

Pillars of Engagement

in a Changing
Utility World



HomeServe

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The one predictable thing about the energy industry is that **it's unpredictable.**

The industry has seen more change over the past decade than in the previous half century. Among the most prevalent energy trends are increased U.S. gas and oil production and affordability and practicality of renewables. Another trend that is not measured in barrels or BTUs, however, is utilities' emerging focus on deeper customer relationships.

The idea that utility companies should expand their offerings beyond the core commodity [isn't a new one](#).¹ For years, industry leaders have known that they must diversify to thrive. As state after state [deregulates](#)² electricity, forcing utilities to compete with retail providers, and more efficient homes and emerging green technology [flatten load growth](#)³, energy utilities have had to look within to design strategies to better connect with customers.

A white [paper](#)⁴ by California Public Utilities Commissioner Timothy Alan Simon suggests that the chief way to attract and retain customers is to become a "trusted partner" and make customer satisfaction the center of the utility's mission:

*"According to an Accenture Global Consumer Trends Survey, in 2013, **51% of consumers in the U.S. switched brands or businesses due to poor customer service**, a 5% increase from the previous year, and 81% of those who switched said the company could have done something to stop them."*

"Customers, now more than ever, feel empowered to make a switch, knowing that if a current company or service is not providing them with adequate attention and recognition, someone else in the marketplace will."

By virtue of being a recognizable brand that has relationships with broad swaths of customers, utilities are in a unique position to offer services that will improve customer satisfaction and retention and potentially contribute to bottom line revenue. According to a [2015 J.D. Power survey](#)⁵, utility customers want choice, and offering services customers can choose to participate in increases their satisfaction. J.D. Power has also found a correlation between increased customer satisfaction and [improved ROE](#).⁶

In order to understand how to improve and solidify customer relationships, it is helpful to view the various aspects as "pillars" of customer engagement.



Technology

With “Millennials” becoming an ever-growing percentage of the utility customer base, utilities must embrace technology to reach and engage them. This device-obsessed segment spends [90 hours²](#) a month using smartphone apps, and they have the greatest interest in smart homes, with [86 percent⁸](#) willing to pay up to 20 percent more in mortgage or rental payments for smart home technology, such as smart thermostats, according to a Wakefield Research study.

Utilities are benefitting from offering tools for digital engagement, including smartphone apps for bill paying and usage management, text and email messages, and a secure and accessible website experience. For example, offering an app that enables residential customers to monitor energy consumption in their homes results in better informed and more engaged customers who can help make grid operations more efficient.



Big Data (knowing your customer)

With the growing adoption of smart devices, there is an exponentially expanding body of usage data that can enhance a utility's ability to engage customers and offer valuable information and relevant solutions.

Utilities must aggregate as much information as possible into each customer record so that the service representatives get a clear picture of the customer's history and preferences. This allows the utility to interact with their customers on a more personal level. According to a [white paper⁹](#) by Oracle, using

analytics is key to sustaining and enhancing the utility's customer connection. Customer satisfaction drivers include customer usage insights, specific program targeting, reliability, operational efficiency and safety.

As important as use of data is to strengthening the customer relationship, the Oracle survey of more than 150 North American senior-level electrical utility executives found that just half of utilities surveyed are fully leveraging data to improve customer service.

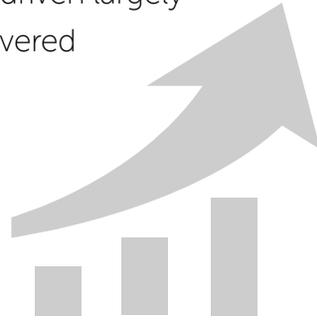
Communications

According to the most recent J.D. Power electric utilities customer satisfaction [survey](#)¹⁰ overall customer satisfaction with utilities has increased for the seventh consecutive year, driven largely by proactive communications, primarily delivered through digital channels, such as email, text message or social media post. In fact, each of the last six years' satisfaction increases have been partly attributable to improved communications with utility customers.

