Actionable Insights for the New Energy Consumer
Accenture end-consumer observatory 2012
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Foreword

Around the world, energy providers face rapidly evolving marketplaces and an environment of continuous change. Concerns over climate change, volatile energy prices and security of supply continue to provide momentum to the rollout of disruptive technologies. Consumers are now central to these deployments. At the same time, new consumer opportunities are emerging with the increasing adoption of smart technology, mobile devices and the integration of web-enabled platforms, such as social media. The energy landscape is increasingly defined by the values and preferences of the new energy consumer.

More than ever, consumers are seeking added value, personal connection and products and services that align with their lifestyles—all of which go beyond the traditional energy experience. Even as home automation, energy management and digital consumer technologies are enabling a new marketplace for energy providers, nontraditional players are quickly emerging and developing new value propositions for consumers. Current global economic conditions have also placed a renewed focus on the bottom line for both consumers and energy providers.

Within this environment, energy providers need to move quickly to define and deliver value in traditional energy markets and in the “beyond-the-meter” market. Providers need to carefully address a broad set of strategic and operational imperatives, including:

• How do providers adapt to the constantly changing needs of consumers and anticipate the needs of the future?

• How do providers effectively balance and embed consumer preferences into their operations and product offerings while maintaining the lowest possible cost-to-serve?

• What traditional capabilities need to change? What new capabilities need to be addressed?

Standing still is not an option. And yet, more than ever, energy providers face a difficult balancing act of managing operational realities while creating and capturing value in the evolving energy marketplace. Accenture’s New Energy Consumer research program and our experience working with providers around the world have shown that a number of market and consumer trends have emerged. Previous Accenture studies have revealed findings around how to engage, educate and create value with smart technologies and in the beyond-the-meter market. To help understand the new energy consumer landscape and study the specific operational steps required for energy providers to achieve high performance today and in the future, Accenture presents our latest research in this report.

The companion reference guide to our research, The New Energy Consumer: Balancing Strategic and Operational Imperatives, provides global perspectives on the critical areas of focus, emerging business models, and actionable steps for energy providers to prepare their retail business or customer operations for the next decade. For more information, see page 47.

“The energy consumer landscape is constantly shifting with smart technologies, new products and services and challenging economic realities. Developing long-term strategies and practical next steps is a complex endeavor. Success requires a balanced and targeted approach to identify and deliver value at scale.”

Greg Guthridge, global managing director Accenture Retail and Business Services for Utilities
Accenture's New Energy Consumer research program

To help energy providers successfully meet the challenges and opportunities presented by the evolving energy marketplace, Accenture launched a multiyear global research program aimed at gaining a deeper understanding of consumers' attitudes, opinions and preferences toward energy efficiency, energy management and value-added products and services.

Understanding Consumer Preferences in Energy Efficiency

Completed in 2010, phase one of the program, Understanding Consumer Preferences in Energy Efficiency, was a global consumer survey that produced valuable insights into consumer behaviors, preferences and attitudes toward energy efficiency, awareness, readiness and willingness to take action. The findings provide a view of consumers' understanding of energy and their relationship with providers.

Revealing the Values of the New Energy Consumer

Accenture built upon those insights with phase two of the program—2011's Revealing the Values of the New Energy Consumer. This worldwide end-consumer survey explored consumer preferences, opinions and priorities related to beyond-the-meter products and services offered by utilities or other emerging providers. With clear signals in the energy marketplace that new business models and nontraditional competitors were emerging, the findings explored the possible scope of the energy ecosystem and provided insights on the consumer preferences shaping opportunities today and in the future.

Actionable Insights for the New Energy Consumer

With a firm view of the consumer values and preferences related to energy efficiency, beyond-the-meter products and services and emerging new competitors, in 2012, we embarked on the third phase of the program. Phase three focuses on developing actionable insights and tactical implications for providers. Recognizing that smart technology represents just one of the trends creating opportunities and challenges for providers, Accenture's latest consumer insights take a multidimensional approach to exploring consumer preferences and behaviors that define the operational considerations for addressing the new energy consumer. Actionable Insights for the New Energy Consumer explores questions such as:

• What energy and nonenergy-related products and services are consumers interested in receiving from their providers?

• How do consumers want to interact with providers and what expectations are there for self-service, social media and other nontraditional channels?

• What opportunities exist to better balance cost-to-serve with consumer expectations?

• How can utilities differentiate themselves to more effectively acquire and retain consumers or increase participation in specific programs?

• What are the preferences and behaviors of the next generation of energy consumers?

Recognizing that energy providers want to take strategic and operational steps today, the findings are provided in the context of a consumer's energy experience and specifically explore the consumer elements of:

• Choice. As consumer values related to energy change, so are the options and value propositions they want.

• Connection. Changes in technology and the continued consumer move to online channels are shifting the traditional preferences for interactions.

• Loyalty. Engaging consumers and understanding the drivers of loyalty and satisfaction are critical to ongoing success.

For an overview of the key findings from our previous end-consumer research, Understanding Consumer Preferences in Energy Efficiency and Revealing the Values of the New Energy Consumer, please see page 48.
Methodology and sample

Accenture’s third global survey is based on questionnaire-led interviews with 10,158 residential end consumers in 19 countries, conducted online in native languages in December 2011 for Accenture by Harris Interactive.

The selected countries represent a range of regulated and deregulated markets. For countries with large and/or diverse populations, participants were selected from a broad spectrum of locations.

The survey explored consumer values related to electricity, additional energy and nonenergy-related products, and service perceptions related to their electricity providers. The survey included attitudinal, behavioral and demographic questions. The survey also presented choice-based questions about various combinations of five key elements of energy product and service packages. The information was evaluated using a conjoint analysis to understand how consumers weigh each component of a package in their adoption decision and to identify consumer preferences among different options.

In total, across three years of research, nearly 30,000 consumers have been surveyed worldwide. The survey sample was statistically representative of the general population in each country, with the exceptions of Brazil, China and South Africa, where the sample was representative of the urban populations.

Countries included in the multiyear research program, with number of participants

<table>
<thead>
<tr>
<th>Country</th>
<th>2012 research</th>
<th>2011 research</th>
<th>2010 research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Belgium</td>
<td>500</td>
<td>512</td>
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<tr>
<td>Brazil</td>
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<td>510</td>
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</tr>
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<td>Canada</td>
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<td>China</td>
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</tr>
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<td>Japan</td>
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<td>Netherlands</td>
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<tr>
<td>Norway</td>
<td>500</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Singapore</td>
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<td>South Africa</td>
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<td>500</td>
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<td>South Korea</td>
<td>500</td>
<td>537</td>
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<td>Spain</td>
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<td>550</td>
<td>500</td>
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<td>Sweden</td>
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<td>511</td>
<td>514</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>627</td>
<td>724</td>
<td>500</td>
</tr>
<tr>
<td>United States</td>
<td>1,000</td>
<td>1,202</td>
<td>1,005</td>
</tr>
<tr>
<td>Total individuals surveyed</td>
<td>10,158</td>
<td>10,199</td>
<td>9,108</td>
</tr>
</tbody>
</table>
Actionable insights overview

Customer choice
Consumers will opt for products and services that align with their evolving values.

No. 1: Offer the "right" mix of products and services.
Consumers are increasingly interested in receiving additional energy and nonenergy-related products and services from electricity providers.

No. 2: Maximize consumer willingness to pay.
When it comes to paying a premium, consumers are more attracted to differentiated products than services.

No. 3: Maximize consumer desire to save.
The majority of consumers would forgo customer service in return for price discounts.

No. 4: Create a value proposition with bundles.
Consumers are interested in bundled packages that better suit their lifestyles and needs, particularly when they deliver savings, convenience or ease of use.

Customer connection
Changes in technology and the continued consumer move online are shifting the traditional preferences for interactions.

No. 5: Optimize the value of self-serve.
Low-touch channels and self-service have reached a tipping point where consumers prefer these options for most transactional interactions.

No. 6: Unlock social media.
Consumers in many geographies are interested in engaging with their electricity providers through social media, in particular, for service convenience.

Customer loyalty
Engaging consumers and understanding the drivers of loyalty and satisfaction are critical to ongoing success.

No. 7: Manage consumer engagement.
Satisfaction and engagement actually decrease based on the length of time consumers interact with their providers.

No. 8: Understand churn.
In competitive markets, while switching decisions are largely price driven, loyalty rewards are emerging as an effective motivator for consumers to stay with their current provider.

