

Improving Satisfaction in an Ever-Changing Customer Landscape

How utilities are using
partnerships with service
providers to improve
customer engagement



While utility customers are still looking for value for their energy dollar, today's utilities must look beyond simply supplying a commodity in order to solidify customer relationships and increase satisfaction.



notes that the utility industry implements customer satisfaction improvements more slowly than other industries. While the J.D. Power study showed an overall increase, the [American Customer Satisfaction Index](#)² (ACSI) has shown slow improvement, with more gains and losses than an overall year-over-year gain. The ACSI also shows that reliable service, information, corporate citizenship and courtesy toward customers are among the [top customer experience benchmarks](#)³.

Why is customer satisfaction so important?

Specifically, there is a growing percentage of new decision makers, including millennials, on household energy matters who are budget conscious, environmentally and socially aware, utilize social media extensively, and are interested in gaining access to innovative companies providing new services and technologies. Today's utility customer is looking for more – they are looking for their utility to be a trusted advisor.

Measuring Customer Satisfaction - CSAT

Customer satisfaction is one of the biggest drivers in the energy industry, and industry executives are watching – according to the latest [J.D. Power study](#)¹, customer satisfaction has increased for the sixth consecutive year in the industry.

Improved prices and communications saw the biggest gains in improving customer satisfaction in 2017, the study found. However, the study also

A December 2015 study of the electric utility industry published jointly by McGraw Hill Financial and J.D. Power found increases in customer satisfaction are associated with increases in return on equity (ROE), identifying a measurable link between satisfaction and a key financial metric for regulated utilities. In general, utility brands in the top two quartiles of customer satisfaction scores realize higher approved rates of return on equity than those in the lower two quartiles.



There is an increase in ROE among utilities who ranked in the top quartile of customer satisfaction one year prior to their rate case; on average, top quartile utilities earned 10.7% ROE, whereas bottom quartile utilities earned 10.1%.



Source: J.D. Power Electric Utility Residential Customer Satisfaction Studies, 2001-2014 and Regulatory Research Associates, a division of SNL Energy

Further research conducted by J.D. Power shows a positive relationship between the level of satisfaction and profit margin. Electric utilities in the top quartile of customer satisfaction typically report profits 3%-4% higher than utilities in the three lower quartiles.



Sources: J.D. Power 2015 Electric Utility Residential Customer Satisfaction Study and Federal Energy Regulatory Commission (FERC) Data

The utility customer is now routinely presented with a growing array of energy choices. To prevent customers from leaving, utilities need to deepen customer engagement. Investing in CSAT makes good financial sense.

How can utilities increase customer satisfaction?

According to a [white paper](#)⁴ by California Public Utilities Commissioner Emeritus Timothy Alan Simon, the chief way to attract and retain customers is to make customer satisfaction the center of the utility's mission. The paper cites an Accenture Global Consumer Trends Survey that found more than half of customers switched businesses or brands in 2013 because of poor customer service. More than 80 percent of those who made a switch said the company they were doing business with could have done something to retain their business. Those numbers remained remarkably consistent in Accenture's 2015 report findings.

"37 million households report having a heating, plumbing or electrical problem every year. Most of these involve a repair that is not covered by homeowner's insurance or the utility, meaning the homeowner must pay for and arrange the repair themselves.

Home repair service providers can offer homeowners an affordable and timely solution. Partnering with a provider who can provide those services to your customers when they need them is a great way to build trust."

- Timothy Alan Simon

California Public Utilities
Commissioner
Emeritus



[Earlier J.D. Power studies](#)⁵ have shown that customers want information and choice – and when a utility offers customers programs or services in which they can choose to participate, their satisfaction increases.

How can utilities provide more choice and communication and build customer satisfaction? Simon suggests partnerships with service providers to deepen customer engagement with the utility. One type of partnership provides utility customers with access to vetted home repair services.

