Engaging with customers

Why Energy and Utility organisations need to unlock **Data and Analytics** to improve their customer experience

180 pts

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Introduction

As we move to a post-Covid–19 world customers' expectations of their Energy and Utility suppliers are changing. During the pandemic we have seen a mass change in customer behaviour in relation to how they are interacting with their Energy and Utility suppliers. Customers are no longer wanting a transactional relationship with their Energy or Utility supplier.

Instead they want to develop a relationship with their Energy and Utility supplier which enables them to become Energy and Utility experts in their own right, and in most cases are willing to pay a little extra for this. They want to know and understand their utilisation habits and how it helps them to fulfil their lifestyles, their potential impact on the environment and how they can save money and receive a better service. As customers have switched to digital channels 'en masse' throughout the pandemic they want and need access to data and information via smart meters, sensors and consumption based knowledge.

Additionally as customers have strived for the personalisation of services and knowledge based on data applicable to them they have started to become advocates in their own right. Gone are the days when customers would only tell immediate friends and family if they receive a bad customer experience from their Energy or Utility provider. In today's world, customers expect a high level of personalisation as part of their overall experience. They are also quick to publish their thoughts online if they do not have access to the data and information they need to inform their lifecycle choices or receive a poor customer service.

Not only are Energy and Utility organisations having to grapple with the provision of the right data and information to provide customers with an experience that matches their expectations, there is also the classic dilemmas of privacy and security around information. Customers expect their details to be looked after, used, managed and maintained in an appropriate manner.

However if Energy and Utility organisations do not join up their data and analytics strategies along with their customer experience programmes of work they will find themselves at a disadvantage in a post Covid-19 world. For example they will not be able to take advantage of insights into what is going on with their customers in real time, or be able measure performance and take appropriate action for improvement at each stage of the customer journey. This is likely to result in not being able to meet customer expectations, higher churn rates and trouble with regulatory bodies.

The message should be clear - if Energy and Utility organisations align their data and analytics capabilities to their customer experience approach, significant benefits can be achieved. These include the development of user centred design (UCD) processes so customer pain points can be interrogated, solutions can be created and implemented that fix or improve the end to end customer experience which will result in higher customer satisfaction rates, engagement levels and energy-saving actions.

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In this article Sopra Steria's Customer Experience and Data and Analytics specialists identify **the challenges which must be overcome to deliver a customer experience which matches customers' expectations based on a solid and functional data and analytics foundation.**

So where should you start?

As identified in the introduction section of this paper customer expectations of their Energy and Utility suppliers are changing. This change in customer behaviour of wanting more and more access to data so they can see the impact of their usage on their lifestyle is driving change within the industry in the form of switching suppliers. Since de-regulation the market has never been more open. Many customers if they do not receive the level of service they expect or feel they are being overcharged will look at a price comparison site or undertake research for better deals. In OFGEM's 2019 customer engagement survey they reported that 49% of consumers had engaged in some way with another supplier to compare their tariff or potential experience, an increase of 12% since 2014.

