

The Philips logo, consisting of the word "PHILIPS" in a bold, blue, sans-serif font, is positioned in the upper left corner of the image. It is set against a white rectangular background that has a blue gradient at the bottom.

Audio

Philips Useful Sound

JayChiat Awards 2018

Philips. Useful Sound



What comes to your mind when you think about the brand Philips?



A Russian would probably mention batteries, hairdryers, toasters, TV sets, electric razors. Audio devices would most likely be the last on the list, if they would even be in it.

This is a story of how we breathed a new life into Philips' audio division in Russia and tried to lead it away from a highly competitive market segment and create a completely new one for itself. All of that – without any serious advertising budgets or celebrity images that are all too common for the category.

Market Overview and the Main Challenges



- **Philips is one of the foreign mass brands that appeared in Russia after the collapse of Soviet Union. Every Russian used to have a random Philips device – ranging from TV set to a toaster.**

Brand awareness gained during that period gave all Philips divisions – including audio – power to compete in their markets. In 2005-2008 Philips took up 40% of the low-price (under 20\$) headphones category which was enough for the audio division to not feel the need for any mass communication.

Market Overview and the Main Challenges

By 2015 the situation on the market began to change.

Low-price headphones category (under 20\$)

Chinese brands entered the competition and took a significant part of Philips' market share which shrunk from 9% to 2,7% (model Philips 3590) in 4 years.

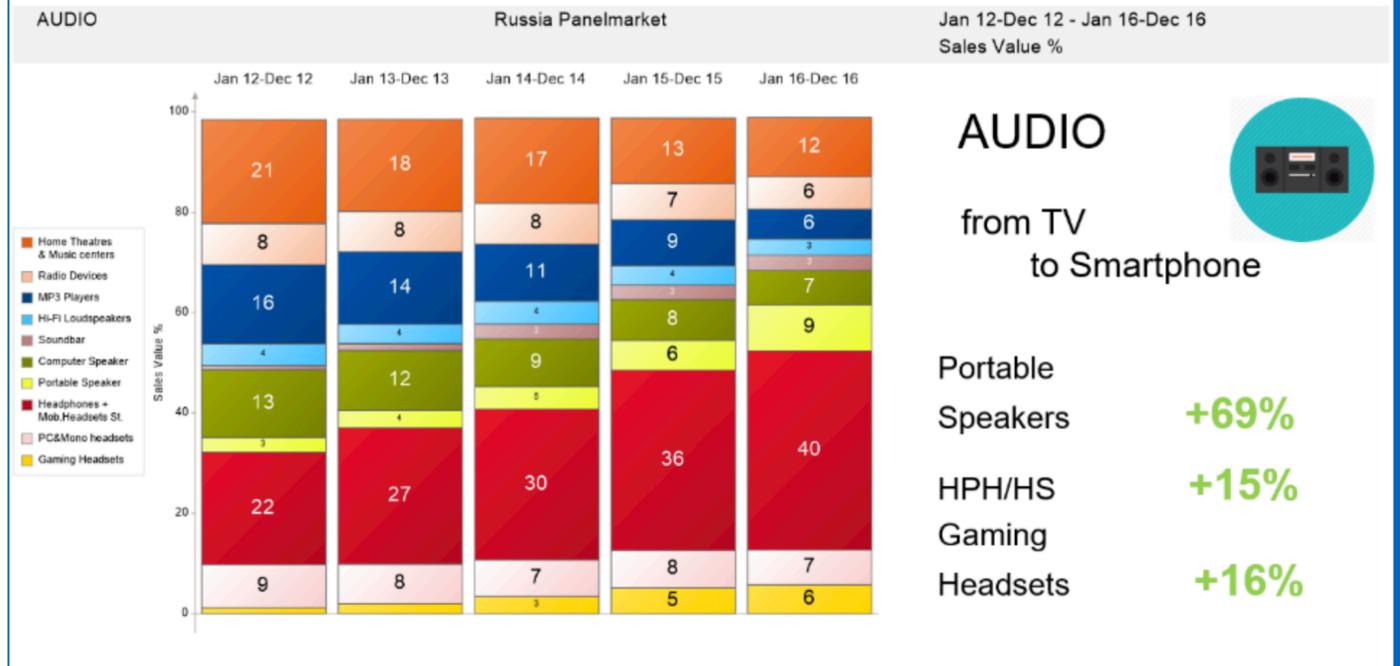
Mid-price headphones category

The structure of the audio devices market changed greatly during the last 6 years. The increasing popularity of the portable devices attracted big brands like JBL, AKG and Marshall who had a lot to offer in the headphones segment. As the stakes began to rise the existing competitors (SONY, Samsung, Sennheiser etc.) increased their advertising activity. Apple and Beats quickly took a significant SoM that stayed stably large over the years. Philips never felt confident in the segment and its share never grew over 1-1,2%.

