

# Getting Back To Great And Staying There

How a communication idea brought the brand back into people's homes and the business back into growth, then held it up in an increasingly challenging climate

## Executive Summary

In 1986, following privatisation, British Gas was pronounced Britain's most popular brand. Twenty years later it was just another energy company, losing 40,000 accounts every month.

In 2008 the new Managing Director, Phil Bentley, took urgent action to turn the business round. He outlined a two-year vision to 'Get back to great' and put the business back into growth in two years. The way to achieve this was to reduce the churn to a more sustainable level. The focus needed to be on the customer.

CHI, British Gas' communications agency, had a vital role to play. Their response was to find an idea big enough to be the catalyst for 'great'.

The idea was 'Looking after your world' and its impact was profound: £82.7m profit from £45.5m investment, giving a profit ROMI of £1.82 for every marketing £ invested. Churn fell from a frightening 2.6m customer accounts per year, down to a much more sustainable 1.7m. British Gas was now acquiring new customer accounts faster than it was losing them.

More than this, it galvanised necessary organisational change – leaving the business ready to face the future with confidence.

Phil Bentley's challenge had been met. But since then the campaign has faced an even greater test: staying great. Staying great in an increasingly hostile environment. Staying great in an industry beset by regulators and media bemoaning fat cats and the utility cartel. Staying great in the face of increasing wholesale prices. With a price disadvantage versus competitors to boot.

Against all odds, marketing has held up the brand, still leading in consideration and campaign recognition. Most miraculously even creating 61% short term ROMI through communications designed solely to mitigate price rises.

So far, so great.

[283 words]





# The Background: 2008 A Brand In Free Fall

Following a highly successful privatisation<sup>1</sup> in 1986, British Gas was surrounded by optimism, officially a national treasure.

*"We chose British Gas as our 'Golden brand' of 1986 because of its iconic advertising and the goodwill consumers felt towards the brand at the time – a brand in its hey-day and a worthy recipient of our award which was voted for by our members"*

Gemma Greaves, Marketing Director, The Marketing Society

For the next twelve years, British Gas enjoyed a comfortable monopoly over Britain's gas supply.

In 1998 however, it all changed. Deregulation of the UK's energy market saw new European competitors, triggering a relentless price war.

As wholesale prices increased over the course of the Noughties, the picture for British Gas continued to darken. Consumer apathy turned to anger at rising energy costs.

**Figure 1: As prices rose, British Gas took the brunt of negative press**



It didn't help itself either. The business had actually made significant strides post-deregulation. Not only supplying electricity as well as gas, but also expanding its 'home services' beyond boiler maintenance and into plumbing, electrics and appliance care. There were aspirations too for 'new energy': sustainable solutions like solar installation and smart meters.

<sup>1</sup> The privatisation raised £9bn, which was the highest equity offer in British history.

<sup>2</sup> The KPI shown throughout this paper is of total energy accounts (the sum of gas and electricity accounts). Dual fuel customers are counted as having both gas and electricity accounts, as is consistent with British Gas and the industry's usual reporting methods.

<sup>3</sup> This is a net figure. 220,000 accounts were leaving each month with 180,000 accounts joining.

Yet these business divisions were just that: divisions. Operating in silos, pulling in different directions, the company was unfocused and fragmented. At war with the competition *and* itself.

*"At that time, there was very little synergy between the Energy and the Home Services sides of the business, despite there being significant customer overlap."*

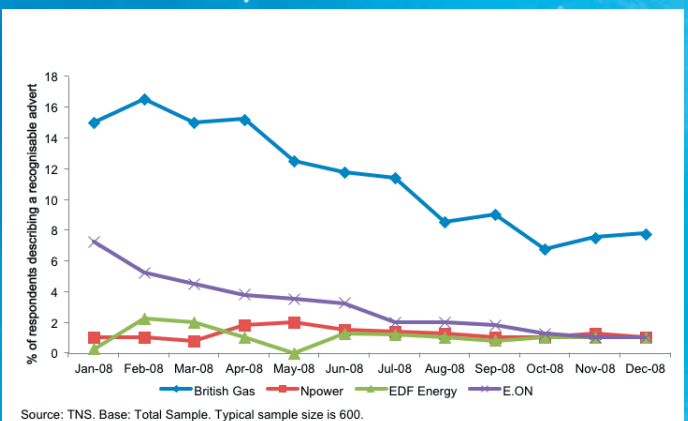
Chris Jansen, Managing Director Services & Commercial, British Gas

Communication reflected this disharmony. The energy business favoured 'flame' characters. Home services insisted on real engineers and communications were failing to cut through across the market.

**Figure 2: Poorly integrated communication reflected the internal disharmony**



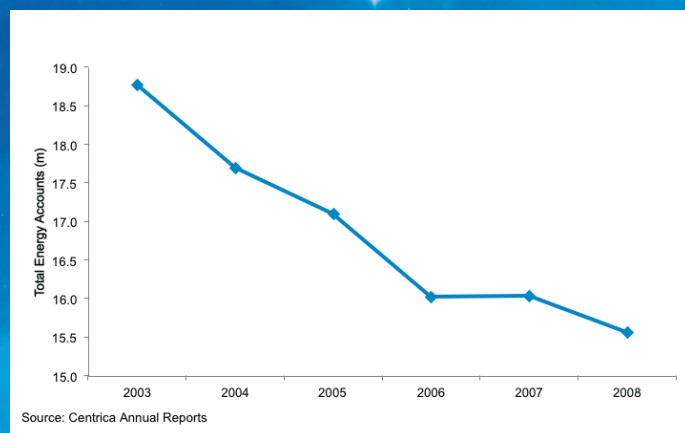
**Figure 3: Communications were failing to cut through across the market**



Little wonder the commercial reality was so stark. British Gas was losing 40,000 customer accounts<sup>2</sup> every month<sup>3</sup>. Pre-occupied by the competition and internal rivalries, and out-of-touch with customers, people were deciding British Gas was no longer for them.

