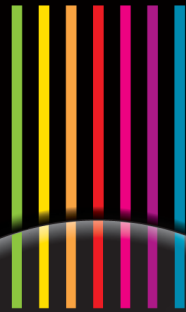


MARKETING EXCELLENCE 2

British Gas

Getting back to great



MARKETING
SOCIETY

AWARDS FOR
EXCELLENCE

in association with
Marketing

About The Marketing Society



INSPIRING BOLDER MARKETING LEADERSHIP

The Marketing Society is a not-for-profit organisation owned by its members, with over 2500 senior marketers. Over the past 50 years it has emerged as one of the most influential drivers of marketing in the UK business community.

The Society challenges its members to think differently and to be bolder marketing leaders by supporting the development of leading-edge thinking, and promoting the evidence of effective marketing. The Society does this through the Marketing Society Awards for Excellence; its publications Market Leader, Our Week and rich online Knowledge Zone; a national programme of world-class events; innovative professional development, such as the annual Marketing Leaders Programme; and extensive on-and-offline networking opportunities.

www.marketing-society.org.uk

Foreword

By Roisin Donnelly,
President of The Marketing Society

What is marketing excellence?



Roisin Donnelly
President of
The Marketing Society
Corporate Marketing
Director and Head of
Marketing at Procter &
Gamble UK and Ireland

Marketing excellence can drive breakthrough business results for the short and long term. Marketing excellence requires great strategic thinking, great creative thinking and perfect execution.

But how do we assess *marketing* excellence? First we choose brilliant industry judges who are all experienced and successful practitioners of excellence and we ask them to pick out the cases which they see as remarkable. We ask them to look for two key qualities from our winners: creativity and effectiveness.

But marketing continuously changes and evolves, as consumers become more sophisticated and demanding and the media for communicating with them ever more diverse. So the standards for marketing excellence change and in turn become more demanding.

We believe that The Marketing Society Awards for Excellence in association with *Marketing* set the standard of marketing excellence in the UK. They have established this reputation over a period of

more than 25 years, and they have always been based on the principle of searching out the best examples of different marketing techniques in action, that showcase great strategic thinking, great creativity and perfect execution.

In order to be a winner of one of the Society's Awards, marketers have to demonstrate that what they have done is outstanding in comparison with marketing in all industries not just their own particular sector.

If a marketing story has been good enough to impress our judges, then all marketers can learn from it – however senior they have become. The collection of case histories brought together in this book is the best of the best from the past four years of our Awards, and I am confident that it truly demonstrates *marketing excellence*. I have been truly inspired by these case studies and I hope you will be too.

British Gas

Getting back to great

Snapshot

The UK's leading energy supplier turbo-charged its brand performance by going back to customer basics and rising above price-led promotions.

Key insights

- British Gas was determined to revitalise its brand by putting the customer at the heart of its strategy.
- It did this by uncovering valuable customer insights about the relation of people to their homes.
- This formed the basis of a dramatic overhaul of its marketing approach which led to a number of key customer-centric initiatives which, in turn, transformed brand perception and performance.

Summary

British Gas, part of the Centrica Group, provides gas, electricity and home repair services to millions of customers in Scotland, Wales and England. In 1986 the company received the accolade of the 'Brand of Britain' by The Marketing Society. In the years that followed, however, its reputation fell. The erosion of key brand health measures was accompanied by a declining customer base. There was widespread acknowledgement that the company had had its eyes fixed more on the competition than its customers.

In 2008 British Gas set out on a 'journey back to great', beginning with a wholesale re-evaluation of its approach to marketing and putting the customer at the heart of this brand revitalisation. A new organising thought was developed based on the insight: 'Your home is your world. Count on British Gas to look after it'. A number of initiatives, including becoming the principal partner of British swimming and environmental programmes, were developed as part of this revitalisation.

Not only did this lead to the proportion of customers claiming British Gas as their first choice of energy supplier rising to an all-time high, but 2009 saw the first substantial growth in customer numbers in seven years.

Losing sight of the customers

British Gas has been powering Britain for almost 200 years, evolving from the 'Gas, Light and Coke Company' in 1812 to become the leading provider of energy and home services in Britain today. 1986 was a defining year in the company's history, when The Gas Act returned the gas industry to the private sector and British Gas plc was formed.

