

NEW ENERGY
CONSUMER

**THIS TIME
IT GETS
PERSONAL**



COMPETITIVE PRICING MAKES IT EASY TO WIN ENERGY CONSUMERS

The way to keep them engaged, loyal and satisfied? Through relationships that are meaningful and individualized. Hyper-relevant, personalized experiences are good for consumers—and for top-line growth. Here's how to start getting personal.

MAKE IT **ABOUT ME**

A staggering 2.5 quintillion bytes of data are produced every day. In addition to giving businesses vast amounts of information about how consumers live, this data is fueling unprecedented opportunities for more sophisticated analytics to understand how they behave—and anticipate how they will react.¹ At the same time, personalized recommendations, targeted digital marketing, geolocational selling and VIP treatment have become common across industries. As a result, consumers know and expect more: products and services highly customized to their needs and expectations.

Accenture defines personalization as the act of dynamically curating experiences for each individual and every context in a seamless manner across channels. It can cover a broad range of capabilities—from self-service to assisted digital experiences to outbound and inbound marketing aimed at learning more about a customer's intent. Even a utility's field force can deliver personalized experiences. At every interaction, the goal is to use data to make it easier for customers to find and consume what they want—how and when they want it.

Through artificial intelligence (AI), it's now possible to dynamically interpret a consumer's intent. With those insights, providers can uniquely tailor communications and experiences to help the consumer achieve that intent. As quickly, easily and pleasantly as possible. Across digital and physical touchpoints. And at scale.

Yet, digitization of everything is fueling overwhelming choice for consumers—and that can lead to poor decisions and lower satisfaction. According to Accenture's Personalization Pulse Check, two in five consumers (40 percent) have left a website and purchased elsewhere because they were overwhelmed by too many choices.² Across industries, consumers are increasingly balking at one-size-fits-all approaches that create confusion—and dissatisfaction.

Accenture's 2016 New Energy Consumer research, "Thriving in the New Energy Ecosystem," explored hyper-relevance of products and services as a broad consumer imperative—especially for millennials. Hyper-relevance refers to consumers' increasing desire for personalized products, services and interactions as well as value-based experiences. Energy consumers are no exception, and the latest research affirms this trend. Successful energy providers offer personalized touchpoints and relevant products and services, where and when customers want them. Offering personalized experiences can do more than meet customer expectations. When delivered well, such experiences can drive growth and reduce churn. Accenture's 2016 New Energy Consumer research found that 92 percent of consumers surveyed would be more satisfied if their energy provider could personalize their overall customer experience. What's more, 78 percent would use more digital channels if offered a personalized experience across them.³

1 "Technology Vision 2017," Accenture, 2017, www.accenture.com.

2 "Pulse Check: A Dive into the Key Findings for Creating Exceptional Personalized Experiences," Accenture Interactive, 2016, www.accenture.com.

3 "The New Energy Consumer: Thriving In The Energy Ecosystem," Accenture, 2016, www.accenture.com.

ENERGY CONSUMERS GET PERSONAL

Findings from Accenture's latest New Energy Consumer research, *New Paths to Operating Agility*, confirm that consumers want and expect personalization from their energy provider—and they're willing to share their personal data to get it. It's time for energy providers to get personal and offer consumers meaningful, individualized experiences that increase customer engagement, loyalty and satisfaction. Accenture sees opportunity for personalization across multiple areas, including new products and services, and digital engagement.

For new products and services, consumers value personalization (along with simplicity and convenience) as a purchase motivational factor. In fact, 82 percent said that personalized products and services are a very or somewhat important factor shaping their willingness to buy additional offerings (see Figure 1).

Further, almost three-quarters value products and services "specific to their lifestyle." The research also shows that the third of consumers with the highest appetite for personalized products and services are significantly more interested in using a digital agent to sign up for new products and services, as well as in bundled connected home services.

Personalization also has the potential to drive automated digital engagement, with 62 percent of respondents interested in a personal home energy management digital agent that would provide personalized tips on energy consumption and usage. Although overall satisfaction with energy providers continues to rise—more than 76 percent of customers say they are satisfied versus just 47 percent in 2013—Accenture believes that a one-size-fits-all approach will no longer appeal to new energy consumers as the beyond energy relationship expands.

