



## **MARKETING SOCIETY EXCELLENCE AWARDS 2015**

**CATEGORY N:  
BRAND REVITALISATION**

Final Issue 29/1/15

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# EXECUTIVE SUMMARY



Hello!

This is the story of how we repositioned the EDF Energy brand to turn around our business. Thanks for reading. 😊

## Scale of the task:

The outlook was bleak. EDF Energy's supply business was losing almost £200m/year and shrinking in the face of fierce competition, 6th place in market share. Suppliers were undifferentiated and distrusted, seen as a bunch of 'bad guys', only in it for themselves. EDF was industry-focused, and "Marketing" had been seen purely as a communications function "doing the colouring in". We needed a new approach.

## Our objective:

To turn around the business and deliver profitable growth, while rebuilding customer engagement and trust.

## What we delivered:

- **Profit Improvement:**



- **Market Share Growth:**

From declining customer numbers to 13% growth of our customer base, while incumbent competitors were losing customers to new entrants.

- **Customer Engagement:**

From bottom to top of the league tables, with gains across Brand Equity, Trust, CSAT and Net Promoter Score.

## We achieved this by:

1. **Creating a winning "Customer Love" brand strategy**  
grounded in robust consumer & business understanding, with strong company buy-in
2. **Executing our strategy holistically with "Feel Better Energy"**  
consistently across the mix: Product, Price, Promotion, Place, People

## Why should we win?

What started as a brand marketing strategy ultimately became our business strategy. In four years we've engaged consumers and grown while competitors have shrunk, and we turned our business to profit. But, we know there's more to do and we recently followed the same marketing-led strategic planning process to develop our 2020 Strategy.

**We believe our strong results – and the fact we've been asked to do it all again – demonstrate the value of a brand-led strategy focused on the customer.**

## Our entry has 3 sections:

1. Creating a winning "Customer Love" brand strategy
2. Executing our strategy holistically with "Feel Better Energy"
3. Results

# 1. Creating a winning “Customer Love” brand strategy

EDF Energy’s supply business was consolidated into a single P&L and a Marketing Director was appointed onto the B2C Executive Team. The aim was to use marketing thinking borrowed from other sectors such as FMCG and Telco to turn around the business, and the marketing team’s mantra became “we will be the engineers of profitable growth”. We undertook thorough consumer, business and external analysis, which was essential for strong buy-in and sponsorship from the cross-functional B2C Executive Team.

## Consumer Insight

We undertook a deep qualitative, quantitative and data-analytics consumer immersion. A fundamental insight emerged: our industry had lost customer trust, and we were seen as part of a ‘Big 6’ of self-serving suppliers. As a relatively unknown brand, this created an opportunity for us and set us on a path of trying to fix our relationship with customers.



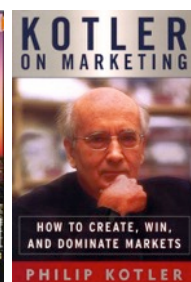
## Business Review

The Marketing Department led a comprehensive analysis of the business, identifying the key business drivers and inhibitors. We worked cross-functionally to draw out key conclusions, and to identify opportunities. For example:

Finding	Opportunity
We lose more customers than we acquire each year	Invest in earning loyalty from customers rather than just chasing new customers
Our cost base is too high relative to our scale and competition	Reduce inefficiencies, grow scale, digitize the customer experience
Our sales channel mix is under threat, and new customers are unprofitable	Diversify channels and develop propositions that enable us to compete on more than price
We lag competition on cross- and up-selling to our customer base	Cross-sell gas, and develop higher margin propositions for up-sell
Our organisation is industry- & process-focused	Put the customer at the heart of our business thinking and decision-making