This demonstrates the importance of making sure your customer experience is ready to match customer expectations or they will via their own accord start to look at other suppliers in the market. It goes without saying that with customers having a higher propensity to switch and giving them the power to do so that Energy and Utility organisations must build a digital customer experience which is engaging, educating and gives customers access to the information they need via any device they connect with.
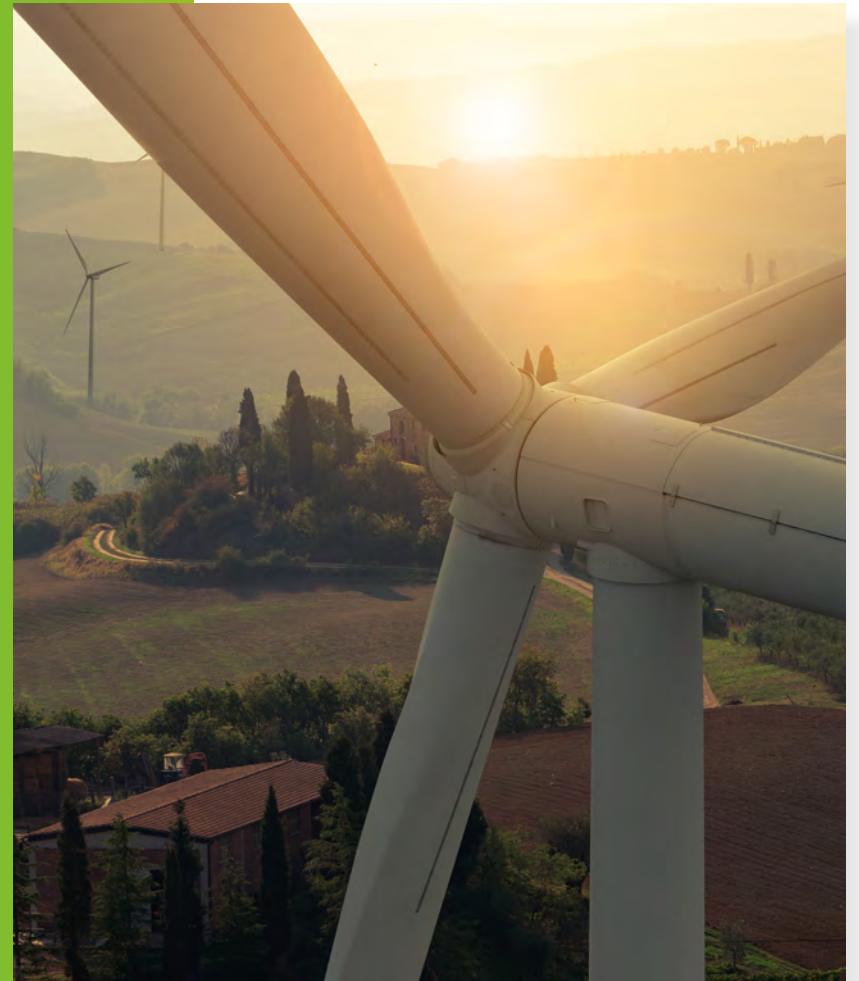
But this isn't as easy as it sounds. Many Energy and Utility organisations have tried to buy 'off the shelf' data and analytics solutions to resolve their problems in order to understand their customer journeys better and then build the right experience around them. However, many have found their projects fall short of the organisations' ambitions; a root cause of this being that projects typically become a siloed *'experiment'*, only looking at a narrow angle of the customer experience and therefore based upon a thin cut of data. Typically, this shortfall in bringing the right data together (or even building the data), often leaves the insights gleaned from the analytics, underwhelming.

To offer truly customer-centric service, Energy and Utility providers must first of all identify if they have the right data and analytics skills and capabilities in place to track customer preferences for interaction. For example, does your organisation really know and understand how different customer segments like to be interacted with? How digitally aware they are? How they want to pay their bills? Where they want access to their information to inform lifestyle choices?

