

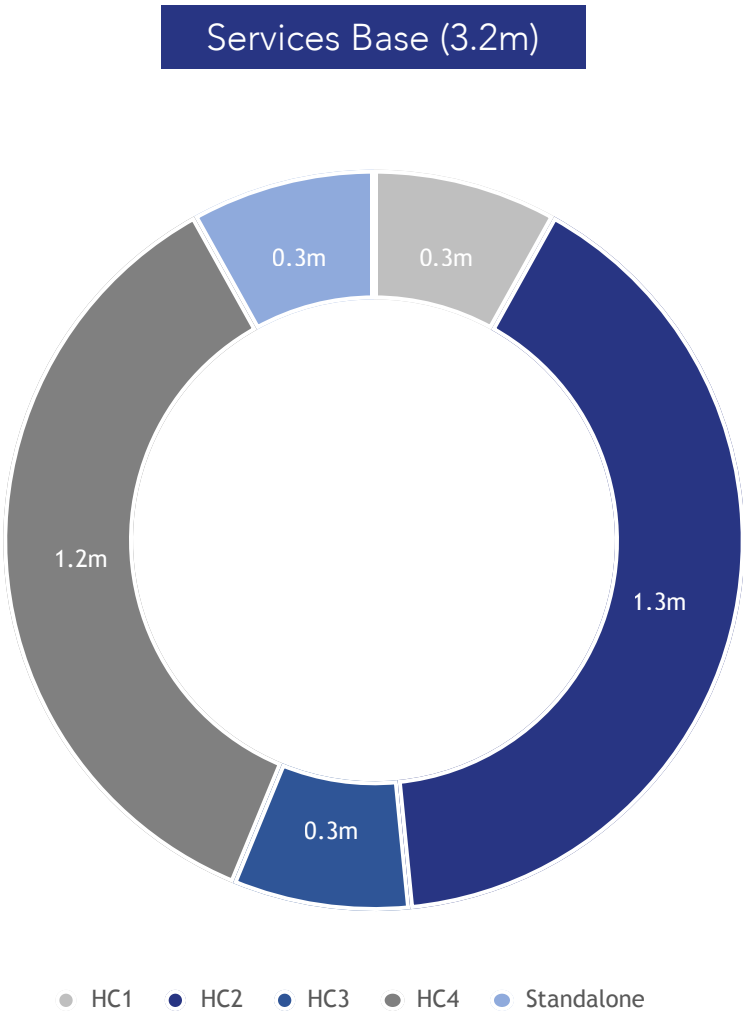
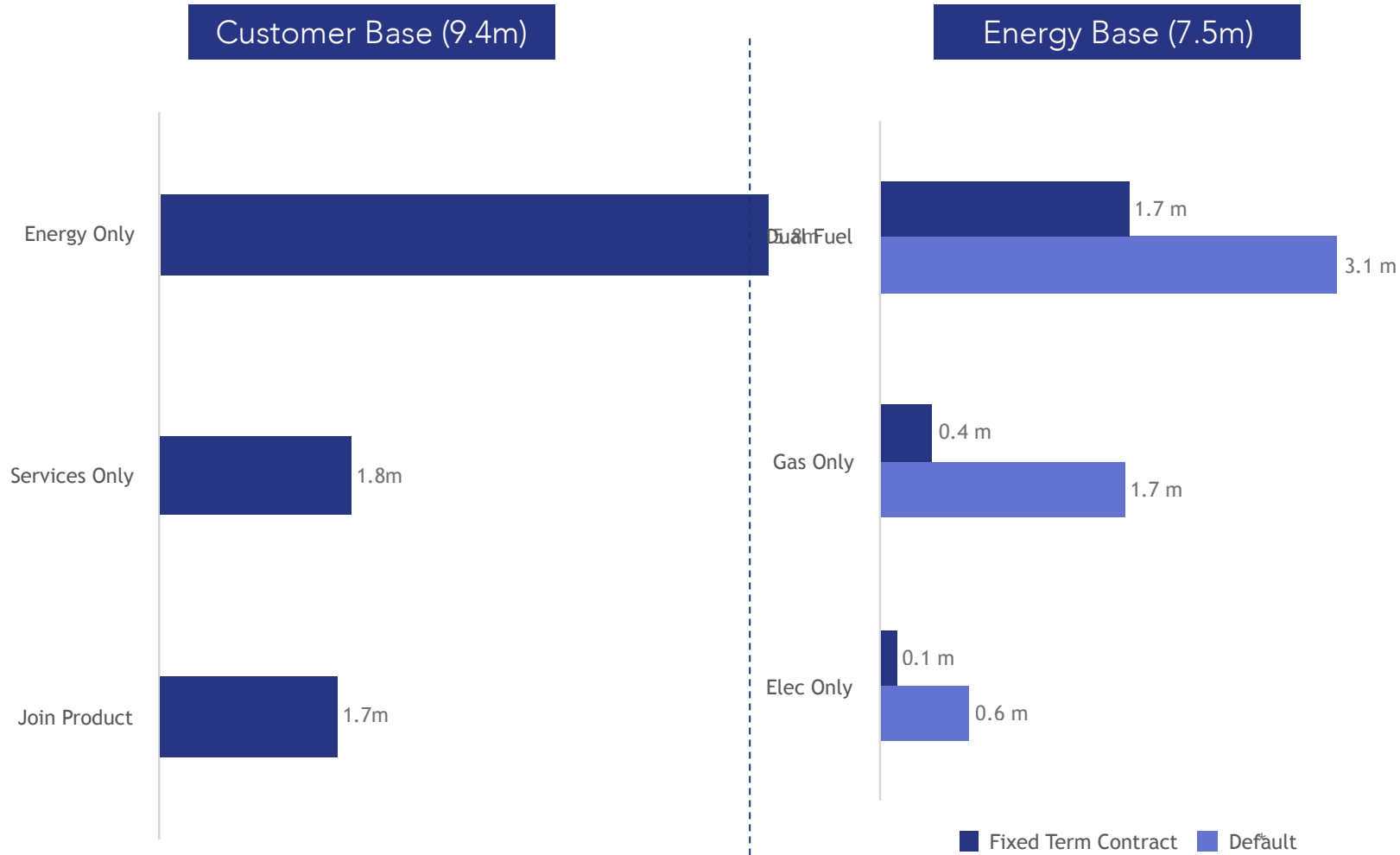


