

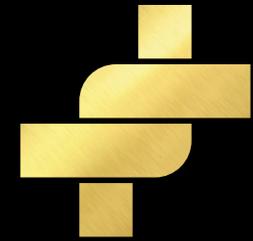


SILVER

Corporate Finance and Services

Energia - Clever Humans Get Results

Boys and Girls and Vizeum



ADFX
AWARDS
2018



Company Profile

Boys and Girls

Boys and Girls is a creative agency based in Dublin. We believe that great work comes about through collaboration. It's the AND in our name.

Over the last eight years we have collaborated with great clients and brilliant suppliers to produce award-winning campaigns from indigenous brands, to large international companies as far afield as Mexico, the USA, Europe and Asia.

We work above the line, below the line, through the line, in areas where there is no line, in both analogue and digital. Wherever we work, we believe that 'Great work, works'.



Company Profile

Vizeum

We are Vizeum. We dare to think differently. In a world where every click has the potential to lead to a purchase, we believe media has a central role to play in adding business value for our clients. We are a partner that is willing to push further, dig deeper into our client's business and create innovative solutions to their challenges.

Through blending data, media and technology together we bring idea-driven solutions that transform media from a numbers game to a game changer. From analytics to answers.

That's Vizeum. Accelerating business growth through media.



Introduction and Background

This is the story of how a plucky energy brand abandoned its successful price led communications model in order to drive long-term growth, while still delivering on short-term success.

Following success providing gas and electricity to businesses since 1999, Energia entered the highly competitive residential energy market in 2014. Dominated by customer inertia, any gains to be made in this market must come from the relatively small pool of customers (approximately 14% of electricity and 18% of gas customers*) who regularly switch their provider. Because these switchers are attracted by a good deal, competing to acquire them has become a discounted price race to the bottom.

As a new entrant, Energia focused on price led advertising, always communicating the percentage or monetary saving customers could make by switching to them. And it worked. While Energia became known for being cheap, lowering their price versus the market, their customer base and market share grew. But as the brand matured, Energia knew that relying on price alone to attract customers meant they were staring down the barrel of a lifetime of price discounting.

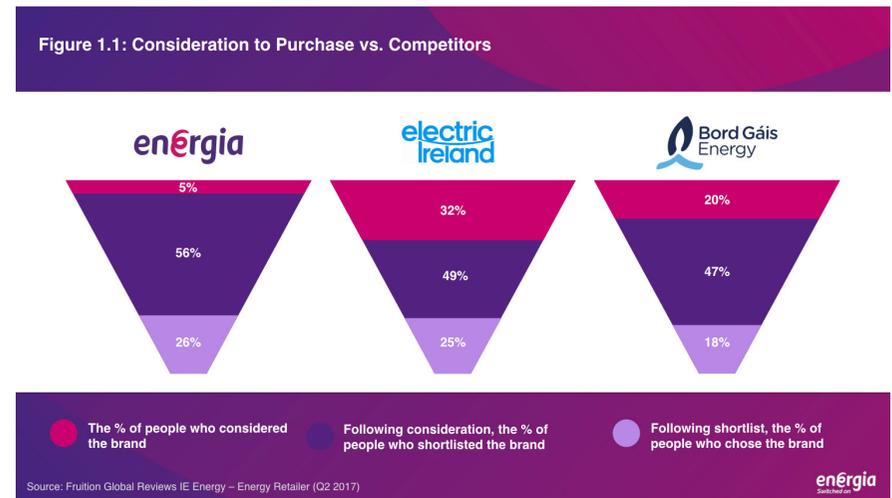
Introduction and Background

To exacerbate this challenge, research showed Energia was strong at converting brand considerers to purchase, but the number of customers considering the brand was minute compared to their competitors.

To move away from the unsustainable position they found themselves in, Energia would have to tackle the big issue of brand consideration. Only through widening the consideration set could long-term growth be achieved.

This was our problem to solve.

**CRU.ie; Annual Report 2015*

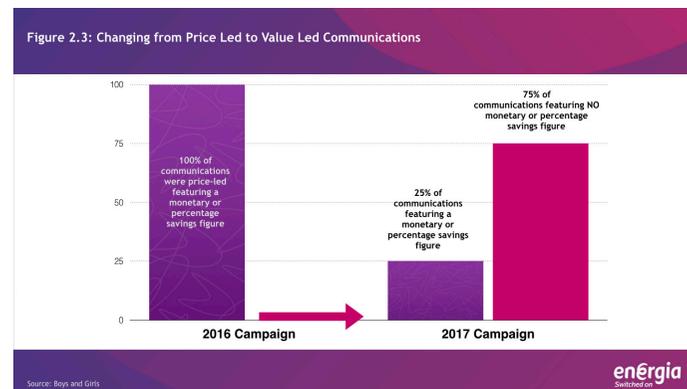
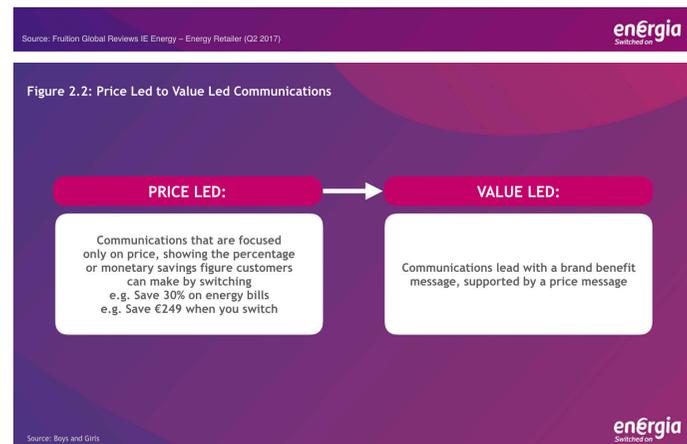
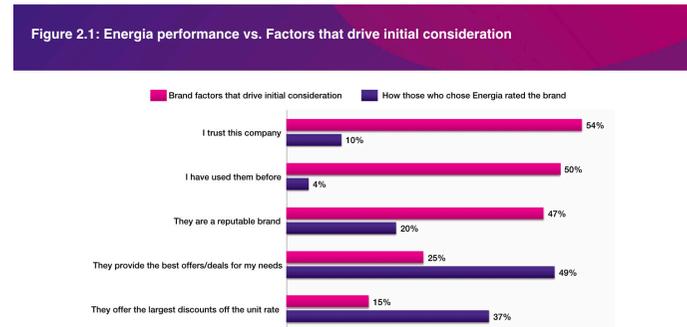