Choosing the right partner

When a customer doesn't have electricity or heat, they often look to their provider for guidance and assistance, and not being able to offer them anything is a missed opportunity to provide excellent customer service and increase satisfaction.

However, when a utility considers partnering with another company, they must have confidence in the service and values of that partner. George Washington once said, "It is better to be alone than in bad company." When offering optional or add-on products through a partner, it is imperative that the selected partner exercise excellence in brand stewardship.

HomeServe is a leading provider of home service plans to millions of customers in the US and Canada. A partnership with HomeServe enables utilities to offer their customers valuable repair plans for electric service line, water heaters, HVAC and other home systems, while ensuring their brand is well represented.

"After our initial call with HomeServe, we noticed a pattern. We noticed HomeServe's most important goal was member – customer – satisfaction, much like our cooperative."

- Samuel Adair

Coles-Moultrie Marketing and
Member Services Manager

Global experience with a local presence

- World leader in emergency repair solutions
- Over 3.4 million customers
- Over 5.4 million policies
- Over 420,000 repair jobs completed in 2017, saving customers over \$144 million in repair costs
- 98% customer satisfaction rating



HomeServe services a customer **every 70 seconds.**

Partnerships in action

Best-in-class energy providers realized the benefits of bringing important home repair programs to their customers – and the positive impact it has on customer satisfaction.

At Coles-Moultrie Electric Cooperative, member satisfaction is a top priority. So when they ended a water heater program the cooperative had offered its members since 1992, they were concerned for their members' peace of mind.



"As expected, many members were accustomed to the cooperative taking care of this appliance with little to no cost to them, so when this program ended, many members were upset with the fact they no longer had an 'insurance' policy on their appliance," Adair said.

Kim Leftwich, Coles-Moultrie President and Chief Executive Officer, having spearheaded similar programs during his time at investor-owned utilities, proposed the cooperative look into developing an insurance/warranty program.

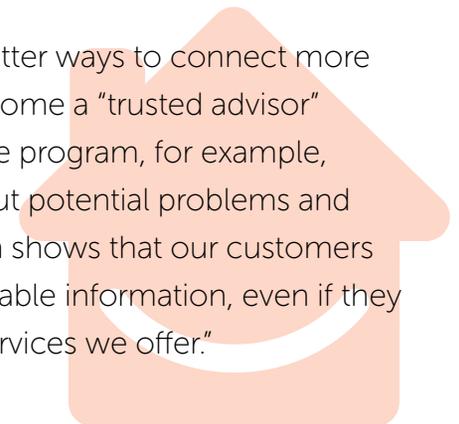
The path to a solution

Just as the cooperative began considering its own insurance program, HomeServe USA's service warranty programs were brought to the board's attention.

"Our goal with this program is simple," Adair said. "We want to give our members peace of mind, and we want to supply our members with a program where those who aren't participating won't worry about subsidizing other members."

American Electric Power (AEP), one of the largest electric utilities in the U.S., delivers electricity to over 5 million residential customers in 11 states across the country. AEP's dedication to delivering unparalleled value to every household it serves and its overall commitment to customers have led to strategic partnerships that enhance the quality and expand the scope of the services it can offer. Eric Morris, AEP Customer Programs Manager, saw the benefits of partnering with HomeServe.

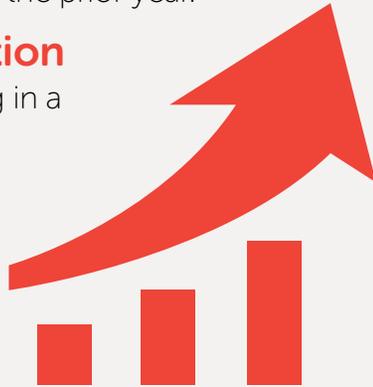
"At AEP, we are always trying to find better ways to connect more deeply with our customers and to become a "trusted advisor" for them," said Morris. "The HomeServe program, for example, enables us to educate customers about potential problems and provide simple solutions. Our research shows that our customers appreciate the utility for providing valuable information, even if they don't participate in the programs or services we offer."



