

Creating Exceptional Energy and Utility Experiences in a Digital World

By Frank Capek, Simar Grewal, Steve Murphy and Amit Patel

It is more important than ever for energy and utility companies to establish and maintain strong customer relationships. In many cases, customers may not be able to choose their energy provider, but they are still exercising increasing control over the way they consume, store and generate energy. Customers have much more complex needs as technology advances, the market demands improved sustainability, and prices fluctuate. Energy and utility companies must work to effectively meet these needs to remain relevant and avoid further commoditization.

Historically, the relationship between energy and utility companies and their customers has been transactional. Customers simply consumed and paid for the energy, and very little else was expected or offered. In recent years, though, this dynamic has fundamentally changed as consumers increasingly make decisions about how they want to consume energy and how they want it supplied. In some markets, customers may look to third-party suppliers, and in others, they may also begin to develop the capacity to generate their own energy. This results in a more complex and variable environment few energy and utility companies are prepared to navigate.

To make strides toward ensuring positive brand reputation and customer satisfaction in a progressively virtual landscape, energy and utility companies need to define and deploy a robust strategy for attracting,

engaging and delighting their core customer bases via exceptional digital experiences. But a one-size strategy does not fit all. To deliver on shifting consumer preferences, leaders must consider and address the differences between the needs and priorities of their top-tier commercial and industrial, small to midsize commercial and industrial, and residential clients.

Creating Exceptional Experiences for Other Important Constituencies

Energy and utility companies' business performance, as well as the degrees of freedom available for pursuing innovation, are influenced by the experiences they create for other important constituencies, including regulators, environmental advocacy groups and political leaders.

Understanding and addressing each of these constituencies' jobs to be done is very important. They may be dependent on protecting the quality of service the organization provides its customers or on ensuring the achievement of other socially oriented outcomes. Creating innovative, digitally enabled collaboration and information platforms for these constituencies may be as important to performance and continued relevance as those created for other direct customer constituencies.

The most effective lens for understanding and addressing customers' needs and priorities is to consider their jobs to be done, the fundamental problems they are trying to solve for in their personal or professional lives. Jobs have complicated, multifaceted functional,

emotional and social dimensions. The most effective customer experiences transform customers' ability to do these jobs.

The following sections highlight a few of these high-priority jobs by customer segment as well as suggestions for transforming how customers do these jobs.

Top-Tier Commercial and Industrial Customers

This population typically makes up about 10% of energy and utility companies' client rosters but often represents a much larger share of revenue and profitability. These organizations have complex energy requirements and, in most cases, relatively sophisticated energy management capabilities. Today, relationship managers employed by energy and utility companies maintain communication with these accounts but, in most cases, are not trained to provide the specific value these high-end customers expect based on their interactions in other sectors.

Job to be done: The majority of top-tier clients are working to achieve more aggressive energy optimization than ever before while avoiding the significant costs of downtime driven by outages or suboptimal performance and at the same time trying to measure and improve sustainability performance metrics.

Proposed solution: To help them achieve these multidimensional goals, energy and utility companies need to consider formulating a new relationship model — one that is more consultative than today's account manager formula employed by most utilities today. This must move beyond the standard transactional and reactive relationship with customers to embrace a more strategic approach focused on collaboration and business problem-solving. This new model may also require a higher level of digital integration in which both organizations pass information seamlessly back and forth in an effort to optimize energy supply and usage and improve the efficiency of both parties' operations.

Small to Midsize Commercial and Industrial Customers

This customer group comprises smaller commercial and industrial players. Think regional and local franchises, small business owners, landlords, etc. As digital transformation continues to redefine the landscape of customer service delivery, this group of business leaders is contending with increased complexity, often without the benefit of a dedicated energy manager to help navigate complex changes and trade-offs. This is, perhaps, the most underserved group out of the three. In the past, many utilities worked more closely with this group of clients. However, they are currently committing fewer resources to helping these companies manage their energy needs.

Job to be done: The primary concern for this group revolves around remaining competitive while maintaining cost containment and operational reliability. These small to midsize players are looking for options that simplify the energy decisions required to run their businesses more effectively. As energy costs go up, they need to understand what their options are for energy management. These clients do not have the level of in-house energy management sophistication that top-tier customers have. To navigate these challenges, they need more expertise and direct assistance in energy management services.

Proposed solution: Utilities can solve for the common lack of an energy manager by streamlining both digital and human service in ways that simplify the processes and technology required for them to understand their energy consumption and also accomplish what they need to get done quickly. Energy costs are a major line item in these organizations' operational costs, so providing them with on-demand digital information, guidance and support is a must.

Residential Customers

A heterogeneous group, residential customers have varied needs based on their socioeconomic status, their geographic location, and any number of other attitudinal and social factors. For most, they are just looking for the most reliable service at the lowest price. While the relationship between energy providers and residential customers is constrained by the lack of choice, a growing number of customers are engaging with their energy use in new ways. Residential customers are increasingly exploring and adopting technology for energy management, generation and storage — solar panels being the obvious example. This creates a fundamentally different relationship than most utilities are prepared to support.

Job to be done: For most residential clients, their job to be done centers around cost reduction and customer service. They want to save money, keep their lights on and understand their bills. Some customers in a growing and highly vocal group, however, have jobs that are increasingly focused on selecting the source of energy they are using and actively controlling their energy consumption, generation and storage. This group's jobs reflect a very different focus on social responsibility.

Proposed solution: Energy and utility companies should adopt a bimodal approach to addressing residential consumer jobs. For the traditional majority, this includes continuing to enhance the “save me money” and “keep me informed” experiences. At the same time, utilities need to evolve experiences that allow for sustainable energy sourcing for the emerging next generation of consumers who want support in integrating their own energy management, generation and storage.

An industry that has had to contend with technology changes that shifted customer choice and interactions is the telecommunications sector. This industry has had to evolve quickly due to rapid technology changes that impact the way its consumers engage with and purchase its services. Consider that not so long ago most individuals purchased their internet service in a bundle with a landline phone. When mobile phone adoption skyrocketed, this dynamic was eliminated. Along the same lines, five to 10 years ago, most people got their cable television hookup from the (usually single) provider that served their area — just like the

energy and utility sector today. Then streaming services came onto the scene, and mobile phone providers began offering Wi-Fi. With these shifts, the telecommunications industry has had to invest heavily in customer service and retention to remain competitive.

Energy and utility companies are now grappling with how to respond to a similar inflection point in their industry. While there may not be as many direct competitors in this space, consumers are making known their desire for more choice and convenience — two factors that characterize their experiences in other sectors (retail, streaming services, telecommunications, etc.). In the years to come, energy and utilities will not escape the fundamental disruption that has shaken up other sectors, and forward-thinking leaders should be looking to make progress in this area now.

Key Takeaways

In order to remain relevant and maintain customer satisfaction, energy and utility leaders must:

Think differently.

First understand your customer groups' jobs to be done in order to respond appropriately to their shifting needs.

Plan differently.

Understand that all of your customer segments require a different engagement strategy.

Act differently.

Integrate virtual customer relationship management into your business strategy.



huronconsultinggroup.com

© 2021 Huron Consulting Group Inc. and affiliates. Huron is a global consultancy and not a CPA firm, and does not provide attest services, audits, or other engagements in accordance with standards established by the AICPA or auditing standards promulgated by the Public Company Accounting Oversight Board ("PCAOB"). Huron is not a law firm; it does not offer, and is not authorized to provide, legal advice or counseling in any jurisdiction. Huron is the trading name of Pope Woodhead & Associates Ltd.

21-4046