Personalization isn't just a carrot for consumers; it can be a carrot or a stick for providers. More than half of consumers (54 percent) in retail energy markets would consider switching providers if they were receiving products and services that were not personalized to their needs and preferences.

ACCENTURE'S FOUR "RS" OF PERSONALIZATION

Every business wants to achieve personalization. But what does that really mean? Accenture has identified the four key components of a best-in-class personalized experience. We call them the Four "Rs" of Personalization:

- **RECOGNIZE** – identifying both known and unknown customers and prospects through data from customer information management and customer relationship management systems, data management platforms, social media and other sources
- **REMEMBER** – knowing a customer's history (not just what they buy, view and consume, but also why they made those decisions) and using this information proactively to drive next-best-service actions and input to new products and services
- **RECOMMEND** – reaching each customer with targeted marketing, offer, content or product recommendations for that customer based on his or her actions, preferences and interests
- **RELEVANCE** – delivering personalization within the context of the digital experience, such as who and where a customer is, recent events and/or time of year

As they work to deliver personalization at scale and meet customer expectations, energy providers must build the Four Rs of personalization into every customer's experience.⁴

4 "Orchestrate, Organize, and Operationalize: Delivering on the Promise of Personalization @ Scale," Accenture Interactive, 2016, www.accenture.com.

As in other industries, energy providers must deliver the digital experiences that customers now demand.

Consider a large telecom company that was struggling to meet its quarterly sales goals. To address this issue, the company embarked on an effort to refine and personalize its one-size-fits-all customer experience. The project identified and mapped more than 500 users' intents to create a seamless experience across channels. The impact was significant: Qualified sales leads increased by 285 percent. Lead qualification rate increased by 464 percent. And order volume increased by 169 percent. With such dramatic results, the pilot program was quickly scaled.⁵

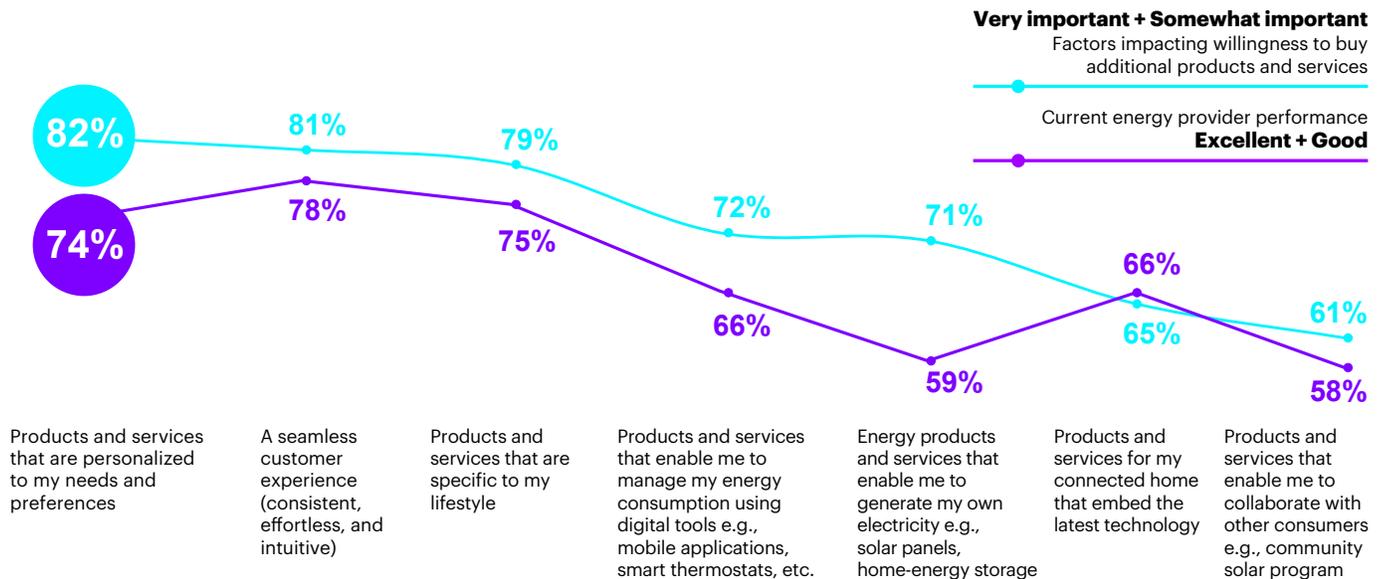
Accenture believes energy providers must evolve to deliver a personalized, relationship-based approach. These relationships need to be actively managed and regularly reinforced with

positive individualized experiences. And, that requires new capabilities—shifting from delivering services to delivering experiences.