Marketing Objectives

Research was conducted to understand the problem at hand. It indicated that consideration in this market is driven by brand trust. Something Energia didn't have much of when compared to its more established competitors.

Energia had a conundrum. Their success had come from leading with price, but in not communicating messages that drove brand trust, they were narrowing consideration. The role for communications was clear. To drive long-term growth, Energia had to move away from price led communications to value led communications. We had to give customers a reason to consider and trust Energia beyond the hard cold cash they could save.

A Value led approach meant we would be moving from 100% of communications featuring a monetary or percentage saving, to only 25% of communications with this message - a brave and potentially risky change for the brand.



Marketing Objectives

But the benefit to this approach was clear - it meant we could communicate a balanced message of savings and brand benefits. The brand benefits could be used to drive brand trust and tackle the consideration barriers, helping to widen Energia's consideration set to deliver sales. This was the challenge our Autumn 2017 communications campaign was tasked with.

Marketing Objectives:

Knowing the importance of brand trust and consideration in achieving our long-term goal, our marketing objectives were charged with moving these metrics. Growing spontaneous awareness would also indicate whether we were growing share of consumers' mind.

Commercially, the business wanted to grow even more than they had during the same period the previous year - a period in which our communications had been focused entirely on price.

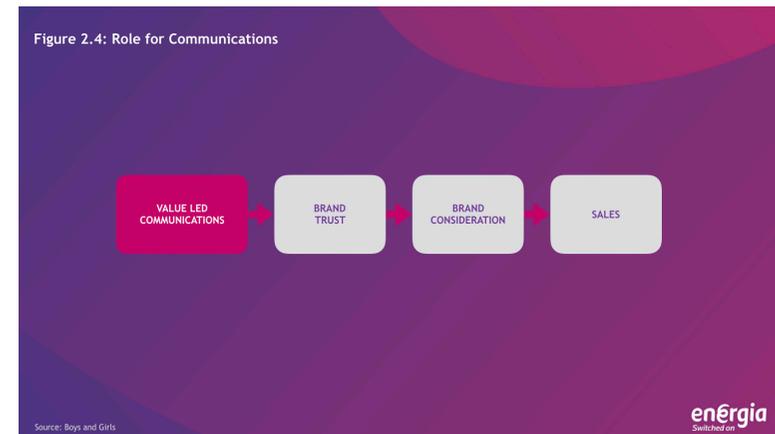


Figure 2.5: Marketing Objectives

| Brand Metric | Pre Campaign % Score | Desired Post Campaign % Score |
|-----------------------------|----------------------|-------------------------------|
| A company I trust | 6.0 | 8.0 |
| Consideration | 42.0 | 46.2 |
| Spontaneous Brand Awareness | 20.0 | 24.0 |

Source: Behaviour and Attitudes Market Research

Marketing Objectives

Commercial Objectives:

Overall, we were set the ambitious target of increasing each of the following important commercial targets by 20% over the course of the campaign versus the previous year:

- **Total sales (across electricity and gas)**
- **Total customer gains (across electricity and gas)**
- **Total electricity gains**
- **Total gas gains**
- **Sales through own channels**

Increased use of price comparison websites by consumers had put growing pressure on Energia to decrease their price in recent years. As such, an important commercial objective of this campaign was to encourage people to switch to Energia directly via our own channels rather than switching through comparison websites. Customers acquired through our own channels were more profitable and less likely to churn, yielding a higher lifetime value for Energia. We were thus tasked with **increasing sales through own channels by 20% for this campaign.**

The Task

These objectives looked straightforward on paper. In reality, we had significant challenges ahead.

We faced substantial pushback from within the business;

BUT we've always led with price and it works?

Imagine you are the head of sales at Energia who has always seen success from advertising that shouts only about price. Imagine the marketing team and advertising agency stating that talking about price alone would not deliver long-term growth, and that what we communicated had to change. Imagine the raised eyebrow. The rest of the business was terrified this new tactic would sabotage sales. Getting them to buy in would be a huge task. There was also nervousness that in moving away from price led communications, we'd lose the awareness the brand had built over time, and that the change would result in reduced sales volumes.

BUT if we're not about price, what are we about?

To add fuel to the flame, even in agreement to move towards a value led message, we had a challenge in deciding what that message would be.

