A woman wearing a white hard hat and a high-visibility yellow safety jacket is looking down at a tablet computer. She is standing on a construction site with a blurred background of buildings and trees. The image is part of a presentation slide, with blue hexagonal graphic elements in the top-left and bottom-left corners.

What are **the five key principles** energy and utility organisations need to consider when designing a customer experience for the future

# Introduction

**As we move out of the Covid-19 pandemic, many Energy and Utility organisations are discovering they are on the cusp of significant change in relation to the customer experiences they deliver.**

It is no secret that the pandemic has driven a shift to digital channels for customers wanting to interact with their Energy or Utility provider. For example pre - pandemic a customer's relationship with their Energy or Utility provider wasn't a topic people would normally talk about with their friends, family or even online review sites. In many cases it was only when a customer had a bad experience with an Energy or Utility provider did they actually voice their concerns online and offline.

However, behavioural changes as a result of the pandemic, coupled with customers becoming more technology aware through smart meters and learning from their peers through online channels, there is now a greater understanding of how energy and water is sourced, produced and consumed. This represents itself in terms of bills customers can access online, seeing how much energy or water they are consuming through connected devices in their homes, and through information provided to them through physical and online channels in relation to key initiatives their energy or water company are undertaking around environmental projects.

With this sudden shift to digital interactions and customers real time access to data and information, Energy and Utility organisations are at the crossroads of change in terms of the customer experience they provide today vs what customers' expectations are for the future.



As we move forward post pandemic it is clear opportunities exist for those Energy and Utility organisations who take the time to design and implement the right customer experience their customers are demanding aligned to regulatory reporting standards. But there are also significant challenges ahead in terms of the actual experience design in terms of trust, simplicity, transparency, data privacy and the impact on existing systems and processes due to large scale adoption of digital channels by their traditional customer base.

Customer service and experience isn't new in the Energy and Utilities markets. Ofwat have their Customer Measure of Experience (C-MeX), which measures the quality of services delivered to household customers, and the Developer Services Measure of Experience (D-MeX), which measures the quality of services to developers and other third parties. The 17 water companies providing monopoly services are encouraged to deliver better services by (among other things) using incentives. This includes a positive financial payment if they do better than expected ('outperformance'), a negative financial payment if they do worse ('underperformance'). Additionally, Ofgem has its Quality of Service Guaranteed Standards, 12 service levels that must be met by each energy distribution company.

**At Sopra Steria we have been thinking about the key customer experience challenges Energy and Utility organisations are facing in a post Covid-19 world. The principles they need to adopt to become truly customer centric and how Energy and Utility organisations can get started on their customer experience journey of the future.**



# What are the areas of change Energy and Utility organisations should be focused on for delivering a great customer experience?

To move forward and build a customer experience of the future we first of all need to examine what needs to be fixed in existing processes and systems, how to adapt to changing customer expectations, new regulatory rules and how business models will need to evolve. All of these factors will shape your organisations customer experience today and in the future. From our involvement in delivering a range of customer experience programmes of change, Sopra Steria's customer experience specialists believe the following challenges need to be thought about before embarking on a customer experience change programme in any Energy or Utilities organisation.

1.

Does your digital offering match with customer engagement expectations?

2.

Are you measuring the right outcomes in terms of the customer experience?

3.

How can your organisation overcome the most common challenges; pricing, billing and requests for further information?

4.

Does your brand promise really deliver?

5.

Is the right technology infrastructure in place to support the customer experience of tomorrow?



# Does your digital offering match with customer engagement expectations?

In the price sensitive B2C and SMB B2B markets business models have been set up for high volume demand and interactions with customers. Resulting in customer experiences being set up on lowest possible cost to serve models. But customer experience value shouldn't be driven by volume and the lowest possible cost to serve. Often when this model is adopted only the basics are provided and this can leave both you as the supplier and the customer disconnected especially if digital channels have not been set up to cope with high demand at month end billing of customers for example.

However improvements have been made in recent years with emerging technologies starting to offer a way forward. *For example in the back office, process automation and machine learning are now widely used to undertake routine transactions.* In the front office we have seen many organisations deploy AI agents, chatbots, gamification via apps to access information and traditional online channels such as email and forms improved. But there is still much work to do for Energy and Utility organisations to make sure their digital offering matches customer expectations. Energy and Utility organisations need to focus not just on the technology but on the messages, offerings and information they need to provide to different customer groups. Customers now expect a personalised, targeted experience not a 'one size fits all' approach.