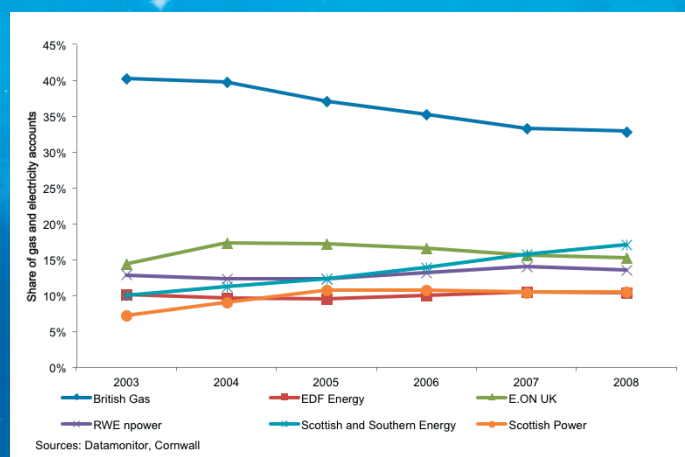


**Figure 4: British Gas continued to lose accounts**



At the current rate of losses, the business would lose top spot within a decade.

**Figure 5: British Gas was losing share**





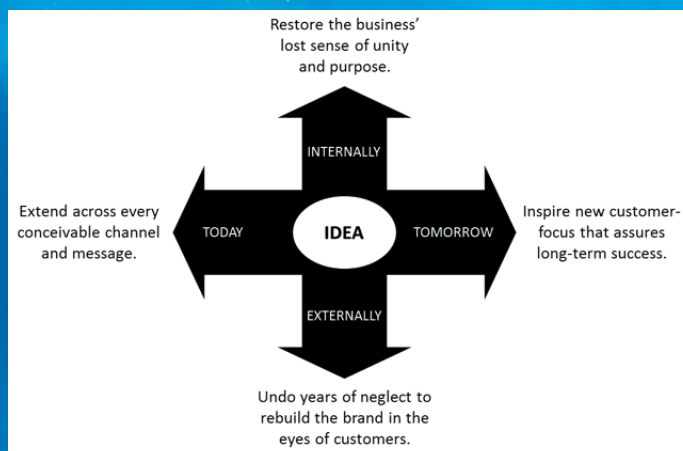
# I. The Challenge: Getting Back To Great

In 2008 the new Managing Director, Phil Bentley, took urgent action to turn the business round. He outlined a two-year vision to 'Get back to great' and put the business back into growth in two years.

This wasn't about acquisition: British Gas attracted 2.2m new accounts in 2008, 4% of the market. The problem lay in the 2.6m that were leaving to other suppliers. Reduce the churn to a more sustainable level and growth was a possibility. The focus needed to be on the customer.

CHI, British Gas' communications agency, had a vital role to play. Their response was to find an idea big enough to be the catalyst for 'great'.

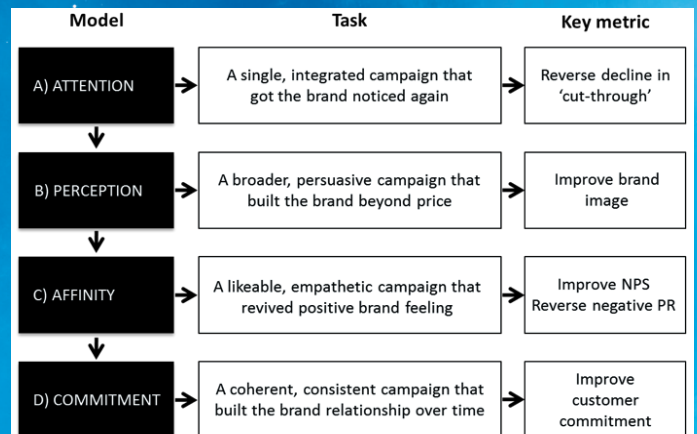
Figure 6: The Challenge



## The Communications Model

Beyond this broader challenge, CHI designed a communications model that would deliver greater customer commitment. Tasks and metrics were identified that would provide a roadmap to success. Crucially, we knew communications had to differentiate British Gas in an increasingly commoditised sector.

Figure 7: The communications model



## The Idea: Looking After Your World

CHI recognised that the key to the idea would be a compelling definition of the contemporary role British Gas could play in its customers' lives. It commissioned research to explore this single question:

*'What is the role that 'One British Gas' could play in the life of today's customer?'*

Research showed that consumers were surprised that British Gas offered more than other energy companies.<sup>4</sup>

It also led to a second, deeper conclusion. People's homes are so emotive because their homes are their worlds. Where they eat, sleep, laugh, cry, live.



*"Home is very important. It is where people escape from the real world and retreat to their own world to feel safe, secure, and comfy. Their home is their castle."*

British Gas Customer, CML Creative Development Research, 2008

They're a retreat, and not every person – or brand – is welcome over the threshold. Yet, crucially, British Gas was still one of them. In spite of everything that had happened over the last 20 years, British Gas still had the credibility to care. CHI saw the opportunity to revive goodwill towards the brand, but reframe it in the context of the new ways in which British Gas could look after Britain's homes:

*'Your home is your world. Count on British Gas to look after it'.*

Here was the insightful, emotive definition of British Gas' role that was needed. 84% of consumers said they related to it.<sup>5</sup>

Competitors didn't have the legacy or range of services to emulate it. Abbreviated to 'Looking after your world', it became the basis of the communications idea.

## The Campaign: Planet Home

The idea needed an involving creative expression, found in 'Planet Home'. The thought was simple: if people's homes really are their worlds, why not show them as such?

Customers' homes were rendered quirkily, on their own individual planets. Not only did this allow any proposition to become a warm story of British Gas looking after customers' worlds, it had the potential to become the brand's universe and deliver distinctive branding.