To transform the customer experience, providers must focus not just on touchpoints but on trustpoints. These are customer interactions that nurture trust by reinforcing a company's image as helpful, efficient, proactive and reliable—a service provider that helps consumers take things off the "thinking list." To get there, energy providers need to clearly define opportunities to build consumer trust (for example, during discovery of new products and services, product comparison, purchase, activation/installation, everyday use, issue resolution, regular payments and invoicing) and should ideally imagine how it would feel for customers to leave each with a positive, trust-building impression.

FIGURE 1. READY TO GET PERSONAL WITH ENERGY PROVIDERS.

WHAT WOULD MAKE YOU WILLING TO BUY ADDITIONAL PRODUCTS AND SERVICES FROM YOUR ENERGY PROVIDER? BASED ON YOUR EXPERIENCE OVER THE PAST 12 MONTHS, HOW WOULD YOU RATE YOUR ENERGY PROVIDER'S PERFORMANCE ON PROVIDING YOU EACH OF THE FOLLOWING?



Base: All respondents.

Source: The New Energy Consumer research program, 2017 consumer survey.

5 "Answering the Call for Personalized Customer Experiences: Telcos Need to Step Up or Step Out of Retail", Accenture Strategy, 2016, www.accenture.com.



THE DIGITAL TRUST EQUATION

When working to build trust, start with the digital trust equation. The basic elements of this equation include how companies manage, secure and share data. Energy providers that solve the trust equation could be best positioned to engage, serve and retain the most profitable energy consumers. In Accenture Strategy research, 37 percent of consumers indicated how a company secures personal data is a top determinant of loyalty. Companies that fail to provide full transparency can see consumers' trust erode, which leads to dissatisfaction and can be the impetus to look elsewhere.⁶

The 2017 Accenture New Energy Consumer research found that when it comes to trust, energy providers currently have an edge over other providers. Seventy-four percent of respondents indicated they trust their energy provider to protect their personal data. In a growing ecosystem of new customer plays and market actors, trust serves as part of the foundation of a trusting customer relationship. It also affords energy providers a discrete competitive advantage. What's more, our research found that when it comes to relevant products and/or services based on personal data, three-quarters of consumers place more confidence in their energy providers versus other service providers.

Consumers are looking for additional value in connected energy services. Accenture believes that from a trust perspective, energy providers still have a window of opportunity to act. Already we can see energy providers with some differentiated market strategies built on trust. A prime example is TrustPower, a New Zealand utility that builds its brand image based on a great digital experience and a personal feeling in customer experience. Its mission: "to improve the lives of people in the communities we serve, by providing access to utilities that deliver comfort, convenience, connectivity and value [...] to truly value and nurture our customer relationships and our relationships with each other."⁷

As customers' trust in a business grows, so does their willingness to provide more data. That, in turn, leads to deeper insights, which then leads to more relevant products and services—and even stronger trust. Amazon is a great example. The e-commerce giant has built a level of trust with its customers that many others have been unable to replicate at such scale. Many attribute Amazon's success to the company continually showing customers that it values their trust, it remembers them and it uses that history to offer relevant, personalized recommendations at every touchpoint.

⁶ "Trust in the Digital Age," Accenture Strategy, 2017, www.accenture.com.

⁷ Trust Power, www.trustpower.co.nz.

Such an approach isn't limited to Amazon; energy providers can also apply these key success factors with energy consumers.⁸ Accenture's research found that energy consumers would be willing to have energy providers share personal data with partners in order to receive a discount on current products and services (71 percent), personalized energy management programs (66 percent), or safety and security monitoring (65 percent). Not surprisingly, a majority of consumers would share more of their data for an increasingly personalized experience. Our research found more than half (54 percent) are comfortable with energy providers collecting additional information—such as social and professional network activity, online transaction history and loyalty program membership information—to receive more personalized offers and experiences.