## External Stimulus

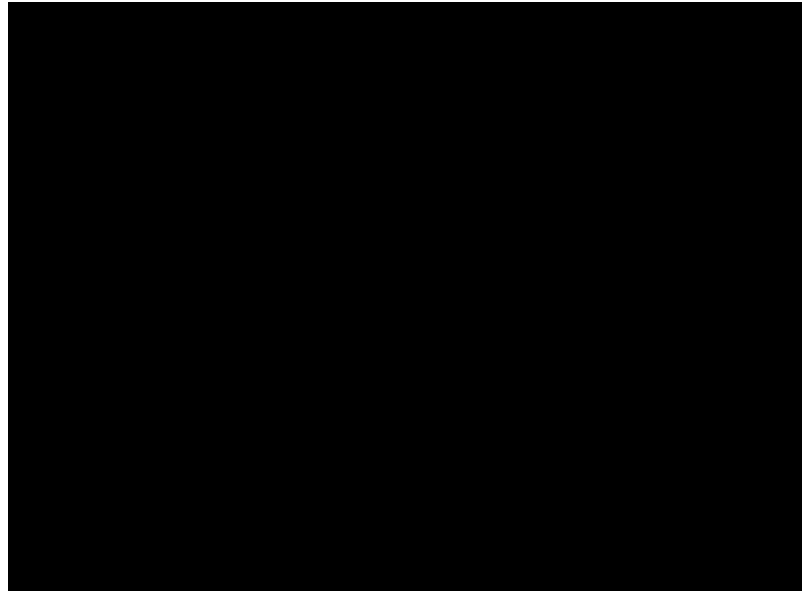
For inspiration we met the O2 Executive Team. We studied the Metro Bank launch, and First Direct’s business model. We received guest speakers such as Adam Morgan, author of ‘Eating the Big Fish’, to understand more about challenger brands. We also swotted up on Kotler to ground ourselves in robust marketing fundamentals.



## A new brand strategy

Working with our advertising agency (AMV) and colleagues in Paris, we undertook a number of workshops to determine a new brand equity destination. We needed to be true where we had come from as a company, but we also needed to create some stretch for the future which would be relevant to our consumers. We would use this brand equity destination to drive our innovation, customer experience, and marketing efforts.

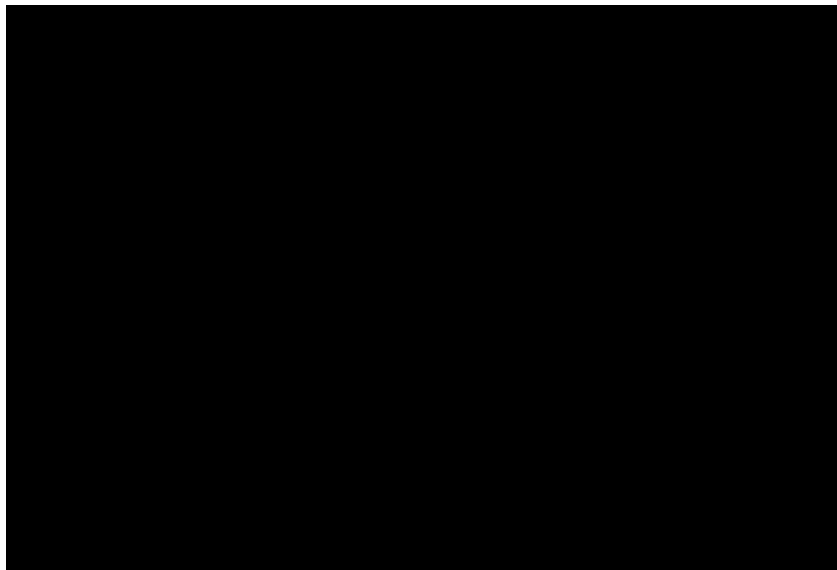
The outcome was a new positioning: “The Better Energy Company”, underpinned by two key points of difference: Better Energy (largest producer of low carbon electricity) and Better Approach (we do the right thing for our customers).



[Brand Equity pyramid - not for publication]

## Strategic Planning Framework

We knew that a Brand Equity Destination would not be enough on its own to drive the culture change and organisational transformation that was required. We worked with the B2C Executive Team to develop a new marketing-led business strategy, adapting the “OGSM” (Objective, Goals, Strategies, Measures) model. It centred on customers, with a bold mission: **“we want our customers to be able to love their energy company at last”**, underpinned by six strategies. E.g. “Love our Customers” was a strategy to prioritise existing customers vs. focusing all efforts on prospects, to build trust and loyalty and to maximise Customer Lifetime Value. “Build a Lighthouse Identity” was about being a customer champion with category-breaking brand-building advertising.



[B2C Customer Love Strategy - not for publication]

## 2. Executing our strategy holistically with “Feel Better Energy”

In this section, we outline a few of the most notable examples of how we executed our new marketing and brand strategy across the “5 Ps” marketing mix from 2012-2014.

### Product

The energy market had been dominated by tariffs that didn’t mean much or promise anything except for cheap prices. There was an opportunity to differentiate as the **Better Energy Company** and take the focus away from price. We underwent a series of consumer concept labs and innovation workshops with cross-functional colleagues, to develop a flagship product.