Key questions which need to be addressed in the search for understanding if your digital offering meets customer expectations include:

- Have you segmented your customer base correctly and can this segmentation be updated at appropriate times as customers move through their life with your organisation?
- Do you understand different customers user journeys and how customers want to interact with the organisation via different channels?
- Can you effectively interact with different types of customers in their moments that matter? For example a customer will interact with your organisation differently when paying a bill compared to purchasing new services.
- Are the right digital tools available to signpost customers to the information they need, when they need it?
- Are your digital channels available and built on robust systems and processes so they intelligently know when to start interacting with customers?

# Are you measuring the right outcomes in terms of the customer experience?

As customers have moved to digital channels to interact with their Energy or Utility providers so the measures of customer service and satisfaction should change. At Sopra Steria we still see many organisations in this market using old measures for success and not implementing relevant measures aligned to the online customer journey. This results in Energy and Utility organisations not able to make real time effective business decisions related to their customer experience. It has been spoken about for many years but one key overarching measure of success should be Customer Lifetime Value.



## Questions to answer around this area include:

- Can your organisation make real time decisions to improve processes based on feedback from customers?
- Can you actually quantify profit/loss for individual customers and what it would mean to your bottom line if they left your organisation for another supplier over their potential lifetime?
- Are the right data sources in place to enable your customer service agents or technologies you use for interacting with customers in place so real time decisions can be made?
- Are the right processes and controls around customer data in place and do they conform with regulatory controls?
- Can your customer service teams provide real time MI reporting of the impact of poor customer experience to management teams?

# How can your organisation overcome the most common challenges; pricing, billing and requests for further information?

**To thrive in a post pandemic world where energy and utility markets are set to become more price sensitive and competitive intelligent pricing, billing and giving customers access to information to make real time decisions will become a differentiator. We have seen the impact of the aggregator sites on customer behaviour with 'savvy shoppers' visiting moneysupermarket.com for the best deal from their energy supplier for example. But these customers only make up a small proportion of the overall customer base.**

Many customers are still happy to stay with the provider they have always been with and unless they are given a compelling reason for change or receive a bad experience are unlikely to change. This has in many cases resulted in lethargy in terms of thinking that 'customers will always stay with us' from Energy and Utility organisations. However the tide is turning. In their 2019 customer engagement survey OFGEM 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.



## **To overcome the potential sleepwalk to switching Energy and Utility providers need to consider:**

- How can they move beyond a static rule based, one size fits all billing experience?
- Do they have the right data, technology and skills in place to provide real time intelligent pricing to keep existing customers and attract new ones vs the competition?
- Can they dynamically calculate how many new customers they need to attract on different tariffs to make up for any customer churn?
- Does the customer experience provided today actually give customers what they need in terms of information related to their tariff, bill or further information they are looking for or are you actually pushing them towards the competition?

# Does your brand promise really deliver?

Many Energy and Utility organisations have been in existence for a very long period of time. Customers place trust in their Energy and Utility supplier based on their history of interaction and knowing they are trusted to provide them with life's essentials water, gas and electricity. However a poor customer experience can put a brands reputation at risk. Linked to what we discussed on the previous page, customers are comparing and making decisions on their Energy or Utility provider. They are doing this not only on the promise to deliver a particular service but also on a brands purpose, the price and overall experience they have with the organisation.



**When reviewing today's customer experience vs tomorrow Energy and Utility suppliers need to ask themselves:**

- Does our customer experience across all channels customers interact with deliver on its promise?
- Does the brand have a clear purpose which customers can buy into?
- Are the Marketing messages the customer receives personalised and keeps them engaged?
- Are buyer journeys based on the right persona's and information provided in real time to different audiences?
- Does the Marketing journey connect customers with the right products and services via digital channels and are digital channels set up to answer customers purchasing questions as part of their decision making process?
- Are customer apps set up so they are intuitive and easy to use?



# Is the right technology infrastructure in place to support the customer experience of tomorrow?

As all technology professionals know, fantastic customer experiences are not just the tools or channels a customer interacts with. To truly deliver a great customer experience the right technology infrastructure needs to be paired with an intelligent digital platform to meet customers changing expectations and keep up with regulatory and business change.