The iconic 'Tell Sid' campaign, with its strapline: 'If you see Sid, tell him', aimed to persuade the British public to invest in its shares. British Gas was one of the highest spenders on advertising that year and the campaign one of the most successful of all time. The initial public offering (IPO) of 135p per share valued British Gas at £9 billion. The offer was four times oversubscribed and The Marketing Society recognised British Gas as the 'Brand of Britain' in 1986.

In the years following privatisation the energy market was characterised by massive upheaval. When the period of monopoly ended in 1998, consumers were free to choose their gas supplier. Fierce competition followed and new entrants, hungry for their share of the market, were engaged in a race to the bottom.

With its customer base being continually eroded, British Gas played its part in the price wars, seeking to retain customers with promises of cheaper deals and balance its losses with increased product holdings. However, by focusing on differentiation through price, energy brands risked dissolving into homogenous substitutes. Furthermore, with each price rise and fall the energy market became ever more confusing and consumer apathy increasingly turned into anger.

With its eyes firmly fixed on the competition, British Gas lost sight of what the consumer really wanted and failed to define what the brand stood for beyond size, heritage and trust — credentials common across all major players.

While its communications were rationally strong, focusing on expertise, reliability and price, British Gas had failed to connect emotionally with its customers. As a result, customer numbers continued to decline (Figure 1). Although by the end of 2007 it was still market leader, British Gas was far from being the 'Brand of Britain'.

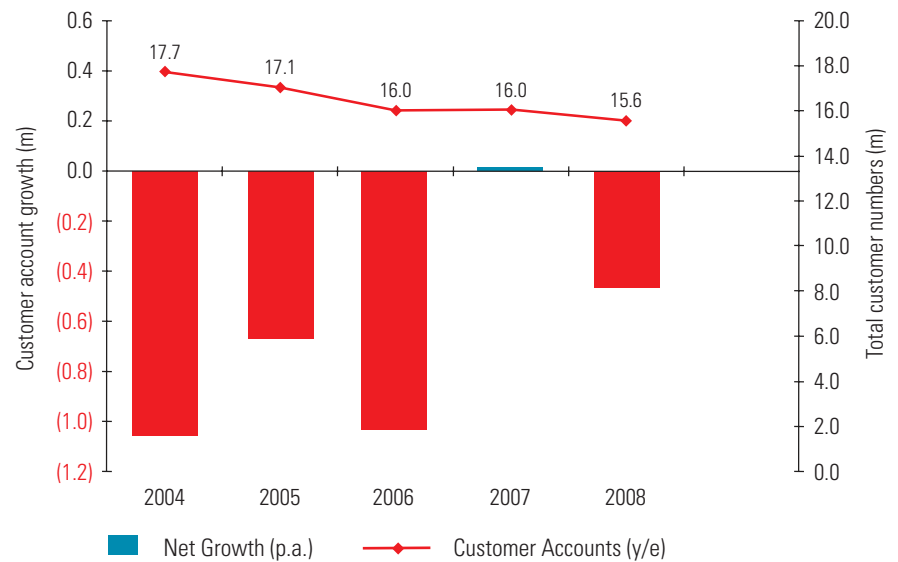


Figure 1. Energy customer accounts (2004-2008)

Rethinking every aspect of the brand

In 2008, British Gas set out with the vision of getting 'back to great'. Measures of 'greatness' were defined as:

- Being first choice energy provider.
- Increasing the key drivers of brand choice ('value' and 'being easy to deal with').
- Arresting the decline in customer numbers.
- Growing market share.

To deliver this, the new marketing team members were united in their belief that British Gas must prove that it stood for more than homogenous energy supply and their conviction that to revitalise the brand the consumer needed to be at its heart. This encompassed a number of key initiatives.

1. Gaining a new view of the customer

Prior to 2008 customer segmentation at British Gas was based on transactional relationships such as energy consumption and product holdings rather than needs.