No. 9: Engage the next generation.
Younger consumers can offer a paradox: they prefer a complex mix of high-touch interactions, self-service and social media engagement.
Applicability of findings beyond electricity

Accenture’s end consumer research program has been designed to provide insights that are applicable to providers across gas, electricity and water. Some survey questions are asked specifically within the context of a consumer’s “electricity provider.” This specificity helps simplify questions and focus consumer responses—ultimately providing more clarity in the findings.

From our experience working with utilities across different commodity types, we understand the unique challenges of different providers; however, the new energy consumer is having an impact not just on electricity providers but also on gas and water providers. Insights related to channel preferences, interest in additional products and services, acquisition and churn characteristics and engagement around conservation are universal and can help to inform consumer strategies across providers.
Consumer choice

Regardless of market type, converging technologies and innovative rate and service options are enabling new value propositions. Across industries, consumerism is on the rise with ubiquitous connectivity and product personalization becoming the norm. It is now commonplace for consumers to shop around for the best deal and the greatest personal relevance. Energy consumers are no different. Today, they are looking for a wide array of products and services from their energy providers—even some that are not related to energy.
**Actionable insight No.1**  
**Offer the “right” mix of products and services**

Consumers are increasingly interested in receiving additional energy and nonenergy-related products and services from electricity providers.

**Energy-related products and services**

Survey respondents were provided with a list of energy-related products and services. We asked consumers to indicate which products and services they currently receive from their electricity provider. Not surprisingly, for consumers who receive multiple products or services, natural gas and/or water ranks the highest at 38 percent (see Figure 1). However, the survey results also highlight that consumers currently receive a limited number of energy-related products and services from their electricity provider; in fact, 49 percent receive only electricity.

![Figure 1. Which of the following products and services do you currently receive from your electricity provider?](image-url)

**Base: All respondents.**
When asked what additional products and services they may be interested in signing up to receive from their electricity provider, consumers currently not receiving additional products and services from their electricity provider express significant interest in a range of offers. In Figure 2, 57 percent of consumers cite interest in products and materials to make simple improvements to their homes to save electricity (such as weather stripping and compact fluorescent light bulbs) and home energy generation products (such as solar or wind). In addition to these products, 55 percent of consumers are interested in home energy audits and consultations to identify areas to save electricity.

Consumers also indicate an appetite for signing up for customized home energy management devices or services from their electricity providers. Fifty-two percent are interested in receiving a device or service to automate home energy management with features such as the ability to remotely control and automate lighting, heat and home appliances. Consumers also express interest in additional installation or financing services, with 47 percent interested in installation or maintenance for devices such as furnaces, water heaters and solar panels, and 46 percent are interested in warranty and financing plans.

Figure 2. How interested are you in signing up for the following products and services if they were offered by your electricity provider?

<table>
<thead>
<tr>
<th>Products and services currently received from electricity provider</th>
<th>Interest in products and services provided by electricity providers (very/somewhat interested)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products and materials to make simple improvements to your home in order to save electricity (e.g., weather stripping, compact fluorescent light bulbs)</td>
<td>13%</td>
</tr>
<tr>
<td>Home energy generation products (e.g., solar, geothermal, wind)</td>
<td>5%</td>
</tr>
<tr>
<td>Home energy audits/consultations to identify opportunities to save electricity</td>
<td>9%</td>
</tr>
<tr>
<td>Devices or services to automate home energy management based on your preferences (e.g., remotely control and automate lighting, heat in your home and some home appliances)</td>
<td>7%</td>
</tr>
<tr>
<td>Installation and/or maintenance services for home energy devices (e.g., thermostat, furnace, water heater, air conditioner, major home appliances, solar panels)</td>
<td>13%</td>
</tr>
<tr>
<td>Warranty and/or financing plans for home energy devices (e.g., furnace, water heater, air conditioner, major home appliances, solar panels)</td>
<td>8%</td>
</tr>
<tr>
<td>Natural gas and/or water</td>
<td>38%</td>
</tr>
</tbody>
</table>

Base: All respondents.

Base: Consumers who do not currently receive the specific product and service from their electricity provider.
Nonenergy-related services

Consumer interest in receiving additional products and services from their electricity providers extends to nonenergy-related services. Figure 3 illustrates that 52 percent of consumers are somewhat or very interested in receiving home repair services such as a plumber. And 49 percent are interested in telecommunications services.

Interest also extends to other consumer lifestyle services. Forty percent are interested in receiving home services such as security or video monitoring.

Consumer satisfaction

A closer analysis of the number of products and services consumers currently receive from their providers versus consumer satisfaction shows a trend whereby satisfaction is correlated with the number of products/services received (see Figure 4). Consumers who receive one to three products/services from their electricity provider report a satisfaction level of 67 percent, but satisfaction rate increases to 71 percent when looking at consumers who receive four to seven products/services from their providers.
**Actionable insight No. 2**
Maximize consumer willingness to pay

When it comes to paying a premium, consumers are more attracted to differentiated products than services.

**Premium electricity service**

“Premium electricity service” conjures up a number of expectations from consumers. When considering what they would expect from a premium service, we found that 54 percent of consumers expect personalized energy reports and tools that would help them understand and manage their electricity usage (such as electricity used per appliance), and 53 percent expect a greater mix of renewable energy sources (see Figure 5).

When directly asked whether or not they would be willing to pay a premium for these additional products/services, one-third of consumers report that they would be willing to pay more to receive such a premium electricity service (see Figure 6).

![Figure 5. Which of the following products/services would you expect a “premium electricity service” to include?](image)

- **Mentioned in top three**
  - Personalized energy reports and tools that help me to understand and manage my electricity usage (e.g., electricity used per appliance) - 54%
  - Greater mix of renewable energy sources (e.g., wind, solar, etc.) - 53%
  - Availability of home energy generation products (e.g., solar, geothermal, wind) - 41%
  - Improved service priority (e.g., shorter wait times when calling your electricity provider) - 36%
  - Multiple billing and payment options (e.g., choice of billing dates, ability to pay by credit card, etc.) - 35%
  - Availability of additional programs and technologies (e.g., home automation service, home energy audit, annual heating/cooling maintenance plan, etc.) - 32%
  - Access to a personal energy advisor (e.g., personal advice on decreasing costs, seasonal maintenance reminders, proactive contact when bill increases) - 29%

*Base: All respondents.*

![Figure 6. Would you be willing to pay a premium for your electricity in order to receive these additional products/services?](image)

- Yes, certainly - 5%
- Yes, probably - 26%
- No, probably not - 43%
- No, certainly not - 26%

*31% of consumers would be willing to pay a premium to receive these additional products/services*

*Base: All respondents.*
Around the world, though, we found that consumer willingness to pay more to receive a premium electricity service varies. Consumers in emerging countries such as Brazil, China, South Africa and South Korea are most willing, with 50 percent or more of consumers reporting they are “certainly” or “probably” willing to pay a premium. That result is significantly above the average and a marked contrast to consumers in Sweden, Belgium and the Netherlands, which trail the pack in their willingness to pay for a premium electricity service at 17 percent each (see Figure 7).

<table>
<thead>
<tr>
<th>Country</th>
<th>Yes, probably</th>
<th>Yes, certainly</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>49%</td>
<td>20%</td>
</tr>
<tr>
<td>Brazil</td>
<td>43%</td>
<td>18%</td>
</tr>
<tr>
<td>South Africa</td>
<td>47%</td>
<td>11%</td>
</tr>
<tr>
<td>South Korea</td>
<td>46%</td>
<td>5%</td>
</tr>
<tr>
<td>Singapore</td>
<td>37%</td>
<td>6%</td>
</tr>
<tr>
<td>Denmark</td>
<td>29%</td>
<td>2%</td>
</tr>
<tr>
<td>Average</td>
<td>26%</td>
<td>5%</td>
</tr>
<tr>
<td>Italy</td>
<td>28%</td>
<td>1%</td>
</tr>
<tr>
<td>Australia</td>
<td>23%</td>
<td>5%</td>
</tr>
<tr>
<td>Spain</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>Canada</td>
<td>21%</td>
<td>3%</td>
</tr>
<tr>
<td>Germany</td>
<td>21%</td>
<td>2%</td>
</tr>
<tr>
<td>United States</td>
<td>19%</td>
<td>3%</td>
</tr>
<tr>
<td>Japan</td>
<td>19%</td>
<td>3%</td>
</tr>
<tr>
<td>Norway</td>
<td>17%</td>
<td>2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>France</td>
<td>17%</td>
<td>1%</td>
</tr>
<tr>
<td>Sweden</td>
<td>15%</td>
<td>2%</td>
</tr>
<tr>
<td>Belgium</td>
<td>16%</td>
<td>1%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>15%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Base: All respondents.
Greener energy mix

On closer inspection, the 31 percent of consumers who are “certainly/probably” willing to pay more for a premium electricity service have specific expectations for the service. Of those who report they are willing to pay, 72 percent expect a “greener energy mix.” This result points to a preference for a premium electricity service to include a tangible product over improved service options. In fact, the issue of “improved service priority” ranks as a distant second at 39 percent (see Figure 8).