Figure 8: TV Stills



Figure 9: Print

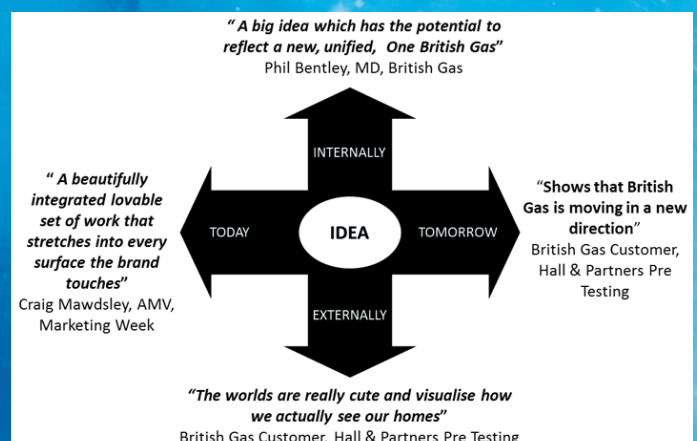


Figure 10: Direct Mail



The idea and campaign had the potential to deliver in every way it had been challenged to:

Figure 11: A campaign with potential



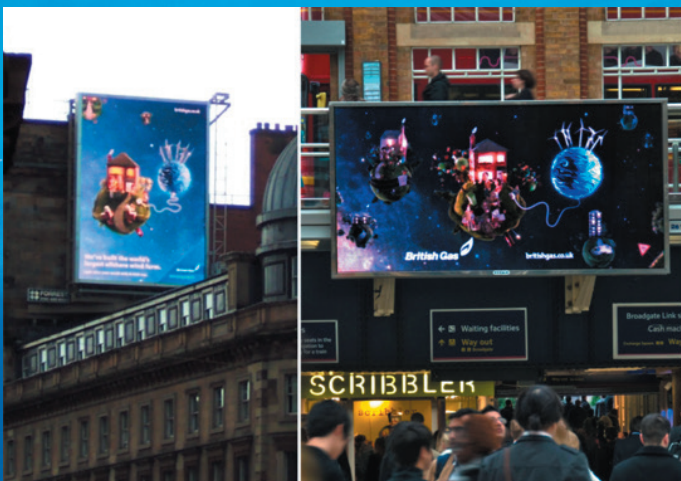


# The Media Approach

The campaign had to be established as quickly and as powerfully as possible amongst a broad audience. From launch in early March 2009, rapid coverage was built and sustained through multiple bursts of TV. This was supported by more segmented communications through radio, press and online display, allowing for more depth and personal communications.

Out-of-home was used more tactically to deliver specific requirements, such as Opinion Former engagement, via a unique Westminster Tube Station takeover at launch.

Figure 12: Planet Home takeover of Westminster tube to engage Opinion Formers



## The Results

### *The desired impact on retention*

Returning to growth was never going to be easy for a once-nationalised monopoly and with British Gas's still owning the biggest share of the market, new customers would, by definition, be hard to find. Yet with the Planet Home campaign, growth was achieved.

In the first two years from launch, churn fell from a frightening 2.6m customer accounts per year, down to a much more sustainable 1.7m. British Gas was now acquiring new customer accounts faster than it was losing them.

Figure 13: Energy account losses fell dramatically

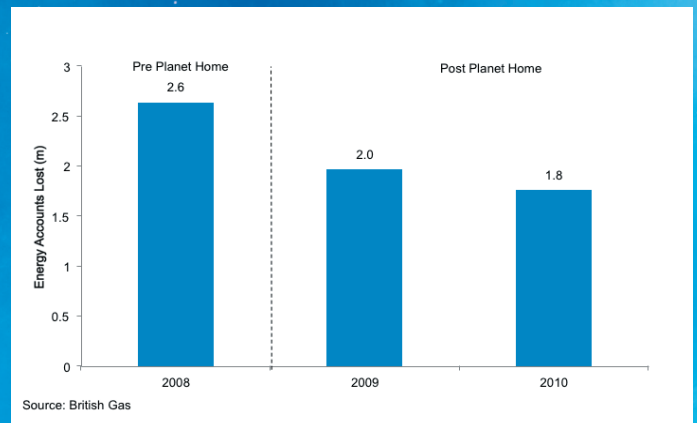
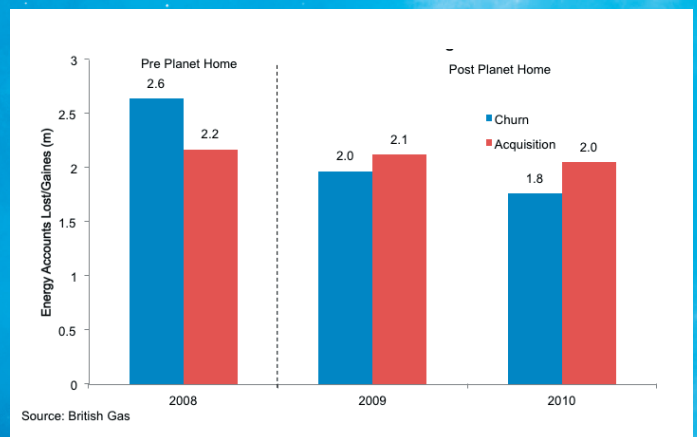
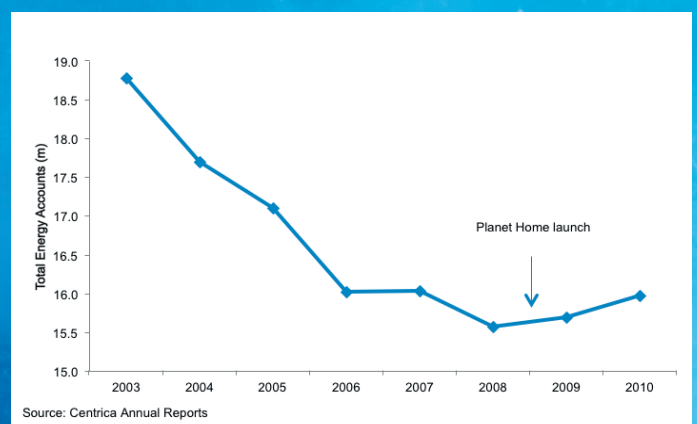


Figure 14: British Gas began acquiring more energy accounts than it was losing



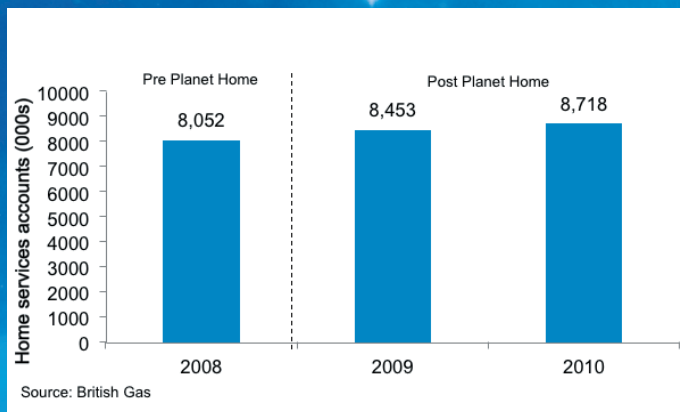
As a result, British Gas entered its first period of energy account growth since privatisation.