As a starting point Energy and Utility organisations need to take the time to understand the complete customer lifecycle for different customer groups. They must understand their customers' needs at a basic level in terms of billing and searching for further information, and provide them with access to usage stats, environmental policy and how they are securing their credentials. This is all underpinned by data, insights and reporting.
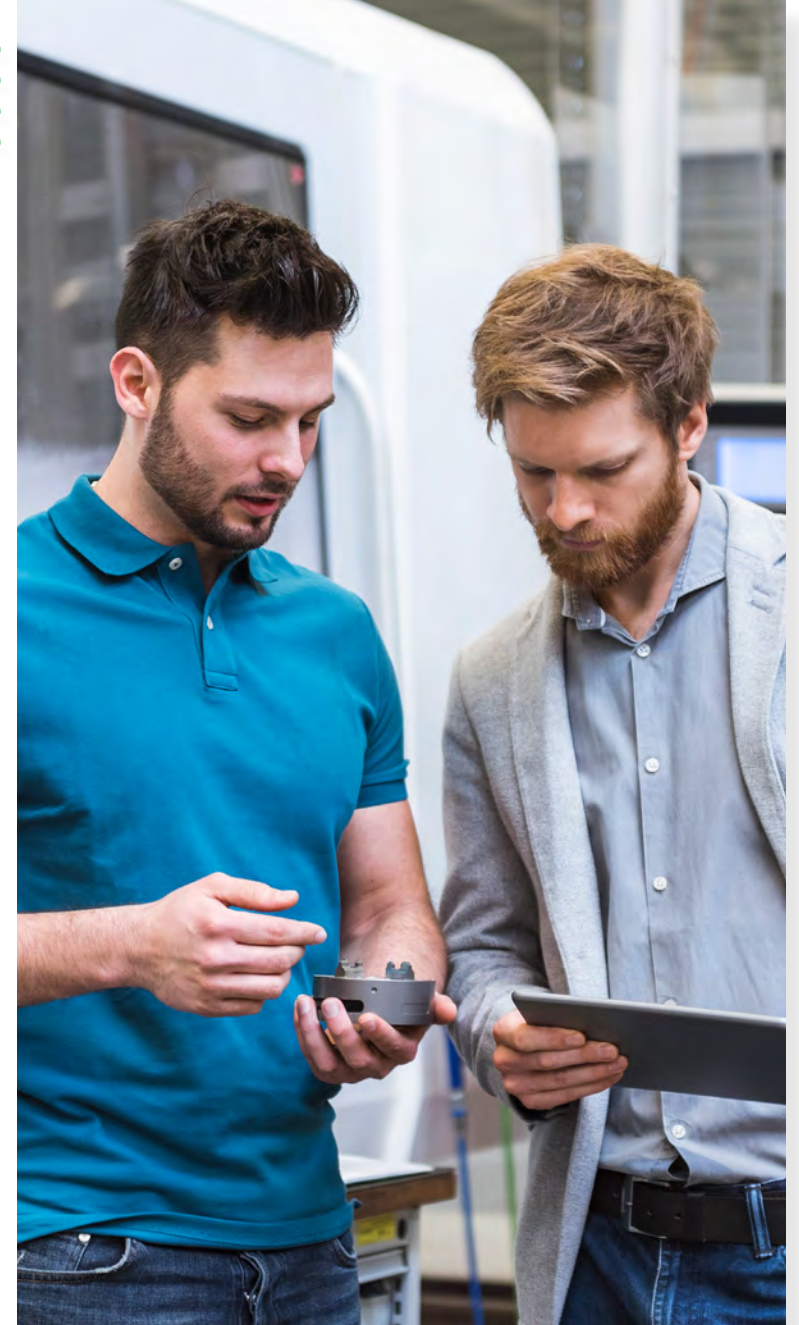
Understanding the customer journey

At its most basic level we can split the customer journey into 4 parts:

Consideration

**Later in life
(12+ months)**

Discovery

**Early in life
(0 – 12 months)**

- Research of providers and market
- Interaction with Marketing campaigns
- Recognition of potential suppliers

- Offer/Quote to switch supplier
- Selection of tariff and associated services
- Credit check of the customer
- Movement of account

- Billing and Payments
- Policy Management and Reading of Meter etc.
- Raise incidents/ queries
- Reporting and review of incidents
- Access to consumption information
- Access to environmental policies

- Renewal/termination
- Transfer to a new tariff
- Movement and selection of value added services
- Raise incidents/queries
- Reporting and review of any incidents
- Access to consumption information
- Access to environmental policies