In April 2012 we launched **Blue + Price Promise**, and it remains unique in the market with high consumer appeal and strong sales and retention performance. It is based on a core insight that customers are confused by the energy market and don’t trust energy suppliers.

Blue + Price Promise breaks the industry mould with a real consumer benefit, promising a superior value energy deal, with no downsides, underpinned by four category-defying features:

- A low fixed price (the other best value tariffs when we launched were not fixed)
- No nasty exit fees (everyone else locked you in)
- 100% low-carbon electricity at no extra cost (everyone else charged a premium for low carbon)
- **And a promise to tell you if you can save >£1/week elsewhere (unique differentiator)**

“Customers think it’s brilliant. It’s the price promise that tends to get them to stay, and it’s amazing they trust you even before the supply starts. They can’t believe I’m telling them that British Gas is cheaper, but then they sign up anyway. It seems to have all the benefits and no catches.”

*Customer Service Advisor feedback*

*Contrary to Commercial colleagues’ fears, the price promise and lack of exit fees did not increase churn. In fact, we found that our product-life loss rates were no higher on Blue + Price Promise than on products with exit fees, and retention rates at product end were better than any other previously launched product of a similar type. What’s more, we were able to command a price premium vs. other similar length tariffs in the market, thanks to the perceived value of our product features and brand.*

### Price

We needed to increase customer lifetime value so we challenged ourselves to create a premium branded proposition to up-sell to our customers. In 2013 we launched Blue + Price Freeeeze for consumers concerned about rising energy prices. Like its big brother, Blue + Price Promise, it offered some unique and desirable benefits:

- The longest fix in Britain (in the context of a rising market)
- No nasty exit fees (everyone else locked you in for longer deals)
- 100% low-carbon electricity at no extra cost (everyone else charged a premium for low carbon)

(The spelling of Freeeeze is not a typo – in fact this tactic to achieve standout worked, with lots of media commentators specifically mentioning and spelling the name, helping our recall.)



We rigorously tested everything. Both our flagship tariffs have consistently scored well in concept screening, beating all industry benchmarks across appeal, purchase intent and image.

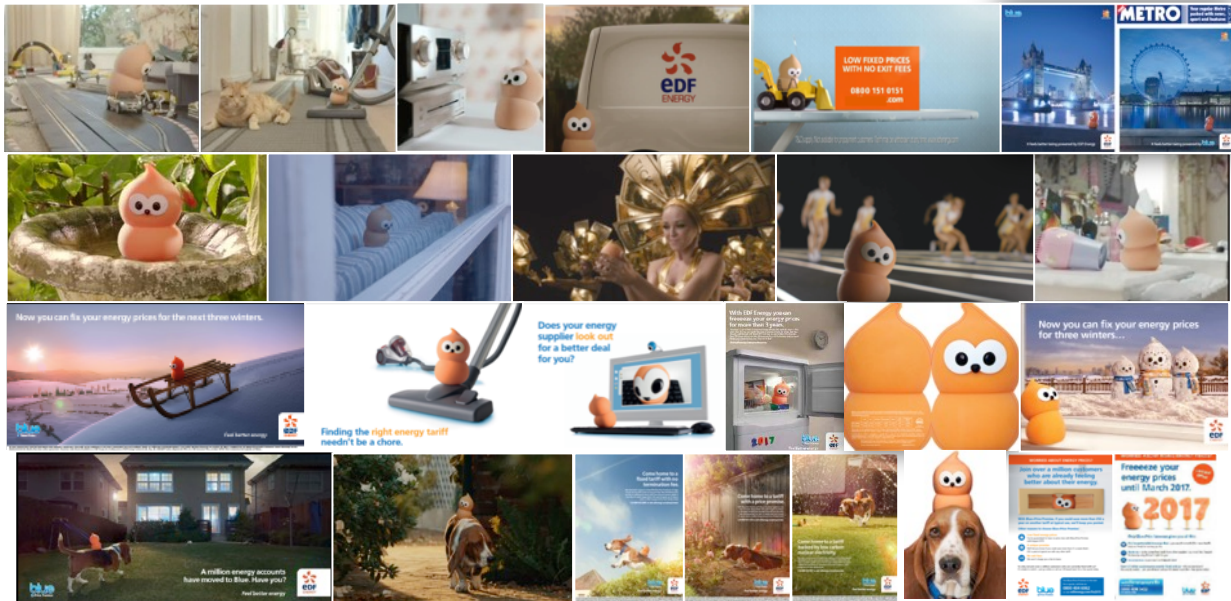
	Overall Appeal	Transfer Tariff	Switch Supplier



## Promotion

Advertising claiming “we are the better energy company” failed in research. Rational arguments were struggling against cynicism (only 16% of consumers felt ‘my energy company acts in my interests’). We had to find a different way to convey our message.