Figure 15: Planet Home reversed the decline in energy accounts





The home services side of the business also experienced customer account growth.



The commercial transformation is clear. The following sections will demonstrate that Planet Home was pivotal in creating this remarkable turnaround.

## 1. The campaign worked as intended

**Figure 17: The campaign delivered against our key intermediate metrics**

| Model         | Desired Result                     | Pre-Post 2 year Figs.                                   | Shift                   |
|---------------|------------------------------------|---|-------------------------|
| A) ATTENTION  | Reverse decline in 'cut-through'   | 10% to 21%  | + 11%                   |
| B) PERCEPTION | Improve brand image                | VFM 23% to 35%<br>ETDW 42% to 53%<br>Service 32% to 44% | + 12%<br>+ 11%<br>+ 12% |
| C) AFFINITY   | Improve NPS<br>Reverse negative PR | NPS* -4% to +8%<br>Net PR -11% to +1%                   | + 12%<br>+ 12%          |
| D) COMMITMENT | Improve customer commitment        | 35% to 45%  | + 10%                   |

\* NPS vs. competition

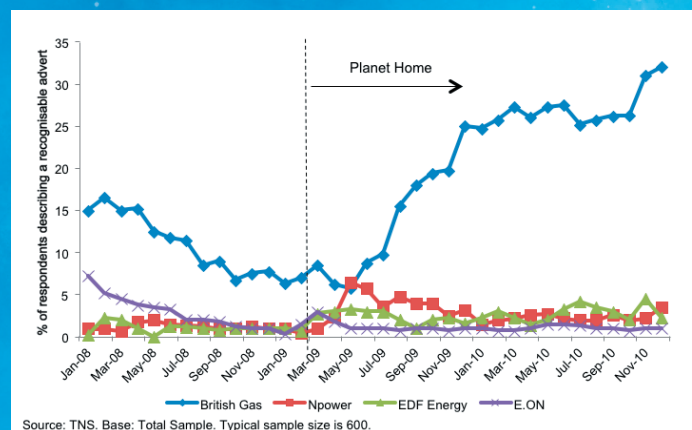
### A) Attention: A single, integrated campaign that got the brand noticed again

As previously illustrated (fig. 3), communications from British Gas and competitors had failed to stand out, perhaps unsurprisingly, given the relatively low interest in the category in general

and the creative inconsistency of British Gas in particular.

Planet Home reversed this trend for British Gas, whilst competitors continued to struggle. Part of this can be accounted for by an increased share of voice (SOV) on TV, up 36%<sup>6</sup>, but the improvement in TV cut through was three times greater, at 109%.<sup>7</sup>

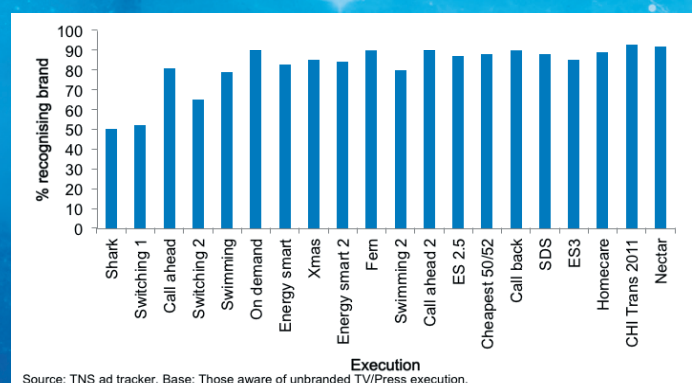
**Figure 18: Planet Home stood out from the competition**



Every Planet Home execution outperformed recognition and branding norms. Campaign recognition across the TV ads averaged 66%<sup>8</sup>, putting Planet Home in the top quartile against TNS benchmarks.

Branding was strong from the outset but built over time.

**Figure 19: Planet Home ads are excellently branded**



<sup>6</sup> Source: Nielsen Addynamix, Based on: Jan 2008 – Feb 2009 vs. Mar 2009 – Mar 2011.

<sup>7</sup> Source: TNS, Based on: Jan 2008 – Feb 2009 vs. Mar 2009 – Mar 2011.

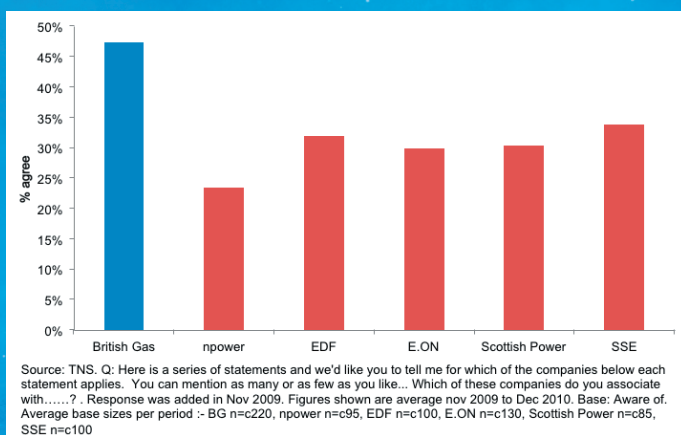
<sup>8</sup> Source: TNS.