The Task

We knew that our brand benefits would have to move consideration and trust, but didn't know what proof existed to support them. The benefit would have to be compelling in order to convince both the rest of the business and the consumer that Energia were about more than price.

BUT the consumer wants to see the savings?

Energia's price led advertising had been based on the received wisdom that switchers are motivated entirely by a savings figure. Qualitative research supported this - 'I don't care which company I'm with as long as they're the cheapest'. The value led approach would still feature a savings offer but wouldn't give it anywhere near the same amount of prominence it once had. We had to convince the business this was a good move. We also couldn't completely disregard what customers had said in focus groups. Despite knowing brand trust impacted consideration, switchers still wanted to feel like they were getting a good deal. Our challenge was how to weave the two together in our messaging.



The Strategy

We knew we had to get to a value led communications model. Our strategy was the roadmap to getting there.

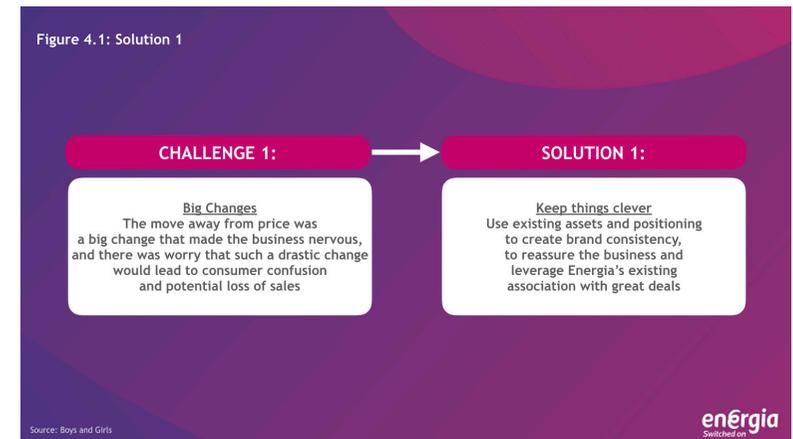
Challenge 1: Big Changes

Our approach was a huge deviation from Energia's norm. In making this fundamental change, we needed to ensure a degree of consistency from previous communications. In 2016, we had created a new strategic positioning for Energia. Because the effect of all energy is the same no matter who provides it, 'the clever customer chooses Energia' to make savings.

We decided to keep this 'clever' positioning and other brand assets where possible. Maintaining some consistency would reassure the business and leverage Energia's existing association with a great deal amongst our switcher audience.

Challenge 2: We needed proof

We had to increase 'Trust' and 'Consideration', but as Chekhov once said, *"Don't tell me the moon is shining; show me the glint of light on broken glass"*.

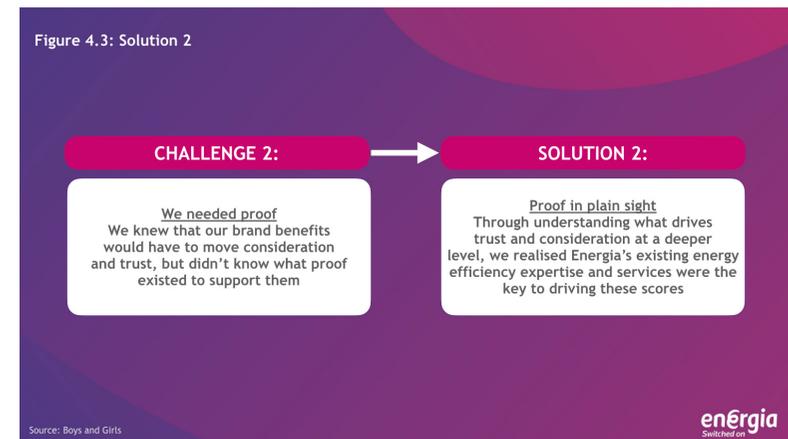
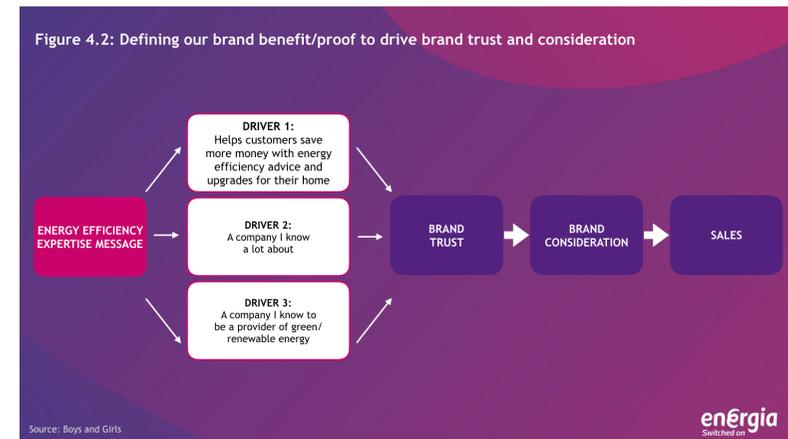


The Strategy

There had to be proof points. We asked the research agency to do further analysis so we could really understand what drives these scores. The following brand imagery statements were deduced to be the biggest drivers of brand trust and consideration:

1. A company that can help customers save more money with energy efficiency advice and upgrades for their home
2. A company I know a lot about
3. A company I know to be a provider of green or renewable energy

Now that we understood the drivers for brand trust and consideration, the proof we needed was in plain sight. An existing, market-strong, offering that had never been communicated above the line, and hit the nail on each of those drivers: Energia's energy efficiency expertise and services.