Customer Fact Pack

February 2019

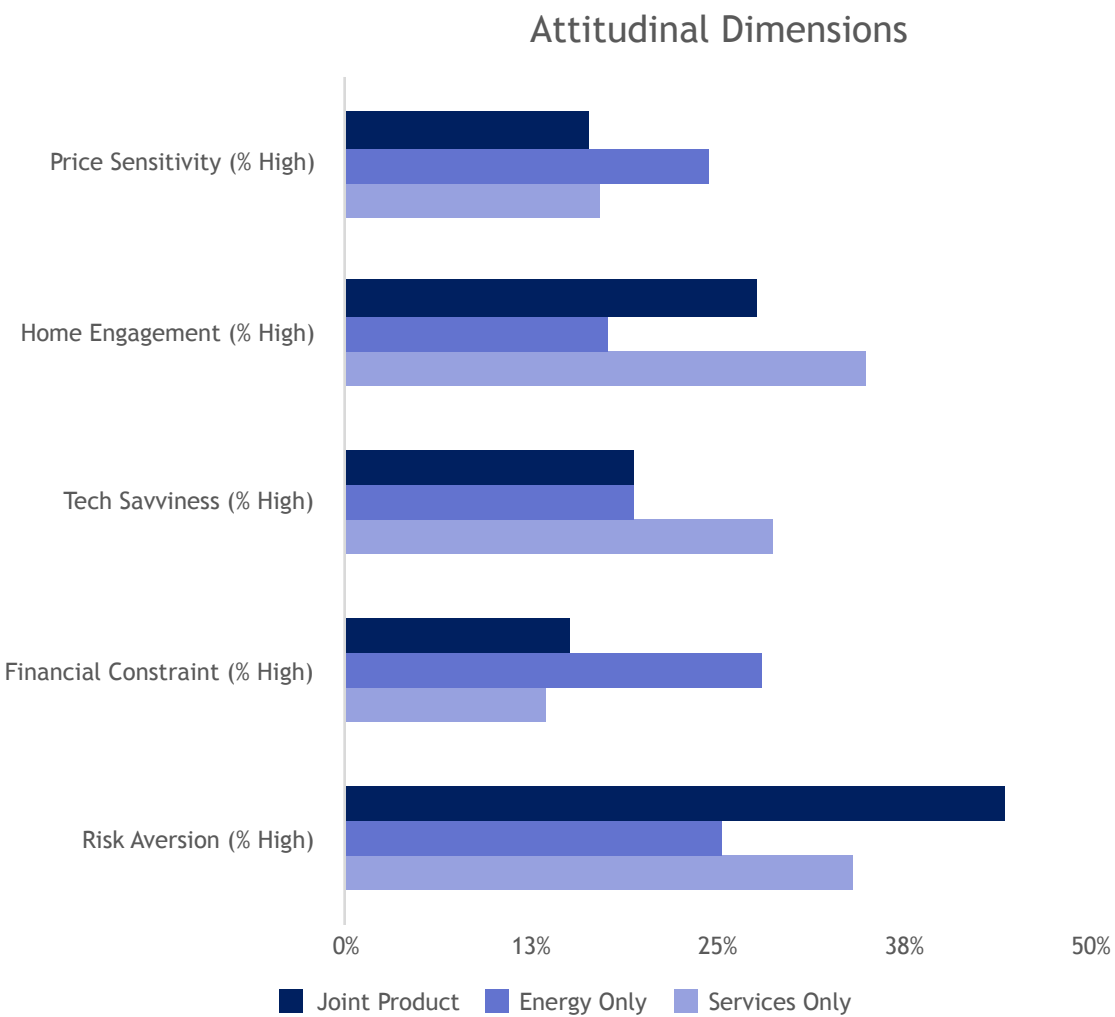
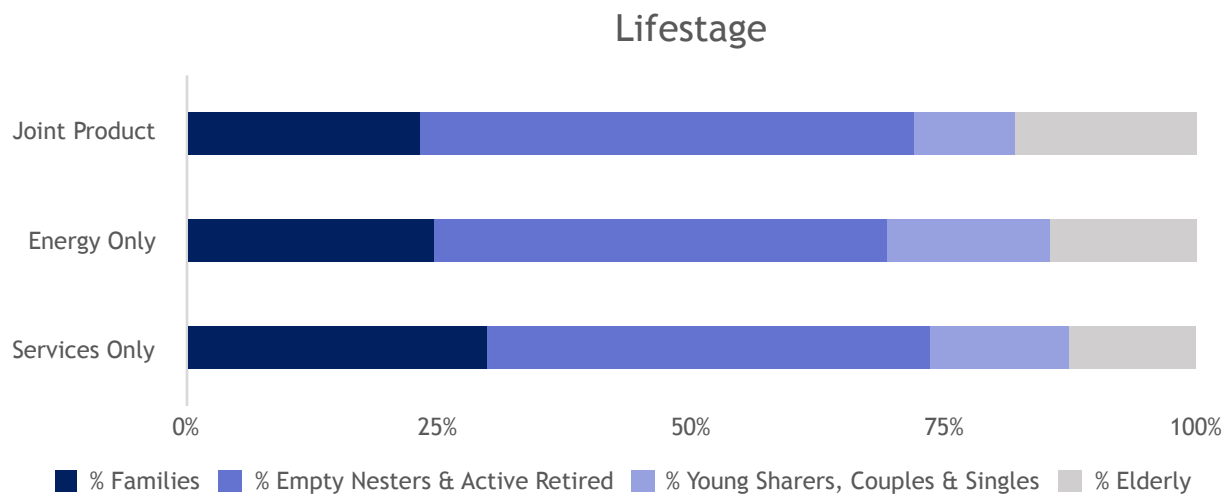
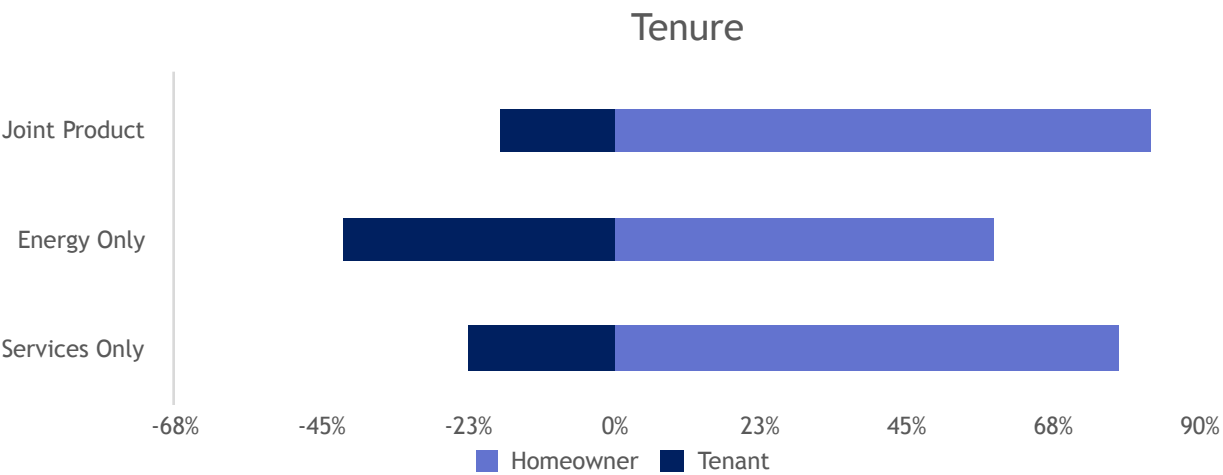


Our British Gas customer base is currently 9.4m (Jan 2019)