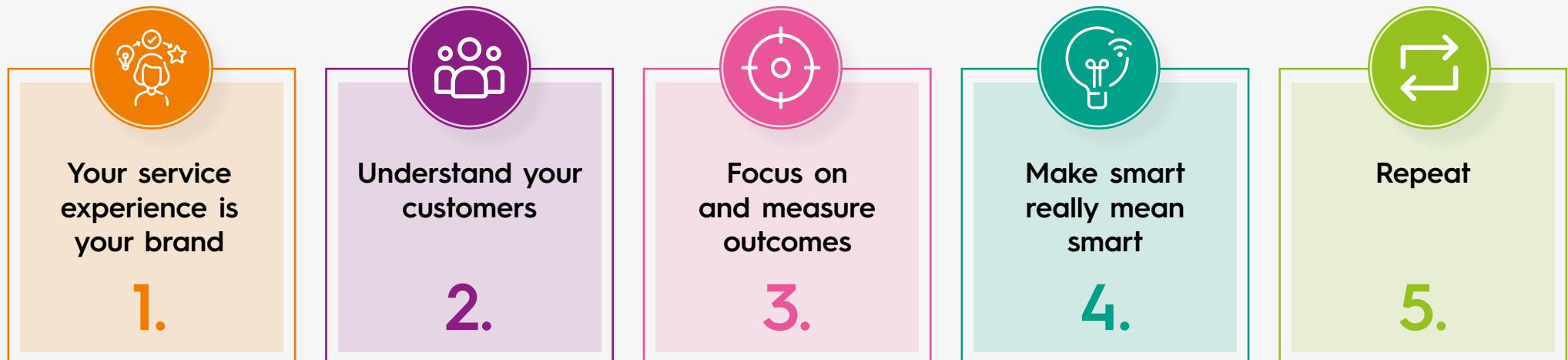
**In this section** of the paper we have explored **5 key challenges** which many Energy and Utility organisations have to consider if they are going to develop a future ready customer experience. In the next part of the article we uncover the principles which should be applied.

**Fundamental questions which need to be addressed before undertaking any customer experience programme related to technology infrastructure include:**

- Have you selected the right front end customer engagement tools? Are they really going to improve the customer experience or are they an annoyance/ nuisance? For example can the chatbot on your site really respond to a customer's billing enquiry? Does your app contain real time data about energy or water usage?
- Do your analytics programmes give customer service and sales agents real time views of different customer groups? Do they provide the teams with the information they need to cross sell other products or ensure customers are on the right tariff?
- Are your back end systems and processes actually connected to the front end or are they heavily reliant on legacy technology and human interpretation? For example billing, metering information, the CRM and ERP systems all need to be interconnected to be able to provide a seamless front end experience. Can you really say your customer journey is seamless between front end and back end?

# 5 principles for Energy and Utility organisations to make sure they have a future ready customer experience

In this section Sopra Steria's Customer Experience specialists have developed **5 core principles** which they believe Energy and Utility organisations need to adopt if they are to design a customer experience to meet future customer expectations.



# 1.

## Your service experience is your brand



The relationship between customers and utility organisations is born out of necessity. People need water, gas and electricity in order to run their homes and businesses. Who you have or choose as a provider can come down to location, price, your consumption behaviour, and within the last few years, how the electricity / gas is made. But that's changing fast. All energy companies will be offering renewables, location doesn't matter and so there's a risk that we end up in a race to the bottom and the cheapest provider wins, particularly true when you are selected as a provider through an aggregator (though through our research we know that people don't just select the cheapest, rather the cheapest from the brand they trust with the features they need).

### So how do you differentiate?

Simply put, it's about the service you provide. Are people able to easily and efficiently do what they need to? Is it an enjoyable experience or does it feel like a chore? Will people feel strongly enough about your service to recommend you to others? (NPS rightly or wrongly being the de facto measure of customer satisfaction). And what will people say when they review you online?

