



High performance. Delivered.

Achieving high performance with
Accenture's customer acquisition
and retention effectiveness
solutions for utilities

• Consulting • Technology • Outsourcing

When attracting and retaining customers, it pays to be smart—and selective

For retail utilities, the need to attract and retain customers has never been greater (see Figure 1). Customers today are more knowledgeable, more empowered, and they have higher expectations. They are also less loyal. Customers' propensity to switch are significantly higher within the utilities market than within other industries.¹ Thus, customer acquisition and retention has become a strategic imperative for all utilities to achieve high performance.

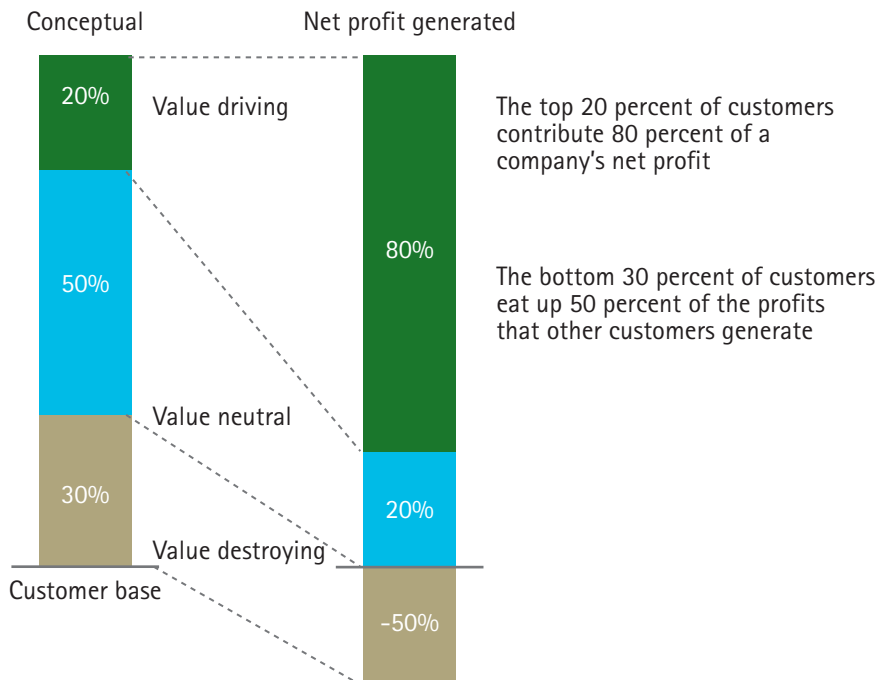
While it may be tempting to compete on price, it is a potentially dangerous strategy—so is simply working to attract and keep any and all customers. High-performance businesses, including utilities, understand that success is driven not just by the quantity but also

the quality of customers. Just as important, they recognize that the number-one reason customers switch is not price but service. By understanding customer behavior and profitability, high-performance businesses are more effective at acquiring and retaining higher-value customers.

Accenture analysis has shown that utilities can waste up to 50 percent of what they spend on marketing.² By transforming the way your organization segments and communicates with customers, you can dramatically increase the return on investment from your marketing spend. And you can finally get it all "right": targeting the right customer with the right offer at the right time and at the right cost.

Figure 1. The impact of knowing the customer.

Customers can create and destroy value. Understanding the customer can have dramatic impacts on a utility's bottom line.



Did you know?

For deregulated utilities, average annual churn is 25 to 35 percent.³

By not focusing on effective acquisition and retention of customers, utilities are leaving annual savings of at least 10 to 15 percent unrealized.⁴

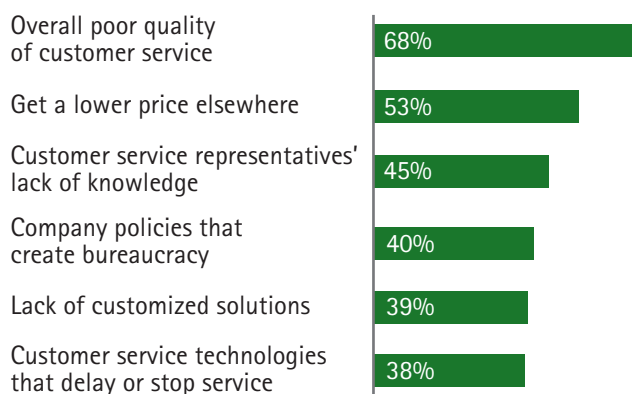
Price is not the main reason for churn. Across industries, 68 percent of customers say they switch service providers because of the overall poor quality of customer service; 53 percent said their reason for switching was price (see Figure 2).