Figure 1 – Stages, journey and touch points of a digital customer journey for an Energy or Utility organisation
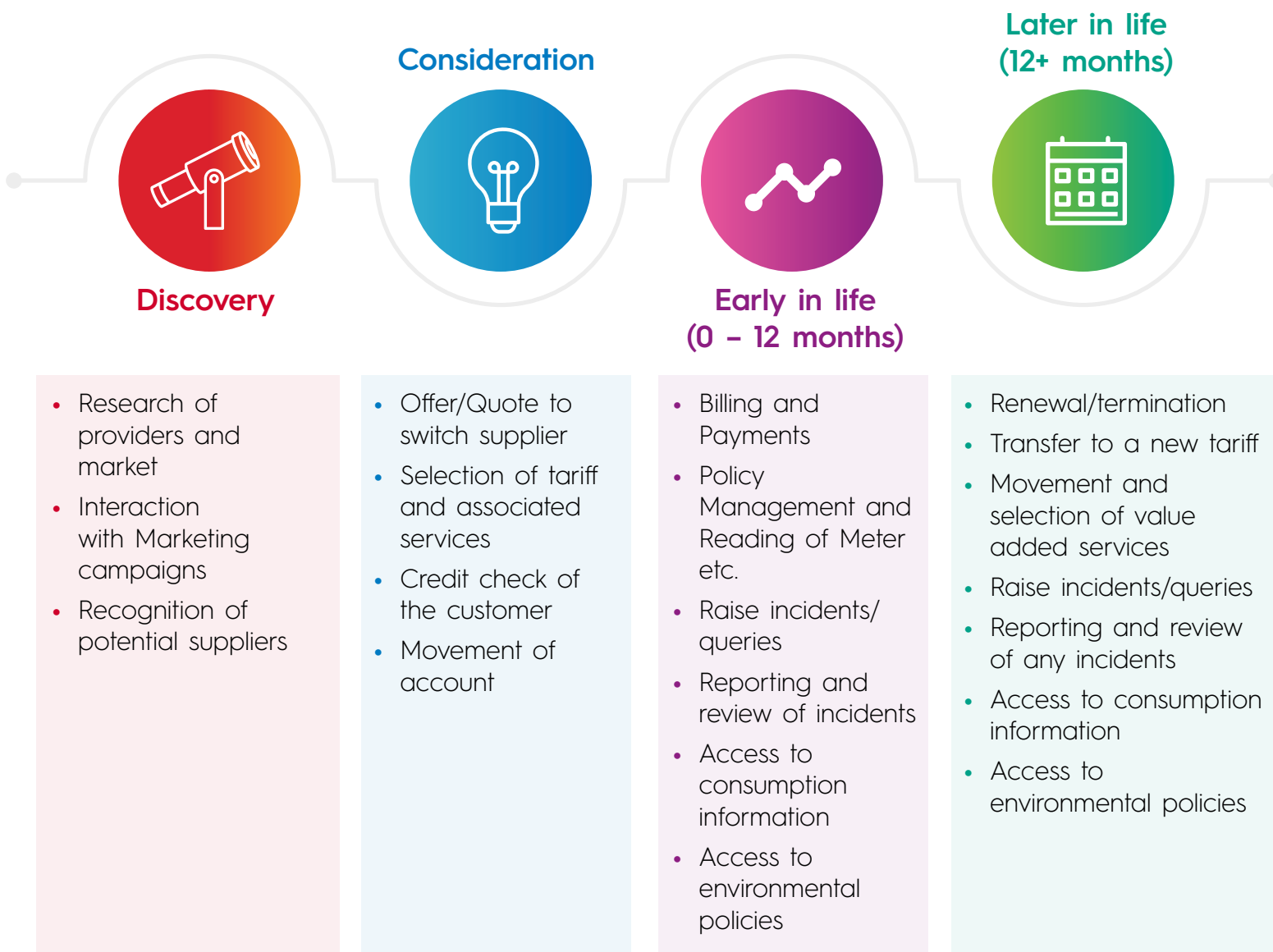
Figure 1 shows a typical Energy and Utility customer experience. It demonstrates how a customer will interact with your organisation, the touchpoints and moments that matter at each stage. As you can see from the activities listed at each stage of the customer journey a one size fits all digital strategy based on basic data management techniques won't meet customers' needs or expectations.

Energy and Utility organisations need to remember that their goal is to meet their customers' expectations first and foremost and this may not be just through digital channels. It is likely to be a mix of digital, phone and physical. This means making sure each touchpoint or potential interaction with the business is designed accordingly for different customer groups. So rather than just focusing on transforming one particular touchpoint an Energy or Utility provider needs to think about the omnichannel experience. The key to unlocking and designing the omnichannel experience is data and the use of analytics to interpret this data in order to build the right customer experience.

The Omnichannel experience – Making sure it is right

The development of an omnichannel customer experience is not new thinking. The debate about how best to provide an omnichannel experience in customer service industries has been around for over 10+ years. However in the Energy and Utilities markets new technologies such as IoT, access to the unlocking of data held on legacy systems and changing consumption models by customers has meant their traditional omnichannel engagement models need to be redefined and redesigned to ensure the right customer experience is provided.

So what do we mean by this?