Consumer preferences for a premium electricity service, as shown in Figure 8, align closely with their actual behaviors when asked to make trade-offs to create a package that suits their needs. When given the opportunity to trade off a number of defined elements of an energy product and service package, nearly one-third of consumers would adopt a premium green package that includes renewable energy sources, automated electricity consumption control and the best service at a 5 percent bill increase (see Figure 9).

“Save the planet” energy bundle

Give me peace of mind with the best service and green options (Package adoption ~ up to 29%)

Package attributes

- Variable electricity price fluctuating based on the time of day
- Automated consumption control
- Full service and support available across multiple channels of interaction
- A considerable portion of the fuel mix is from renewable energy sources
- Personalized energy reports are provided with tips to reduce consumption
- Bill increase of 5%

Methodology note: Results based on a conjoint analysis.
Base: All respondents.
**Actionable insight No. 3**
Maximize consumer desire to save

The majority of consumers would forgo customer service in return for price discounts.

**Consumer savings**

Saving money is paramount for most consumers and their households—no surprise there. Having explored consumer interest in a premium electricity service, we looked to understand the other end of the spectrum—discounted electricity. When directly asked, more than three-quarters of consumers have some level of interest in receiving limited customer service to get a discount on electricity prices (see Figure 10).

**Figure 10. Would you be interested in receiving discounted electricity prices if it meant receiving limited customer service?**

- Very interested: 28%
- Somewhat interested: 48%
- Not very interested: 17%
- Not interested at all: 7%

Base: All respondents.

76% of consumers are interested in receiving limited customer service if it meant receiving discounted electricity prices.
Figure 11. Would you be interested in receiving discounted electricity prices if it meant receiving limited customer service?

Mirroring interest in a premium electricity service, consumers in emerging markets show the most interest in receiving limited customer service in return for discounted electricity prices. In fact, interest in China is just shy of 100 percent. As illustrated in Figure 11, most country respondents track fairly close to the geographic average of 76 percent, with the exception of the Netherlands, where respondents report only 50 percent interest.
Exploring further, we asked consumers to rank the limited service options they would select in order to receive discounted electricity prices. We found that consumers would select options that include mandatory electronic billing, automated payments, limited phone support and online-only service (see Figure 12).

What are other ways consumers would like to save money? When we gave them the opportunity to trade-off defined elements of an energy package, 70 percent of consumers would be willing to adopt a package that combines a variable electricity price with online-only customer service and a 10 percent decrease on their electricity bill (see Figure 13).

The results highlight that consumers’ actual behavior, when forced to make trade-offs between package components such as cost and level of customer service, closely match reported interest in receiving discounted electricity.

**Figure 12. Which of the following options would you select in order to get discounted electricity prices?**

Would you be interested in receiving discounted electricity prices if it meant receiving limited customer service?

![Chart showing interest levels](chart.png)

**Figure 13. Money-saving package.**

“Save money” energy bundle

Give me the lowest possible cost and I’ll do the rest (Package adoption ~ up to 70%)

**Package attributes**

- Variable electricity price fluctuating based on the time of day
- Manual actions required to control consumption and costs
- Online service only and electronic billing
- No renewable energy in fuel mix
- Personalized energy reports are provided with tips to reduce consumption
- Bill decrease of 10%

Methodology note: Results based on a conjoint analysis.

Base: All respondents.
Actionable insight No. 4
Create a value proposition with bundles

Consumers are interested in bundled packages that better suit their lifestyles and needs, particularly when they deliver savings, convenience or ease of use.

Product and service bundles
Building on the insights into what products consumers are interested in receiving from their providers, survey respondents were provided with a scenario in which electricity providers may bundle additional products and services with electricity. The scenario explained that, in the future, consumers may be able to purchase a bundle that includes electricity as well as other home services (e.g., natural gas and water, home phone and Internet, home security, financial services, home energy audit).

We then asked consumers to rank the top factors that would influence their decision to sign up for such bundles. Consistent with how consumers have grown used to bundling in other industries, 89 percent say receiving a discount is “somewhat” or “very” important. But for today’s busy consumer, convenience and ease of use also emerged as important when considering whether or not to sign up for a bundle, with the availability of a single point of contact and a single bill both ranking at more than 70 percent (see Figure 14).

Interestingly, more than half of consumers also indicate that enabling additional features (such as home automation) or incorporating the latest technologies (such as a tablet computer) would be an important consideration when signing up for a bundle.

Figure 14. How important would each of the following factors be in your decision to sign-up for one of these bundles?

In the future, electricity providers may bundle additional products and services with electricity. You may be able to purchase a bundle that includes electricity as well as other home services (e.g., natural gas and water, home phone and Internet, home security, financial services, home energy audit, etc.).

<table>
<thead>
<tr>
<th>Factor</th>
<th>Somewhat important</th>
<th>Very important</th>
<th>Base: All respondents.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives me a discount</td>
<td>32%</td>
<td>57%</td>
<td>89%</td>
</tr>
<tr>
<td>Provides me with a single point of contact for installation, service and issue resolution</td>
<td>44%</td>
<td>32%</td>
<td>76%</td>
</tr>
<tr>
<td>Allows me to receive a single bill for multiple services</td>
<td>43%</td>
<td>28%</td>
<td>71%</td>
</tr>
<tr>
<td>Enables additional features (e.g., bundling home automation and electricity allows me to control my lights and appliances from my mobile phone)</td>
<td>36%</td>
<td>19%</td>
<td>55%</td>
</tr>
<tr>
<td>Incorporates the latest technologies (e.g., a tablet computer or netbook)</td>
<td>35%</td>
<td>19%</td>
<td>54%</td>
</tr>
</tbody>
</table>
Optimal introduction time
Timing is of the essence when introducing bundled products and services. Almost half of consumers indicate they would be interested in learning about product and service bundles when their provider introduces a new bundled offer or when they are moving into a new home (see Figure 15). These moments were followed closely by other trigger points, such as when their electricity bill is higher than usual or when a consumer is signing up for electricity service. Interestingly, a traditional moment of communication with consumers—the bill—ranked behind other moments, with 36 percent of consumers stating they would be interested in learning about product and service bundles when receiving their bill.

To examine the interest in learning about product and service bundles from another perspective, we considered the influence of age. In some cases, younger and older consumers stand on opposing sides of when the time is right for them to learn about new bundles. For example, the 18- to 24-year-old segment is most interested (at 58 percent) when they have a major life event, such as moving into a new home. In contrast, the 55+ segment is most interested (at 58 percent) when the electricity provider makes a change by introducing a new product/service bundle (see Figure 16).

To generate deeper insights into consumer priorities across a spectrum of variables related to electricity bundles and value propositions, we asked consumers to trade off components—namely, electricity rate options, consumption management options, renewable energy options, customer service options and electricity usage reports. Based on the options selected, there was a corresponding impact on the bill. In the exercise, our surveyed consumers ranked their preferences and traded off elements to create energy packages that meet their needs (see Figure 17). Diverse preferences emerged and our analysis shows that interest in different packages differs by geography, income, gender, amount of time available for energy management and other factors.

Figure 15. When would you be interested in learning about product and service bundles from your electricity provider?

<table>
<thead>
<tr>
<th>Event</th>
<th>Mentioned in top three</th>
</tr>
</thead>
<tbody>
<tr>
<td>When my electricity provider introduces a new product or service bundle</td>
<td>49%</td>
</tr>
<tr>
<td>When I am moving into a new home</td>
<td>48%</td>
</tr>
<tr>
<td>When my electricity bill is higher than usual</td>
<td>47%</td>
</tr>
<tr>
<td>When I sign up for electricity service</td>
<td>43%</td>
</tr>
<tr>
<td>When I get my bill</td>
<td>36%</td>
</tr>
<tr>
<td>When I sign up for another home service (e.g., telephone, Internet, insurance, security, etc.)</td>
<td>27%</td>
</tr>
<tr>
<td>When I am renovating my home</td>
<td>25%</td>
</tr>
<tr>
<td>When I am purchasing new appliances/household electronics</td>
<td>23%</td>
</tr>
</tbody>
</table>

Base: All respondents.