HomeServe's research shows that educational marketing and customer focus leads to increased satisfaction with their partners. As an example, recent "before and after program launch" survey results show that customer satisfaction with a utility partner increased significantly after partnering with HomeServe.

One year after the launch:

- **65% of customers** said the company offers valuable services and programs beyond the core commodity. This is a **38% increase** from the prior year.
- **62% increased satisfaction** with the company after enrolling in a HomeServe program
- **72% of customers** had a "favorable" or "very favorable" opinion of the company, a **13% increase.**



People and technology – the key to outstanding customer satisfaction

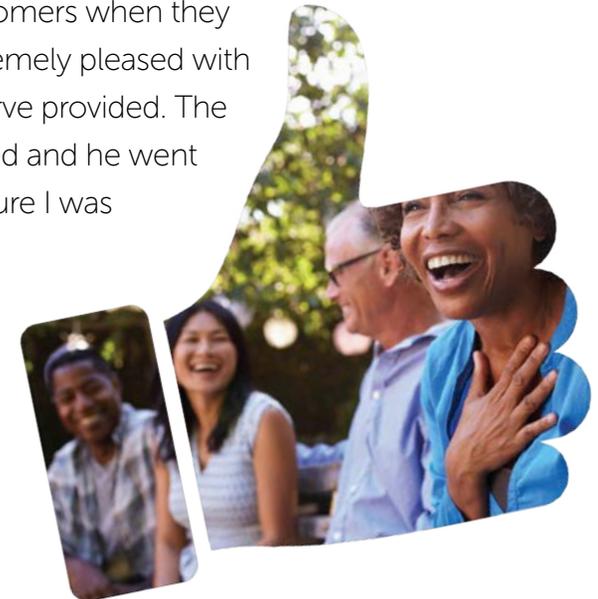
One of HomeServe's core values is "develop and engage great people who are passionate about taking responsibility and making things happen." To execute on these values, we have a team of highly seasoned professionals who handle all aspects of our partnerships, whose customers are in turn served by highly trained and rigorously vetted personnel throughout all interactions with HomeServe.

"Everyone involved on the HomeServe side, from the call center reps on the phone to the contractors in the field, is representing the First Energy brand to our customers. It was important for us to partner with a company with the same standards and culture to deliver what the customer was promised and what the customer expects."

- Cheryl Brubaker-Schaub

Manager Consumer Products
at First Energy

For example, HomeServe manages and deploys over 1,100 independent contractor firms in the United States and Canada, employing thousands of highly qualified service technicians who are dispatched to serve customers in their local area, and this is well appreciated by customers when they need a repair. "I was extremely pleased with everything that HomeServe provided. The technician was very skilled and he went out of his way to make sure I was satisfied, said Joseph F. of Great Neck, NY, an interior electrical wiring customer. "I was overwhelmed by the services that I received."

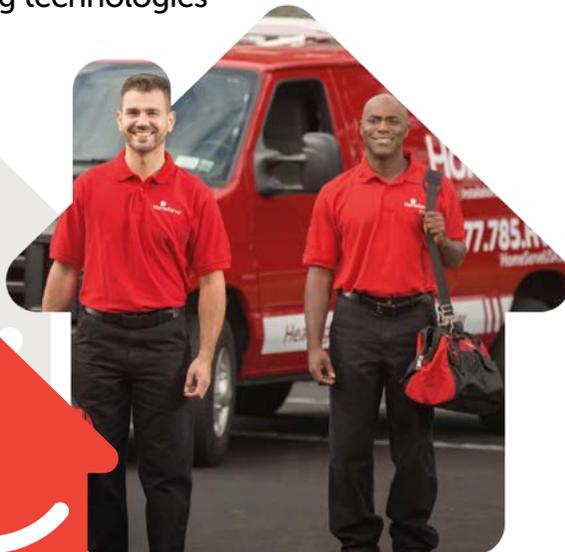


HomeServe recently received recognition by Contracting Business⁶ magazine as a **“Contractor of Excellence.”**

“It is extremely important that a service partner provide a best-in-class customer experience,” said Glen Thomas, President, GT Power Group. “Utility partners need to trust that their customers are going to receive excellent customer service.” HomeServe works hard to earn – and maintain – that trust, and it has been well recognized. HomeServe’s contact center won 17 Stevie Awards⁷, the “Oscars of customer service,” in 2018 for excellence in customer service.