At Sopra Steria we believe for Energy and Utility organisations to provide the right omnichannel experience to customers they need to start by understanding the different requirements of different customer groups. Then designing the appropriate experience and touchpoints for interaction with those customer groups not the other way round as many organisations are currently doing. This all starts with the data held on customers, understanding how they currently interact with your organisation and then identifying where communication channels can be joined up, improved or personalised to deliver a better overall experience to customers and realise a range of operational benefits.

Aligning data and analytics to the customer journey

So if data and analytics holds the key to unlocking a better customer experience and customer service performance, why isn't more time being focused on it by Energy and Utility organisations?

This is a question we keep asking ourselves at Sopra Steria. When we review what is happening in many of our Energy and Utility clients we can see there are 4 main issues as to why data and analytics are not being fully utilised in the creation of an outstanding customer experience.

Understanding data assets

Many organisations (not just in Energy and Utilities) are poor at understanding what data they actually have in the first place on customers. In many large organisations customer service, credit control, marketing and sales teams all work from different databases and insights into customers. If organisations do not have one joined up view of a customer and their needs how are they supposed to effectively service or sell to them? Just by undertaking the basics of a data audit to see where customer data is being captured, stored and used may surprise your customer experience team and offer immediate opportunities to make improvements. To get ahead of the game all customer experience teams should work with their data and analytics teams to try and discover where data across the organisation is stored, how it is being managed and then identify potential untapped sources of future business information for improvements to the customer journey and opportunities to cross/upsell further products and services.

Tooling confusion

As mentioned earlier in the article many Energy and Utility organisations have tried *'off the shelf'* solutions and tool sets to solve their data and analytics issues. But with so many types of data manipulation, extraction, cleaning, and normalisation tools it is difficult for any data management or customer experience professional to truly decide which tools are best for their environment and if they have the skill sets in house to be able to use them effectively. For example in the Energy and Utilities market if a smart meter is using IoT sensors to monitor usage throughout the day taking a check every second that is 86,400 reports of data back to the company and the customer potentially. With the best will in the world does your organisation really have the right skills sets and tooling available for deep dive analytics and management of this volume of data across millions of customers? Can your team effectively use tools to mine for relevant information from these large data sets or are they simply looking at headline numbers?

Over confidence around in house data and analytics capabilities

In recent years many data and analytics tools, programmes and exams have come onto the market. This has meant for many organisations they have sent their staff away on courses or invested in 'off the shelf' tools which they think will provide them with a *'silver bullet'* to their analytics problems around the large sets of data they are capturing on customers. The reality however is somewhat different. Many tools may provide what a company is looking for as the end product but to utilise them effectively they need to understand the key data management and extraction techniques alongside IT in order to be able to use them effectively. If staff are untrained in the basic principles of data management, governance, security and analytics techniques all the tools in the world will not help them. Energy and Utility organisations need to review what they want to understand from their businesses data first, the problems they want to resolve and then review the existing skill sets and talent within their data and analytics teams. If that talent doesn't exist in house then it is usually with the investment of partnering with a data and analytics specialist in order to extract the information your organisation needs to improve its customer journey and operational processes.

Everyone is using sophisticated data and analytics so we should be doing the same

It used to be that performing data and analytics was a luxury, a nice to have. Many Energy and Utility organisations have fallen into the trap of thinking all their competitors are using sophisticated levels of data and analytics skills to unlock customer insights. The reality couldn't be further from the truth. In many cases data is constantly being collected but due to a lack of skills and knowledge in the data and analytics space many organisations are not able to unlock the potential of their data to inform the improvement processes required for better customer experiences. To start with Energy and Utility organisations need to understand what data they are capturing, how they are mining it and what information they need to extract from the data they hold. In many organisations the right skills and level of tooling doesn't exist. To get ahead in this area the solution is to partner with an expert in the field of data and analytics to extract the value not simply to keep on collecting more and more data and hoping answers will appear.

For data and analytics initiatives to be successful and deliver the insights required to develop improved customer experiences organisations need to have clear goals, access to the right skills and tools for solving analytics problems.