## B) Perception: A broader, persuasive campaign that built the brand beyond price

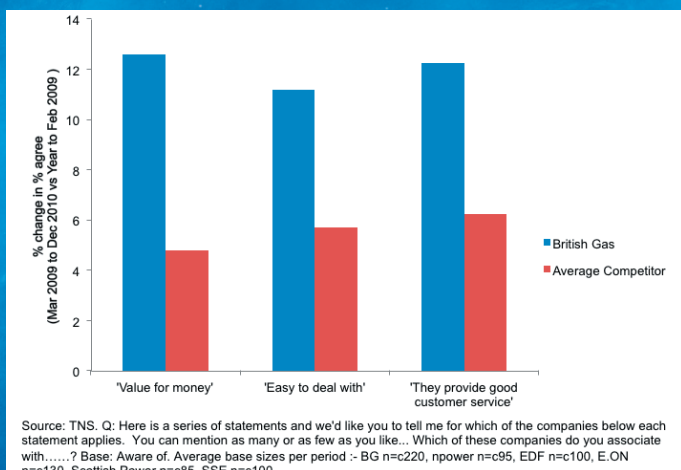
The campaign was not only well recognised, but its key message was convincing for consumers. People believed British Gas was the energy company that could be most relied upon to look after their home.

**Figure 20: British Gas staked out a distinctive identity 'Count on to look after your home'**



Part of the challenge had been to create a campaign flexible enough to deliver a broad variety of messages. Over the two years from launch these included Call Back<sup>9</sup>, Call Ahead<sup>10</sup> and EnergySmart<sup>11</sup>. Again, tracking measures showed these messages 'landing', with perceptions of British Gas out-performing rivals in key areas:

**Figure 21: Attitudes to British Gas improved across several dimensions**



<sup>9</sup> Call Back was a service whereby customers wouldn't have to wait on the phone when they called the call centres if the wait was more than 60 seconds. They could request to get called back by British Gas

<sup>10</sup> Call Ahead was a service promise that meant engineers would call to let customers know they were on their way so they didn't have to wait in

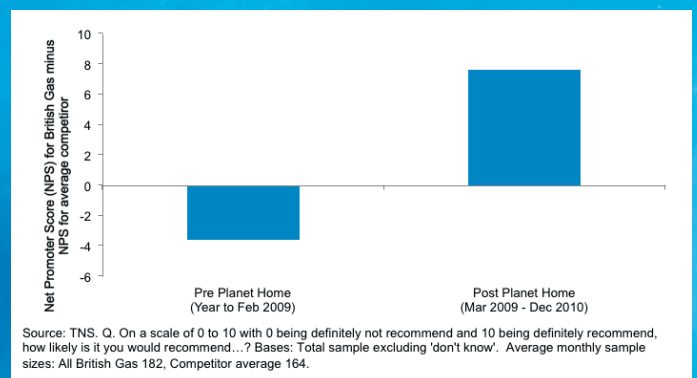
<sup>11</sup> EnergySmart was a new online service customers could sign up to in order to monitor their energy usage over time and submit meter reads to receive accurate billing

## C) Affinity: A likeable, empathetic campaign that revived positive brand feeling

Beyond these more rational attributes, the campaign needed to revive positive sentiment toward the brand. It helped that consumers liked the campaign:



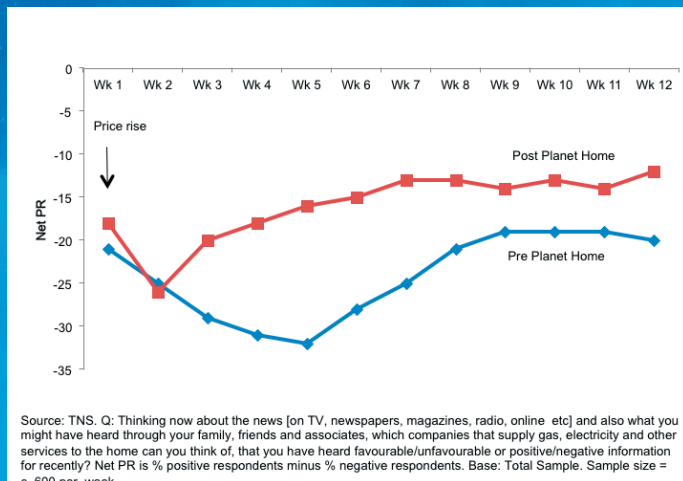
**Figure 22: Consumer's affinity with British Gas improved**





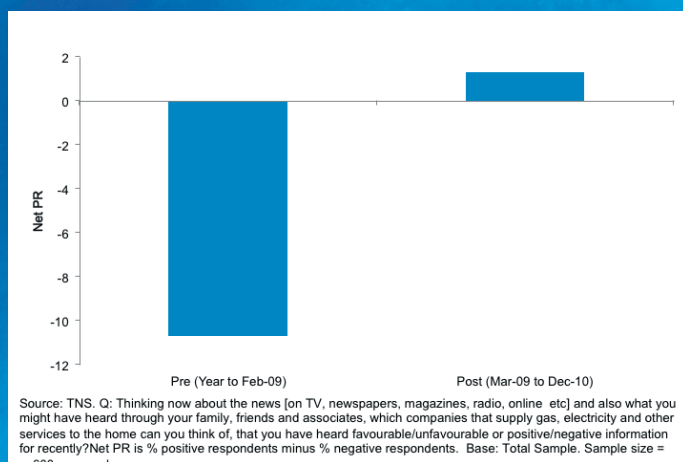
This strengthening of customer affinity helped make the brand more resilient in the prevailing tough market conditions.

**Figure 23: The brand became more resilient to negative PR**



In fact, consumers' perceptions of PR tipped from being highly negative, to slightly positive.