Figure 16. When would you be interested in learning about product and service bundles from your electricity provider?

<table>
<thead>
<tr>
<th>Event</th>
<th>18-24 years</th>
<th>25-34 years</th>
<th>35-54 years</th>
<th>55+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>When my electricity provider introduces a new product or service bundle</td>
<td>43%</td>
<td>54%</td>
<td>58%</td>
<td>58%</td>
</tr>
<tr>
<td>When I am moving into a new home</td>
<td>45%</td>
<td>56%</td>
<td>58%</td>
<td>58%</td>
</tr>
<tr>
<td>When my electricity bill is higher than usual</td>
<td>47%</td>
<td>45%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>When I sign up for another home service (e.g., telephone, Internet, insurance, security, etc.)</td>
<td>45%</td>
<td>46%</td>
<td>43%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Base: All respondents.
“Make it predictable” energy bundle

Give me a consistent bill with no-frills service

**Package attributes**
- Fixed electricity price requiring no actions to manage usage at particular times
- Manual actions required to control consumption
- Online service only and electronic billing
- No renewable energy in fuel mix
- Basic consumption history provided
- Bill decrease of 5%

**Consumer attributes**
- Higher adoption by consumers with higher income
- Higher adoption by home owners versus renters

“Save money” energy bundle

Give me the lowest possible cost and I’ll do the rest

**Package attributes**
- Variable electricity price fluctuating based on the time of day
- Manual actions required to control consumption
- Online service only and electronic billing
- No renewable energy in fuel mix
- Personalized energy reports are provided with tips to reduce consumption
- Bill decrease of 10%

**Consumer attributes**
- Higher adoption by those who report they have time to manage electricity consumption
- Higher adoption by home owners versus renters

“Save time” energy bundle

Deliver a set-it-and-forget-it solution for managing my energy

**Package attributes**
- Variable electricity price fluctuating hourly
- Automated consumption control
- Full service and support available across multiple channels of interaction
- No renewable energy in fuel mix
- Basic consumption history provided
- No impact on bill

**Consumer attributes**
- Higher adoption by males
- Higher adoption by consumers age 18-34

“Save the planet” energy bundle

Give me peace of mind with the best service and green options

**Package attributes**
- Variable electricity price fluctuating based on the time of day
- Automated consumption control
- Full service and support available across multiple channels of interaction
- A considerable portion of the fuel mix is from renewable energy sources
- Personalized energy reports are provided with tips to reduce consumption
- Bill increase of 5%

**Consumer attributes**
- Higher adoption by consumers age 18-24

Note: Illustrative energy packages created based on conjoint analysis.
Consumer connection

The Web, mobility and social media are increasingly creating a consumer world defined by connectivity. For energy providers, engaging consumers is a balancing act between managing operational realities and connecting with consumers—on their terms.
**Actionable insight No. 5**
Optimize the value of self-serve

Low-touch channels and self-service have reached a tipping point where consumers prefer these options for most transactional interactions.

**High-touch versus low-touch**
The consumers participating in our study report a dramatic move toward low-touch channels of interaction such as e-mail or web portal. We asked consumers about their preferred channels of interaction for specific moments across the consumer life cycle. We then grouped channels that had direct, immediate interaction with a representative as “high-touch” and those that did not as “low-touch.” Not surprisingly, when asked about their preferred method of interaction, for routine items such as receiving their bill, 100 percent of respondents prefer low-touch channels (see Figure 18). In fact, for eight of the nine interactions, the majority of consumers prefer low-touch channels. As the complexity of service issues increases, consumer preference for low-touch channels decreases. On the other side of the spectrum, for resolving billing issues, 60 percent of consumers prefer high-touch channels such as in-person or on the phone.

**Figure 18.** Please select your preferred method of interaction with your electricity provider for the following events.

* Only in deregulated markets.
* Base: All respondents.
Looking more closely at consumer interaction preferences, consumers overwhelmingly prefer "Web-enabled channels" (such as web portals, mobile applications and email) for the majority of their interactions (see Figure 19). For example, 57 percent of survey respondents prefer Web-enabled channels for changing their address and 71 percent for receiving their bill.

However, in-person and phone interaction with a representative remain important for learning and purchasing experiences. When it comes to learning about new services, 17 percent of consumers prefer in-person channels and 11 percent prefer interaction over the phone. Similarly, when signing up for new electricity packages and services, 21 percent prefer in-person channels and 17 percent prefer the phone. The importance of in-person interactions was also highlighted in the findings from our 2011 survey, Revealing the Values of the New Energy Consumer. In this survey, when asked how they would prefer to purchase a SetAndForget program, 63 percent of consumers reported that they would prefer to purchase from a staff member in a store or at their home.¹

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**Figure 19.** Please select your preferred method of interaction with your electricity provider for the following events.

<table>
<thead>
<tr>
<th></th>
<th>Receive bill</th>
<th>Pay bill</th>
<th>Learn about new home energy services</th>
<th>Learn about new energy packages</th>
<th>Get outage information</th>
<th>Change your address/move</th>
<th>Switch to a new electricity provider*</th>
<th>Sign-up for new electricity packages and services</th>
<th>Resolve issues (e.g., billing issues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person (e.g., at your home or in a store)</td>
<td>7%</td>
<td>17%</td>
<td>17%</td>
<td>7%</td>
<td>15%</td>
<td>21%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Over the telephone</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>33%</td>
<td>22%</td>
<td>21%</td>
<td>17%</td>
<td>44%</td>
<td>4%</td>
</tr>
<tr>
<td>Online chat</td>
<td></td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web-enabled channels</td>
<td>71%</td>
<td>69%</td>
<td>52%</td>
<td>51%</td>
<td>54%</td>
<td>57%</td>
<td>50%</td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>SMS/text message</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>13%</td>
<td>1%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper mail</td>
<td>27%</td>
<td>15%</td>
<td>18%</td>
<td>18%</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **High-touch channels**
- **Low-touch channels**

*Only in deregulated markets.
Base: All respondents.
Mastering self-serve channels
Encouraging consumers to use self-serve channels and delivering an effective experience are increasingly important. To better understand expectations, we explored what characteristics are most important for consumers when they consider using self-service. Ninety-one percent of consumers cite simplicity and ease of use, along with the ability to resolve a request the first time, as important characteristics (see Figure 20). Furthermore, 89 percent of consumers highlight the importance of having technical support available—whenever they need it.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Somewhat important</th>
<th>Very important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolves my request the first time</td>
<td>33%</td>
<td>58%</td>
<td>91%</td>
</tr>
<tr>
<td>Simple and easy to use</td>
<td>34%</td>
<td>57%</td>
<td>91%</td>
</tr>
<tr>
<td>Technical support is available whenever I need it</td>
<td>38%</td>
<td>51%</td>
<td>89%</td>
</tr>
<tr>
<td>Keeps my information private and secure</td>
<td>28%</td>
<td>60%</td>
<td>88%</td>
</tr>
<tr>
<td>Provides tools to understand my usage and get tips to reduce my bill</td>
<td>44%</td>
<td>41%</td>
<td>85%</td>
</tr>
<tr>
<td>Faster than speaking to a representative</td>
<td>43%</td>
<td>38%</td>
<td>81%</td>
</tr>
<tr>
<td>More convenient than speaking to a representative</td>
<td>43%</td>
<td>33%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Base: All respondents.
**Actionable insight No. 6**

Unlock social media

Consumers in many geographies are interested in engaging with their electricity providers through social media, in particular, for service convenience.

**Interacting through social media**

Social media is not new, but its reach and variety of uses continues to grow. When it comes to energy-related interactions, consumers are increasingly comfortable using social media. More than one-third of our survey respondents use, or plan to use, social media to discuss energy-related issues with other consumers or groups (see Figure 21).

Consumers also show interest in passively following or actively interacting with their electricity providers through social media. Thirty percent of consumers interact (or plan to interact) with their electricity provider on popular networks, such as Facebook© and Twitter©, posting comments or writing “tweets.” This activity represents a sharp rise compared to our 2010 survey, in which only 1 percent of consumers opted for using social media to get customized advice on the best electricity management programs for their own situation.2

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Figure 21. Have you used or do you plan to use social media to discuss or learn about energy-related issues or to interact with your electricity provider?