In the next section of this paper we discuss **where Energy and Utility organisations need to focus on building their data and analytics foundations to build a better customer experience for their organisation.**

Building the right data and analytics foundation for improving your organisations customer experience

In order to build the right data and analytics foundation to improve your organisations customer experience there are a number of key areas to focus on:

Make your data clean and easy to use

Data strategies which underpin great customer experiences are all built on clean, secure and easily accessible data so insights can be extracted. In many Energy and Utility organisations the volume, variety and velocity of data is mind blowing and is often stored in a wide range of places, systems and via people. **As more and more data is being produced organisations need to ask themselves before they do anything with that data, is it actually being stored correctly? Is it safe and secure? Can it be accessed only by the right people? Where is it being managed and maintained?**

If an organisation cannot answer these questions it is highly likely the opportunity to derive value from the data will not exist. Data will be muddied, inaccessible or only paint part of a picture required to extract value from it. Before we start to explore how to extract value from data to inform better customer experiences organisations must spend the time cleaning their data, thinking about the lineage of data and provenance of it, making sure it is fit for purpose. To do this isn't easy.

After all who wants to go to the CEO with a business case asking for an investment to clean up, reclassify or rehabilitate data which they expect should have already been happening. But the benefits of undertaking this exercise up front before insight activity happens is clear – cleaner and better managed data will not only be able to be mined for improved customer insights but will also help with regulatory and compliance initiatives as well. It will also help the IT team to understand where security gaps may exist and where they need to invest to protect data and help with the data retention policies of the organisation.

By undertaking this clean up exercise and then building the right data lakes for each area of the organisation data can be more easily aggregated, users can have more trust in it and you will be able to process data queries in more agile ways.

Ultimately the end goal is to have clean data that is well organised and managed. Only when data is correctly organised, managed and easily aggregated with data from other clean sources can customer experience teams work with their data and analytics counterparts to extract the information they need to improve the omnichannel customer experience.

Extracting the right insights from the data you hold on customers

Many organisations have in recent years been carried away by the big data phenomenon. Big data projects to extract customer insights have been started but many have stalled or failed to realise the benefits promised back to the business. Quite often this is due to the fact that these projects have been set up with an initial meeting with customer facing teams then been left to their own devices. They haven't been joined up and had joint objectives to aim for throughout the programme of work. Alongside this is usually the fact that many organisations significantly underestimate how difficult it can be to extract the right data, have the right skills available to interpret the data and then make the changes the business requires based on what the data is telling them.

Start with the traditional databases holding customer information

Customer facing teams often have access to thousands if not millions of customer records and data held on customers. The problem is customer facing staff do not have the skills to query the data, extract the data or have the time to truly understand what the data is telling them. In the first instance your customer experience and data and analytics teams should identify the databases your organisations customer facing staff are using on a daily basis and then take the time to understand where the data is sourced from, how it is managed and then mine for information. Many organisations are surprised at just how much insight sits in their customer facing teams databases but without the right expertise to question it, extract it or draw insights from it is largely sat redundant.

Add other data to your relational databases to build up a better customer picture

Once an organisation has a deep understanding of its relational databases held by customer facing staff it can then start to add new data sets and ask new questions to provide different insights into customers. **For example are there particular times of the month when customers are visiting specific webpages, are you seeing spikes in billing queries in certain months of the year, when are the highest months for customer churn and what does this churn coincide with? Are you seeing negative comments on social channels and are you feeding these insights into your customer data?**

Adding different sources of data once you have the basics in place can really be used to differentiate your customer experience as an organisation. From the example questions above customers would be impressed if you responded to them in real time with the right sales information, tailored/targeted offers at renewal time or took on board their suggestions for improvement via social media channels. This isn't easy to do but adding other data sources and insights your customer experience team can start develop a really rich picture of your customers and tailor the omnichannel experience to their expectations.

## Train you staff to really understand your customers data

Many organisations are actually lacking the skill sets needed for data scientists and big data analysts. This is what makes the approach of starting with what you have access to first via your customer agents the right approach. By training your customer facing staff and IT teams in what they should be looking for when examining customer data basic insights can be drawn out and improvements start to be made. It doesn't have to be all about highly qualified data scientists to extract the right information for your customer experience teams to act upon.

