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Crowded energy market**Awareness at a low level**

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Case Study

Layered media test drives sales for The Co-operative Energy

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Abstract

The Co-operative Energy worked with The Blueberry Wave to use data-driven targeting and layered media testing to cut through market noise and drive sales. This case study examines how the campaign enabled the business to raise awareness and stimulate new sales among the noise of the 'Big Six' established utility companies.

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The problem

The Co-operative Energy was a new business with big ambitions and customer-centric offers in an extremely competitive market, where the 'Big Six' leading energy providers were able to dominate consumer awareness through their substantial marketing budgets. According to Nielsen, in 2013 British Gas alone spent £60.1 m — the client's budget for the campaign covered here was less than 1 per cent of this sum.

The Co-operative Energy is part of The Midcounties Co-operative Society, the second largest in the United Kingdom. With existing business interests across seven areas, the new energy company was established in 2013 to service member demand.

As a new business, there was no previous marketing activity to learn from, apart from limited communication to The Midcounties Co-operative members about the new proposition. The launch also happened at a difficult time for the broader co-operative movement, with extensive media coverage of scandals relating to The Co-operative Bank. Research by YouGov revealed that, despite an expectation among senior management that awareness would be high, the energy proposition actually had a very low level of awareness. Budgetary resources were also limited and a short timeframe was imposed to drive improvements.

The challenge

The Blueberry Wave was tasked with driving awareness across five UK regions, recruiting cost-effective, good-quality customers, and gaining learnings on appropriate media that would work in those regions to stimulate an uplift in year-on-year sales.

**Cost-effective
media plan**

The challenge required a two-pronged approach: to find more customers like the existing profitable base and to raise awareness using layered media, with cost and profit at the forefront. The agency delivered a solution that not only raised awareness of the brand's products, but achieved cut-through in a crowded marketplace. It also allowed The Co-operative Energy to decipher which channels to invest in for cost-effective future campaigns.

**Profiling best
customers**

The approach

To meet this complex challenge, The Blueberry Wave undertook a pragmatic approach: in order to acquire more profitable customers, it needed to understand what Co-operative Energy's existing profitable customers looked like. The existing database was profiled using Mosaic, the profiling and segmentation tool already used by The Midcounties Co-operative across its seven businesses. The existing customer database consisted of multiple data feeds, including switchers/non-switchers, and direct debit and quarterly customers, as well as lapsed and dormant.

Ranking by propensity

This data was profiled and tagged with lifestyle data to enrich the understanding of purchase triggers for the Co-operative Energy's existing buyers. The Blueberry Wave then modelled and ranked the data in order of likelihood of becoming profitable long-term customers, while more detailed attributes, such as demographics, geography, affluence and lifestyle, were used to select media for the awareness campaign. A ranking of profiles for the whole of the United Kingdom was created and the best target areas selected from both within the footprint of The Midcounties Co-operative (based on the Central region as defined by media companies) and outside of this region. These over-indexing areas were selected for targeting by door drop, email/direct mail and cold call purchase, together with radio station ads and newspaper inserts and ads.

Layered media

These media campaigns were supported with Ad Van leaflet distribution to reach core audiences at key commuter times of day across the working week, supported by radio, outdoor and online. This built a cross-media frequency model that was used to track response. Flyers (handed out at key commuter stations), regional press and inserts in core national press titles across key weekends added a brand wrapper to all activity, while geo-targeting of digital activity supported the online marketing activity.

Simple, fair pricing

A simple, clear creative proposition was used across all elements of the campaign, emphasizing fair energy pricing and a price fix until March 2017. This used the strapline 'Always fair energy prices so you need never switch again', as well as the Co-operative's ongoing tag line, 'There for you for life'. Tight brand guidelines had to be respected and the creative needed to be capable of use across all media types with minimal reworking costs. With a total marketing budget in the low six figures, 83 per cent was accounted for by media costs, leaving little margin for agency and production fees.

**Three media
combinations**

The media test

The campaign needed to measure the success of each media channel alone, as well as when layered with other channels. To achieve this, three tests

were set up that used different media combinations based on line-by-line media buying to create a template for roll-out in 2014.

Local plus local

The first test looked at the impact of alternative local below-the-line (BTL) media concentrated around the cities of Oxford and Southampton, combined with the same local awareness channels.

Local plus local and regional

The second element, focused on Chelmsford and the Midlands, tested the impact of the same local BTL approaches, while comparing the impact of local and regional awareness campaigns combined.

Local plus regional

The final element tested the impact of local BTL and awareness in combination with the regional awareness campaign.

Understanding cross-media influence

Overall, 17 different media types were used in the campaign and compared against a carefully set up control cell. The multi-media activity focus was on optimizing awareness in a highly competitive market using targeted local radio advertising, digital posters and hand-outs at commuter stations. The call to action carried a URL, call centre phone number and email address, although switching energy provider ultimately requires the individual to make a phone call. By layering direct communications with awareness-driven media activities, The Blueberry Wave was able to test different versions of the campaign geographically to understand the influence they had on each other, while tightly targeting geographical regions allowed wastage to be minimized.

The results

Awareness uplift

A national online survey was carried out pre- and post-campaign to measure awareness levels in targeted regions and throughout the United Kingdom. The regions where marketing activity took place showed a 20 per cent uplift in prompted awareness, compared to an 11 per cent drop across the rest of the country over the same time period, reflecting the impact direct marketing had on geographical awareness. This happened during the peak time for energy company advertising when big-spending rivals were also highly active in the marketplace.

Sales uplift

Results reflected an immediate gain for Co-operative Energy — incremental sales increased significantly and overall cost per response was within budget. Email and phone cold lists proved to be the most cost-effective direct marketing method. Direct mail and phone cold lists together were the most expensive; however, they were equally as effective in terms of the response rate as when direct mail only was used. Door drops proved to be equally as effective as personalized direct mail approaches, delivering the same response rate, but with a CPR for regions that used door drop instead of direct mail amounting to one-third of the cost compared to the region that used direct mail.

Proof that layering works

The overarching conclusion from this campaign was that a strategic, layered media approach, mixing cost-effective, BTL channels with above-the-line media frequency, can increase brand awareness and profitable customer acquisition, but only when overlaid with the base knowledge of the fundamental target customer the company is trying to recruit.