- **Yes, I currently do:** 11%
- **No, but I plan to in the next 12 months:** 36%
- **No, and I do not plan to:** 64%

- **Discuss or learn about energy-related issues with other consumers or groups:** 30%
- **Follow my electricity provider (e.g., follow on Twitter, “like” on Facebook, etc.):** 70%
- **Interact with my electricity provider (e.g., follow on Twitter, “like” on Facebook, etc.):** 70%

Base: All respondents.
When it comes to social media, younger consumers once again exhibit specific preferences. Figure 22 illustrates that 50 percent of 18- to 24-year-old consumers currently use or plan to use social media to discuss or learn about energy-related issues with other consumers or groups.

However, the decline in appeal of social media with older generations is not as marked as one might expect. Even older generations of consumers are “cyber-active.” For example, 22 percent of consumers 55 years and older currently use or plan to use social media to discuss or learn about energy-related issues.

Global use of social media

Further analysis on geographic differences in social media interest shows a split between mature and emerging economies. One-fifth of consumers in emerging economies currently use social media to discuss energy-related issues with other consumers or groups (see Figure 23). But almost 50 percent of consumers in emerging economies plan to use it in the next 12 months. These percentages are more than double the response rates of consumers in mature economies.

Figure 22. Have you used or do you plan to use social media to discuss or learn about energy-related issues or to interact with your electricity provider?

![Figure 22](image-url)

Global use of social media

Further analysis on geographic differences in social media interest shows a split between mature and emerging economies. One-fifth of consumers in emerging economies currently use social media to discuss energy-related issues with other consumers or groups (see Figure 23). But almost 50 percent of consumers in emerging economies plan to use it in the next 12 months. These percentages are more than double the response rates of consumers in mature economies.

Figure 23. Have you used or do you plan to use social media to discuss or learn about energy-related issues or to interact with your electricity provider?

![Figure 23](image-url)

*Mature economies include: Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Singapore, Spain, Sweden, United Kingdom, United States.

*Emerging economies include: Brazil, China, South Korea, South Africa.

Base: All respondents.
Social media as an information source

Possibilities for social media continue to grow. To understand consumer interest in using social media as a source of information, we presented consumers with a hypothetical situation: If electricity prices fluctuate throughout the day, how would you prefer to be notified?

Figure 24 shows that younger consumers are the most interested in being notified of changes in electricity prices via social media. The average rate of interest among all age groups is 13 percent, but the 18- to 24-year-old group nearly doubles that rate at 24 percent of consumers expressing interest in receiving price updates via social media.

Encouraging social media use

Although it’s fair to say that connecting consumers with utility companies was not the original intent of social networking, such connection is one way that social media has evolved. Many energy providers are actively trying to engage consumers through social media to extend the consumer relationship or meet other goals.

Social media can take many forms and be used in many ways. To understand what would engage consumers through social media, our survey explored some specific tactics that energy providers might pursue.

Interestingly, consumers emphasize that receiving quick, convenient service through social media is a critical factor in encouraging them to interact with their electricity providers. In Figure 25, we see that 50 percent of consumers would be encouraged to use social media if they received quick and convenient service such as responses to complaints or to find out about power outages.

Another 47 percent would be encouraged to join the conversation if an online community was managed to provide more information about energy-related products and tips on how to reduce bills.

Figure 24. In the future, electricity prices may fluctuate throughout the day, making it more expensive to use electricity at certain times. If this were the case, how would you like to be notified when there is a significant change in the price of electricity?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Interest in Social Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 years</td>
<td>24%</td>
</tr>
<tr>
<td>25-34 years</td>
<td>18%</td>
</tr>
<tr>
<td>35-54 years</td>
<td>11%</td>
</tr>
<tr>
<td>55+ years</td>
<td>6%</td>
</tr>
</tbody>
</table>

* Mentioned in top three.
Base: All respondents.

Figure 25. Would the following options encourage you to interact with your electricity provider through social media?

- Quick and convenient service from your electricity provider (e.g., responds to complaints, outage notifications through Facebook/Twitter)
  - Probably: 32%
  - Certain: 18%
  - Total: 50%

- Online community managed by your electricity provider to discuss and learn about energy-related products, services and tips to reduce your bill
  - Probably: 33%
  - Certain: 14%
  - Total: 47%

- Access to exclusive offers from your electricity provider through social media (e.g., free tickets to a sporting event)
  - Probably: 32%
  - Certain: 14%
  - Total: 46%

- Recognition from your electricity provider for your engagement through social media (e.g., awards for contributing energy-saving tips)
  - Probably: 29%
  - Certain: 13%
  - Total: 42%

- Fun and entertaining content created by your electricity provider (e.g., YouTube videos, Facebook games, etc.)
  - Probably: 23%
  - Certain: 8%
  - Total: 31%

Base: All respondents.
As we illustrated previously, the 55-and-older age group shows the least interest in using social media. Even so, this lower turnout should not be interpreted as "no interest." Figure 26 shows that there is significant opportunity to encourage interaction through social media.

For example, one-third of consumers 55 years or older would be encouraged to use social media if it offered a community to discuss and learn about energy-related products or tips to reduce their bill.

Looking at younger consumers 18 to 24 years old, 64 percent report that they would be encouraged to interact through social media if electricity providers offered access to exclusive rewards such as free tickets to sporting events. The differences across ages highlight that providers need a targeted approach for different groups of consumers.

Figure 26. Would the following options encourage you to interact with your electricity provider through social media?

- Quick and convenient service from your electricity provider (e.g., responds to complaints, outage notifications through Facebook/Twitter)
  - 18-24 years: 63%
  - 25-34 years: 59%
  - 35-54 years: 49%
  - 55+ years: 34%

- Online community managed by your electricity provider to discuss and learn about energy-related products, services and tips to reduce your bill
  - 18-24 years: 59%
  - 25-34 years: 53%
  - 35-54 years: 45%
  - 55+ years: 33%

- Access to exclusive offers from your electricity provider through social media (e.g., free tickets to a sporting event)
  - 18-24 years: 64%
  - 25-34 years: 57%
  - 35-54 years: 44%
  - 55+ years: 26%

- Recognition from your electricity provider for your engagement through social media (e.g., awards for contributing energy-saving tips)
  - 18-24 years: 59%
  - 25-34 years: 51%
  - 35-54 years: 40%
  - 55+ years: 25%

- Fun and entertaining content created by your electricity provider (e.g., YouTube videos, Facebook games, etc.)
  - 18-24 years: 49%
  - 25-34 years: 40%
  - 35-54 years: 40%
  - 55+ years: 15%

Base: All respondents who would “certainly” or “probably” be encouraged to interact with their electricity provider through social media.
Consumer loyalty

Consumer satisfaction, engagement and loyalty are complex and intertwined. Understanding the drivers of satisfaction and consumer stickiness is becoming increasingly important for successful energy providers.
Actionable insight No. 7
Manage consumer engagement

Satisfaction and engagement actually decrease based on the length of time consumers interact with their providers.

Consumer satisfaction
Consumer satisfaction is a common metric around the world. To understand basic levels of satisfaction, consumers were invited to rate their satisfaction with their current electricity provider. In Figure 27, we see that consumers in the Netherlands exhibit the highest levels of satisfaction at 82 percent, whereas consumers in South Africa and Japan indicate the lowest (29 percent and 27 percent, respectively). The average for all country respondents is a satisfaction score of 59 percent with their electricity providers.
How involved are consumers?

To measure the engagement of consumers specifically in deregulated markets, our survey asked three pointed questions and instructed the consumers to rate their responses on a scale from 1 to 10, with 10 being the highest:

- **Satisfaction**: "What is your level of satisfaction with your current electricity provider?"
- **Recommendation**: "Would you recommend your current electricity provider to your family/friends?"
- **Switching**: "Are you considering switching to another electricity provider in the next 12 months?"

To create a holistic view of consumer engagement with their providers in competitive markets, we aggregated responses to these three questions. The resulting consumer engagement score represents one of the most critical metrics for energy providers. Averaging the total responses, we learned that globally 67 percent of consumers are engaged with their electricity providers (see Figure 28).

Figure 29 illustrates that in deregulated markets across geographies, responses by country do not stray too far from the median score of engagement—only a 7 percent difference up or down. Consumers in France take top spot as the most engaged (at 74 percent), while South Korean consumers are the least engaged (at 60 percent).
Extent of consumer interaction

In general, electricity and energy providers are not necessarily top of mind for consumers; however, many trends in the marketplace today—smart metering, value-added products and services, and energy conservation—require greater levels of consumer interaction. Respondents spent, on average, 9 minutes interacting with a representative of their electricity provider over the past 12 months (see Figure 30). Highlighting the low level of interaction, 54 percent stated that they have not interacted with their electricity provider in the past 12 months.

Figure 30. In the past 12 months, how much time did you spend in total interacting with a representative of your electricity provider (e.g., over the phone, e-mail, in a store, in your home, etc.)?