Following months of creative development consumer testing, in 2012 we launched our creative idea of “Feel Better Energy” and our brand character, Zingy. The advertising was designed to **connect emotionally** while also enabling strong integration, helping us with ROI (on a much lower budget than our competition – we’re out-spent 4-to-1 by British Gas most of the time).



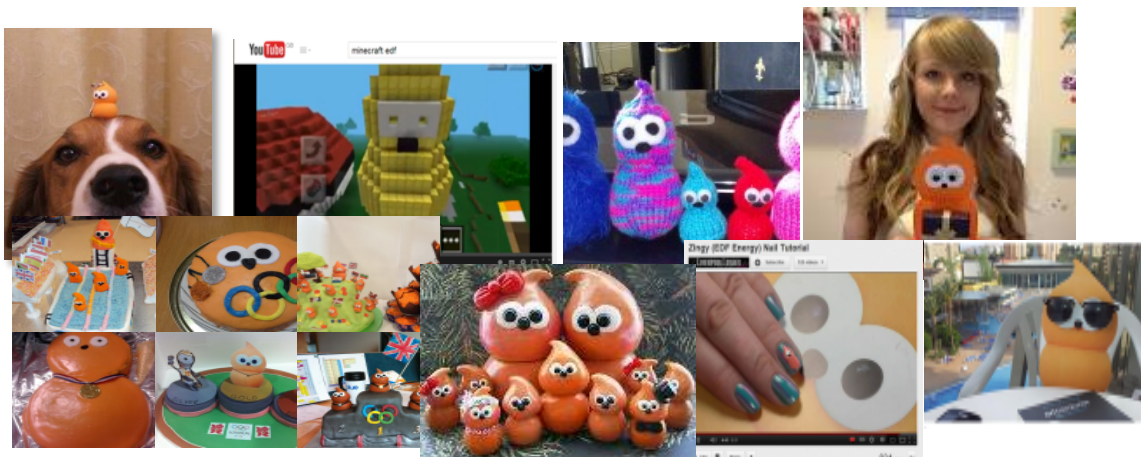
Zingy quickly became a social media phenomenon, with customers campaigning for us to run more ads and release merchandise. Children spent hours making towering Zingy replicas in their Minecraft worlds, Zingy knitting patterns were distributed and Zingy cakes appeared in kitchens across the land. Zingy fans even tweeted pictures of our door drops! In fact, our first ever direct marketing was so successful that we have now established an entire new direct marketing sales channel.

In June '14 **80%** of consumers recognise Zingy and **40%** associate it with EDF Energy



Customers were still dialing the sales phone line from our 2012 “junk mail” in 2014!

### Consumer ‘Zingy Fan’ content





Fun aside, we knew from research that independent endorsement would be important for credibility, and powerful in helping customers to trust us and convert interest and engagement from Zingy into sales. So we invested time in nurturing our relationships with key consumer influencers, both behind the scenes and in public – including a live interview on BBC Radio 5 with Martin Lewis, the Money Saving Expert. As a result, EDF Energy tariffs have been recommended time and again, even when beaten by other tariffs on price, with Martin Lewis labeling Blue + Price Promise a **“rock ‘n roll tariff – 8.5/10!”**.

## Place

Consumers rarely wake up in the morning and think “I’ll change energy supplier today”, so it was critical to be present in the right places at the right time in order to win customers. Traditional sales channels – such as doorstep selling – were becoming frowned upon. So we were becoming increasingly dependent on price comparison websites for our sales. We launched a direct marketing channel to reach more customers – which was very successful.

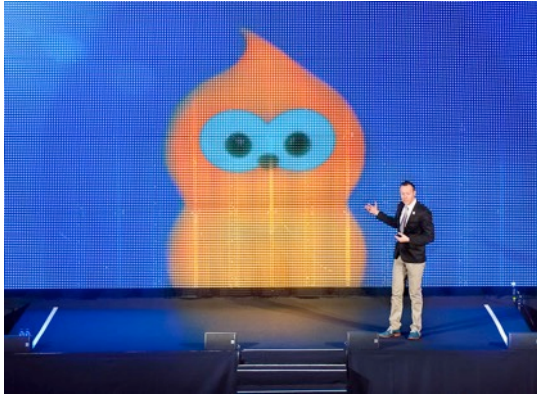
But it wasn’t enough. We needed to win many more customers to reach our goals.





