

**Press Release: For release on 20 May 2010**

## **World Record Customer Wins for Irish Energy Company**

- Customers switch in huge numbers, a wake up call for inactive energy markets

Research by the Helsinki based VaasaETT Global Energy Think Tank indicates that between February 2009 and 2010, Bord Gáis Energy, the Irish Utility Company, won nearly 21% of the occupied residential electricity market in the Republic of Ireland. According to VaasaETT, the world's leading source of global comparative customer switching trend data for the electricity industry, the Bord Gáis Energy campaign has been by far the world's most successful marketing campaign ever for an electricity retailer, if measured in terms of the percentage of residential customers in the market who were won over a 12 month period.

According to Dr Philip Lewis, CEO of VaasaETT, this is additional proof that there is no such thing as a safe customer for incumbent energy companies. "Markets that are uncompetitive now, can become active very quickly if the conditions are right. In the coming few years we will see the same happening in other markets around Europe and elsewhere". "Once truly active, such markets furthermore tend to remain active", says Dr Lewis.

"The main reasons for this extraordinary level of customer switching have been price margins, the economic downturn in Ireland and outstanding marketing. Price margins were achieved through a combination of regulatory price controls placed on the incumbent, as well as clever energy purchasing strategies by Bord Gáis Energy", says Dr Lewis.

Dr Lewis points out that one should not underplay the significance of marketing in all of this. "Energy companies typically fail to achieve sufficiently simple, clear and appealing campaigns. Energy may seem like a simple product to sell but few companies have ever managed to win many customers in this market", says Lewis.

Only five national markets have ever managed a (calendar) yearly level of switching above 20% (the Australian markets of Victoria, Queensland and South Australia, plus Great Britain and New Zealand). Prior to 2009, the highest national switch rate ever recorded for a 12 month period was 28.33% in Victoria, Australia, between the 4th Quarter 2006 and 3<sup>rd</sup> Quarter 2007, and that switch level was shared between competitors in the market. "Within this context the 21% gained by Bord Gáis Energy alone is quite spectacular", claims Dr Lewis. "No company has ever gained such a large proportion of the market in such a short time".

Bord Gáis Energy are not the only energy company in Ireland that has won customers from the incumbent, Airtricity has also won significant numbers of residential customers, and new entrants into the market are now a possibility since the market has shifted from near inactivity just over a year ago, to being one of the most active electricity markets in the world. "It remains to be seen however, if there is yet enough long-term momentum in the market to sustain this level of activity" says Dr Lewis.

Nicky Doran, Head of Marketing at Bord Gáis Energy stated that the success of the campaign was down to a number of factors, “the right price point, the simplicity of the message and great creative were all major factors in the success of the campaign” according to Mr Doran. “The web has proved to play a huge part in the success of the campaign with as many as 30% of customers switching on our micro site [thebigswitch.ie](http://thebigswitch.ie)”. “Of course none of this would have been possible without great vision and leadership from Bord Gáis’ CEO John Mullins and Bord Gáis Energy’s Managing Director David Bunworth”.

According to Dr Lewis “VaasaETT will be publishing its free 2010 World Energy Retail Market Rankings report in May, and it will be interesting indeed to see where Ireland is placed. It is possible that Great Britain may be knocked off the top spot in Europe for the first time since records began”

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#### **About the VaasaETT Utility Customer Switching Research Project**

The Utility Customer Switching research project, founded jointly in 2004 by Dr Philip E. Lewis and Paul Grey, monitors switch rates and trends in all fully liberalised energy retail markets worldwide.

It was the first and remains to this day the only global view of utility customer switching activity, as well as being the most comprehensive and uniform source of comparable switching statistics in the electricity and gas markets worldwide. More Information at: [www.utility-customer-switching.com](http://www.utility-customer-switching.com)

#### **About VaasaETT and The VaasaETT Global Energy Think Tank**

The VaasaETT Global Energy Think-Tank is a unique collaborative concept based on a philosophy of mutuality. Through its network of thousands of senior executives, officials, researchers and other experts who are for the most part known and trusted personally, the Think-Tank provides value-to-all by combining an interactive community and collaborative projects.

The Think-Tank focuses broadly on practical strategic business and market issues, as well as envisioning state of the art innovations and developments.

VaasaETT has already established a world-leading reputation in certain fields, including Customer Psychology & Behaviour, Utilities Marketing, Smart Metering, and Demand Response (including Energy Efficiency, Demand Side Management, Eco Home and related issues).

**More information** at: [www.vaasaett.com](http://www.vaasaett.com)