

# Cassies 2006 Cases

**Brand/Case:** RiteRate.ca

Winner: Small Budget—Bronze

**Client Credits:** RiteRate.ca

Brian Wikant  
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Krista Kay  
Trevor Frampton  
Stew Farago  
Geoff Redwood  
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Lyle Turner  
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**Crossover Notes:** All winning cases contain lessons that cross over from one case to another. David Rutherford has been identifying these as Crossover Notes since Cassies 1997. The full set for Cassies 2006 can be downloaded from the Case Library section at [www.cassies.ca](http://www.cassies.ca)

- Crossover Note 1. What a Brand Stand For.
- Crossover Note 2. Brand Truths.
- Crossover Note 6. Should the Product be Improved?
- Crossover Note 10. Conventional Wisdom—should it be challenged?
- Crossover Note 18. Keeping it Simple.

To see creative, go to the Case Library Index and click on the additional links beside the case.

## EXECUTIVE SUMMARY

**Business Results Period (Consecutive Months):** August 2004 – June 2006  
**Start of Advertising/Communication Effort:** September 2004  
**Base Period for Comparison:** n/a – New Company Launch

“Knock, knock.” “Ring, ring.” It’s the invasion by salespeople and telemarketers. Likely during the dinner hour. As marketers, we have statistics proving that these methods work for many companies. However, we will show that success can be achieved with a different approach. **Crossover Note 10.**

This is the story of an Ontario small business, Canada’s first online natural gas marketer. A business plan, and the passion of three co-founders, has become a great success.

The case will outline the Year I launch beginning in August 2004, followed by increasing success in Year II up to and including June 2006. The total advertising budget over the two years was \$780,000 (approx. \$390,000 a year) in Ontario only.

*Footnote:*

*1) Natural gas marketers such as Canadian RiteRate Energy Corporation and its competitors purchase natural gas from producers or financial dealers. The natural gas is typically purchased at a fixed rate for the term (i.e. three or five years) in order to be sold at a fixed rate. The utility companies such as Enbridge Gas Distribution and Union Gas buy short term and sell to consumers at a variable rate that changes quarterly based on current market conditions. Consumers can often better the utility rates because although there is short term volatility, the long term trend is clearly up, and customers save by locking in at today’s prices.*

## SITUATION ANALYSIS

### a) Overall Assessment

When the Ontario government deregulated natural gas in 1992 (for home owners and small business) many people did not realize deregulation had taken place—or did not understand the consequences. Consumers had to decipher their options in a complex category. Additionally, many natural gas marketers (and particularly Direct Energy and Ontario Energy Savings Corporation) used aggressive door-to-door sales agents and telemarketers to lock people into lengthy contracts. Customers were confused, overwhelmed and in many cases aggravated. Also, the gas industry as a whole was getting extremely negative publicity. **Crossover Note 6.**

RiteRate formulated an alternate strategy—*a business that would take place solely online.* No telemarketing campaigns. No household visits. And a brand based on honesty, fairness, and respect. The Web site would be detailed, but simple, enabling customers to:

- Find easy to understand information about Ontario’s natural gas market
- Educate themselves through third-party sources (i.e. [www.energyshop.com](http://www.energyshop.com))
- Find out how much they would save by signing RiteRate
- Understand the difference between fixed rates and the blended rates (No other company offers a blended rate in Ontario)
- Get their questions answered online or by calling a toll-free number (very likely getting one of the co-founders answering the phone)
- Lock in their natural gas rate for a fixed term with RiteRate

With this approach Canadian RiteRate Energy Corporation could keep business costs down and pass those savings on to customers.

But make no mistake; this is not a pricing story. RiteRate launched in August 2004 with **zero** brand awareness and **zero** customers. Canadian RiteRate Energy Corporation is a brand *and* a business built from scratch.

## b) Resulting Objectives

The first 24 months were crucial. As a result, aggressive objectives were set:

- Sign-up a *minimum* of 20,000 customers within 30 months
- Complete 90% of customer sign-ups online via the Web site
- Achieve an acquisition cost of \$60 per customer

Considering the zero awareness, RiteRate also needed to create brand recognition through advertising in order to drive traffic to the Web site.

## STRATEGY & INSIGHT

Natural gas is a low interest, high involvement grudge purchase for most homeowners. They want it to be there when needed (particularly during winter) but do not want to pay exorbitantly for it. [Crossover Note 2](#).