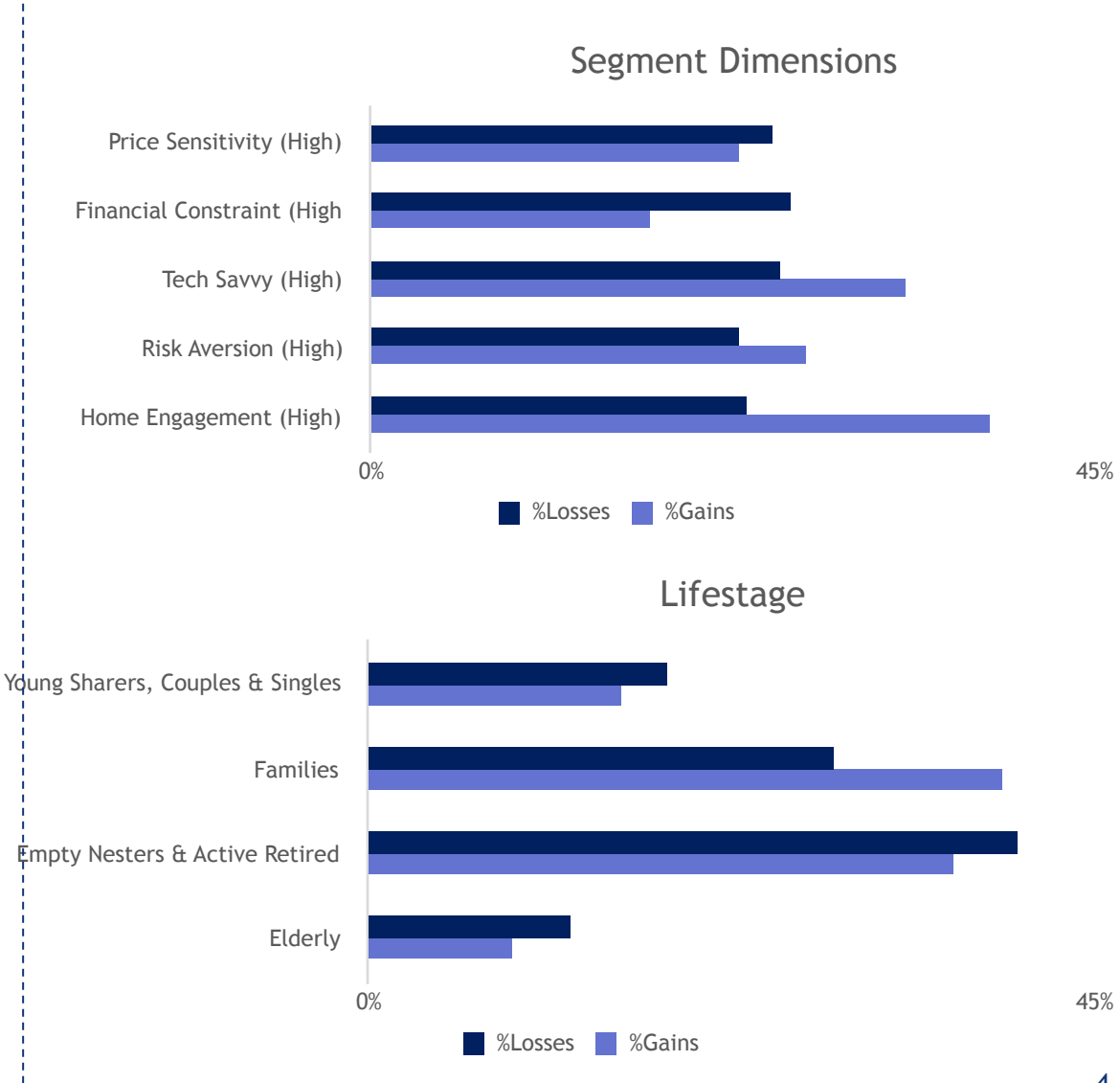