Finally, and a little less tangibly, does the service you provide reflect people's expectations of you and will they believe that the service is one you should be providing (no matter what channel you are communicating through or that they choose to use). For example, a new energy start-up might want to differentiate itself by being fun, and the whole service should reflect that, whereas a corporate energy provider might differentiate itself on being stable and efficient. Neither is right or wrong, but you need to ensure that the whole service you provide reinforces who you are and the expectations people have of you.



## 2.

# Understand your customers



If you want to develop a better service for your customers, it goes without saying that you need to understand them better - their needs, behaviours, pain points, aspirations and values.

**But what does this mean, and what does a good level of understanding look like?**

It's all too easy to think of customer insight as someone else's job, or even a department's responsibility. And that this team will swoop in to provide insights on whether your product, programme or even company strategy will be a success or not. A check box exercise that you can demonstrate has been completed.

**That's really missing a trick.**

**We see time and time again that if whole organisations put the time and effort into understanding people then positive change and good business outcomes happen more quickly. There are two reasons why this happens:**

- **Disparate and often silo'd teams in an organisation gravitate around solving the same problems objectively.**
- **Resulting in content and features that push all the right customer buttons.**

And the quickest way to implement this, is simply by getting the leadership and key stakeholders to watch live user research and see both the positives and negatives of the impact your service is having on people's lives. How you're resolving these needs are the stories you want to be told within the organisation.

**Ultimately changing and improving culture.**

This is of course all in line with the needs of OFWAT and OFCOM. OFWAT say explicitly ***"We expect companies to listen to their customers to understand their preferences and priorities"***\*. And both go even further pointing to the need to look after customers who are in circumstances that make them vulnerable. So when you are reaching out to understand the needs of your customers, ensure that you are actively talking to people who are vulnerable.

***<https://www.ofwat.gov.uk/regulated-companies/>***



### 3. Focus on and measure outcomes



**So often measurement is an after thought. Something is built and put live only to discover no one has plugged in the ability to know whether your hard work is a success or not.**

**We believe the opposite should be true.**

Measurement should be the first thing you talk about as a team. But just not on its own. Instead, align what you're setting out to achieve with how you'll know when you've been successful, then work out how to measure that.

Going through this process creates the perfect briefing for the organisation - what are we trying to achieve and how will we know if we're achieving it. It will align different functions on achieving the same outcomes and, as anyway should be possible in any good agile delivery, allow you to course correct when you discover the solution you're working on isn't aligning to the objectives and outcomes you want to achieve.

### 4. Make smart really mean smart



**The cynical could argue that it's only utility companies that have benefited from the rise of smart meters - they're able to ensure that their billing cycle is timely and accurate with less reliance (and associated cost) on people to gather and submit readings.**

The supplied displays offer some level of insight into current energy usage, but you're left on your own with them to use and interpret what's being shown, and if you get into it enough, make decisions about what you might change. And as the software and hardware are tied together they can never be improved to be more useful without replacing the whole device.

**So smart meters may be connected but they're not yet smart.**

We believe we should be heading towards a world where an intelligent understanding of a customer and their usage proactively helps them to use and conserve energy, gas and water in a more efficient manner even to the point of allowing the control of individual devices or optimising charge cycles for electric vehicles, for example. Any suitably intelligent system can also be monitoring for unusual activity and detecting when there might be an unseen water leak or even a burglary.

### 5. Repeat



**Companies that exceed others in customer centricity are the ones that recognise they need to continually improve themselves and their services in order to deliver better outcomes. They can't sit still because customer expectations and technology solutions are always advancing.**

# Final thoughts

For Energy and Utility organisations the Covid-19 pandemic and how customers switched to digital channels should be seen as an opportunity to make real change in terms of the customer experience delivered today and in the future.

In the next 5 years we anticipate significant changes will happen in terms of how customers interact with their Energy and Utility suppliers. As customers change their habits, ways of living and usage of technology, Energy and Utility organisations have a unique chance to make sure they put in place the right foundations to deliver a compelling customer experience of the future. To make the changes required won't be easy. It will be a balancing act between regulatory pressures, changing customer behaviour, choosing the right front end tools, making sure the right supporting systems and processes are in place and trying to stay one step ahead of the competition.

Success in delivering the right customer experience of the future needs to be based on clear principals for success. As we have discussed in this article it is not just the tools and processes your organisation will need to adopt but the scale and quality of execution across the whole customer journey from initial touchpoint to back end data, processes and systems being ready to adapt to change.