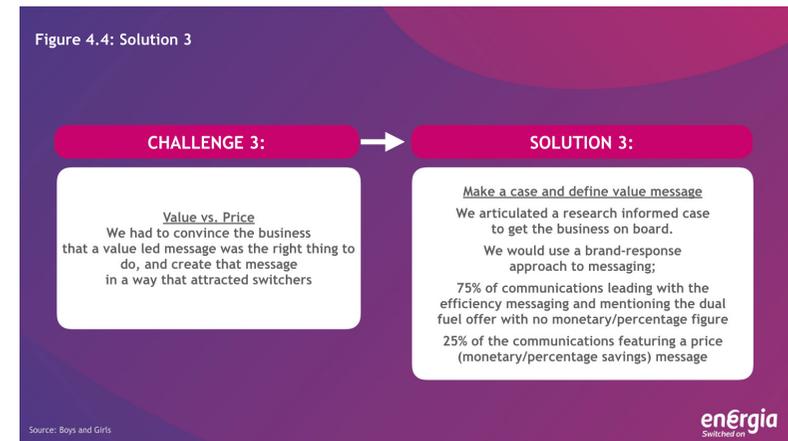
The Strategy

As part of their commitment to reducing energy waste, Energia had established a hassle-free, one-stop-service where customers could get advice from and access to Energia's quality-assured partners to help improve their home's energy efficiency. Home upgrades range from wall insulation, to solar energy panels and smart thermostats. Energia's experts manage all the paperwork and even apply for public grants on customers' behalf.

Challenge 3: Value vs. Price

Using qualitative research alone would have led us to believe that switchers are motivated entirely by price. But the consideration research had shown that what consumers said and how they behaved didn't align. Using this research, we made a case to get the business on board with a value led approach.

We decided to take a brand-response approach to our messaging:

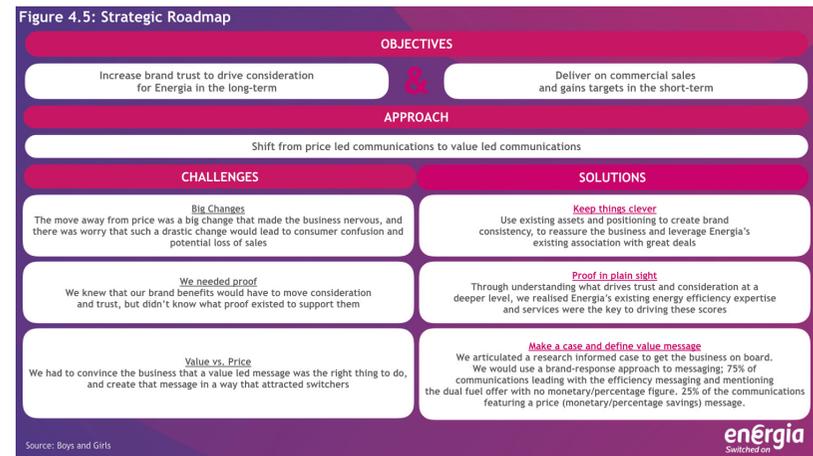


The Strategy

- 75% of our communications would lead with our brand benefit of efficiency expertise supported by a secondary message of Ireland’s cheapest dual fuel* bundle. No monetary or percentage price figure would appear in the advertising - only the word ‘savings’.
- 25% of our communications would communicate the percentage or monetary savings figure associated with the energy efficiency upgrades, and the dual fuel offer.

*Dual fuel is when a customer signs up to both electricity and gas with one provider.

We had our strategic roadmap.



The Idea

The strategy set out to keep some brand consistency with previous communications. We had agreed to keep our 'clever' positioning and other brand assets where possible. The 'clever' positioning had initially been brought to life by a campaign featuring two guinea pig scientists conducting 'cleverness tests' on humans. The 'clever humans' being those who choose to make savings by switching to Energia. It had been an entirely price led communication.



Energia - Cleverness Test - Toaster Cola

<https://vimeo.com/205559386/62e50ca4e1>

The guinea pigs were a hit within the business and with consumers. They had huge brand association and attribution, and thoroughly established the 'clever' positioning. The characters were unlike anything else in the market, giving strong cut-through.

The Idea

Creatively, we decided to keep these characters but evolve their story to meet our new objectives.

The Creative Idea:

Our idea was to take the guinea pig scientists out of their lab, and let them embark on a top-secret research mission in the homes of clever humans.

Disguised as pet guinea pigs, secret agents 'Deirdre and Martin' have infiltrated the humans' home environment and are making some very important discoveries around their subjects' increasing cleverness. From the vantage point of a secret lair in their sitting room hutch, our agents observe the typical Irish household and their behaviours, before reporting back their findings to the guinea pig scientist and laboratory from the first campaign (their lair is equipped with video call technology... obviously). Throughout the executions, the humans prove themselves to be clever by availing of Energia's efficiency upgrades and energy saving measures, as well as our great value dual fuel offer.

This fresh creative evolution of the guinea pig story breathed new life into Energia's established 'clever' platform, while benefiting from its existing brand association. The guinea pigs' further studies on human cleverness gave us the perfect scenario in which to talk about the benefits - beyond price - of being with Energia.