Placing the consumer at the heart of the British Gas revitalisation required a new segmentation, and one that could facilitate a deeper understanding of customers and prospects. The new segmentation was built by assessing more than 50 consumer behaviours. It was designed so that it could, over time, lead to more targeted investment, efficient and effective new product development and relevant relationship and proposition development.

Critically, the organisation was quick to embrace and activate the segmentation across all areas of the business, supported by engaging internal communications. To ensure the segmentation remained a living tool, an ongoing customer panel

was set up reflecting the eight identified segments. This gave consumers a genuine voice at the very top of the organisation, covering everything from airing frustrations about call centres to helping shape British Gas strategy on future energy supplies.

2. Uncovering new consumer insights

British Gas has played an important part in helping people run their homes and home is where the heart is, especially for the British. Eight out of ten consumers agreed that "it is important to me to be able to own my own home", This was consistent across all demographic groups, even the youngest.

After all, home is where you eat, you sleep, you raise a family and you entertain friends. In times of uncertainty (and in 2008 the UK was experiencing the most severe recession since World War II) trends show that people spend even more time at home with their families.

Every year, across the country, millions of customers trusted British Gas enough to invite them into their homes, believing that with British Gas their homes were in good hands. In addition to gas and electricity supply, British Gas offered a wide range of home services including plumbing, drainage, appliance and electrical care. This made it well-positioned to understand what customers needed to help them with the smooth running of their homes, and, by extension, their worlds.

Through this understanding of the role British Gas could play, a new central organising thought was developed, rooted around the insight; 'Your home is your world. Count on British Gas to look after it'. Research endorsed the power of this thought, with 84% of consumers saying they related to it.

3. Developing new propositions

While historically propositions had been developed based on the products British Gas wanted to sell, new propositions were now being developed focusing on the needs of the different customer segments.

- A new 'Energy Smart' proposition — promising 'no more estimated bills'—was developed to meet the needs of the segment of customers who were interested in energy efficiency, placed high value on transparency and were happy transacting online.
- A new 'Call Ahead' proposition, promising that 'British Gas engineers will call ahead to let you know they are on their way', was developed to appeal to the segment of customers who were juggling busy lives, had little time to deal with energy providers and liked using the phone.
- A 'Cheapest Electricity in Britain' proposition was developed to appeal to the segment of customers who sought value, wanted to be rewarded for loyalty and looked for certainty.

While all the propositions had broad appeal across the customer base, the starting point for each stemmed from a rich understanding of how British Gas could most effectively 'look after the world' of one particular segment.

4. Forming new partnerships

New partnerships were developed as part of the British Gas journey to becoming great again. These partnerships demonstrated how a revitalised British Gas was actively 'looking after your world', not just talking about it.

Going swimming

In March 2009 British Gas announced its British swimming sponsorship. Swimming is part of the fabric of British life: 12 million people and 50% of British Gas customers swim every month. British Gas swimming sponsorship supports the national team, as well as grass-roots projects such as Pools4Schools. One in five British children leaves primary school unable to swim the curriculum standard of 25m, often because they don't have access to a pool. Pools4Schools responds to the challenge by using temporary, mobile pools to teach children to swim. The initiative has enabled hundreds of thousands of children to learn this key life skill.

Because families are at the heart of the company's customers, in September 2009 every British Gas customer was given the opportunity to enjoy a free family swim merely by printing off a voucher. The campaign was fronted by Olympic champion Rebecca Adlington. 1,200 pools signed up to the swim and by December 2009 more than 150,000 families had taken part.

Hello
EnergySmart™

Goodbye
estimated bills

EnergySmart™ is a new way to manage your energy

- Only pay for what you use
- Save up to £150*
- Plus get a free electricity monitor

Sign up at britishgas.co.uk

British Gas
Looking after your world

Excludes selected tariffs. *£150 savings include £20 per fuel (inc VAT) sign-up credit payable at month thirteen, and a £130 saving through an assumed 22% reduction in consumption by using the Consumption Hub and Electricity Monitor from average annual consumption of 20,500 kWh for gas and 2,500 kWh for single rate electricity, paying by Monthly Direct Debit on our Standard tariff prices as at 1/11/2009 rounded average across all regions including VAT. Actual energy savings will vary depending on individual circumstances.