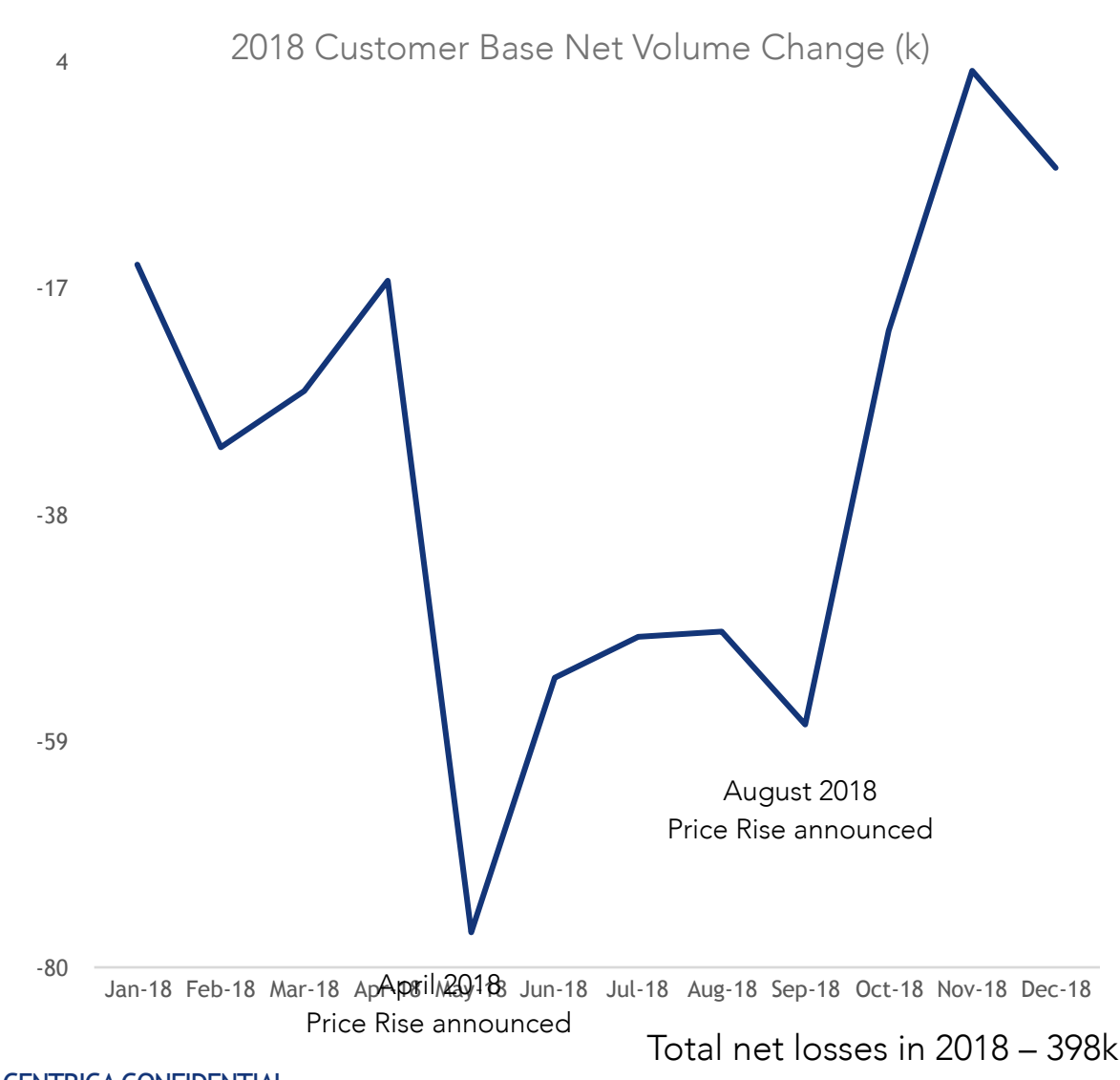