The Idea

The characters had always been distinctive in the market, but this brave 'secret agent' narrative full of comic action took them to new heights (literally - special agent Deirdre ziplines across the living room). Finally, by creating these scenarios in customers' homes, we were able to reinforce the message behind home energy upgrades. The guinea pigs remark how the Energia customers 'save and save again', inferring both the long-term savings of the efficiency upgrades, and the short-term savings of the dual fuel offer, appealing to our consumers desire for savings while also changing their perception of Energia.

The Communication Strategy:

A brand-response approach to the executions was the perfect way to communicate our value led message.

Our lead media of TV focused mostly on Energia's expertise in energy efficiency and the services they provide, while the offer-specific end-frame communicated 'Energia's cheapest dual fuel offer' in its final few seconds, accompanied by our brand jingle that sings 'switch to Energia.ie'. The main TV ad was 90% brand-led, with a 10% tactical message. No monetary or percentage price was communicated, just the term 'savings'.

The Idea

The 40" TV ad was on air for the first few weeks to establish the brand campaign and messaging.

<https://vimeo.com/262951130/391a992e06>

We created 20" and 10" cut downs also following this brand-response balance.

<https://vimeo.com/262950977/ee40634c81>

<https://vimeo.com/262951038/5a10596a39>

20" and 10" TV edits promoting the secondary offer only were created to run in specific direct response slots.

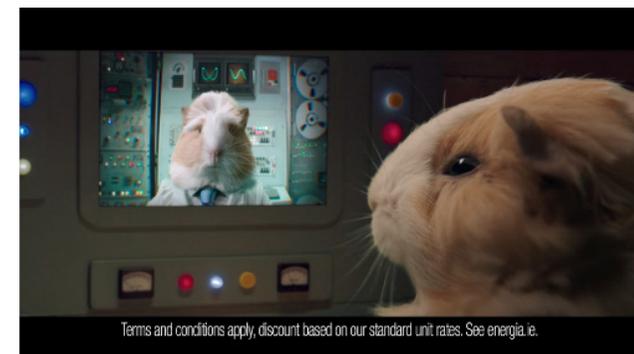
<https://vimeo.com/262951509/05d0b6ebd6>

<https://vimeo.com/262951814/33a16938b8>

The shorter TV ads also ran in video on demand.

We used our secondary media of radio and digital display to communicate the monetary and percentage price savings of the efficiency upgrades and the dual fuel offer.

For radio, we created two ads focusing on energy efficiency upgrades and ways consumers could save money through boiler replacements and attic insulations.



The Idea

We then had two ads that drove our secondary value message promoting the dual fuel offer.

Digital display featured a series of the energy upgrades and their associated savings figures. The digital display used the assets created by our creative team, but were developed by Energia's digital agency.



The Idea

Our out of home ads focused only on the secondary savings message.



The Idea

The brand-response communications strategy allowed us to start conversations about the other benefits of choosing Energia, our energy efficiency expertise and variety of services, while still communicating that we had the cheapest dual fuel bundle. It allowed us to talk about the value of being with Energia beyond price, while also enabling us to be tactical in secondary media.

Media Strategy:

To achieve Energia's targets, we couldn't just throw any old media at the problem. Being outspent by the category meant we had to be nimble and smart when it came to media deployment.

We split our media strategy into 3 distinct pillars each of which had an individual role:

1. **Build trust with the widest possible audience**
2. **Reinforce the brand cues and drive consideration within a very busy sector**
3. **Convert in-market audiences to sale and use audience behaviour to inform on-going media tactics**

The Idea

Role 1: Build trust with the widest possible audience

We had to build a long-term communications platform that grew consideration and brand trust. To deliver on this role we decided to focus on the most trusted media channels - TV and Video on Demand (VOD).

Rather than just buying the biggest and best programmes, our bespoke TV planning tool, CCS, identified which programmes and programme genres viewers trusted more than others. Contrary to popular belief, we found that appearing in programme genres like news and current affairs were not conducive in building trust. Lifestyle programming (home improvement or weight loss shows) and Irish-made drama were more efficient in driving trust. Sport was also important while comedy was not. Rather than targeting based on demographics, we delivered the optimal programming schedule in the **best** rather than **biggest** shows. We also used this approach to buy more effectively on broadcast players and on YouTube.

Role 2: Reinforce the brand cues and drive consideration within a very busy sector

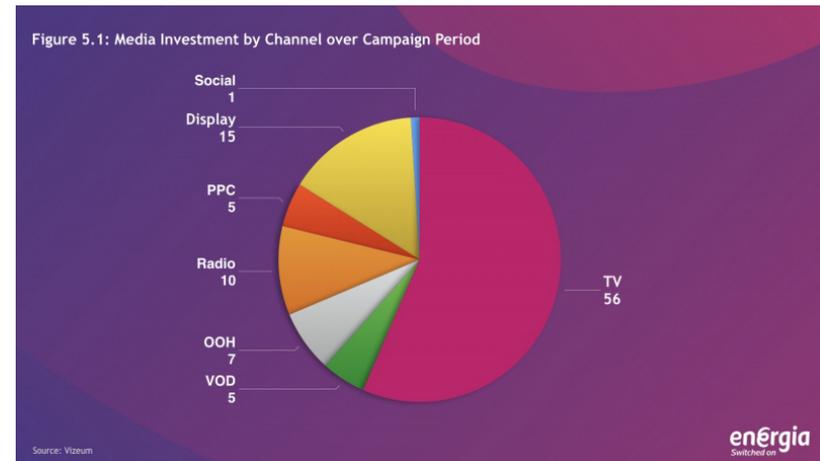
Heavy competitor spending meant we couldn't rely on one medium. We decided to use radio, out-of-home and social advertising to maintain a presence.