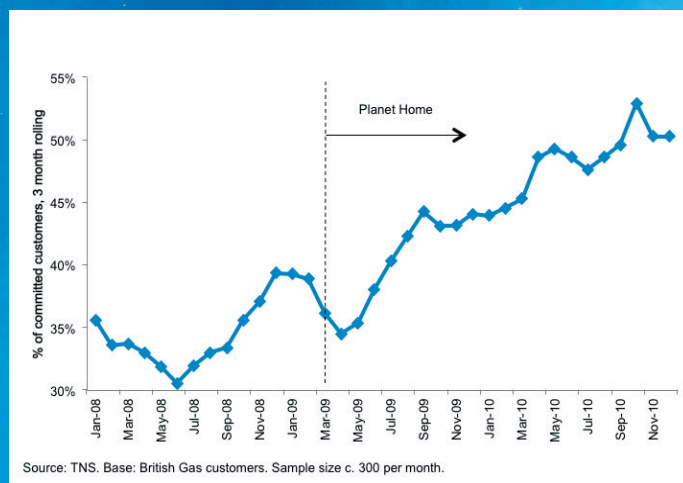
**Figure 24: PR perceptions changed from negative to positive**



**D) Commitment: A coherent, consistent campaign that built the brand relationship over time**

In combination, more noticeable communications building deeper emotional ties and stronger rational associations led to a more committed customer base.

**Figure 25: Customers became more committed**



## 2. Additional benefits

*"It makes you feel really good about working for British Gas, really proud, especially when you get the chance to be in the ads. It makes us want to really look after customers as best we can."*

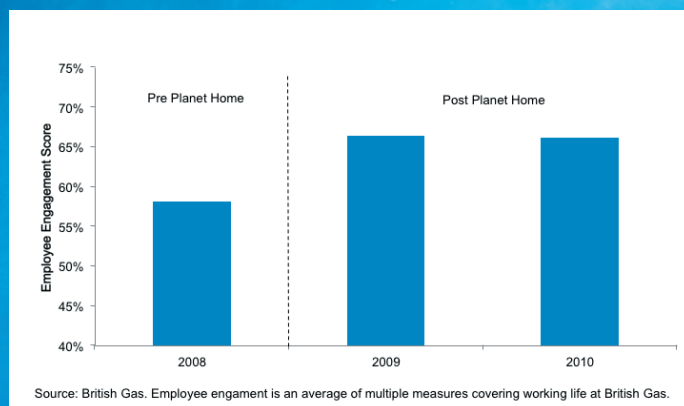
Rami Ryatt, Technical Engineer, British Gas

*"Presenting a united front to our customers via a cohesive idea and campaign helped further unite us internally."*

Chris Jansen, Managing Director Services & Commercial, British Gas

Though a direct link cannot be drawn, the period of the campaign coincided with a sharp increase in staff satisfaction:

**Figure 26: Staff satisfaction improved**



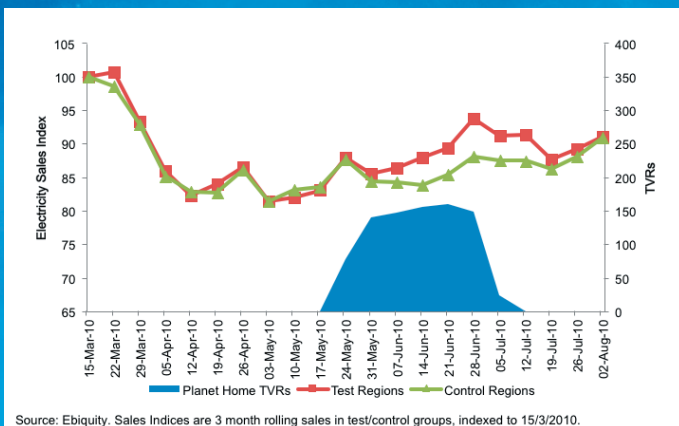
## 3. Regions with more exposure to the campaign performed better

Part of the transition to greater customer focus involved greater scrutiny of marketing investment.



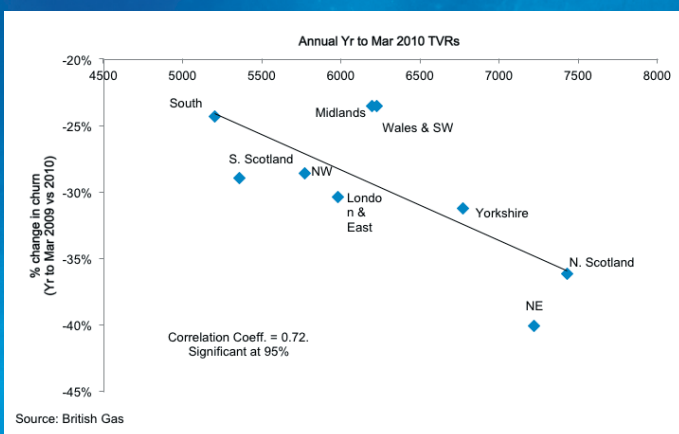
The econometric models built were part of this effort, as were regional tests of their communications by business division. Below is an example of their analysis of a TV execution.

**Figure 27: Up-weighted test regions show clear sales uplifts**



There is also variation in the weight of advertising that different regions received over a longer time frame, showing the impact of the campaign as a whole. Churn fell more in those regions that received greater weight.

**Figure 28: Up-weighted regions had bigger reductions in churn**



108,000 accounts and electricity churn reduced by 102,000 accounts as a direct result of the Planet Home campaign.

Clearly, each of these customers has an indeterminate lifetime value to the business. British Gas calculates existing customer profitability across a range of different timeframes, we are using a 5 year timeframe in these figures but it is worth noting the lifetime value of these customers will be substantially more. Whilst we cannot disclose specific customer profitability due to client confidentiality the overall profit contribution for these energy accounts on a 5 year basis is £82.7m.

The overall investment from this period (media, production and agency fees) was £45.5m. This implies a £1.82 profit return for every pound spent.

We got back to great.

## 4. Econometric Payback

Econometric modelling shows that in the two years post-launch the Planet Home campaign drove an additional 103,000 new gas customer accounts and 168,000 new electricity customer accounts. Gas customer churn was reduced by



## II. Staying There

Yet whilst Planet Home had enjoyed great success over the first 2 years of activity, the state of the market at the end of 2011 would prove extremely testing.

Newspaper headlines were littered with accusations of profiteering, fuel poverty and large bonuses, with British Gas, by dint of its size and heritage, the main whipping boy. Talk was all about the big six and the utility cartel.