*Default tariffs include SVT, Temporary and Safeguard
CENTRICA CONFIDENTIAL

Homeowners and ‘Empty Nesters & Active Retired’ make up a significant proportion of our customer base



Customer losses slowed in Q4 of 2018, with the base growing in November



The size of our negative value segment continues to shrink, whilst we are retaining high our value customers

Our Customer value segment mix in 2018

Value Seg.	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
High	710k	697k	682k	682k	684k	714k	707k	695k	674k	656k	655k	673k
	7.30%	7.20%	7.00%	7.00%	7.10%	7.50%	7.40%	7.40%	7.20%	7.00%	7.00%	7.20%
Med	3,397k	3,372k	3,356k	3,360k	3,346k	3,352k	3,338k	3,323k	3,275k	3,240k	3,233k	3,254k
	34.80%	34.70%	34.60%	34.60%	34.70%	35.00%	35.10%	35.20%	34.90%	34.70%	34.60%	35.00%
Low	4,251k	4,280k	4,317k	4,332k	4,319k	4,287k	4,291k	4,293k	4,317k	4,355k	4,372k	4,324k
	43.60%	44.00%	44.50%	44.70%	44.90%	44.80%	45.10%	45.50%	46.00%	46.60%	46.80%	46.50%
Neg	1,398k	1,378k	1,354k	1,324k	1,280k	1,215k	1,186k	1,131k	1,112k	1,092k	1,072k	1,057k
	14.30%	14.20%	13.90%	13.60%	13.30%	12.70%	12.50%	12.00%	11.90%	11.70%	11.50%	11.40%
Total	9,777k	9,728k	9,709k	9,698k	9,629k	9,568k	9,521k	9,442k	9,379k	9,345k	9,332k	9,308k

Customer value segment movement 2018

Dec-18

Dec-17		High	Med	Low	Neg	LTB
	High	68.6%	22.7%	3.8%	0.3%	4.6%
	Med	4.1%	71.7%	13.7%	0.4%	10.0%
	Low	0.5%	10.6%	72.7%	1.7%	14.6%
	Neg	0.6%	4.7%	15.3%	65.8%	13.6%
	NTB	1.1%	17.8%	74.5%	6.5%	0.0%

Our Value Segmentation groups Customers according to their Customer Lifetime Value, and this is primarily derived from each customer’s:














- Product Holding
- Energy Consumption
- Margin

Purpose of Value Segmentation

- Retention and cross sell targeting
- Rewards bank
- Tracking value growth
- Customer value strategy

Attitudinal Segmentation

We have split the UK population into 8 segments based upon customer attitudes. This provides a deep understanding of consumers and their needs. We use this for market sizing, to inform proposition development and to ensure that we are talking to consumers in a way that resonates with them.

					
Segment	Home Engagement	Financial Constraint	Risk Aversion	Tech Savviness	Price Sensitivity
 CAUTIOUS CONVENTIONALISTS	High	Low	High	Low	Low
 RATIONAL RELAXERS	Low	Mid	Mid	Mid	Low
 SECURITY SEEKERS	High	Mid	High	High	High
 CONNECTED CONTROLLERS	Low	Mid	High	High	High
 HOPEFUL HOMELOVERS	High	Low	Low	Mid	Mid
 COMFORTABLY CAREFUL	Mid	Low	Low	High	High
 PASSIVE PRAGMATISTS	Mid	Low	Low	Low	Low
 SAVVY SURVIVORS	Mid	High	Mid	Mid	Mid

Appendix



CAUTIOUS CONVENTIONALISTS

This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Darren



My world

Darren lives in Birmingham with his partner, and has just retired. His two kids are out of the home and married, but live nearby with their children. Life is busy, but planned and he has a regular routine. He is always running the grandkids around and is a big supporter of his grandson's football team.