As some regulators push to tighten consumer and data protection laws, energy providers should balance not only increasing operational costs but also the risks and rewards of using consumer data. For example, Europe is poised to

implement the General Data Protection Regulation (GDPR) in 2018, which is imposing steep penalties for breach of consumer privacy. Increasing regulatory and organizational pushes to protect data are often contrary to consumers' willingness to share it. As any energy provider works to build new insight-oriented capabilities, it will need to navigate these forces carefully.

New advanced analytics and machine-learning capabilities can accelerate an energy provider's ability to build stronger, more personalized experiences. For example, Nutonian's Eureka⁹ is a proprietary AI-powered modeling engine that automates the heavy lifting—putting data-model creation and data-driven discovery on a fast track. Utilities are already using Eureka to quickly scale their analytical capabilities.

When energy providers place trust at the center of their customer strategies, consumers are ready to share their data so they can receive personalized offers and experiences.

MAPPING THE CUSTOMER GENOME

Through the Accenture Genome, companies can build a living profile of customers—laying the foundation for a future where personalization platforms can architect previously unimagined experiences. As part of the customer genome model, all interactions—mobile app usage, email responses, social interactions, poll submissions, even in-person events attended—are descriptive attributes that shed light on a customer's unique preferences, motivations and passions. Combining attributes across all interactions creates the customer genome.

These living profiles can help drive an orchestrated experience across all personalization platforms, including recommendation engines, rules engines, campaign management platforms and experience optimization tools. Once built, this living database is the core of a next-generation personalization environment. Further, it represents an important new body of intellectual property (IP) from which companies can drive all forms of decision-making—from the creation of new products to the evolution of merchandising, brand sourcing, marketing and service design.¹⁰

⁸ "Trust in the Digital Age," Accenture Strategy, 2017, www.accenture.com.

⁹ Nutonian, www.nutonian.com.

¹⁰ NextGen Personalization: Building Living Profiles with the Accenture Genome Platform," Accenture Interactive, 2017, www.accenture.com.

FROM HERE TO **HYPER-PERSONALIZATION**

Accenture believes moving to an insight-driven culture is a foundational capability of customer-centric operations that will ultimately drive a move to personalized products, services and experiences. And that will lead to new value creation. To accelerate this move, energy providers should explore how to:

1

BUILD AND STRENGTHEN A STRONG CORE OF DIGITAL TRUST.

Digital trust is no longer solely about firewalls and encryption. Energy providers should verify that consumers understand how their data is managed and shared and that they have control over their data. Every piece of data collected from customers should be carefully and strategically used to improve that experience.

2

MOVE FROM SERVICES TO EXPERIENCES WITH A COHESIVE PERSONALIZATION STRATEGY.

In the shift from basic commodity services to experiences, it may be tempting to make quick fixes without a cohesive personalization and customer experience strategy. That would be shortsighted. Instead, build a strategy for personalization with a transparent, trustworthy and experience-oriented mindset. That's especially true when it comes to gathering additional consumer insights to deliver value.

3

USE RAPID PROTOTYPING.

Create a use-case inventory, end-use prototypes and data visualization mock-ups in preparation for development sprints. Identify high-value use cases for personalization, such as proactive bill alerts, personalized energy management education, personalized demand-side management savings estimates, propensity models, and tailored distributed energy resource and connected home service targeting.

4

PERSONALIZE AT SCALE.

Combine the best of both worlds: a proven data analytics platform with a tailored customer experience. Analytics-as-a-service has moved mainstream, and AI-based analytics platforms are learning at a staggering rate. What was once a complex exercise in model development has become a simple click away. Use these emerging platforms to scale quickly and access data to create hyper-relevant customer insights—without the need to develop deep in-house capabilities.

Creating a meaningful energy consumer experience via personalized trustpoints won't happen overnight. Energy providers must take deliberate steps to build a firm base of consumer trust. Whether a provider is seeking to be an energy marketplace enabler or a connected lifestyle provider, personalization is and will remain a fundamental value lever in the new energy ecosystem.

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ABOUT ACCENTURE'S ENERGY RETAIL AND CUSTOMER SERVICES

Accenture Energy Retail and Customer Services delivers energy provider customer solutions for both competitive and regulated markets globally. We help our clients achieve four key business imperatives: cost effectiveness, revenue assurance and extension, customer satisfaction and demand optimization. Guided by New Energy Consumer research program insights, our electricity, gas and water clients can realize higher value through industry specific strategy, digital, technology and operations capabilities and world-class expertise, assets, tools and accelerators.

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