Figure 2. The impact of price on market share.

The typical reaction to high churn may be a reduction in prices in an attempt to attract and retain customers. Price may not influence consumer behavior as much as utilities may think.

Price is not the main reason for customer churn

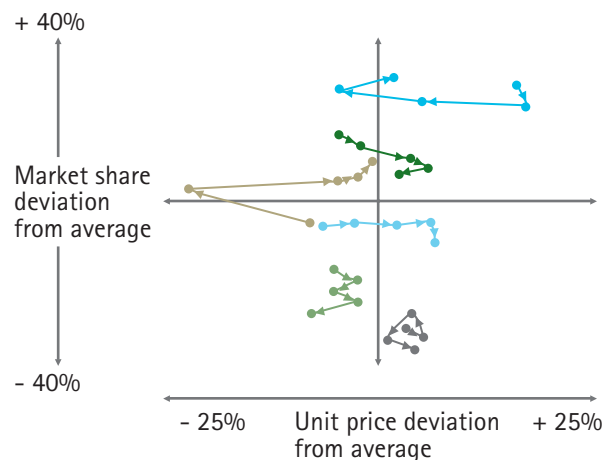
Top drivers for customers switching service provider—global and cross-industry (2008)



Source: Accenture Global Customer Satisfaction Report, 2008

Reducing price does not guarantee increases to market share

Average prices of the six leading UK utility providers vs. impact to market share (May 2006 to May 2008)



Source: Datamonitor: Strategies for Competitive Advantage in a High Price Environment (UK Utility Industry), 2008

We empower you to retain the best, most profitable customers, attract other desirable customers and more effectively manage profit-draining customers.

Accenture's approach to customer acquisition and retention effectiveness

Whether your organization's current approach is nascent or mature, Accenture's customer acquisition and retention solutions can help. We believe that industry-leading customer acquisition and retention is founded on three key imperatives—knowing the customer, reaching the customer and delivering the customer experience (see Figure 3). Our solutions support those imperatives, empowering your organization to identify, pursue and retain customers who will best support your business objectives.

The first step in our approach is a benchmarking assessment of your current capabilities against our High Performance Utility Model. From there, we recommend specific actions

you can take to improve your performance. We then work with you to implement those strategic actions, which may include:

- Developing and deploying a structured marketing capability supported by a market-relevant strategy.
- Defining customer segments, evolving your customer insights and loyalty management capability, and confirming key target segments.
- Developing a deep understanding of your customer base and the effectiveness of your campaign management and then shifting to proactive retention and loyalty.
- Outsourcing your customer analytics capability.
- Optimizing your marketing return on investment (MROI).

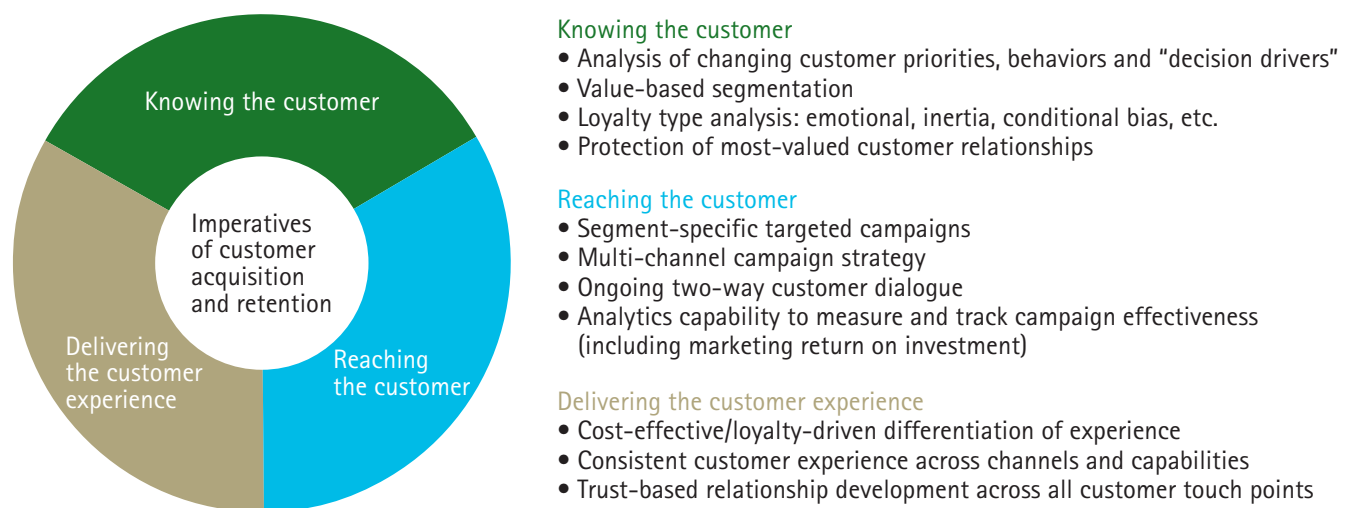
Ultimately, we help you to implement a more disciplined, more effective approach to acquisition and retention. Our approach enables you to spend your marketing dollars more wisely and achieve a greater return on investment. It also empowers you to retain the best, most profitable customers, attract other desirable customers and more effectively manage profit-draining customers—helping your organization stand out from competitors and achieve high performance.