For Darren, home is a sanctuary and he is proud of his home. He researches the suppliers he uses in some detail to ensure they'll do the best job possible for him and his home.

He watches a lot of TV, but mainly sticks to BBC. He likes to read through the Daily Mail when he gets a chance, and listens to the radio at around 10am on weekends, picking up when he hears the news.

36%

BG Energy penetration

33%

BG Services penetration

2.7m

Homeowners (UK pop)

0.3m

Tenants (UK pop)



Low Tech Savviness

For Darren, tech is part of life, but not something exciting. He banks online and has Amazon & eBay accounts, but is careful about online transactions. He likes speaking to suppliers on the phone to get things done quicker.



Low Financial Constraint

Darren doesn't need to worry about money, but admits he can be "tight with money". He is currently being a bit more careful as he is saving to build an extension on the house to see them through their retirement.



Price Sensitivity

Darren's a great example of someone whose attitude to price sensitivity is more defined by his life situation than by his segment. Because he's saving for home improvements at the moment, Darren won't say 'no' to a bargain if he spots one!



Somewhere cosy & happy

I feel quite secure with the online services I use regularly. But I'm a little bit cautious when opening accounts online as you hear some stories of them taking money.

I worked hard and so did my missus; I must admit we never struggle with money. We save on a monthly basis; we are saving for our extension at the moment. But we do still like to get a good deal.



RATIONAL RELAXERS

This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Stephen



My world

Stephen is a single working man, he's passionate about his career, he has had some success carving out his area of expertise . He enjoys a busy social life and enjoys what the city has to offer.

Friends and social life are his focus alongside furthering his career - he's confident and feels assured about the future. He's pragmatic and practical but his ambitions are indulgent and sometimes frivolous.

He spends a lot of time out and about, away from the house, so sees a lot of posters and outdoors advertising. He loves sports, and reads about this in quality newspapers. He's particularly likely to notice sports sponsorships. To relax, he goes to the cinema quite often, as he thinks of himself as a bit of a film buff.

33%

BG Energy penetration

15%

BG Services penetration

2.6m

Homeowners (UK pop)

1.4m

Tenants (UK pop)



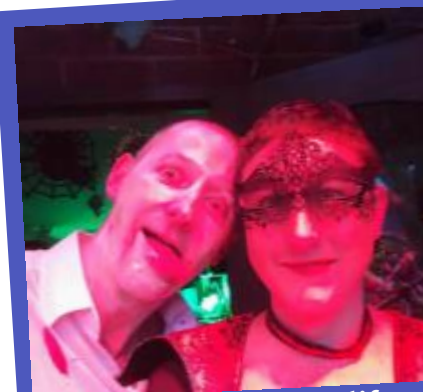
Low Price Sensitivity

Stephen feels quality/service is the most important factor, not cost. Generally he's pleased with the brands he currently uses. As long as his relationship with providers is quiet, he's probably not going to be proactive enough to switch



Low Home Engagement

Where Stephen has made improvements in the home he feels proud, and enjoys making his home a 'better place'. However, at the end of the day he still views his home as rather functional



Friends and social life are priorities



Work life is a big part of who he is

5 year plan, try and be a bit more organised make a bit more money but enjoy life a bit more. Aiming for better life, saving up for a holiday

Very laid back when it comes to cost but I prefer a set price that way I know where I am in relation to the cost



This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Julie



53 years, Family, Manchester

My world

Julie is a single mum to her 13 year old daughter. She also works part time as she's the co-owner of a beauty therapy suite. The business is thriving, so she's not doing badly financially.

She finds it hard to juggle everything, but likes routine and structuring her days to help things run smoothly. Her daughter Holly is her number one priority. Everything she does centres around making sure she's safe and happy - Julie prefers to drive her to and from all her after school activities to ensure she's always safe and on time.

She enjoys trip to the cinema, sometimes with her daughter and sometimes alone. She listens to the radio on her commute, in her car, and also likes mid-market papers. She enjoys TV, but has to use catch up services to fit it around her schedule.



High Risk Aversion

Julie is wary of some larger service providers. She'd rather use trusted suppliers when possible. She pays her bills via credit card if she can, preferring to have control over when the money comes out of her account.



High Home Engagement

Julie sees her home as a reflection of her personal taste and style. She decorated a lot of her home herself and has used the majority of her savings on it over the years.



High Price Sensitivity

Despite Security Seeker's Low to Mid Financial constraint, Julie seeks good value where she can. As a single mum, she's always looking for the best for her daughter and it's important to her to make her money go as far as it can.



