS

The recession currently sweeping the world is unprecedented in its scale and severity.

Brands, businesses and the people who depend on them are under pressure as never before.

Nonetheless, even in these troubled times there are rays of hope and our data from the EACA Effectiveness Knowledge Centre shows that communications can help premium brands, which might be expected to suffer most in recessions, not just survive but thrive.

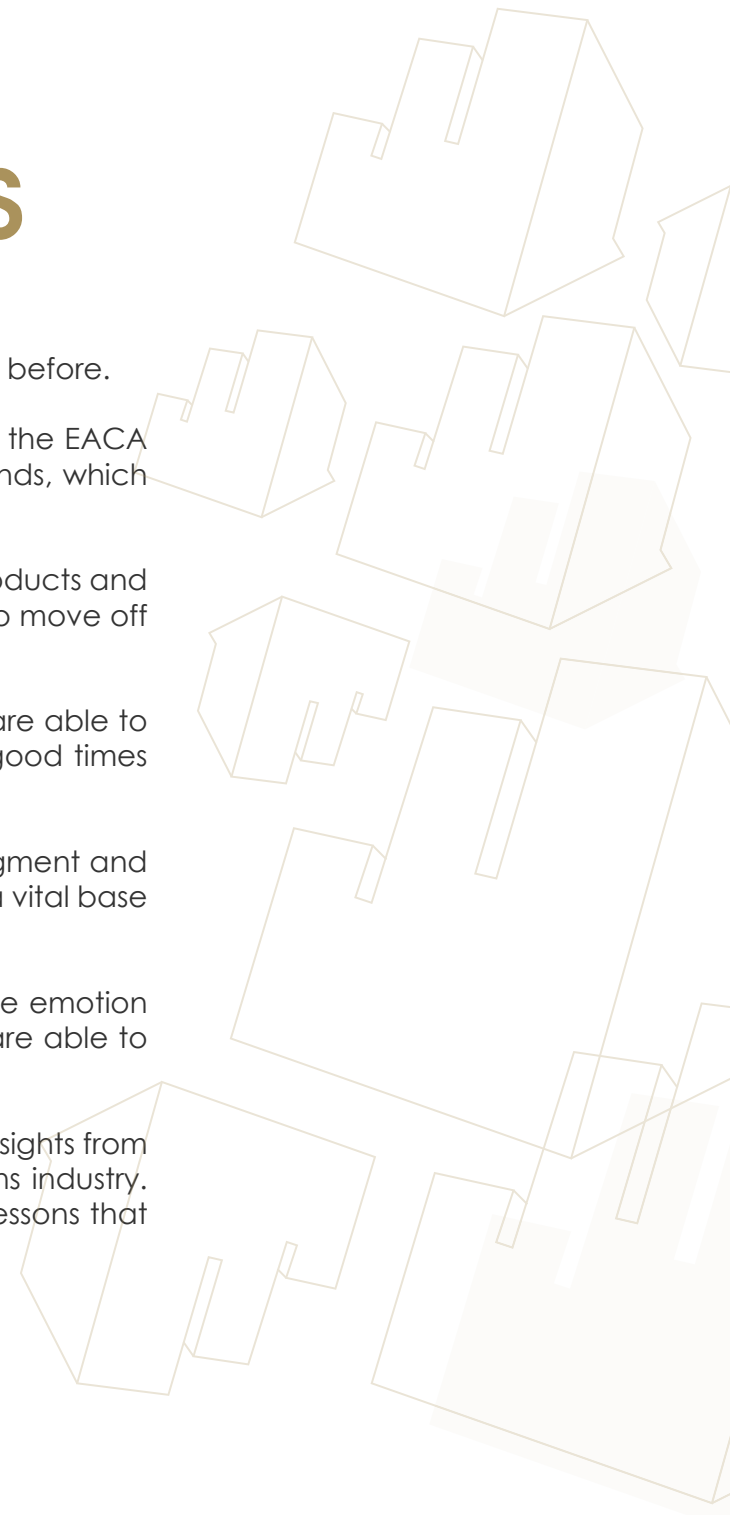
Successful premium brands that have the capability and confidence to bring new products and innovations into the marketplace when times are hard are rewarded by being able to move off the defensive and onto the offensive, seizing opportunities for growth.

Through a balanced approach to growing volume as market share and value they are able to maintain their mass premium status and also position themselves for success when good times return.

Through a rigorous, single-minded focus on an aspirational yet scalable customer segment and by engaging them with emotion-driven campaigns, they drive penetration, creating a vital base of new customers that will also stand them in good stead in the future.

And through a mix of broad and narrowcast channels, using the power of TV to drive emotion at scale while using digital and experiential to drive research and interaction, they are able to engage audiences throughout their journeys.

This paper only is the start point of what will be an ongoing drive to use the data-led insights from the EACA Effectiveness Knowledge Centre to inform and inspire the communications industry. But we can already also see that our findings into premium brands can give timely lessons that also create some optimism and hope, even in tough times.



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