Portable devices category

JBL Bluetooth speakers took Russian market by the storm. Strong trade marketing and sales managers motivation lead to the brand taking up 75% of the market. In the end of 2016 Philips launched their Bluetooth speakers they could barely survive the competition.

Audio market structure. Consumer shifts from traditional audio systems to portable audio. Bluetooth is the main market driver



| Headphones + Mob.Headsets St. | | | Russia Panelmarket | | Dec16 | | | | |
|-------------------------------|-----------------|--|--------------------|---------------|--------------|-------------|-------------|-------------------|----------|
| No. | Brand | Item | FirstActivity | SALES <LC> | Sales Val. % | Sales Units | Sales Un. % | Distr. Wgt. Sales | Price LC |
| 1 | APPLE | MD827 IN-EAR EARPODS WITH REMOTE AND MIC | Sep12 | 55.212.320 | 3,4 | 21.595 | 1,2 | 72 | 2.557 |
| 2 | PHILIPS | SHE3590 | Mar12 | 43.224.966 | 2,7 | 72.177 | 4,1 | 80 | 599 |
| 3 | SONY | MDR-EX15LP | Apr14 | 39.109.417 | 2,4 | 56.333 | 3,2 | 55 | 694 |
| 4 | SONY | MDR-EX15AP | Apr14 | 34.731.263 | 2,2 | 42.252 | 2,4 | 68 | 822 |
| 5 | SENNHEISER | CX 200 STREET II | Feb09 | 29.618.906 | 1,8 | 21.173 | 1,2 | 64 | 1.399 |
| 6 | SENNHEISER | CX 300-II PRECISION | Feb09 | 29.360.084 | 1,8 | 18.136 | 1,0 | 55 | 1.619 |
| 7 | SONY | MDR-ZX310 | Apr14 | 22.056.017 | 1,4 | 16.288 | 0,9 | 52 | 1.354 |
| 8 | SAMSUNG | EO HS130/HS1303 | Jul13 | 21.885.671 | 1,4 | 31.054 | 1,7 | 41 | 705 |
| 9 | SONY | MDR-XB450AP | Oct14 | 19.439.671 | 1,2 | 8.051 | 0,5 | 44 | 2.415 |
| 10 | BEATS BY DR.DRE | SOLO 3 WIRELESS | Oct16 | 15.899.509 | 1,0 | 702 | 0,0 | 10 | 22.657 |
| 11 | SONY | MDR-EX10LP | Feb11 | 15.761.252 | 1,0 | 23.567 | 1,3 | 9 | 669 |
| 12 | SONY | MDR-EX150AP | Oct15 | 15.574.293 | 1,0 | 10.723 | 0,6 | 51 | 1.452 |
| 13 | JBL | SYNCHROS E40 BT | Oct14 | 14.966.235 | 0,9 | 2.914 | 0,2 | 37 | 5.136 |
| 14 | SONY | MDR-ZX110 | Oct14 | 13.678.070 | 0,8 | 11.821 | 0,7 | 34 | 1.157 |
| 15 | SENNHEISER | HD 180 | Jan09 | 12.668.641 | 0,8 | 9.474 | 0,5 | 44 | 1.337 |
| | OTHERS | OTHERS | | 1.230.699.085 | 76,3 | 1.432.794 | 80,5 | 100 | 859 |

Market Overview and the Main Challenges

In 2017 for the first time ever Philips' audio division decided to launch a full-scale advertising campaign to support its new lines of products but... It turned out they had no idea either what to say to the audience or who the audience was.

The first sales showed that the younger audience almost forgot the brand and what it's about.

Such was the situation we needed to find a way out of.



Research and the lightbulb moment

As we were planning the first steps of the project we intuitively felt that the topic of sound perception and the choice of audio devices is a very complicated one, with a lot depending on each consumer's taste and "ear" for sound quality. Of course, we needed to prove that with the research.