Thus, our key insight is that consumers are looking for *peace of mind*. RiteRate had honest answers that would let Ontarians make an informed decision. Ultimately, it equalled protection from constant natural gas price fluctuations in the open market. This led to the following strategy for Years I and Year II:

- Introduce RiteRate as Ontario's new/only online natural gas marketer
- Develop the brand based on honesty, transparency, fairness, and respect
- Communicate the low-cost online model that offers the lowest price in the market
- Create a comprehensive Web site

Overall, this was captured in a motto developed by the co-founders: [Crossover Note 1](#).

*Canadian RiteRate Energy Corporation will help consumers to  
save money, time, risk, hassle and stress.*

## EXECUTION

### Market Territory:

The plan began by identifying the most high-value and cost-effective area for our product. In August 2004 (Year I), we began servicing customers, but only in the Enbridge Utility area of the province. Enbridge services 1.6 million of Ontario's 3 million natural gas consumers, primarily in the Greater Toronto Area (GTA), Ottawa, and Niagara.

On breaking out Enbridge's consumer base we determined that due to the modest advertising budget, coupled with the aggressive business objectives, the geographic focus for advertising would be the GTA. It is home to 68% of Enbridge customers, and a portion would become the target market for RiteRate.

### Target Audience:

- Well educated, middle income homeowners living in urban communities
- Web savvy (familiar with online shopping and banking)
- Interested in saving money and getting a good deal

### Creative Strategy:

This was developed based on the insight that when making a decision about natural gas, people are investing in *peace of mind*. Creative would need to:

- Simplify a low interest, high involvement and confusing purchase decision
- Position RiteRate as a credible online Canadian company that consumers could trust
- Create peace of mind
- Tell people where they can find truthful information about deregulation and pricing plans

To achieve this, creative focused on making all communications inviting, friendly, simple and straightforward. **Crossover Note 18**. Key elements are:

- **Name:** *RiteRate.ca* identified the company as online and Canadian
- **Colour Palette:** Purple and green visualizes a modern, progressive company and communicates good financial value
- **Tagline:** "*Those who get it, save*" defines the company promise
- **Animated Character:** He communicates information in a friendly, likable way

### COMPANY LOGO

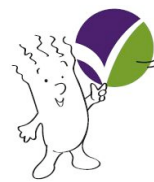


### ANIMATED CHARACTER



### COMPANY SLOGAN

Those who get it, **save.**



Those who get it, **save.**

### Media Strategy:

The complete media budget for Year I and Year II was \$780,000 or \$390,000 a year.

We selected audience-credible media in the GTA (680 News, CHUM, CP24, Rogers) to develop trust with the target market. Additionally, we used magazine and online to get some spill into secondary markets such as Niagara and Ottawa. We focused advertising flights during the peak consumption periods of late fall and winter—using staggered start dates, flexible advertising schedules, and concentrated messaging to create the perception of a big-budget media buy.

For Year I we used “Test-Learn-Apply” to determine the effectiveness of the ad mix in generating awareness and sign-ups. For Year II, analysis revealed that most customer sign-ups came from TV and radio advertising. The frequency of broadcast (especially radio) helped remind consumers to check out RiteRate.ca before making a decision.

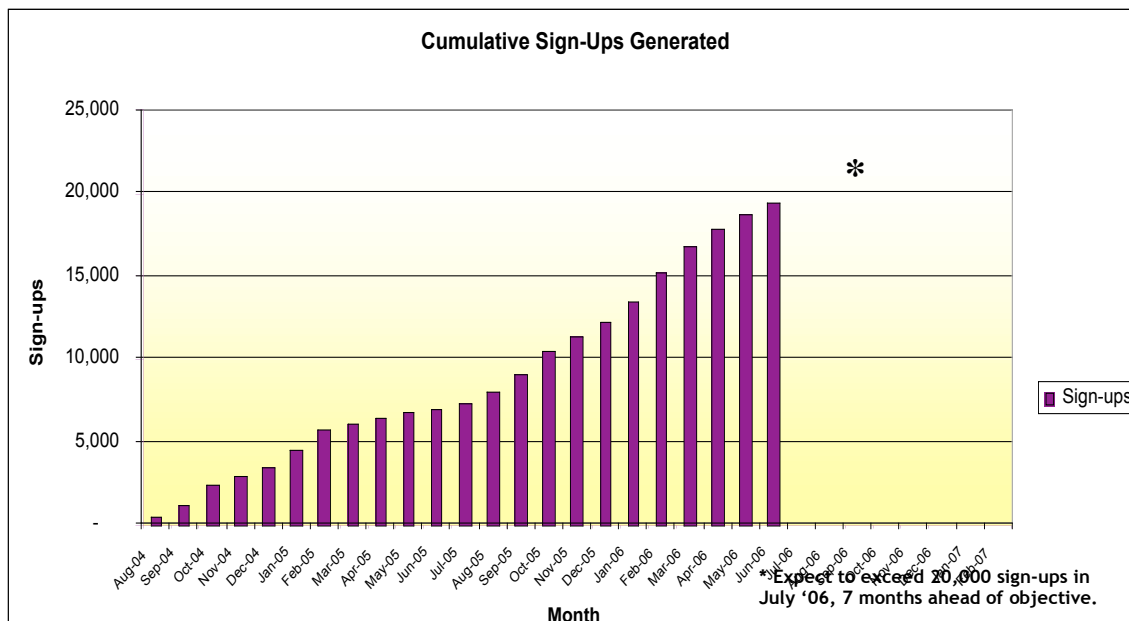
Accordingly, we put more focus on TV and radio, expanding the station mix and lengthening flights in peak periods. [A detailed blocking chart was included.] The creative message also evolved to establish a more confident and reputable position by communicating that:

*“Thousands have already signed on. Over the past year  
RiteRate has consistently offered the lowest 5-year fixed rate in Ontario.”*

## BUSINESS RESULTS

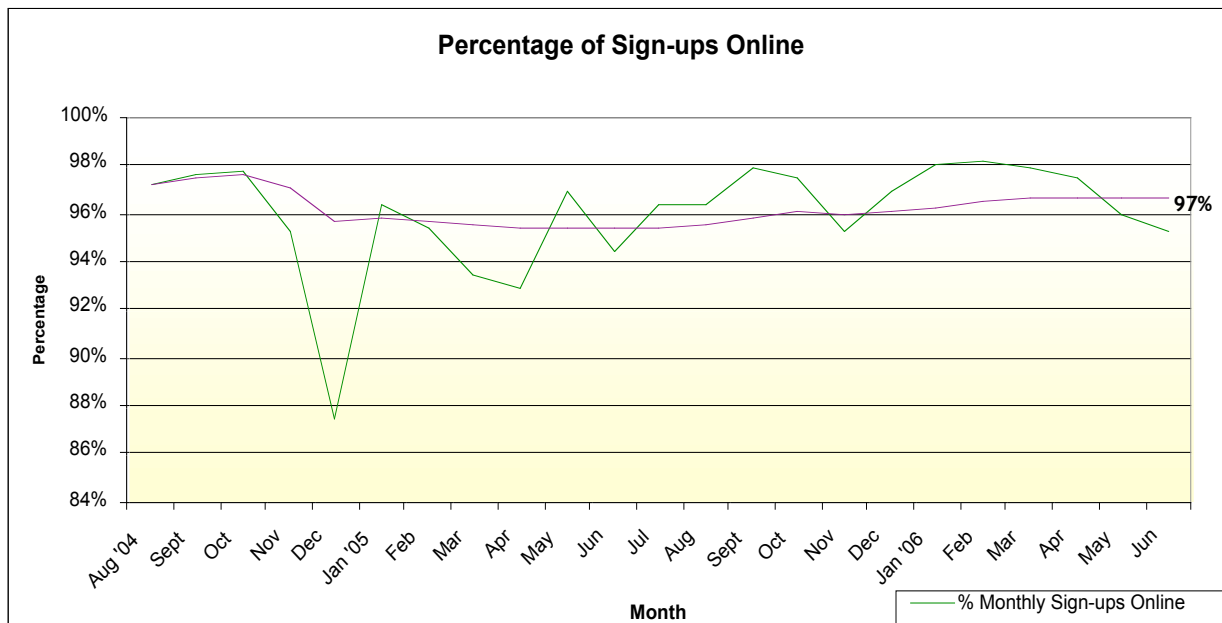
### Total Consumer Sign-Ups (August 2004 – June 2006)

Sign-ups are tracking **26% ahead** of objective, and if this pace continues, RiteRate.ca will sign well over 25,000 customers by the 30<sup>th</sup> month of operation.