## People

It was critical to get buy-in from colleagues across the organisation, particularly frontline staff, if we wanted them to deliver our brand message every day in their interactions with customers. So, the new brand positioning was launched to all 3500 employees via off-site events, work plan cascades, and on-going employee briefings.



One or two eyebrows were raised when the Executive Team started talking about “love”, but the strategy landed well. We’ve been working consistently since then to deliver, with employees across the organisation in multiple departments now owning elements of the plan. We have scorecards to track progress against our goals.

### Action not words.

It was essential to ensure that we walked the talk of Trust, to underpin our promise of “Feel Better Energy” and we were dependent on our people to do the right thing and deliver a “Feel Better Experience” every day. So we launched a “Trust Test” and a “Feel Better Test” and deployed it, with training, to all employees.

### We are the feel better energy company

When deciding on a course of action which impacts any customer, ask yourself

### Is this the right thing to do for our customers?

The Trust Test	The Feel Better Test
<i>Mandatory questions required to comply with Standards of Conduct Regulation</i>	<i>Additional questions to consider, that will help us be the energy company that our customers are able to love at last</i>
Confirm & document how the activity is:	Discuss how the activity:
<ol style="list-style-type: none"><li><b>1. Fair?</b> Do the right thing, balancing the needs of the individual customer with the needs of all our customers and our shareholders.</li><li><b>2. Professional?</b> Communicate clearly, with respect, and make it easy to get in touch. Do what we say we will do.</li><li><b>3. Appropriate?</b> Offer products, services and advice which are appropriate to the customer's needs and any known individual circumstances.</li><li><b>4. Transparent?</b> Ensure accurate communication, providing the information customers need to make an informed decision, in plain language.</li><li><b>5. Honest?</b> Tell the truth, never mislead. Admit mistakes if they happen and act quickly to put them right.</li></ol>	<ol style="list-style-type: none"><li><b>A. Starts with the customer?</b> Do you have a true understanding of the needs of our customers; how are you acting on this insight?</li><li><b>B. Delivers a feel better energy benefit?</b> What's in it for customers and does it help them to feel better about their energy?</li><li><b>C. Delivers on our Customer Commitments?</b> Does the activity help to provide Fair Value, Better Service, and Simplicity?</li><li><b>D. Is delivered with Positive Energy?</b> Are you 'glass half full'?</li><li><b>E. Is easy to explain?</b> How would you explain this activity to a Daily Mail journalist?</li></ol>

It is mandatory to document how any customer-impacting decisions, processes, policies and communications pass the Trust Test and to outline how you pass the mandatory questions.



**Going Further to Engage Staff.** We’ve even put Zingy onto our vans to engage our field staff (as well as Britain’s motorists!), and we’ve launched “Feel Better Moments” – an award scheme for employees who go above and beyond to deliver a *feel better experience* to our customers.



### 3. Results

#### Profit Growth

We have delivered year-on-year profit improvement since creating and launching our new brand strategy.

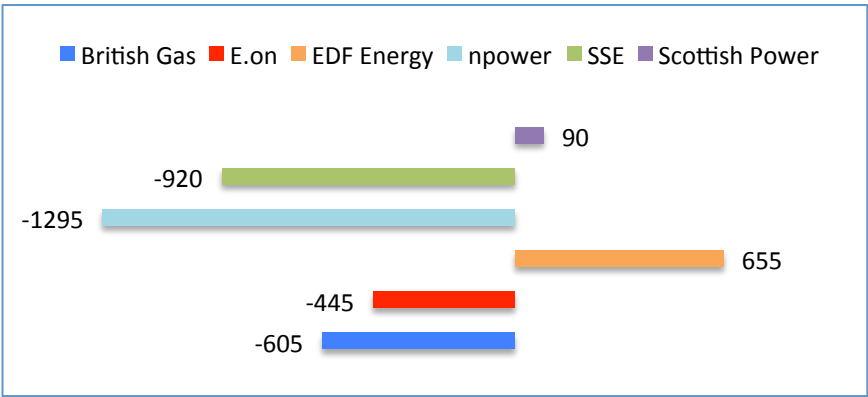
	2009	2010	2011	2012	2013	2014
EBITDA	-£167m	-£115m	-£85m	-£62m	-£55m	

Source: EDF Energy Segmental Accounts Reporting to OFGEM. 2014 financial results are not yet published so we cannot reveal the number.