The research included a dozen focus-groups with representatives of different audience segments: from 15-17 year-old girls who only distinguish audio devices by color to 40 year-old male audiophiles ready to spend around 9000\$ on headphones "with delicate highs and resonating mids" – or something like that.

The climax of every focus-group would be a blind test during which we offered the participants several unbranded headphones and Bluetooth speakers from Philips and its competitors.

The devices were of completely different price ranges and quality. 2\$ earplugs produced in China could lie next to a hi-end professional studio headphones.

Our initial assumptions proved to be true: most of the people can't tell the difference between "quality sound" headphones and cheap ones. As for Philips' devices, the qualities people named were bland "comfortable", "light", "ok design" etc..

It was clear that there's no chance for us to compete in field of sound quality as Philips has never been associated with it and – as the research showed – proving your "professional quality" to the consumers would take too much resources.

So we looked further.

Research and the lightbulb moment

One thing caught our attention during the focus groups. A significant part of people told us during the focus-groups that they listen to podcasts and educational programs as much as they listen to music. The same people would also own a subscription on iTunes U or Udemy and talk about them more than they would about iTunes Music or Spotify. They would also name comfort and ergonomics over “juicy bass” or “great design” as their main criteria for choosing a device”.

That’s when the lightbulb lit up above our heads.
A simple but very important thought:

Sound is more than just music!

Sound can also help you do things and boost your productivity. It exists in the form of podcasts, audiobooks, educational content. Skype, FB Messenger and WhatsApp calls are sound too.

We saw that sound helps people to study, run businesses, train and reach their personal goals. For them sound is a useful tool.

That is how we came up with Philips Audio’s brand essence:

Useful Sound

Useful Sound

The idea of sound that helps people solve things was the key that helped us actualise the brand for the audience and show our products' key features in a good light: "calm" design, comfort and ergonomics.

It was clear that since Philips kept relatively silent for a lot of years it had a lot of catching up to do. For the audience to notice us we had to use a number of versatile communication tools.

Firstly, we decided to divide the campaign into 2 parts: one was dedicated to building brand image and the other one – to boosting sales.

Image Campaign

The image campaign had a clear objective: to lead Philips Audio away from the highly competitive territory of music and into a completely new one – that of useful sound.

The videos of the campaign showed stories of 4 people who used sound (and Philips' devices) to change their lives:



Video #2

A guy who had to have a presentation during a board meeting and overcame his fear of public speech by watching speeches and tutorials.



Video #1

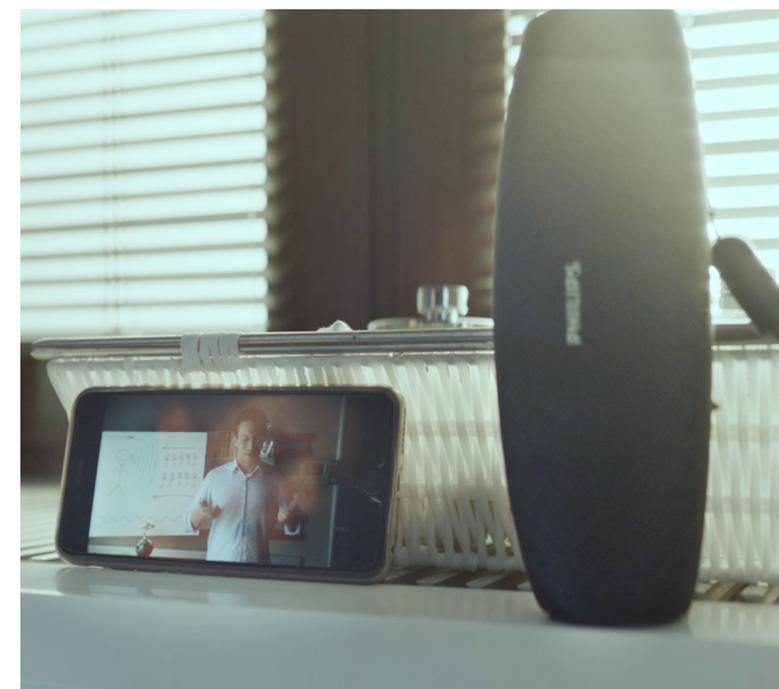
A girl who failed a job interview because of her level of English. She takes language courses on Skype, comes to the next interview better prepared and passes.