The Idea

Leveraging radio's powers of disruption and frequency, our specific radio plan delivered airtime at key points throughout the day, complementing the TV strategy and driving incremental reach. We used the same 'trust' tactic in programme selection to make sure we were in the right shows, and activated with on air competitions and outside broadcasts to increase impact with listeners. Out-of-home consisted of large format impact sites at key urban locations across the country to drive consideration. This created a link in media between commuters in traffic listening to the radio and the messages they were seeing on outdoor sites at the same time.

Role 3: Convert in-market audiences to sale and use audience behaviour to inform ongoing media tactics

Finally, we needed to win the sales battle by driving consumers through the sales funnel to completion and sale. Using Pay Per Click and performance display tactics, we identified in-market audiences via demand signals.



The Idea

Once we gathered the audience data, we grouped it into intent-pools - the higher the intent index the more we spend to convert the audience. A highly efficient technique that means not only do we convert the most likely leads, we also don't waste budget trying to convert consumers who have only shown low intent.

The Results

Awaiting the results of this campaign was like waiting on exam results. You're eager to see how you've done, but equally terrified you might have failed. We were all nervous. This would be the last value led campaign we'd ever make if it hadn't delivered on sales. We were scared it might not.

We need not have worried...

To our group relief and delight, the campaign either met or entirely surpassed the objectives it had been set from both a commercial and marketing perspective. It exceeded all our expectations.

Commercial Results vs. Objectives:

We had been tasked with increasing each of the following commercial metrics by 20% versus the previous year:

1. Total sales (across electricity and gas)

10% of sales could be attributed directly to a separate below the line campaign that overlapped with ours, so discounting for that, sales increased by 58% year on year. 38% above the target set.

The Results

2. Total customer gains (across electricity and gas)

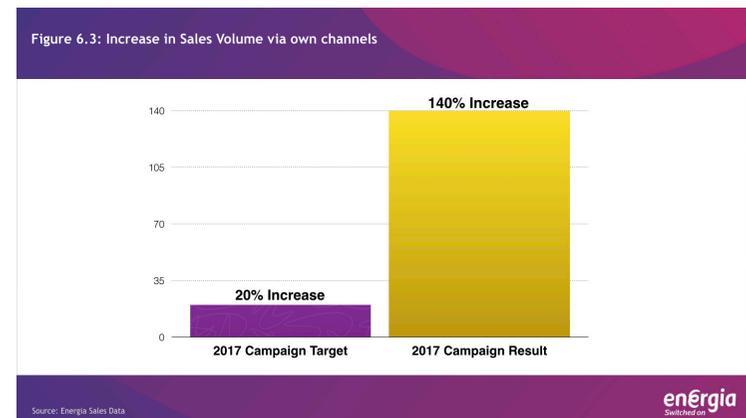
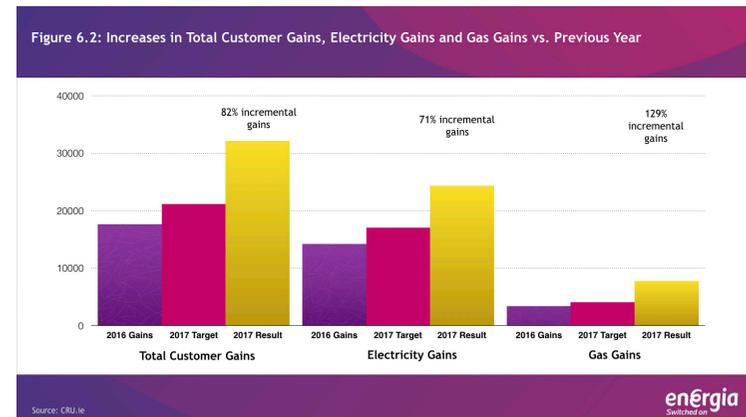
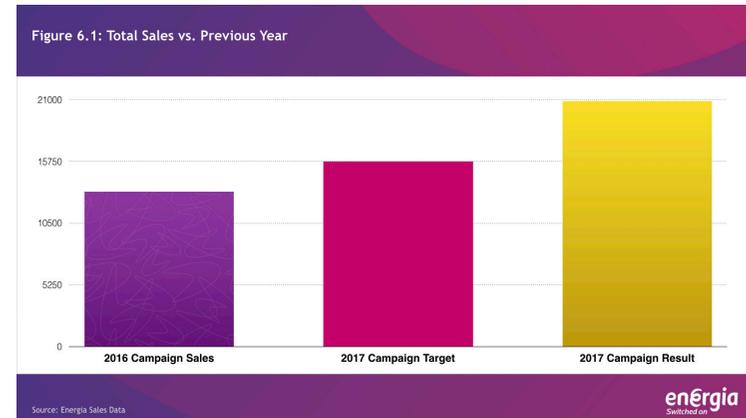
3. Total electricity gains

4. Total gas gains

We had to increase gains across the board by 20% - we smashed each one of these targets (*Figure 6.2*).

5. Sales through own channels

The ambition had been to increase sales coming via Energia's own channels by 20%, reducing acquisition through price comparison switching sites, and thus delivering a better quality and more profitable customer to Energia. We dramatically over achieved on this target. The campaign contributed to increasing sales volume from own channels by 140%, accounting for a 121% increase in lifetime value of customers. A remarkable victory for the business.