#### Market Share Improvement

We have delivered sustained growth in customer accounts, growing our customer base by 13% and improving our market share ranking from 6<sup>th</sup> to 4<sup>th</sup>, while all but one major competitor has shrunk, losing significant market share to new entrants.

Energy Accounts Movement Q4 2009- Q4 2014

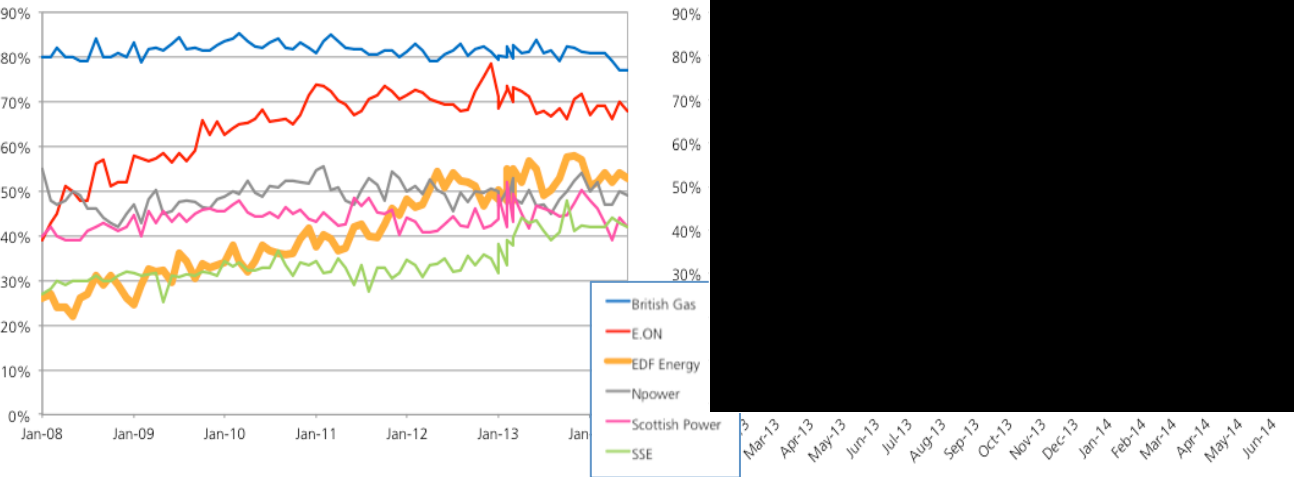


Sources: Cornwall Energy Associates Market Share Data  
(the main official source of market share information for the energy sector).

#### Customer Engagement: Brand Awareness & Equity

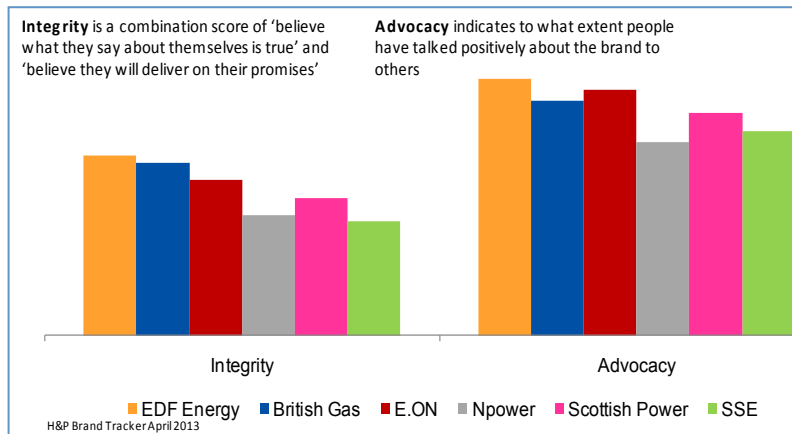
We have grown spontaneous awareness year-on-year, rising from least known brand in 2008 to third most top of mind brand by 2014 with a step-change in performance once we launched our new products and advertising campaign.