Figure 2. Example of creative work

Generation Green was a programme established by the company with the aim of creating, rather than inviting, ‘green’ behavioural change. It is a nationwide schools initiative promoting environmental awareness, incentivising green behaviour and bringing together schools, children, their families and friends.

It was designed to require little effort for teachers to set up and run, but which would deliver significant and long-lasting benefits through a combination of green lesson plans and rewards. Supporting it was a sophisticated communications strategy that sought to recruit schools and engage children before the broadcast advertising began. By the end of 2009 Generation Green had engaged 9,972 UK schools and provided over 514,900 hours of green learning, affecting almost four million children.

5. Creating new advertising

The new consumer insight — ‘Your home is your world. Count on British Gas to look after it’ was brought to life by an engaging creative vehicle that placed customers at the heart of the brand. The campaign was launched in March 2009 and featured people’s homes on individual planets being cared for by British Gas. The strapline ‘British Gas. Looking after your world’ articulated the brand essence.

The creative work (Figures 2 through 5) had a more modern and future-facing feel than previous British Gas campaigns, and while familiar images such as the British Gas van still featured, new assets such as animation, voice-over and music signalled revitalisation. The ‘Planet Home’ creative approach enabled a wide range of propositions, including price, to be communicated in a consistent and compelling way.



Figure 3. Example of creative work

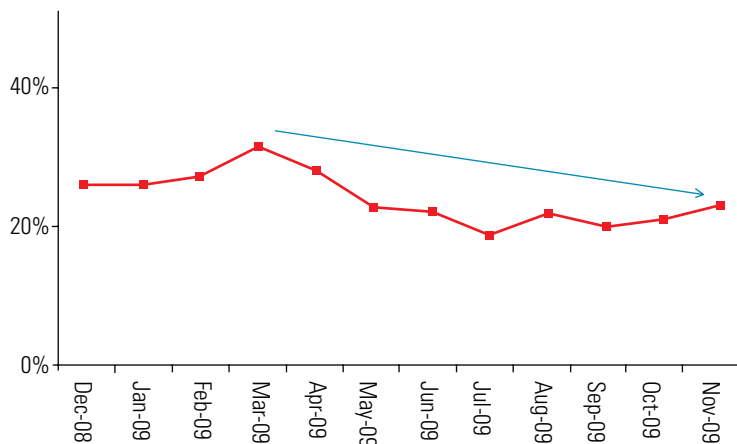


Figure 4. Example of creative work



Figure 5. Example of creative work

Brand preference (Would never use British Gas)
% who would never choose British Gas if they had to choose one company to supply their energy



Base: Dec 2008-Nov 2009 Monthly trends
All (1027-1042); British Gas customers: (339-377); Competitor customers (651-700)

Competitor Customers

Figure 6. The proportion of competitor customers claiming they would never use British Gas is down significantly

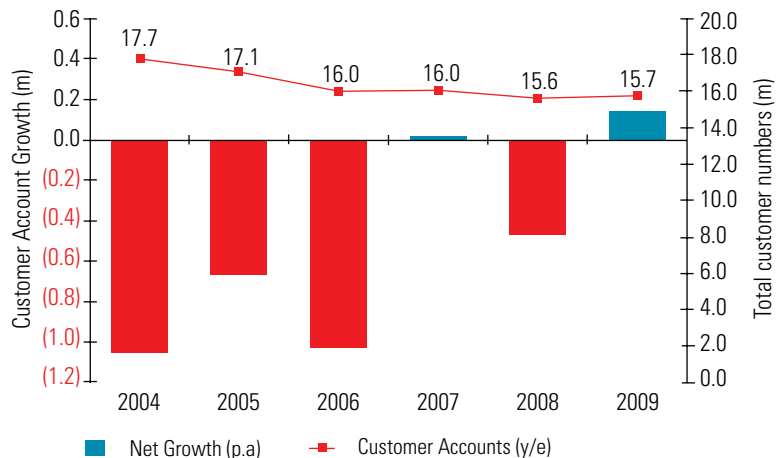


Figure 7. Energy customer accounts (2004-2009)

Steering the brand back on course

Although it was only the start of a long journey, the new marketing vision and strategy, developed with CHI & Partners and Carat, had a dramatic effect in a short time. For example, the proportion of customers claiming British Gas was their ‘first-choice energy provider’ was at an all-time high at 64% by November 2009, while the proportion of competitors’ customers claiming they would never use British Gas declined significantly from March 2009 to the end of November (Figure 6).