Accenture Customer Satisfaction Survey

In surveying more than 4,000 consumers in nine countries, we gained deep insight into the critical importance of delivering a customer-centric service experience in the current global economy. How well companies understand and meet the distinct preferences and expectations of the customers they serve—from how long they are willing to wait for service to the way they are treated by customer service representatives—continues to exert a powerful influence over customers' willingness to remain customers versus their propensity to leave.

Figure 3. Imperatives of customer acquisition and retention effectiveness.

Effective acquisition and retention is founded upon three key imperatives.



Re-engineering a large (deregulated) utility's customer acquisition and retention strategy

A large retail utility with more than 5 million customer accounts and more than 5,000 employees engaged Accenture in a large-scale business transformation program structured around strategic cost reduction and differentiation in the marketplace through customer service. As part of this program, Accenture worked closely with the client and utilized Accenture's best practices to bring to life the client's objective to redesign the acquisition and retention/win-back journeys.

The program involved:

- Rationalizing tariff and pricing structures to allow improved targeting of customer segments.
- Streamlining and maximizing value of the cross-channel acquisition journey.
- Reducing the volume of standard retention/win-back correspondence in favor of segmentation-based campaign management at key moments of customer impact.

We know what it takes to acquire and retain customers.

What can you expect when you team with Accenture?

You work with professionals who understand the unique challenges of the utilities industry. We see the world as you do and can help your company differentiate itself to achieve high performance. Our understanding of key business issues and trends, and applicable technologies and business solutions enables us to deliver innovative yet practical solutions tailored to each client. We bring a breadth of skills, capabilities and assets to help utilities address our clients' business challenges, including:

Utilities industry experience

Accenture's utilities industry group has more than 30 years experience working with electric, gas and water utilities worldwide. Our group includes 7,500 utility industry people working with approximately 275 clients in 40 countries. We serve 74 percent of the utilities on the 2009 Global *Fortune* 500 list using our deep, global industry knowledge, people and assets to help clients develop the strategies and adopt solutions to improve performance in the dynamic utility market.

Client-ready utilities assets

Accenture has developed many utilities assets, including the High Performance Utility Model, based upon our extensive consulting,

systems integration and outsourcing experience. This model helps utilities assess their performance against industry leaders, jump-start business improvement projects and accelerate program delivery.

Accenture Utilities BPO Services

Accenture not only has leading consulting capabilities, but we also have a deep operational understanding based on our business process outsourcing (BPO) services for utilities. Accenture Utilities BPO Services provides solutions to 14 clients and 15 million customers in North America, Europe and Asia Pacific.

Contact us

Accenture's approach to customer acquisition and retention effectiveness is designed to help retail utilities navigate through today's challenging environment. We work with companies to chart a successful course to improve the way they attract and keep high-value customers—and to build the high-performance businesses that can compete and win in a changing environment. We would like to hear about your needs and discuss how we can work together to help your organization advance toward high performance.

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Endnotes

1. "Ofgem fires warning shot across the bows of the big six," Power UK, October 21, 2008, via Factiva, © 2008 McGraw-Hill Inc.
2. Accenture Marketing Transformation analysis, 2009.
3. Accenture Industry Benchmark, UK deregulated market, 2009.
4. Accenture analysis: Based on utility size of 5 million customers, annual churn of 25 to 35 percent, cost of acquisition £150/customer (UK industry benchmark), retention cost of £30 to £50, reduction potential 10 to 15 percent.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company.

Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With more than 176,000 people serving clients in more than 120 countries, the company generated net revenues of US\$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com.

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