Spontaneous Awareness



## Brand Equity: Integrity, Advocacy & Trust

Although there is still some way to go to break away from the distrust of the “Big 6”, we have risen from bottom to top of a number of independent trust ratings vs. other major suppliers, and we’ve been increasingly recognised with a range of consumer awards.



Independent Supplier Survey Rankings	2012	2013	2014	2015
UK Customer Satisfaction Index	5th	4th	3rd	1st
Which? Best & Worst Brands	5th	2nd	1st	tbc



Value for Money



Transfer Process



Best Deal for You



CORPORATE ENTREPRENEUR AWARDS  
Winner – Best New Product or Service 2014

## Marketing ROI

Our brand equity gains have been delivered in the context of significantly less spend than competition, with greater efficiency per £ spent.

### 2009 – 2013 ATL spend vs Change in Spontaneous Awareness

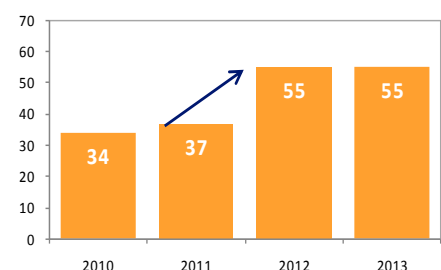
	ATL Spend / £m	Change in Awareness
British Gas	199	-2%
EDF Energy	69	+27%pts
EON	53	+12%pts
Npower	33	+4%pts
Scottish Power	12	+2%pts
SSE	10	+6%pts

Media Spend (£m) – Nielson Data			
	British Gas	EDF	% Ratio
2008	46	11	24%
2009	46	15	33%
2010	52	15	29%
2011	48	17	35%
2012	65	24	37%
2013	60	11	18%
2014	60	11	18%



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### EDF Energy advertising campaigns inspire me as an employee



Present on my desk when I came into work! My Tuesday has been made!!!

Just got back from annual leave, saw this and made me roar. Think this is a absolutely fab– best internal comms ever!

Best EDF ad ever... fact!

The new addition to my keys! love working for EDF energy

### Customer Engagement: Blue tariffs

Our Blue propositions have truly differentiated EDF Energy, driving significant improvements to Trust and Net Promoter Scores.

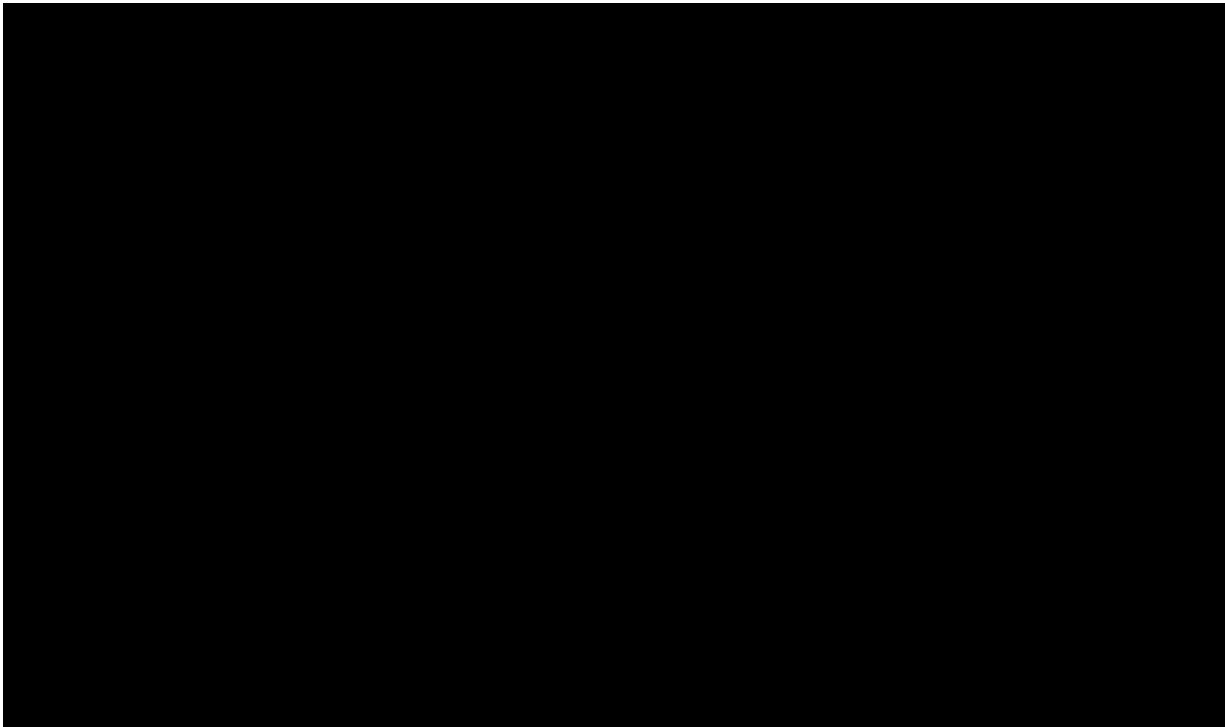
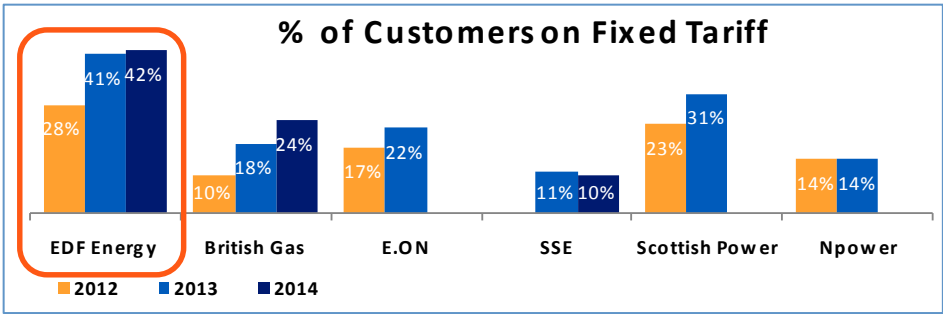