**Figure 29: Utilities join banks as the social pariahs**

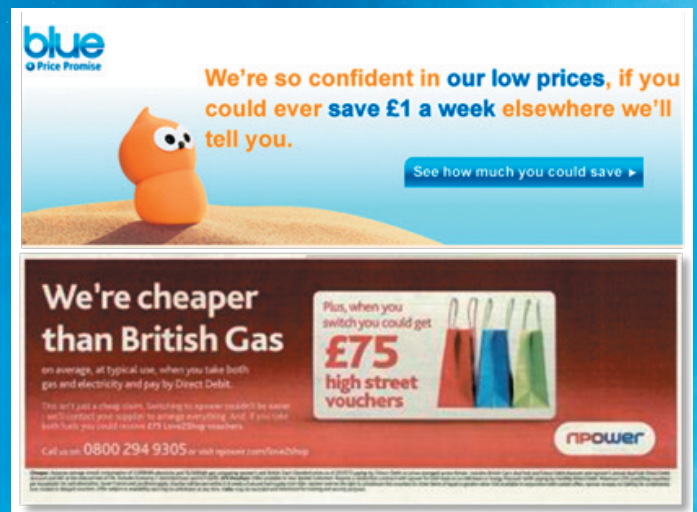


British Gas was named the 3rd most hated company in Britain, after Manchester United and Ryanair.

51% of people surveyed agreed with the statement 'I hate utility firms because of rising prices'.<sup>12</sup>

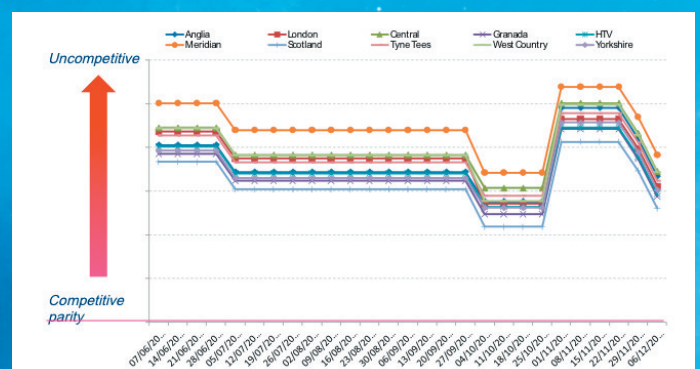
At the same time, British Gas' competitors became increasingly aggressive in their advertising spend and communications, reminiscent of the price wars of 1998.

**Figure 30: Competitors' confident price communications**



And in truth British Gas was more expensive than a number of its competitors.

**Figure 31: British Gas prices relatively expensive**



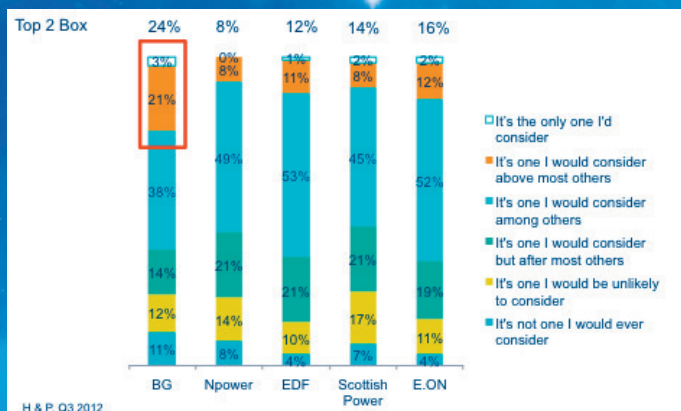
Despite a competitive price disadvantage and regulator and media rebuke British Gas brand

health held up, maintained through the Planet Home campaign.

It sustained its lead on consideration in the market.



**Figure 32: Consideration in the Residential Energy Market**



The brand recognition of Planet Home remained extremely strong at an average of 90% and cut through was on the rise.

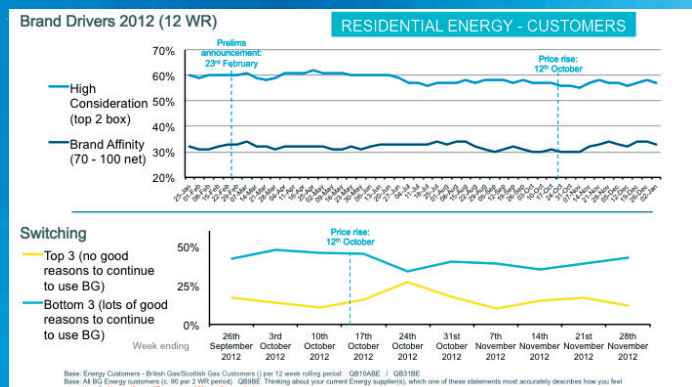
**Figure 33: TV cut-through remains strong**



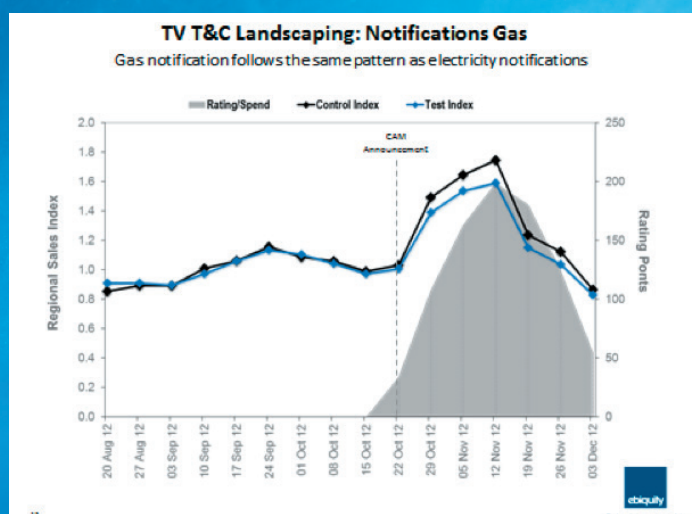
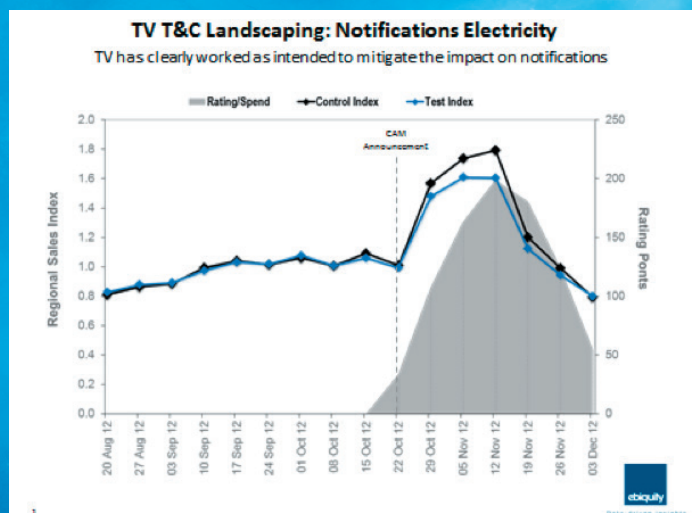
But perhaps the greatest testament to the strength of British Gas' marketing is its ability to be profitable even when prices rises are announced. The Fix and Fall campaign was created to mitigate against the price rise of October 2012.