Those Energy and Utility organisations who take the time today to invest in improving their customer experience will be set up for a bright future and have the ability to take market share, stay one step ahead of the competition and most importantly be set up for customer success.



## 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 our Customer Experience services please contact one of our specialists below:

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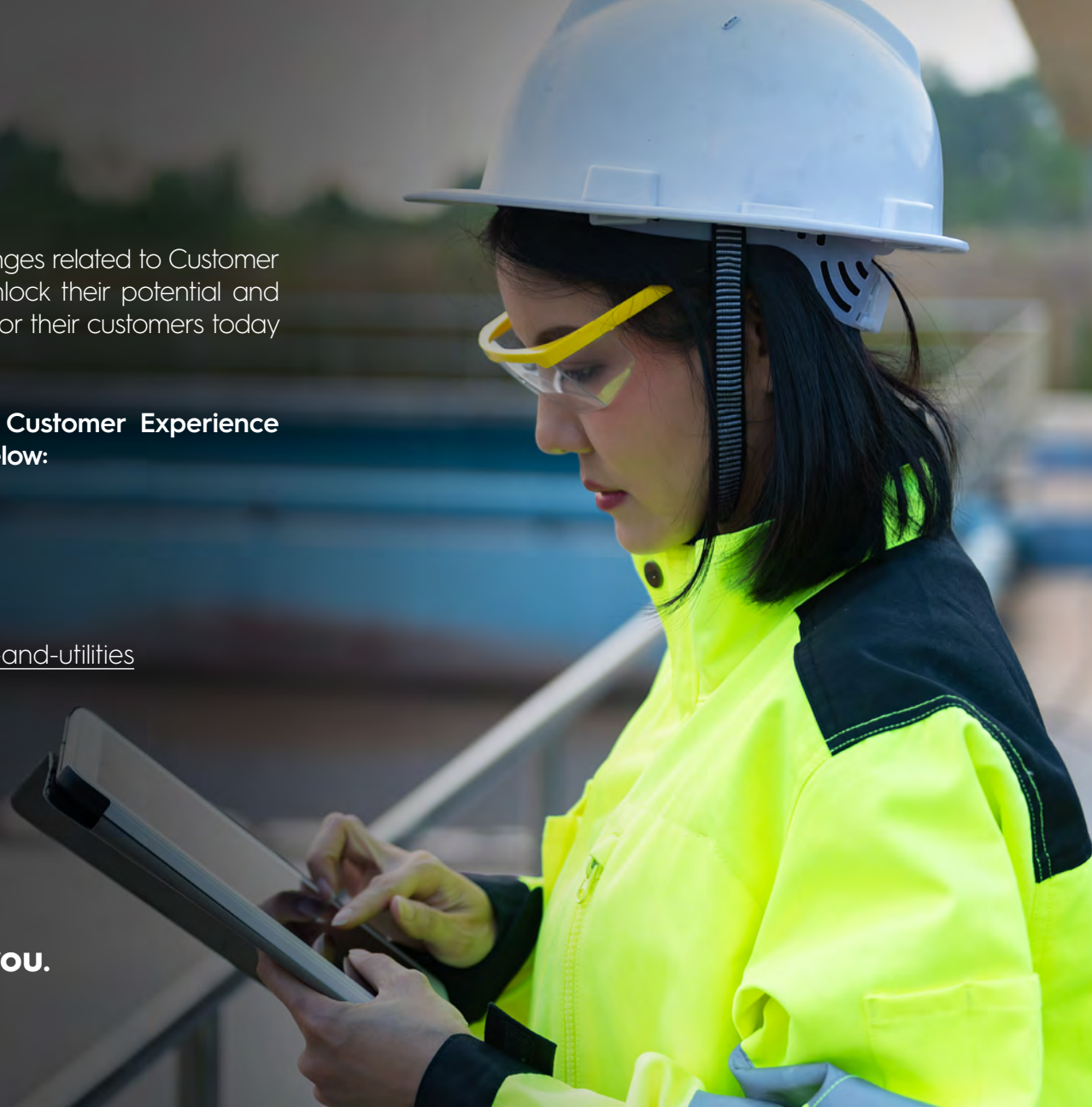
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**We look forward to working with you.**



The world is how we shape it

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