In addition to their rigorously trained people, HomeServe uses a number of leading-edge contact center technologies to provide an outstanding customer experience.

“To keep our customers at the heart of everything we do, Homeserve combines the drive and commitment of our people with market-leading technologies to deliver a best-in-class customer experience in every interaction,” said Robert Judson, EVP Customer Experience, HomeServe.



Call Miner - an advanced speech translation and analytics program that enables analysis of customer service calls based on individual words, patterns, tone of voice, extended silences and many other data points. All of the data can then be evaluated to provide insight on various aspects of the customer interface such as sales compliance, understanding customer feedback, improving the effectiveness of call center operator scripts, IVR messaging and transfer rates.

Rant & Rave - an advanced platform for capturing customer feedback, it performs real-time analytics on calls to determine customer satisfaction level and where it is trending in order to ensure that our agents are providing the best possible customer service to your customers

Mobile dispatch technology

Service Bench, our best-in-class field service management system, provides real-time solutions for dispatching, routing and tracking service technicians:

- Integrates with third-party mobile and field service management applications
- Straightforward home page with easy jobs navigation
- Supports route optimization technology
- Access to a variety of real-time reports

Dispatch operations are managed in a state-of-the-art control center. "Our new Customer Center of Excellence includes a new state-of-the-art Network Operations Center with new data analytics tools that allow HomeServe to better serve its customers by more efficiently responding to their needs," said Sylvester Criscone, VP, Contractor Management, HomeServe.

Customers are serviced via a mobile app that provides an "Uber-like" experience allowing them to track the dispatched contractor en-route in real time to minimize at-home wait time and then provide real-time feedback after the service call. "Everything was very prompt," said James S. of Carson, CA, an interior electrical wiring customer. "I had no problem and did not have to wait around for him."

Providing valuable solutions and exceeding customers' expectations leads to higher customer satisfaction, and higher customer satisfaction leads to increased ROE. Utilities that successfully engage the customer through a combination

of smart, timely communications and the introduction of nontraditional products and services will benefit from an enriched relationship with the new wave of energy decision makers.



Citations

¹ J.D. Power 2017 Electric Utility Residential Customer Satisfaction Study, SM <http://www.jdpower.com/press-releases/jd-power-2017-electric-utility-residential-customer-satisfaction-study>

² The American Customer Satisfaction Index http://www.theacsi.org/index.php?option=com_content&view=article&id=149&catid=&Itemid=214&i=Investor-Owned+Utilities

³ McGraw Hill Financial, How Customer Satisfaction Drives Return On Equity for Regulated Electric Utilities, October 2015, http://www.jdpower.com/sites/default/files/12.11.15_how_customer_satisfaction_drives_return_on_equity_for_regulated_utilities.pdf

⁴ Natural Gas Utilities, Securing the Future, Timothy Alan Simon

⁵ J.D. Power 2015 Electric Utility Residential Customer Satisfaction Study, SM

⁶ Contracting Business, April 2, 2018, Terry McIver

⁷ Stevie Awards

About Us

HomeServe USA is an independent provider of home repair service plans. For over a decade, we have protected homeowners against the expense and inconvenience of water, sewer, electrical, heating, cooling and other home emergencies by providing affordable coverage and quality service.

HomeServe - a Better Business Bureau Accredited Business - serves over three million homeowners in the US and Canada and dedicates itself to being a customer-focused company providing best-in-class emergency repair plans through leading utility partners and directly to consumers.



[Learn More.](#)

