

## GLOBAL/GMG MERGER INQUIRY

### Summary of hearing with British Gas held on 16 November 2012

#### Background

1. British Gas, a subsidiary of Centrica, told us that it was an energy and home services provider serving around 12 million homes in the UK. It was one of the top ten advertisers on commercial radio and spent approximately [REDACTED] a year on radio advertising.
2. British Gas's radio spend this year was less than last year.

#### Use of advertising

3. British Gas currently retained Carat as its media agency and we were told that radio advertising was one of a number of media that it used for advertising, along with television and press advertising. Its contract with Carat contained specific commercial agreements, including discounts for certain radio groups.
4. Deciding where to place advertising depended upon the audience. Television advertising had been the most effective channel for British Gas in reaching its core audience.
5. The aim of the advertising message was also important when deciding which channel to use. The agency would have then been required to devise the right channel split in terms of investment across the campaign and spend across platforms.
6. British Gas told us that the advertising agency determined the most cost-effective way of planning campaign expenditure but that it retained oversight of the negotiations and knew how cost-effective radio buying would be to ensure it was getting good value.
7. British Gas had previously used sponsorship and promotion for long-term and short-term opportunities, but had not done so in 2012. If it did choose to do so again, any deals would be negotiated by Carat.

#### The merger

8. British Gas felt that the merger would not affect it given the amount of money it spent annually on radio advertising,[REDACTED].