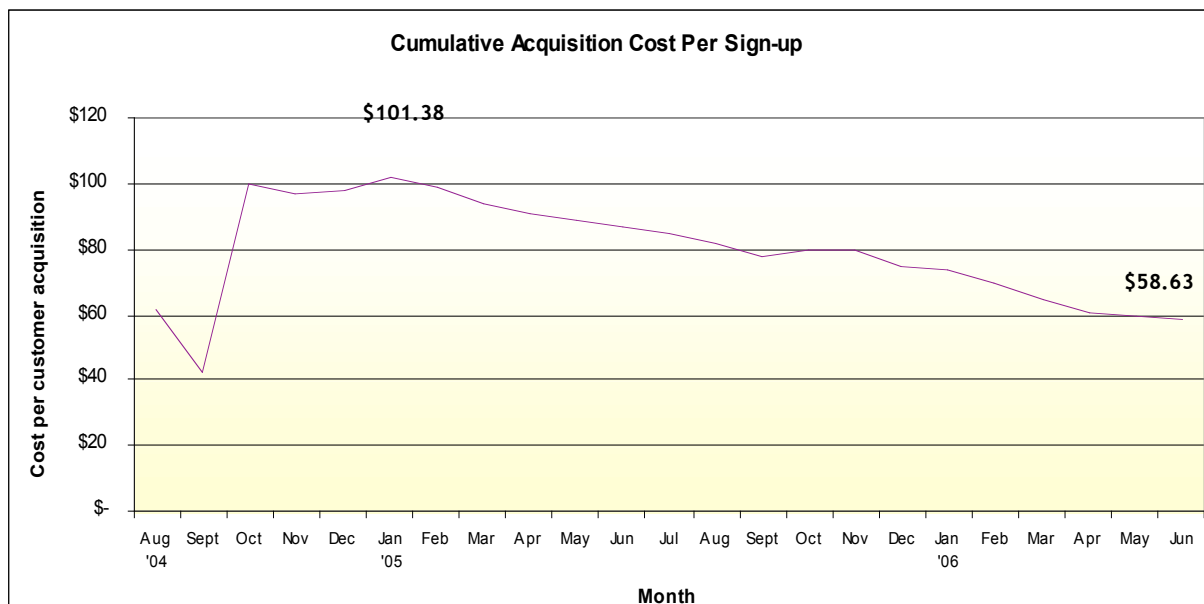
## Completion of 90% of Sign-ups Online

97% of sign-ups occur online (important in maintaining the low cost business model).



## Low Cost of Consumer Acquisition

Current acquisition costs have steadily decreased and are now below the \$60 objective:



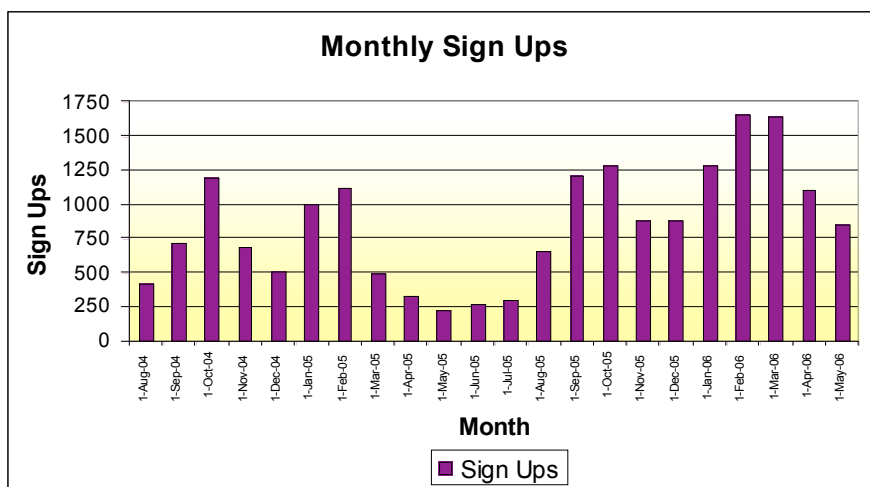
## CAUSE AND EFFECT BETWEEN ADVERTISING AND RESULTS

*"We never imagined how quickly advertising could impact our business until we saw the results. Amazing."* Brian Wikant, Co-Founder, COO and VP Marketing, RiteRate.ca

Advertising played the lead role in building and sustaining RiteRate.ca as a company and a brand. Even with better natural gas rates, without advertising there simply would not have been the traffic to the site, much less the conversions to sales and sign-ups.