The Results

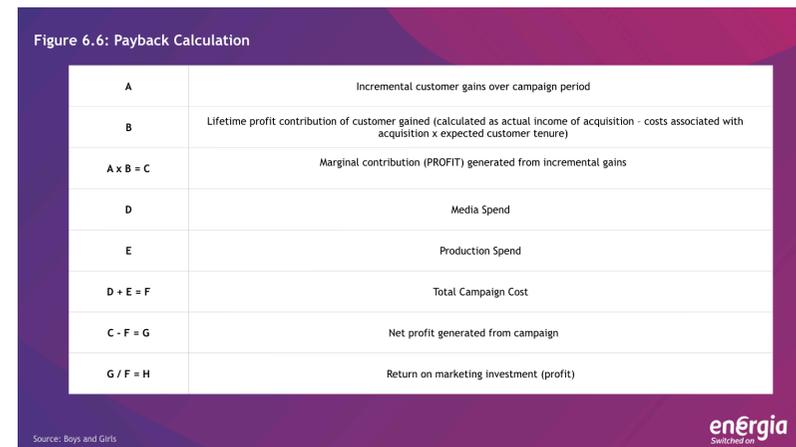
Marketing Results vs. Objectives:

The campaign exceeded all of the brand metric targets it was tasked with. Most impressively, it doubled our trust score - the metric we know to be most important in impacting consideration - while still moving spontaneous brand awareness and consideration far beyond what had been expected.

Payback:

To calculate payback, we will use the number of incremental customers gained during the campaign period versus the campaign period of the previous year, making the following adjustments:

- We will use the previous year's campaign gains as the base value - this is slightly conservative as the comparative period was still a period in which there was heavy advertising. 17,603 customers were gained over the 2016 campaign.



The Results

- If customers switched both their electricity and gas to Energia with the dual fuel offer, they count as two separate gains. We know dual fuel gains to be approximately 30% of total gains, so have adjusted our figures to discount this, as well as the 10% of gains attributed to below the line activity.

Based on the above calculations, for every €1 spent on this campaign, it delivered a return of €2.11.

These calculations have used profit, not revenue, to measure ROI.

If the campaign cost had been placed in a 3 month, lump sum savings account, it would have yielded a 0.10% return. The money was better spent on advertising.

Figure 6.5: Payback Preparatory Calculations

| | |
|--|--------|
| Total customers gained over period | 32,138 |
| Subtracting baseline gains from previous year's campaign (17,603) | 14,535 |
| Accounting for dual fuel customers (subtracting 1/6) | 12,113 |
| Accounting for 10% gains from below the line activity (subtracting 1/10) | 10,902 |
| Total incremental customers gained over period | 10,902 |

Source: Boys and Girls

enErgia
Switched on

Figure 6.6: Payback Calculation

| | |
|-----------|---|
| A | Incremental customer gains over campaign period |
| B | Lifetime profit contribution of customer gained (calculated as actual income of acquisition - costs associated with acquisition x expected customer tenure) |
| A x B = C | Marginal contribution (PROFIT) generated from incremental gains |
| D | Media Spend |
| E | Production Spend |
| D + E = F | Total Campaign Cost |
| C - F = G | Net profit generated from campaign |
| G / F = H | Return on marketing investment (profit) |

Source: Boys and Girls

enErgia
Switched on

Figure 6.7: Return on Marketing Investment (Profit)

€1:€2.11

Source: Boys and Girls

enErgia
Switched on

The Results

Long-term Effect:

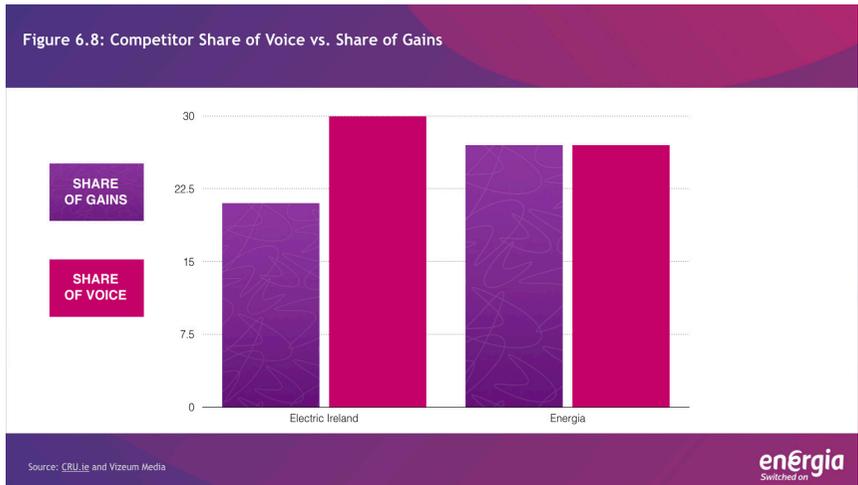
Some time will need to pass before we can assess the long-term effect of the campaign on brand growth, but we're feeling confident. In the short-term, it should continue to positively impact consideration of Energia. In fact, the campaign is currently in a second run, which early scores indicate is proving as successful as its first outing.

Discounting other factors:

If we set out to prove that our campaign had nothing to do with Energia's success during that timeframe, these are the areas we'd look at:

Media Spend: did we buy success?