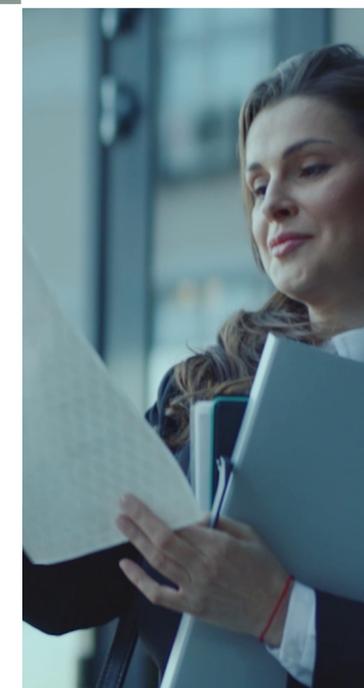
Video #3

A magazine editor who uses the noise cancelling feature of his headphones to fence himself off of the distracting noises, calm down and concentrate on his work.



Video #4

A housemaid who listens to her employer's audiobooks on business and management and decided to become an entrepreneur.



Branded content

The stories of sound being useful up to the point of changing a person's life for better are not at all unrealistic. We knew we could easily find them and use them in our campaign.

We partnered with one of the main websites about personal productivity – lifehacker.ru – and launched a series of 3 videos about young entrepreneurs who told their life and business stories and mentioned the role useful sound played in them.

Another kind of branded content released on lifehacker.ru was a series of “useful” playlists: “20 music tracks for concentration”, “10 best podcasts for studying English”, “20 online platforms with free audiobooks.”

The screenshot displays a web page titled "Лайф ХАКЕР" (Life Hacker) with a URL of <https://lifehacker.ru/special/philips-audio/>. The main heading reads "Как звук помогает в работе, спорте и изучении языков" (How sound helps in work, sports, and learning languages). Below this, four circular profile pictures are shown with names and titles: Варя Веденева (CEO of Periodika and founder of 365Done.ru), Никита Обухов (CEO of Tilda Publishing), Олег Понфиленок (CEO of Copier Express), and Аудиоподборки (Audiobook collections). The page features three video thumbnails, each with a play button and a title: "Варя ВЕДЕНЕВА", "Никита ОБУХОВ", and "Олег ПОНФИЛЕНОК". Each thumbnail includes a short bio and a brief description of the video content. At the bottom, there is a footer with the text "Лайфхакер | Philips © 2018" and social media sharing icons.

<https://lifehacker.ru/special/philips-audio/>

Sales campaign

Active trade marketing turned out to be critical for the success on the audio devices market. For example, as we found out, the main competitor in the portable devices category – JBL – spent 95% of their marketing budget on activities in the points of sales.

Since Philips Audio Russia could not influence the global office, there was no chance for us to change the packaging design. And the competitors' lobby made any attempt at trade activities difficult to say the least.

But the idea of useful sound helped find the decision for this problem, too.

We partnered with SkyEng – the leading online school of English – and Litres – the biggest Russian library of audiobooks. Both of them looked for ways of increasing their audiences, found the partnership attractive and agreed to do it for free.

skyeng

Заговорите на английском

Купили наушники или колонки Philips?
Получите бесплатные уроки английского языка с личным преподавателем или доступ к приложению Aword