- I have not interacted with my electricity provider in the past 12 months: 54%
- Less than 5 minutes: 12%
- 5 to 10 minutes: 12%
- 10 to 20 minutes: 9%
- 20 to 30 minutes: 5%
- 30 minutes to one hour: 4%
- Greater than one hour: 4%

Average time spent interacting: 9 minutes

Base: All respondents.
Further analysis of specific geographies shows that in the emerging economy of South Africa, the interaction time is more than double the average (see Figure 31). Additionally, it is interesting to note that a handful of mature economies with deregulated electricity markets, such as Belgium, Australia, Spain and the United Kingdom, also rank above the average.

Figure 31. In the past 12 months, how much time did you spend in total interacting with a representative of your electricity provider (e.g., over the phone, e-mail, in a store, in your home, etc.)?

- Average time spent in minutes

- South Africa: 19
- Brazil: 14
- Belgium: 13
- China: 13
- Australia: 12
- Spain: 11
- United Kingdom: 10
- Average: 9
- Italy: 8
- Denmark: 8
- Netherlands: 8
- United States: 7
- Norway: 7
- Singapore: 7
- France: 7
- Sweden: 7
- Germany: 6
- Canada: 6
- South Korea: 5
- Japan: 3

Base: All respondents.
Taking a closer look, we can see that the more time consumers spent interacting with representatives of their electricity provider over the past 12 months, the more their levels of satisfaction and engagement seem to decrease. If consumers have interacted with their energy provider for more than one hour in the past year, satisfaction drops by 7 percent compared to those who have not interacted at all. The drop in engagement over the same range is even more dramatic—falling a full 10 percent (see Figure 32).

Figure 32. Consumer satisfaction and consumer engagement versus time spent interacting with a representative of electricity provider in the past 12 months.
Actionable insight No. 8
Understand churn

In competitive markets, while switching decisions are largely price driven, loyalty rewards are emerging as an effective motivator for consumers to stay with their current provider.

Willingness to recommend and switch
In deregulated utility markets, high rates of consumer churn can erode revenue and may be a sign of trouble in the business. After measuring consumer satisfaction levels, we wanted to better understand two other factors that influence engagement: willingness to recommend and retention.

In deregulated markets, 55 percent of consumers would recommend their electricity provider to family and friends (see Figure 33). While 14 percent of respondents would not recommend their provider, 25 percent are considering switching to another electricity provider in the next 12 months.

Figure 33. Willingness to recommend and retention.

Would you recommend your current electricity provider to your family/friends?

Base: Respondents in deregulated markets only.

<table>
<thead>
<tr>
<th>Certainly</th>
<th>Probably</th>
<th>Neutral</th>
<th>Probably not</th>
<th>Certainly not</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>36%</td>
<td>31%</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

55% of consumers would recommend their electricity provider

Are you considering switching to another electricity provider in the next 12 months?

Base: Respondents in deregulated markets only.

<table>
<thead>
<tr>
<th>Certainly switch</th>
<th>Probably switch</th>
<th>Neutral</th>
<th>Probably not switch</th>
<th>Certainly not switch</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
<td>14%</td>
<td>24%</td>
<td>13%</td>
<td>38%</td>
</tr>
</tbody>
</table>

25% of consumers are considering switching to another electricity provider
Consumer willingness to switch electricity providers differs across geographies. Notably, consumers in France report the lowest intention to switch electricity providers with a mere 7 percent saying that they are considering switching in the next 12 months (see Figure 34). Germany and Belgium rise to the top with 19 percent and 16 percent of consumers, respectively, reporting that they “certainly” intend to switch providers in the next 12 months.

The drivers behind churn
What drives a consumer to end the relationship with his or her electricity provider? Perhaps unsurprisingly, the primary factor is that consumers switch for savings (see Figure 35). Eighty-nine percent of consumers in deregulated markets report that a reduced electricity bill is a main factor that motivates switching providers.

While price is important, it is not the only factor consumers consider. Sixty percent of consumers would be motivated to switch providers for a rate plan that better suits their needs. Renewable energy options are also enticing for one-third of the survey respondents, as are product and service bundles, loyalty rewards and better customer service.
Loyalty rewards programs

Loyalty rewards programs have long been a retention tool in many industries. As a result, consumers have grown used to being rewarded by their providers. Our findings show that, indeed, loyalty programs are an effective tool to motivate consumers to stay with their current electricity provider. In deregulated markets, 69 percent of consumers would be motivated to stay if their current electricity provider rewarded them with “points” that can be used to purchase a variety of products and services. Other loyalty constructs such as surprise recognition programs or rewards points that are only redeemable at specific times in the future do not fall far behind (see Figure 36).

Loyalty rewards

A closer look

Energy providers in competitive markets are increasingly using loyalty reward programs as a tool to retain consumers and encourage certain behaviors. Accenture’s consumer research has explored loyalty rewards programs from a number of angles, shedding light on the way that consumers perceive rewards. Interestingly, while more than 60 percent of consumers report that loyalty programs would encourage them to stay with an existing provider (see Figure 36), only 32 percent of consumers say that a better loyalty program would be a reason to switch (see Figure 35). Furthermore, in Revealing the Values of the New Energy Consumer, consumers reported that after price, loyalty rewards were the most critical element considered when adopting an energy management program.¹

These results suggest that consumers have differing values toward loyalty programs when assessing their current provider or specific energy programs versus externally assessing another provider. When evaluating their current provider and making decisions about adopting an energy management program, loyalty rewards are top of mind. However, when evaluating a different provider, loyalty rewards are less of a differentiator.

Figure 36. Would the following rewards programs motivate you to stay with your current electricity provider?

<table>
<thead>
<tr>
<th>Yes, greatly</th>
<th>Yes, somewhat</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>46%</td>
<td>31%</td>
</tr>
<tr>
<td>20%</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td>43%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Ongoing traditional loyalty-points program earns points that can be used to purchase a variety of products and services

Surprise customer recognition program where you receive unexpected rewards from your electricity provider

An ongoing rewards program where you accumulate points that are redeemable at a specific time in the future

Base: Respondents in deregulated markets only.
Consumer satisfaction, interaction and switching

As previously stated, there is a relationship between the amount of time consumers spend interacting with their providers and their satisfaction. Our survey results show an even stronger correlation between time spent interacting and a consumer’s likelihood to switch providers (see Figure 37). As consumers spend more time interacting with a representative of their electricity provider, satisfaction level drops and the likelihood of switching providers increases dramatically. Thirty-eight percent of consumers who have not interacted with their provider in the past 12 months report that they are likely to switch; however, this number grows to 55 percent for consumers who have spent more than an hour interacting with their provider in the past 12 months.

Figure 37. Consumers’ likelihood to switch electricity provider versus time spent interacting with a representative of the electricity provider in the past 12 months.

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Base: Respondents in deregulated markets only.
Actionable insight No. 9
Engage the next generation

Younger consumers can offer a paradox: they prefer a complex mix of high-touch interactions, self-service and social media engagement.

Less loyal and more interactive
Nearly a third of 18- to 34-year-old consumers indicate strong loyalty to their electricity provider indicating they will “certainly not switch” in the next 12 months (see Figure 38). In comparison, nearly half of consumers aged 55 or older say that they will “certainly not switch” electricity providers in the next 12 months.

Interestingly, younger consumers also spend more time interacting with representatives of their electricity providers. Consumers who are 18 to 34 years old interact with their providers 11 minutes a year, compared to an average of nine minutes (see Figure 39). While a difference of two minutes may sound small, the operational cost implications for utilities can be significant.

Young with diverse channel preferences
Countering widely held beliefs that younger consumers prefer low-touch contact and self-serve channels, 18- to 24-year-old respondents have a stronger preference for high-touch channels for specific events, such as in person or on the phone, than older consumers. Figure 40 illustrates that they prefer to interact with a customer service representative more than other age groups and in particular to learn about and sign up for new electricity packages or in deregulated markets, to switch providers.

Figure 38. Are you considering switching to another electricity provider in the next 12 months?

<table>
<thead>
<tr>
<th>Certainly switch</th>
<th>Probably switch</th>
<th>Neutral</th>
<th>Probably not switch</th>
<th>Certainly not switch</th>
</tr>
</thead>
<tbody>
<tr>
<td>9%</td>
<td>17%</td>
<td>26%</td>
<td>17%</td>
<td>31%</td>
</tr>
<tr>
<td>13%</td>
<td>16%</td>
<td>27%</td>
<td>12%</td>
<td>32%</td>
</tr>
<tr>
<td>11%</td>
<td>14%</td>
<td>26%</td>
<td>12%</td>
<td>37%</td>
</tr>
<tr>
<td>9%</td>
<td>10%</td>
<td>13%</td>
<td>49%</td>
<td></td>
</tr>
</tbody>
</table>

Base: Respondents in deregulated markets only.