Daughter is number one focus

30%
BG Energy penetration

18%
BG Services penetration

2.2m
Homeowners (UK pop)

0.9m
Tenants (UK pop)

My time all goes on taking Holly to school, activities outside of school, working part time and cooking. My money goes on all of the above, plus the general running of the home, mortgage and bills.

My home is my favourite place and where I spend most of my time with my daughter, which is precious - she is growing up fast



This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Sadie



My world

Sadie lives her fiancé and 12 week old baby in the outskirts of Manchester. Since becoming a mum for the first time, her priorities have switched from working long hours to her daughter. She also enjoys spending time with her mum, swimming and going to the cinema.

She feels that technology has really improved her life - for example, she's able to Skype her sister in New York and update her with videos and photos of the baby.

Her phone isn't just useful though - it also allows her to access entertainment, whether that's games like Candy Crush, or catching up on Love Island and TV VOD services. She pays quite a lot of attention to posters while she's out and about, and uses her mobile to capture information she thinks is relevant.

36%

BG Energy penetration

15%

BG Services penetration

2.0m

Homeowners (UK pop)

1.5m

Tenants (UK pop)



High Tech Savviness

Sadie and her fiancé are both very tech adept - she admits that she's got 'an app for everything' on her smartphone. Her fiancé also installed their Tado smart meter himself.

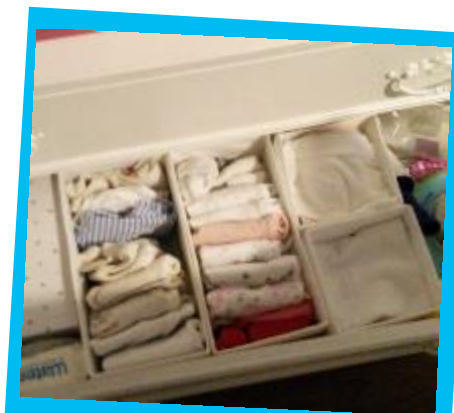


High Risk Aversion

The couple planned ahead when they knew they were expecting a family and were more strict with their budget, taking fewer holidays. When it comes to the home, Sadie has a network of trusted suppliers that she uses for repairs etc.

High Price Sensitivity

Cost is just another area which Sadie likes to have control over. She seeks out the best deals in-store and especially online. It's not the cheapest she's after, as that's too risky, instead she goes for what she knows at the best price!



Organised in every area of life

Since having Sophia, she's become my main focus - it's hard work, but I'm really enjoying it. Being a mum has made me even more organised, which is useful as finances feel a little tighter now too

I like technology that makes my life easier or more enjoyable ...my friends and I share photos and videos much more than we used to, we also sometimes share deals with one another



HOPEFUL HOMELOVERS

This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Barbara



Barbara, 72, lives just outside of Nottingham. She and her husband lived in their house for years, although he passed away a while ago and now she lives alone. She's not lonely though - she socialises a lot and keeps herself busy. She loves it when the grandchildren visit, although they do make a bit of a mess of her nice, neat place! She's put a lot of time and effort getting the home perfect, and she doesn't like things getting broken or disarranged.

Beyond family, she enjoys getting out into her garden, cooking, and spending time with friends. Overall, life is good and she feels content. Her biggest challenge is striking the balance between being too busy and not doing enough.

She enjoys reading magazines, and also quality newspapers. She loves articles about food and drink and things for the home, as she's so house proud. She's on the internet a bit too - particularly utility, home and gardening sites.



High Home Engagement

Barbara enjoys making her house a home. She likes to be efficient with getting day to day chores done, so she has more free time for entertaining and spending quality time with family and friends.



Low Risk Aversion

Although Barbara likes to be organised when it comes to household bills etc., she's also open to being spontaneous in parts of her life. Some of her favourite memories have been from last minute outings and holidays.

My world



Mid Price Sensitivity

Barbara tries not to think too much about the cost of things, but she has children and grandchildren to help out, and so is careful. She may not worry about money too much, but still wants to feel like she's managing it responsibly and getting the best she can afford.



Providing for the children and their young family is important

26%

BG Energy penetration

8%

BG Services penetration

2.4m

Homeowners (UK pop)

0.5m

Tenants (UK pop)

My 5 year plan is to remain happy, experience as many new things as possible. I am proud that I have made my house a home for life.

I love my home. I spend a lot of time there so have to be happy with it, I've made it my own.



COMFORTABLY CAREFUL

This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Andy



My world

Andy lives with his two kids and partner in his home of 7 years. He believes in hard graft to ensure he and his family have the brightest future. Working in marketing he is ambitious in his career, but has become more focussed on running the home and designing a future for his family.

Over time he has become focussed on getting the best value for money to ensure he gets the most out of his wealth and investments. He's organised, in control and optimistic about the future, though aware that success / failure lays in his hands.

He's often out and about, staying connected through tech and the latest gadgets. He reads the Guardian regularly on his mobile phone, and uses his computer to watch TV. He loves the cinema, as that's his way of getting some "me time".