Индивидуальное обучение

Быстрое развитие

ЗАПИСАТЬСЯ

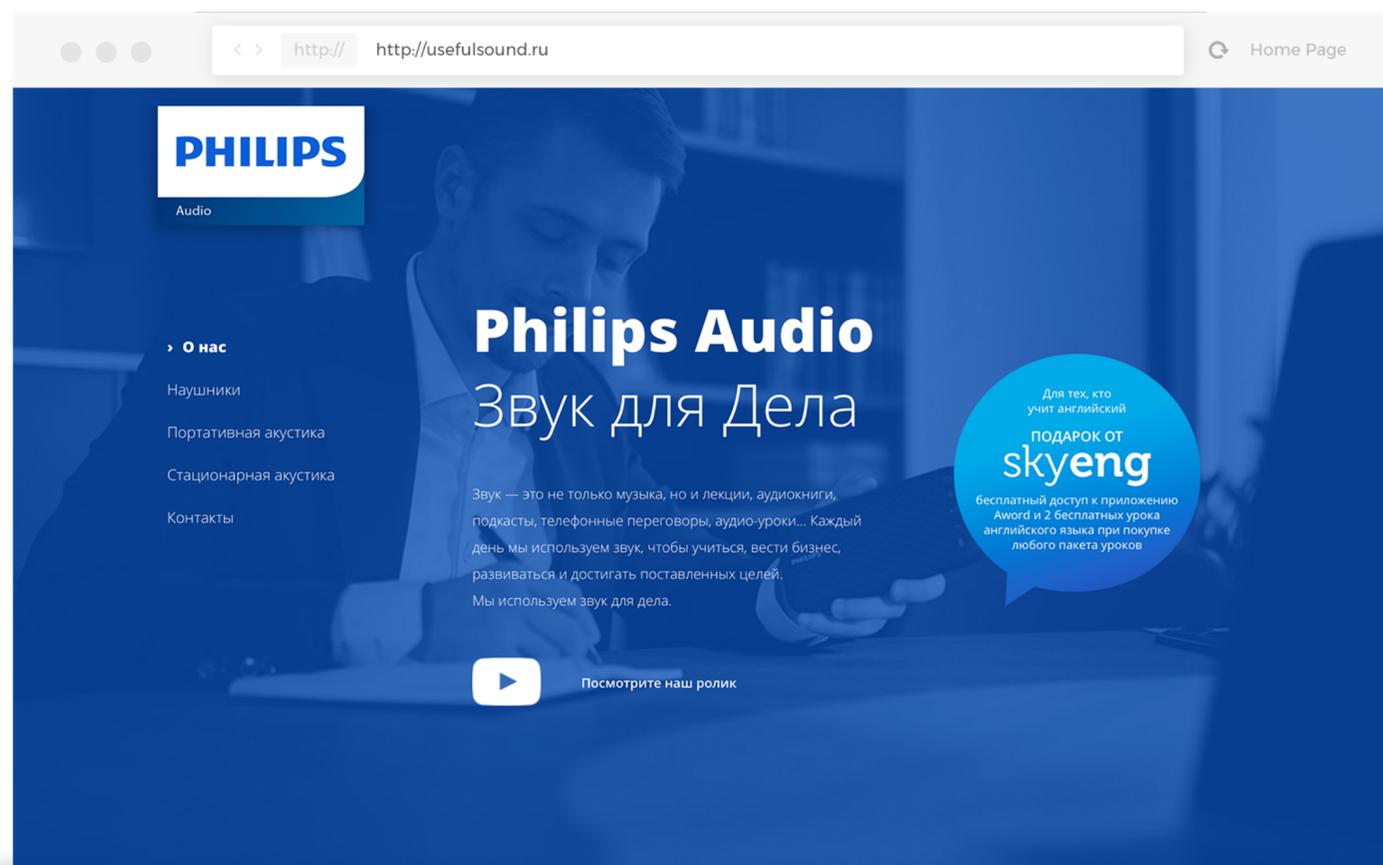
* Акция действует для новых учеников Skyeng после первой оплаты

PHILIPS

<http://corporate.skyeng.ru/philips/>

Digital Hub

In the heart of the campaign there was our own online hub where people could discover the concept of “useful” sound, read about the promo and visit the online store (<http://usefulsound.ru/>)