Image not for publication. Source: Hall & Partners Brand Equity Monthly Tracking Survey & Omnibus.

### Customer Engagement: Tariff Choice

EDF Energy has the highest proportion of customers on a Fixed Term Tariff\*, demonstrating significantly higher customer engagement than our major competitors, on what is arguably the most important engagement a consumer will have with their energy company (agreeing a price).



Sources: EDF Energy SAP MI, Competitor Shareholder Reports

*\*A primary measure of customer engagement is customer switching. As well as switching between suppliers, customers can also switch between tariffs offered by their existing supplier. All suppliers offer a “Standard Tariff” – a variable price with no end date, which tends to be higher priced. Suppliers also offer “Fixed Term Tariffs” – a fixed price with an end date – many of which are cheaper and used to attract new customers. We believe it is in the customer interest to engage in their choice of tariff, and as part of our Customer Love strategy, we have innovated across our channels to drive up engagement in tariff choice, going over and above regulatory obligations.*

Customer Engagement: Retention

EDF Energy has market-leading churn rates, driven by [REDACTED]  
[REDACTED]

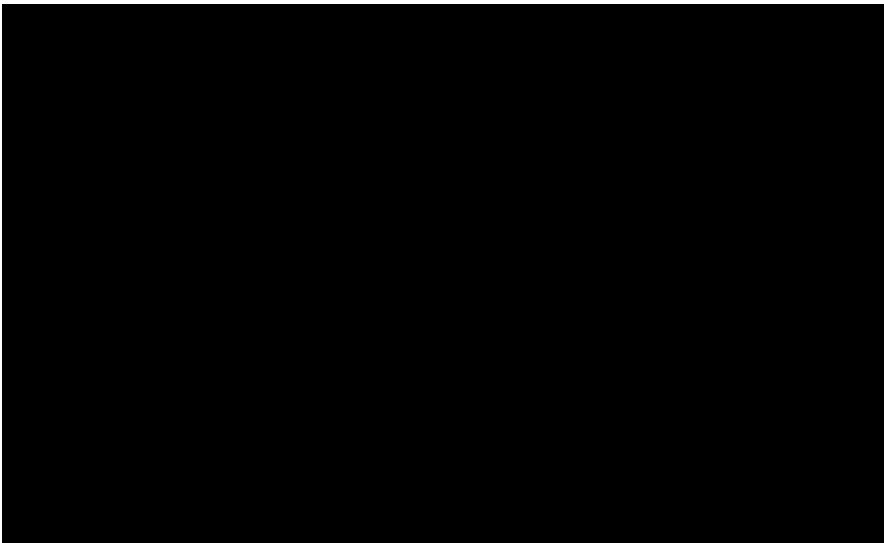


Image not for publication. Source: EDF Energy SAP MI.



Data not for publication. Source: MoneySupermarket.