It certainly stabilised brand health and switching.

**Figure 34: Consideration and switching propensity recover**



**Figure 35: And mitigated actual losses**





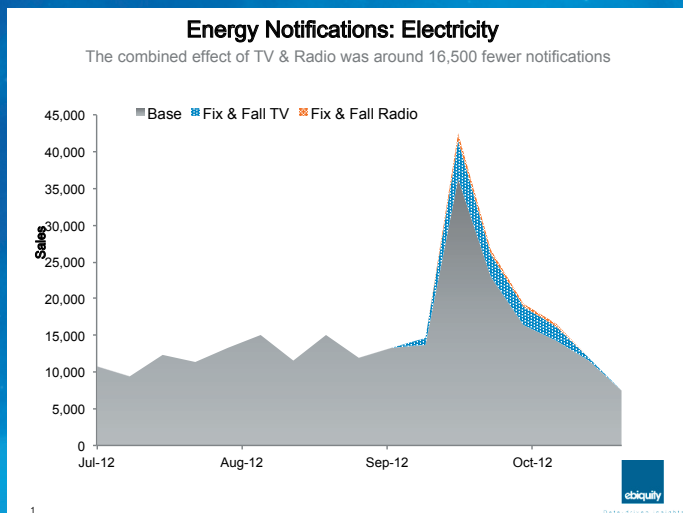
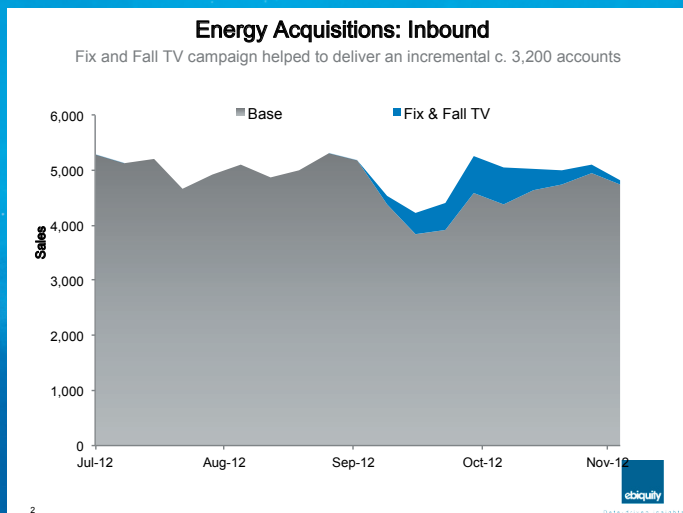
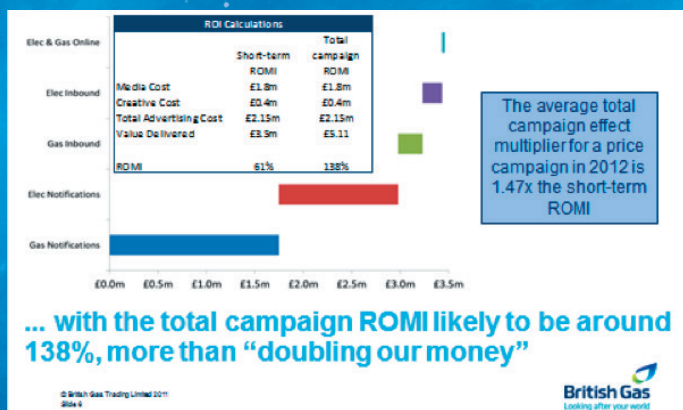


Figure 36: And delivered incremental accounts



But more than that it delivered a return on investment of 61p to every £1 spent.

Figure 37: Fix and Fall's ROMI



So Planet Home continues to show its mettle despite the challenges of the current climate.



# Conclusion

This paper has demonstrated how a communication idea, 'Looking after your world', brought British Gas back into people's lives and the business back into growth, and held it steady.

In 2008, British Gas was losing forty thousand customers every month.

As the business set a two-year timeframe to get its house in order, a communications idea was sought that would help to heal internal divisions, work flexibly across the business's multiple communication requirements and ultimately, rebuild the relationship with customers, securing their commitment and reducing churn sufficiently to put the business back into growth.

By defining the brand's role as 'Looking after your world', it tapped into the warm welcome customers had once given the brand, while inviting them to see it now as a broader service provider, not just an energy supplier.

The effect of the resulting 'Planet Home' campaign was striking: communication got noticed, affinity grew, perceptions improved, commitment rose. Internally, everyone liked and aligned behind the campaign and staff satisfaction grew. Most importantly, churn dropped dramatically and the decline in customer accounts was reversed.

We got back to great.

But it didn't stop there. The last chapter in the campaign's history has been possibly the most challenging. In an increasingly hostile environment how do you stay great?

2012 has demonstrated the true resilience of the Planet Home campaign, still leading the market in consideration, still effective in driving value.

So far, so great.

[1972 words, excluding titles and chart headings]