23%

BG Energy penetration

4%

BG Services penetration

2.2m

Homeowners (UK pop)

0.7m

Tenants (UK pop)



Low Risk Aversion

Andy is the ultimate organiser, he likes to keep track of everything finance related. However, he is not doing this through necessity, rather for a sense of control and empowerment. He chooses what to worry about - the boiler breaking is not top of mind



High Tech Savviness

His busy life means he needs to be connected at all times - tech enables him to stay in control. He's pretty confident with tech and has the latest Smart phone which assists him in managing his home



High Price Sensitivity

Andy is always looking for the best deal - he wants her money to go as far as possible. Feeling like a savvy consumer is important to him. However he will research the best deal from all angles - it's more than cost, service and quality are equally as important



My main priorities in life are my family and friends. Most of my time goes on my son and my partner... And most of my money goes on my son and food. I wish I could budget more, but as long as my son doesn't go without I'm happy

I want the best for my family and their future, so I stay on top of everything now so that we can reap the benefits down the line



PASSIVE PRAGMATISTS

This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Mark



My world

Mark lives just outside Leeds with his wife and two sons, who are 18 and 25 years old. The youngest is doing a gap year before uni, and the oldest lives at home. Mark works full time, so life is busy, but he's starting to think about retirement.

Around his work, he enjoys spending as much time as possible out in the countryside with the family and their dog. His older son has autism and he feels that this has made them a very strong family unit - they all support each other, he takes nothing for granted and is grateful for everything life has given him.

He likes to relax with quality newspapers, no gossip or entertainment rags, and keeps up to date with the latest world events and political developments. He watches the live news on the TV in the evening with his wife as well - it's important to see what's going on beyond the life they've created for themselves and their children.

26%

BG Energy penetration

7%

BG Services penetration

2.1m

Homeowners (UK pop)

0.5m

Tenants (UK pop)



Low Home Engagement

Home is just another place where his family can come together. As a self-proclaimed minimalist he doesn't like much clutter in the house, and has no time/desire to decorate. It's a nice environment, and when everything is working he's happy



Low Tech Savviness

Mark isn't hugely tech savvy, he's got an up to date smart-phone, but his younger son helped him choose it. Technology is purely functional, online banking, and has a few apps on his phone, but they're mostly functional, like telling him what the weather is so he can plan his day out with his sons.



Low Price Sensitivity

Mark isn't strapped for cash, nor does he have the patience to constantly surf the web for deals. When purchasing larger items he'll quickly compare prices, but won't be going out of his way to get pennies off.



Making family memories

I feel very fulfilled and proud of my life - we've got a roof over our heads, that's more than a lot of people

Caring for my son can be challenging, he really needs someone with him all the time. Over the years, this has meant that anything that is too time-consuming will be pushed to the bottom of our to do list



This persona has been designed to bring to life the segment. It does not represent one individual respondent, rather it draws from responses from several.

Lucy



My world

Lucy lives with her fiancé and 2 young daughters in Sheffield. She's currently on maternity leave and looking after the family is her number one priority.

Life is busy, but she enjoys the challenge of juggling all the different parts - friends, family, work and her home. Her day to day routine is a flurry of school runs, tidying, cooking and keeping track of their family finances. She thrives on this fast pace - she's very organised and sticks to a routine to try and prevent anything going wrong.

She loves to relax by watching TV, particularly soaps and reality TV. She regularly has Channel 5 on in the background during the day. She loves a deal, so while out and about with the kids an offer on a poster can lead her to a brand's social media page on her phone to check for money off.

31%

BG Energy penetration

6%

BG Services penetration

1.8m

Homeowners (UK pop)

2.3m

Tenants (UK pop)



High Financial Constraint

She tries to save a bit of money each month, but it's difficult, particularly with being on maternity leave. They're moving house soon, to allow the girls to have their own bedrooms, so any spare money is going towards this at the moment.



Mid Price Sensitivity

Due to her high Financial Constraint Lucy needs to stay on top of her finances in order to get through the month; checking her bills to make sure she's paying the right amount, buying unbranded items (with a similarly quality), and going to stores where she knows she'll be able to pick something up for a good price



Family are the top priority



Keeping a detailed track of bills and finances

I know to the penny what my bills are each month, even when they're not fixed rate, and am a heavy user of online banking - I check my accounts daily

In order for my life to run smoothly I can use my phone, setting alarms, reminders, using the calendar and making notes

Glossary

Term	Definition
Customers	Number of unique address with the product holding or energy supply
Active online	Percentage of customers who have made at least one online login within the last 3 months
Owning home	Insight's Home Tenure segmentation derived from internal and external data sources
Lifestage	Insight's Lifestage segmentation derived from internal and external data sources
Smart meter penetration	Percentage of customers with a smart meter
Brand NPS	A measure of customer recommendation of BG brand to friend and family on a scale of -100 (bad) to 100 (good)
High value	Percentage of customers with a three year marginal profit of £350 or more
Attitudinal dimensions	Key dimensions derived from Insight's attitudinal segmentation, eg Risk Aversion. "High" refers to the top 3 deciles for each dimension