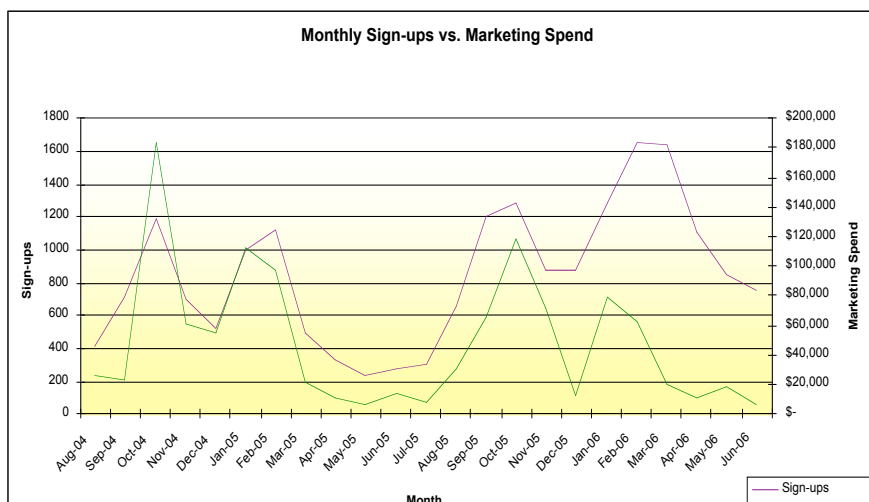
### 1. Advertising's clear effect on monthly sign-ups

- With advertising = average 1,014 sign-ups
- Without advertising = average 532 sign-ups



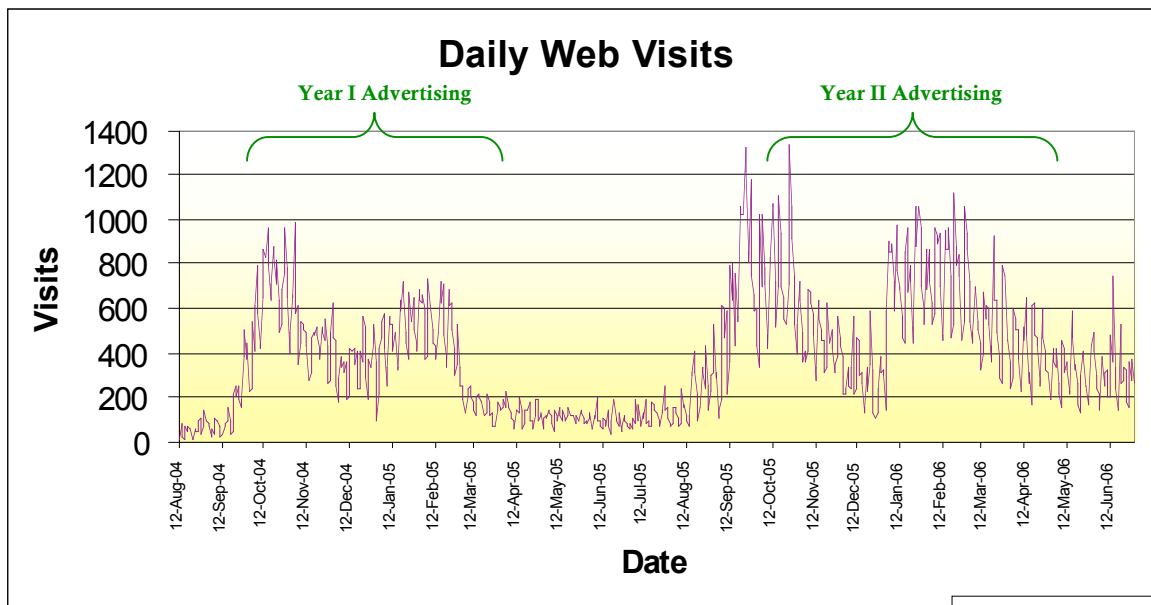
### 2. Sign-ups co-related to marketing spend (August 2004 – June 2006)

Throughout months with advertising, the RiteRate.ca sign-up rate **increased by 90.6%** above the months when there was no advertising. *Note: Sign-ups are represented by the purple line and scale on the left. Marketing investment is represented by the green line and scale on the right.*



### 3. Steady growth in Web site visits

We saw a **1700% increase** in site visits since advertising began. Without advertising, consumers would not have known about RiteRate.ca unless they were searching to change their natural gas contract.



#### 4. Year over year steady growth and success

During Year II, RiteRate.ca enjoyed **73.4% growth** over Year I - proving that advertising is driving traffic and conversion to sale on the Web site.