We did increase our media spend by 23% versus the previous year. But despite this, our ratio of media spend vs. customers gains dropped from €58.61 in 2016, to €39.46 for every customer gained in 2017. This campaign was 33% more efficient than its predecessor.



The Results

We didn't even have the highest share of voice over the campaign period. Electric Ireland spent more but didn't reap the same ratio of gains.

Additional Marketing Activity: what else was happening?

A below the line communication overlapped with this campaign, the impact of which we've already discounted in our results section and in our payback.

Price: cheapest Dual Fuel offer?

- We had the cheapest dual fuel bundle on the market both for this campaign and the previous year, so there was no difference to the consumer in terms of what we were offering, but a massive difference in results.
- Unfortunately market data does not track dual fuel customer gains separately, but we know they account for about 30% of gains and have discounted accordingly in our results and payback.



The Results

- We saw a 140% increase in sales through our own channels, meaning that we had given customers a reason to come directly to us, and bypass the price comparison sites.
- Finally, there were less savings to be made by switching to Energia during this campaign than the previous year. You'd expect less savings to mean decreased market share, but we saw the opposite over the campaign.

The Impact

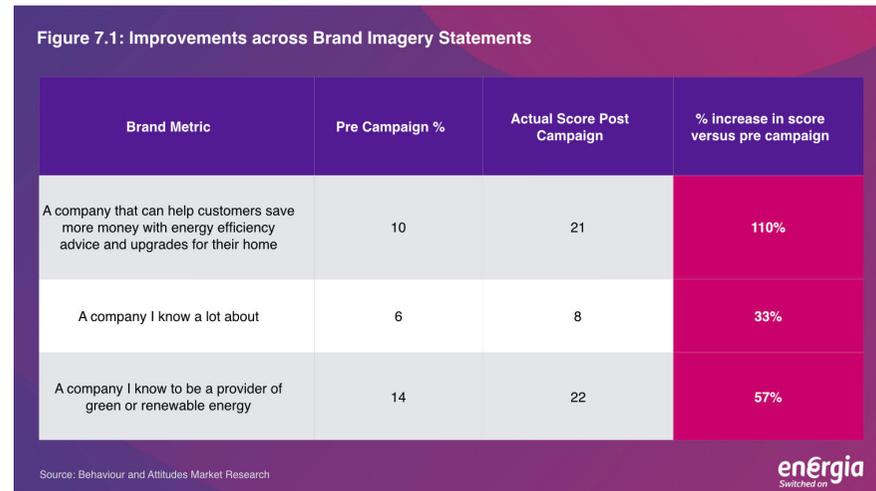
This campaign overcame and shifted behaviours and attitudes in ways previously unprecedented for Energia.

Consumer perception had shifted:

We had asked the research agency to do some further digging into what brand imagery statements were the biggest drivers of trust and consideration, in order to fully understand how to move these scores. These imagery statements turned out to be crucial in identifying the brand benefit to communicate - our energy efficiency message. Although improving these secondary drivers was not part of our initial marketing objectives, we were delighted to see the impact the campaign had on them, and as a result, on how consumers felt about the Energia brand.

More consumers stayed with Energia:

We saw our customer churn rate go down over the months of the campaign. Without being able to definitively link this result to the campaign (our focus wasn't retention), we wonder whether we'd inadvertently told existing customers a story about Energia they hadn't heard before.



The Impact

And whether knowing Energia to be an expert in energy efficiency convinced them to stick around. An idea worth pondering would be communicating this message specifically to our existing customer base, and see if that churn rate would come down further.

More consumers were bypassing price comparison sites:

The number of customers who signed up with Energia directly dramatically increased (140%) as a result of the campaign. This change of behavior was incredibly profitable for Energia, increasing customer lifetime value by 121%.

The Business saw Marketing in a new light

An entirely unexpected result of this campaign was how it became a turning point for the Energia business and the role marketing plays. Despite initially causing huge anxiety across the rest of the business, the new value led approach has proved its worth in spades. The commercial results of this campaign have not gone unnoticed. It has led to greater consideration at board level for the importance of brand messages that communicate trust, and their role in delivering financial success. It has created an understanding that if we build our brand to be strong over time, our brand value will mean that heavy discounting to get attention won't be as necessary to the business in the future as it is today. Changing the boardroom view of the marketing team and the work they do means opening up more marketing opportunities in the future. This was a long-term effect that put a smile on our faces.

New Learnings

These learnings might not be revolutionary, but they were integral in driving the success of this campaign, and are worth remembering:

1. What consumers say and what they do can be very different things. Having a thorough understanding of both consumer's spoken attitudes and their actual behaviours is crucial in creating a communications strategy that changes perception and motivates action.
2. Articulating a knowledgeable, research-informed case in a way that the boardroom can relate to is the best approach to tackling organizational doubts. And as in our case, can be the catalyst for improved perception of the importance of marketing.

Summary

This is the story of how Energia bravely abandoned its successful price led communications model in order to drive long-term growth, while still delivering on short-term success.

As a new market entrant, Energia had relied on price led communications to acquire customers. Although this worked for market launch, it was an unsustainable approach, exacerbated by research showing low consideration due to a lack of brand trust.

To achieve long-term growth, Energia moved away from a price led strategy (communicating only price) to a value led strategy (communicating both value and brand benefits), successfully tackling consideration barriers, driving brand trust and widening their consideration funnel to impact sales directly.