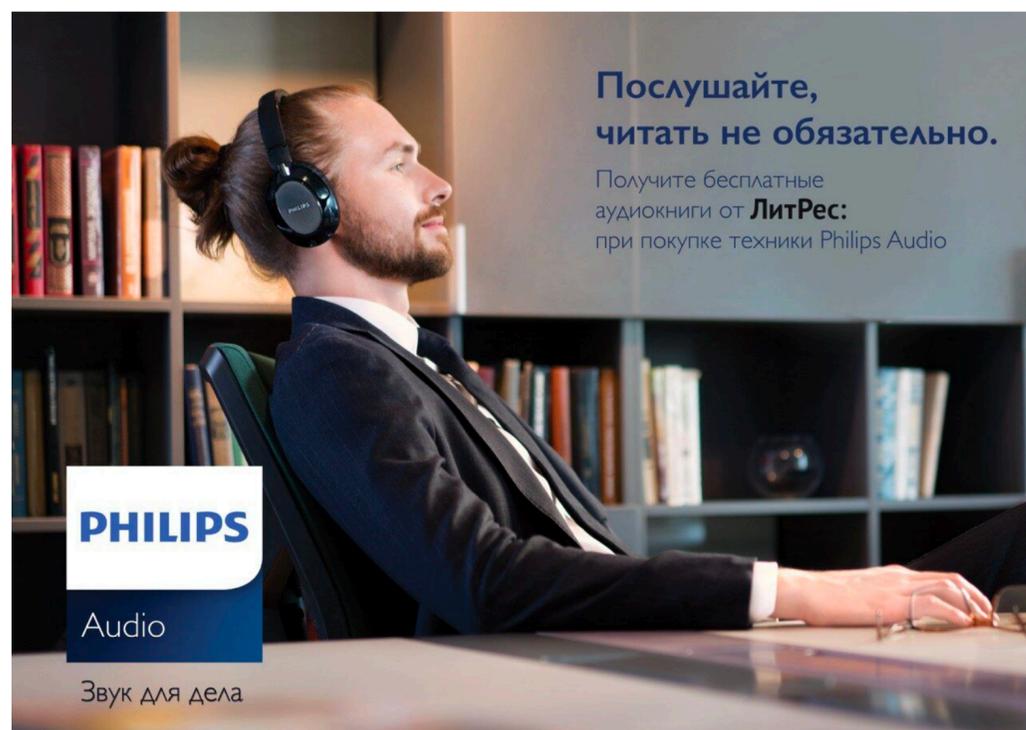
Promo Packaging

We created stickers that were glued to our products' packages. They announced the terms of the promo: people who bought the device could either get a free lesson on SkyEng or 5 free books on Litres.



POS materials

It was probably the first time that sound device advertising was talking not about music but about how sound could make people's lives better. We took it both to online and offline stores.



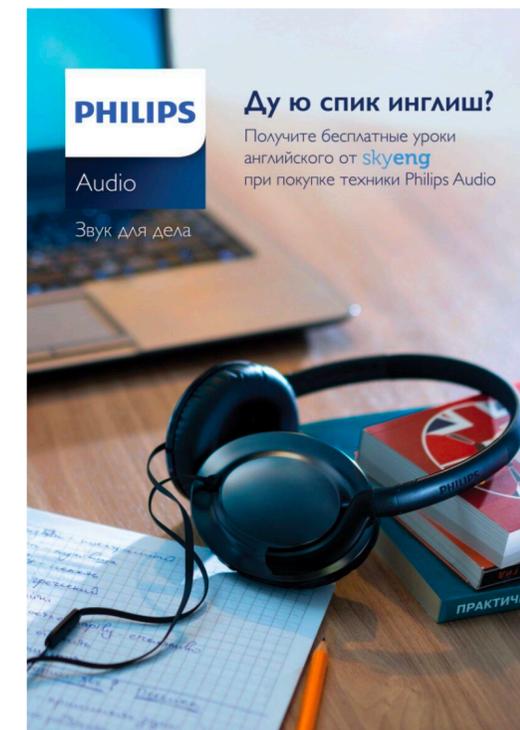
"Listen, you don't have to read!"

Headphones + free audiobooks



"Enjoy books but hate reading?"

BT Speaker
+ free audiobooks



"Do you speak English?"
(transliterated in Russian)

Headphones +
free online learning course

Results

Launching the campaign was a risk in itself: it was not only trying to revive a long-forgotten brand but also to create a whole new market segment. The campaign began in October 2017 with the image videos and banners, and was later followed by the promo part.

Promo

In the first two months of the campaign Litres reported surprising 22.200 downloads using promo codes (used only with products priced higher than 50\$). 1.800 attended free lessons on SkyEng.

Sales and Share of Market

By the end of the year 2017 Philips grew its market share in the most competitive segment – over-ear headphones with microphones – from **0,9% to 3,1%** (Q4 2017).

All in all the results showed that Philips Audio has enough power to compete with the main competitors and has all the means to continue developing its own market segment. The one we called “useful sound”.

Media

From the very beginning of the online videos had VTR 66% above average. Organic\virial reach of the videos on all platforms combined was 1.100.000.

Engagement

Each of the lifehacker.ru project videos gained from 700.000 to 900.000 views. All the “useful” playlists combined reached 1.500.000 views.



**Spasibo for
your attention**