The proportion of customers believing British Gas to be more expensive than other energy providers was at a record low and the key brand drivers of ‘value’, and ‘easy to deal with’ all showed significant gains.

The Planet Home campaign exceeded all targets, with cut-through with branding and affinity scores all showing significant gains. In terms of business effect, it was more successful than any previous campaign in driving sales.

Econometric modelling, independently assessed by Billetts, showed that, based on acquisition and retention the campaign returned £3 (net present value) for every £1 invested. Perhaps the clearest evidence of brand revitalisation is that in 2009 British Gas substantially grew customer numbers and expanded market share (Figure 7). This has continued in 2010, with customer numbers growing by 500,000.

Sponsors

Aviva - 300 Years of Insight

We're the world's sixth-largest insurance group and the biggest in the UK, with 46,000 employees that everyday serve 53 million customers worldwide.

We are committed to delivering one distinctive experience for our customers. Wherever they are, we want them each to feel that "no one recognises me like Aviva". Our global consumer research reveals that most of our competitors are particularly bad at recognising people's individual significance. This research also tells us that small human touches can make a huge difference to a customer's experience. Our aim is to make recognition the familiar quality that distinguishes Aviva from our competitors - just as Apple means user-friendliness and FedEx means reliability.

BT operates in over 170 countries and is one of the world's leading communications services companies. BT is a major supplier of networked IT services to government departments and multinational companies. It's the UK's largest communications service provider to consumer and business markets and is made up primarily of four customer-facing lines of business: BT Retail, BT Global Services, Openreach, and BT Wholesale.

BT operates in a thriving, multi-trillion pound industry that spans the whole world. In recent years the global communications market has been focused on convergence, whereby the boundaries between telcos, IT companies, software businesses, hardware manufacturers and broadcasters have become intertwined to create a new communications industry.

BT has evolved from being a supplier of telephony services to become a



"We know insurance isn't just about policies' and pensions; it's about people. That's why we're making our customers the big picture, putting a spotlight on them and our people. Putting customers at the heart of everything not only makes sense for them, it makes good commercial sense too." (Amanda Mackenzie, Aviva's chief marketing and communications officer)

We are working hard every day to build the company around what our customers want from us. That's why Aviva now ranks among the UK's top ten most valuable brands, according to the 2010 Brand Finance Global 500 survey and that success is something we are looking to replicate across the world.



leading provider of innovative communications products, services, solutions and entertainment products. BT's business customers range from multinational, multi-site corporations to SMEs and start-ups.

More than 80 per cent of the FTSE 100 and 40 per cent of Fortune 500 companies rely on BT for networking, applications and system integration. The National Health Service, Procter & Gamble, PepsiCo, BMW, Emirates, Fiat, Microsoft, Philips, and Unilever are just some of the organisations working with BT.

BT has been a driving force behind the success of 'Broadband Britain'. Thanks to the company's investment, nearly every home in Britain now has access to broadband and in September 2009, BT announced plans to more than double the availability of its fastest fibre broadband service.

MARKETING EXCELLENCE 2

“A treasure trove of examples covering the whole waterfront, from launching new brands to revitalising, sustaining and extending established ones, and from insights to advertising and sustainability. Whatever your business, it should make you proud to be a marketer, shake up your thinking and inspire you to go the extra mile.”

Professor Patrick Barwise, London Business School, Chairman of Which?

“This exciting book demonstrates how great marketing can solve the most difficult problems, through analysis, teamwork and creativity.

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Professor Hugh Davidson, Co-Founder, Oxford Strategic Marketing

“This is the textbook, the toolkit and the manual for marketing excellence.”

Cilla Snowball, Chairman, AMV BBDO

“These cases are a great source to stimulate your thinking. Some will stimulate new thoughts, some will unlock ideas from the back of your memory. All of them however are great fuel for growth.”

Keith Weed, Chief Marketing and Communication Officer, Unilever

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