Figure 39. In the past 12 months, how much time did you spend in total interacting with a representative of your electricity provider (e.g., over the phone, e-mail, in a store, in your home, etc.)?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Average time spent in minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 years</td>
<td>11</td>
</tr>
<tr>
<td>25-34 years</td>
<td>11</td>
</tr>
<tr>
<td>Average</td>
<td>9</td>
</tr>
<tr>
<td>35-54 years</td>
<td>8</td>
</tr>
<tr>
<td>55+ years</td>
<td>7</td>
</tr>
</tbody>
</table>

Base: All respondents.
Figure 40. Please select your preferred method of interaction with your electricity provider for the following events.

<table>
<thead>
<tr>
<th>Event</th>
<th>18-24 years</th>
<th>25-34 years</th>
<th>35-54 years</th>
<th>55+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learn about new energy packages</td>
<td>43%</td>
<td>34%</td>
<td>29%</td>
<td>22%</td>
</tr>
<tr>
<td>Learn about new home energy services</td>
<td>42%</td>
<td>32%</td>
<td>27%</td>
<td>20%</td>
</tr>
<tr>
<td>Sign-up for new electricity packages and services</td>
<td>56%</td>
<td>46%</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>Change your address/move</td>
<td>47%</td>
<td>37%</td>
<td>30%</td>
<td>24%</td>
</tr>
<tr>
<td>Pay bill</td>
<td>24%</td>
<td>18%</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>Resolve issues (e.g., billing issues)</td>
<td>62%</td>
<td>59%</td>
<td>60%</td>
<td>57%</td>
</tr>
<tr>
<td>Switch to a new electricity provider (deregulated markets only)</td>
<td>53%</td>
<td>44%</td>
<td>37%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Base: All respondents.

- **High-touch channels (in-person, telephone, online chat)**
- **Low-touch channels (e-mail, portal, social media, mobile applications, paper, SMS)**
In addition, Figure 41 shows that interest in interacting through social media is significantly higher among younger consumers. Thirty-nine percent or more of 18- to 34-year-old consumers are currently using or planning to use social media to discuss or learn about energy-related issues with other consumers or groups, to follow their electricity providers or to interact with their provider.

Figure 41. Have you used or do you plan to use social media to discuss or learn about energy-related issues or to interact with your electricity provider?

<table>
<thead>
<tr>
<th></th>
<th>Currently use social media to interact with electricity provider or plan to in the next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 years</td>
<td>50%</td>
</tr>
<tr>
<td>25-34 years</td>
<td>45%</td>
</tr>
<tr>
<td>Average</td>
<td>36%</td>
</tr>
<tr>
<td>35-54 years</td>
<td>34%</td>
</tr>
<tr>
<td>55+ years</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td><strong>Follow my electricity provider (e.g., follow on Twitter, “like” on Facebook, etc.)</strong></td>
</tr>
<tr>
<td>18-24 years</td>
<td>44%</td>
</tr>
<tr>
<td>25-34 years</td>
<td>39%</td>
</tr>
<tr>
<td>Average</td>
<td>30%</td>
</tr>
<tr>
<td>35-54 years</td>
<td>28%</td>
</tr>
<tr>
<td>55+ years</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td><strong>Interact with my electricity provider (e.g., comment on Facebook wall, mention on Twitter, etc.)</strong></td>
</tr>
<tr>
<td>18-24 years</td>
<td>44%</td>
</tr>
<tr>
<td>25-34 years</td>
<td>40%</td>
</tr>
<tr>
<td>Average</td>
<td>30%</td>
</tr>
<tr>
<td>35-54 years</td>
<td>28%</td>
</tr>
<tr>
<td>55+ years</td>
<td>14%</td>
</tr>
</tbody>
</table>

- Currently use social media to interact with electricity provider or plan to in the next 12 months
- Base: All respondents.
Implications for energy providers

Our findings illustrate that the preferences and values of the new energy consumer are diverse but offer opportunities to deliver on multiple imperatives—consumer satisfaction, cost reduction and revenue growth. Energy providers, regulated and deregulated alike, will need new capabilities and strategies in order to develop solutions that redefine the value proposition for consumers while creating new opportunities for themselves.
Create value with consumer choice: Use choice to create targeted propositions that deliver value to the provider and consumer

Consumer choice has emerged as a powerful tool for defining new value propositions, shaping consumer expectations and creating targeted offerings that align with consumer preferences. The concept of choice is applicable not only in deregulated markets.

Consumers are interested in receiving additional energy and nonenergy-related products and services from their providers. Seizing this opportunity requires a move beyond the commodity, developing innovative offerings that blend the optimal mix of products and services—such as different rate structures, energy management technology, renewable energy sources, and other energy or nonenergy-related products and services.

Bundling energy and value-added products or services can also be a platform to personalize the energy experience, helping develop unique and targeted value propositions for specific groups of consumers while addressing providers’ cost, revenue and satisfaction objectives. For many providers, implementing bundling will likely require a significant shift in terms of the people, process and technology capabilities required to create, scale and manage a portfolio of bundled products and services.

Establishing differentiated premium or discounted offerings can help energy providers deliver on diverse consumer expectations, manage cost-to-serve and ultimately create a more compelling energy offering for consumers. To pinpoint opportunities, providers must identify the cost and consumer satisfaction levers across channels with a focus on rationalizing service with little to no impact on consumer satisfaction. In short, providers will need to excel at innovation, whether it is in product development, bundling or consumer messaging.

Redefine consumer connection: Develop a multifaceted consumer relationship that delivers low-cost self-service for the majority of transactions and high-value service for critical interactions

Energy providers have an opportunity to reinvent their approach to customer service by creating an interaction mix that reduces operational costs and delivers what consumers want.

To succeed at developing multifaceted relationships, providers will need to build effective self-serve capabilities and then work to drive consumer adoption for certain transactions. At the same time, interactions with provider representatives must become value added, resolving issues and delivering targeted treatments that create positive experiences.

Social media has entered the mainstream as a distinct channel of interaction for utilities. It is no longer enough for providers to simply monitor consumer sentiment through social media. Rather, energy providers need to have a social media presence and use it holistically to better understand the consumers who use it and interact with those interested in being engaged through social media.

As providers develop this multifaceted relationship with consumers, they will need to seamlessly accommodate a wide array of consumer channels and align messaging under a single point of accountability within the organization.

Engage to build consumer loyalty: Develop operational and consumer insights to engage consumers and build loyalty

It is becoming clear that for energy providers, data analysis and the ability to drive insights through to action are critical competencies.

Providers need to develop analytics capabilities and processes to learn from consumers, understand the preferences of different segments and implement targeted experiences that cost-effectively build loyalty and create new revenue opportunities.

Consumers have limited interactions with their energy providers. The more interactions they have, the less satisfied they are, and in deregulated markets, the more likely they are to churn. These findings suggest that the majority of current interactions are neutral or negative. Providers have an opportunity to develop operational and consumer insights to identify the root cause of contacts and then manage them to support positive outcomes. This requires analysis and continuous improvement capabilities that apply equally to developing consumer and operational insights.

In addition, younger consumers interact more with their energy providers, are less loyal and have differing channel preferences, all of which increase service cost and complexity. To effectively engage different groups of consumers, energy providers must develop targeted approaches that balance cost-to-serve with consumer preferences.
Conclusion

Consumer values and preferences are changing as the energy marketplace evolves. Providers have an opportunity to harness these changes to create value, engage consumers and build loyalty.

To develop the competencies critical for the future, providers may choose to develop an ecosystem of partnerships and collaboration that extends the consumer relationship and creates agility and scalability for new products or services. These partnerships may include operational outsourcing to allow providers to focus on core strengths, or may extend to the broader community of other retailers, academia, governments, cities and other stakeholders.

As the energy marketplace continues to evolve and providers assess their approach to markets and consumers, dynamic new business models are emerging. Some providers are moving to capture value beyond the meter while others are developing roles as trusted energy advisors. Regardless of the business model (or combination of models) a provider selects, there is also a need to transform traditional utility operating models to create organizations that are more consumer focused, agile and cost effective.