In addition to basic outage and billing information, communications are increasingly focused on topics such as efficiency and renewables, which are of interest to an increasing number of customers.

[Accenture research](#)¹¹ also shows that customers expect a high level of choice in how they interact, including self-service options, and communications must be highly personalized based on the customer's unique situation, including location and smart meter usage data.

To effectively communicate and engage with customers on topics such as value-added services or alternative energy sources, the utility should inform customers of all options available to assist them in making an informed decision. As emerging technologies and financial terms and concepts can be confusing for many customers, results of customer-specific data and ROIs should be presented in a fashion that is easy to understand.



Partnership

As a utility's core business of delivering power and maintaining infrastructure requires vast resources, partnerships with third-party providers are enabling utilities to offer value-added services and new products to help strengthen customer relationships.

Value-added services can fall under three main categories: energy services, home services and information services. Energy services can include items as simple as surge protection, lighting and weatherproofing or as complex as energy storage and electric vehicle charging.

Information services include home energy management systems, energy reports and real-time usage information that enable customers to manage consumption and costs through real-time data. Millennials, in particular, want their utilities to increase smart technology and renewable energy options, according to a recent [Accenture study](#)¹² which also suggests that 61% of Millennials within the next five years want to sign up for a digital application to track energy usage and control home elements.



Home services is a developing market that includes home inspection, landscaping, emergency home repair plans and bundled services, such as home security systems. According to research conducted by HomeServe, a leading provider of utility-sponsored home repair plans:

- *Customers who received an emergency home repair plan through their utility rated their provider higher¹³ than those who didn't have policies.*
- *59% of utility customers surveyed who don't currently have a policy responded that their opinion of the utility would be improved if they offered repair plans.*

The time for utilities to raise the bar on customer engagement is now. As technology continues to evolve and customers are looking for more than power, utilities have a great opportunity to connect with customers and provide greater value with each interaction.

Millennials, who have surpassed Baby Boomers as the largest generation represented in the U.S. workforce, want clean energy:

- *56%¹⁴ say utilizing clean energy sources is important*
- *86% think the government should establish a plan for energy strategy.*

Millennials spend their money with companies who demonstrate similar values, and Millennials have been dubbed [Green Champions¹⁵](#)

An [Accenture¹⁶](#) energy consumer survey shows that 56 percent of Millennials want to incorporate solar panels into their energy sources. Additionally, more than 60 percent will pay for a smart grid to integrate clean energy, with 30 percent identifying environmental benefits as among the most important features of a smart grid.

Value-added services enhance customer engagement and satisfaction

Between technological advances and grid modernization, the [stage has been set¹⁷](#) for partnerships between utilities and affinity partners in offering new services to customers.

Energy services go hand in hand with information services such as home energy management systems, energy reports and real-time usage information through [analysis of smart meter data¹⁸](#). Customers can manage consumption and costs through real-time data. Fifty percent of [Millennials will pay¹⁹](#) more for real-time information and [61 percent²⁰](#) want an app that remotely monitors their energy usage and controls home elements.



As the home services market continues to develop, utilities can [use collected data](#)²¹ to anticipate customer needs and move into that space, building relationships with their customers, ahead of new, startup disruptors.

Utility companies [have a leg up](#)²² on services in all of these areas through their connections to customers' homes and the vast amount of data collected regularly. According to [market analyses](#)²², investing in value-added services can increase operating margins and reduce attrition. While the state of the utility industry is sometimes unpredictable, one thing is a sure bet: utilities will need to innovate to compete in this constantly changing landscape.

HomeServe USA partners with utility providers to offer home warranties, complementing other energy services offerings and providing reliable and convenient repair services for home electric, gas, water and sewer lines. To find out how HomeServe can expand your home services offerings, [contact us](#).



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