## Use business insights to visualise the future

Data on its own can be meaningless without context. Customer Experience teams need to take the data extracted and interpreted for them and show the business visually the impact certain improvements could make. **For example if a price promotion was offered on the website to a specific set of customers what would the uptake be? If an environmental project to encourage customers to use less electricity and water happened what would the impact be in usage and customer interactions with the company? What would the change in brand sentiment be?** The point here is data is just the starting point. Customer Experience teams need to have an understanding of where the data has come from but not just use it for historical analysis. Instead they should be using the data to test ideas for improving their omnichannel customer journeys and new ideas. Only by trying new ideas on different customers groups will organisations actually see customer experiences improve. Visualisation and analytical modelling holds the key in many respects to this area.
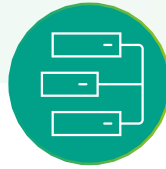
Make data and analytics a core component of your digital transformation plan for customer experience

Big data and analytics are in many cases close cousins of digital transformation initiatives. One cannot succeed without the other. Many organisations have undertaken proof of concept projects to demonstrate the potential to senior leaders about the relationship between data and analytics and digital transformation initiatives but how many projects have actually been invested in and taken forward? So what should Energy and Utility organisations do next? The first starting point is to think about the experience your company wants to deliver to customers. Ask the difficult questions around each channel your customer interacts with; Is it really delivering value? **For example is your new app really integrated with the billing system? Is it really a seamless experience for end users or has the app been designed in isolation with little or no knowledge of customers experience requirements?**

When both insights derived from data are matched with digital transformation ambitions powerful customer experience changes can happen. The point here is yes it may cost a bit more in terms of time and effort to extract the right information in the short term but the longer term payback can be significant and unlock new revenue streams for the organisation.
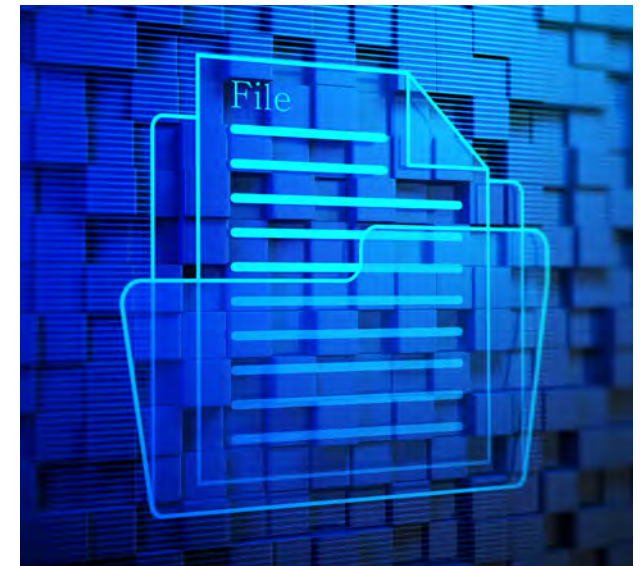
Final thoughts

As in all other customer service industries in a post Covid–19 world, Energy and Utility organisations will need to shift their customer experiences to meet customers changing interaction demands. The pandemic has disrupted many industries and made them really notice what improvements need to be made in terms of their customer experiences. The average customer is now more aware of the possibilities of energy and water consumption and want to be in control of it aligned to the lifestyle they want to lead.

As customers turn their relationships with Energy and Utility providers from a reactive ad-hoc one to a proactive real time one, providers in this market will need to make sure their data and analytics capabilities are aligned to their customer experience approach. For those Energy and Utility providers who take the time to do this significant benefits can be achieved. They can start to put in place the development of user centred design (UCD) processes so customer pain points can be interrogated, solutions can be created and implemented that fix or improve the end to end customer experience which will result in higher customer satisfaction rates, engagement levels and energy-saving actions.

At Sopra Steria we believe this starts by taking the time to understand different groups of customers their preferences, their needs, their requirements throughout the lifecycle with your organisation. These insights need to be built on solid, reliable data and analytics foundations. Those organisations who can utilise their in house skills combined with partner expertise to unlock the power of their customer data will find themselves at a real advantage in a digital world.

More Information

By working with Sopra Steria to overcome the challenges related to Customer Experience, Energy and Utility organisations can unlock their potential and provide a Customer Experience which truly delivers for their customers today and in the future.

If you would like to discover more about how our Data and Analytics capabilities can help you improve your organisations Customer Experience please contact one of our specialists below:

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We look forward to working with you.

The world is how we shape it

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