The most successful energy providers will be those that deeply understand consumer behaviors, attitudes and preferences and take a balanced and targeted approach to identify and deliver value at scale.
Learn about The New Energy Consumer: Balancing Strategic and Operational Imperatives

Accenture believes that as new technologies, consumer trends and regulatory changes intensify, energy providers face a dynamic energy marketplace that presents a host of new opportunities and challenges. The range of possibilities and areas for focus are vast and will differ for each provider. With this in mind, we have developed a companion reference guide, The New Energy Consumer: Balancing Strategic and Operational Imperatives.

The guide contains perspectives and global insights based not only on Accenture’s end-consumer research program, but also on a wide variety of other industry research, interviews with clients and industry experts, cross-industry experiences and Accenture’s own knowledge of managing utility operations. It covers areas such as:

- The macro trends creating the evolving energy marketplace in both regulated and deregulated environments.

- The critical focus areas utilities must consider for the evolving energy marketplace: the need for innovation, shifts in the consumer–utility relationship, the challenges and opportunities of increased data and the need for collaboration.

- The strategic business model options available to utilities to navigate the disruptive changes in the industry.

- Immediate actions utilities can take to balance current challenges while creating a foundation to take advantage of the opportunities of the future.

- The key capabilities that will determine success as providers select a path forward in the evolving energy marketplace.
Appendix: Summary of previous findings from Accenture's New Energy Consumer research program
In previous years, Accenture’s end-consumer research focused on understanding consumer preferences and revealing attitudes and behaviors that are changing their relationship with energy providers. Following is an overview of the key findings from our previous end-consumer studies.

Understanding Consumer Preferences in Energy Efficiency

In 2010, Accenture developed the first end-consumer study, *Understanding Consumer Preferences in Energy Efficiency*, to investigate consumer attitudes and behaviors toward electricity management programs. The research set out to understand consumer opinions and preferences toward electricity management programs by answering six core questions:

1. Do consumers have a clear understanding of the impact of electricity consumption on the environment?
2. Do they understand how they can optimize their electricity consumption?
3. Do they feel social pressure to do so?
4. Which organizations do they trust to inform them about actions they can take to optimize their electricity consumption?
5. Are they aware of electricity management programs?
6. What are the drivers and barriers to adoption of electricity management programs?

The online survey, which involved more than 9,000 individuals in 17 geographies, provided insights into the emerging trends in new energy consumerism:

- There is a significant contradiction between consumer perceptions and their actual knowledge of energy efficiency.
- Consumers’ first instinct is to contact their utilities/electricity providers for energy-efficiency activities; however, providers still need to build trust and credibility.
- While price remains a key factor to adoption, the extent of the utilities/electricity providers’ control over energy use has emerged as a potential barrier.
- Channels and contact points for utilities/electricity providers to communicate with consumers are diverse.
- Adoption of electricity management programs is influenced by fragmented and nontraditional consumer preferences.

The findings illustrated that consumer behaviors for energy-efficiency solutions are highly complex with broad diversity in perceptions, attitudes and preferences. For providers, the traditional customer service model has historically focused on cost and risk priorities. It was clear from the findings that these priorities and capabilities would not provide adequate support to new broad-based programs around mass-market energy efficiency and conservation. Thus, providers, regulated and deregulated alike, face the need for new consumer-centric competencies and differentiated energy efficiency and conservation programs to attract and engage a diverse consumer market.

Revealing the Values of the New Energy Consumer

In 2011, Accenture embarked on phase two of the end-consumer research program—*Revealing the Values of the New Energy Consumer*. Building on the findings from *Understanding Consumer Preferences in Energy Efficiency*, we recognized that the energy ecosystem is quickly evolving. Smart technologies are enabling a marketplace for in-home consumer technologies, demand-side management programs and related support services. However, proliferation in the beyond-the-meter market also creates new pressures from nontraditional players.

To dig deeper into the emerging energy marketplace, the worldwide end-consumer survey included more than 10,000 respondents and explored consumer preferences, opinions and priorities related to beyond-the-meter products and services offered by utilities or other emerging providers. Through the research, Accenture set out to investigate:

1. What are the energy consumer’s traditional and nontraditional values surrounding in-home technologies, electricity management programs, and related products and services?
2. How much value do consumers place on smart home technologies, mobile applications and nontraditional channels?
3. How can providers differentiate electricity management programs?
4. Do consumers value electricity management programs that are convenience focused?
5. Are consumers interested in the delivery of energy management programs through third parties?
The findings from *Revealing the Values of the New Energy Consumer* highlighted the emergence of a complex new energy ecosystem. The insights shed light on some of the likely nontraditional competitors emerging and the potential for beyond-the-meter products and services. Following is an overview of the key findings.

While consumers regard their utilities as the primary provider for energy-related products and services, dynamic business models are emerging. While consumers indicated that their first instinct is to go to their utility for energy-related services, products and advice (see Figure 42), when asked directly, most consumers would be willing to consider alternative providers for purchasing both electricity and beyond-the-meter products and services.

Figure 42. Please select all of the providers that you would be ready to consider for the following products and services.

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Purchase electricity and choose an electricity pricing program for your home</th>
<th>Purchase energy-efficient products (e.g., smart thermostat)</th>
<th>Get personalized information on your electricity usage allowing you to understand which appliances are using the most electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>73%</td>
<td>54%</td>
<td>67%</td>
</tr>
<tr>
<td>Your retailer</td>
<td>25%</td>
<td>50%</td>
<td>26%</td>
</tr>
<tr>
<td>Your online site (e.g., Amazon, Google)</td>
<td>21%</td>
<td>32%</td>
<td>29%</td>
</tr>
<tr>
<td>Your phone or cable provider</td>
<td>23%</td>
<td>22%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Base: All respondents.  
Price is the pivotal factor in the acceptance of electricity management programs, but price alone will not drive adoption.

The consumers participating in our study said that the opportunity to reduce their electricity bill is the most important factor that would encourage them to adopt an electricity management program (see Figure 43). However, other factors were also gaining in importance, especially the opportunity to gain greater control over domestic heating and cooling.

A wide array of consumer preferences is driving the need for differentiated propositions and experiences.

To generate deeper insights into consumers priorities around the various elements of an electricity management program, we analyzed the interrelationships between their responses across the full spectrum of adoption variables—namely information display, service/set-up, usage adjustment, provider and loyalty rewards.

Consumers will respond to programs that consider their full spectrum of values and preferences.

Our respondents further underlined the need for tailored solutions by expressing interest in a broad set of unconventional values and preferences, many of which were more emotional rather than practical or financial in nature. Figure 44 illustrates some of those preferences.

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### Figure 43. What factors would most encourage you to use electricity management programs?

- **It would decrease the amount of my electricity bill**: 91%
- **It would decrease my personal environmental impact**: 69%
- **It would better allow me to control the heating/cooling in my home**: 68%
- **It would decrease the time required to manage my electricity use**: 41%
- **Knowing that I am one of the highest electricity users in my peer group**: 16%

Source: Revealing the Values of the New Energy Consumer, Accenture 2011.

### Figure 44. How important would each of the following characteristics be in your selection of an electricity management program?

- **Is customized to my personal needs and usage**: 42% (Somewhat important), 50% (Very important), 92% (Overall)
- **Simplifies my life**: 45% (Somewhat important), 45% (Very important), 90% (Overall)
- **Is easy to use for the whole family**: 40% (Somewhat important), 49% (Very important), 89% (Overall)
- **Is fun to use**: 39% (Somewhat important), 14% (Very important), 53% (Overall)
- **Includes the latest technologies**: 36% (Somewhat important), 15% (Very important), 51% (Overall)
- **Allows me to connect with a community to share experience and tips**: 36% (Somewhat important), 11% (Very important), 47% (Overall)
- **Is regarded as trendy by my family and friends**: 18% (Somewhat important), 6% (Very important), 24% (Overall)

Source: Revealing the Values of the New Energy Consumer, Accenture 2011.
References


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Accenture Research is Accenture’s global organization devoted to economic and strategic studies. The staff consists of 150 professionals in economics, sociology and survey research from Accenture’s principal offices in North America, Europe and Asia/Pacific. This study involved our European experts in survey research.

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The Accenture Innovation Center for Energy and Utilities is a research entity focused on accelerating the industry’s pace to high performance through the facilitation of industry dialogue and thought leadership development across key industry areas—policy and sustainability, consumer influence, technology, innovation, capital, talent and resources.

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Accenture is a global management consulting, technology services and outsourcing company, with more than 246,000 people serving clients in more than 120 countries. 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. The company generated net revenues of US$25.5 billion for the fiscal year ended Aug. 31, 2011. Its home page is www.accenture.com.