

So Near Yet so Far

Why Utilities Need to Re-energize Their Digital Customer Experience



Mind the Gap: How a Digital Divide is Compromising the Utility Customer Experience

“
Only 29% of customers trusted their utility providers in 2013.
 ”

Utilities Face Growing Customer Dissatisfaction

There is simmering discontent in the utilities industry. Customers, already increasingly demanding, are now actively dissatisfied with their providers. Take the UK as an example. Customer satisfaction

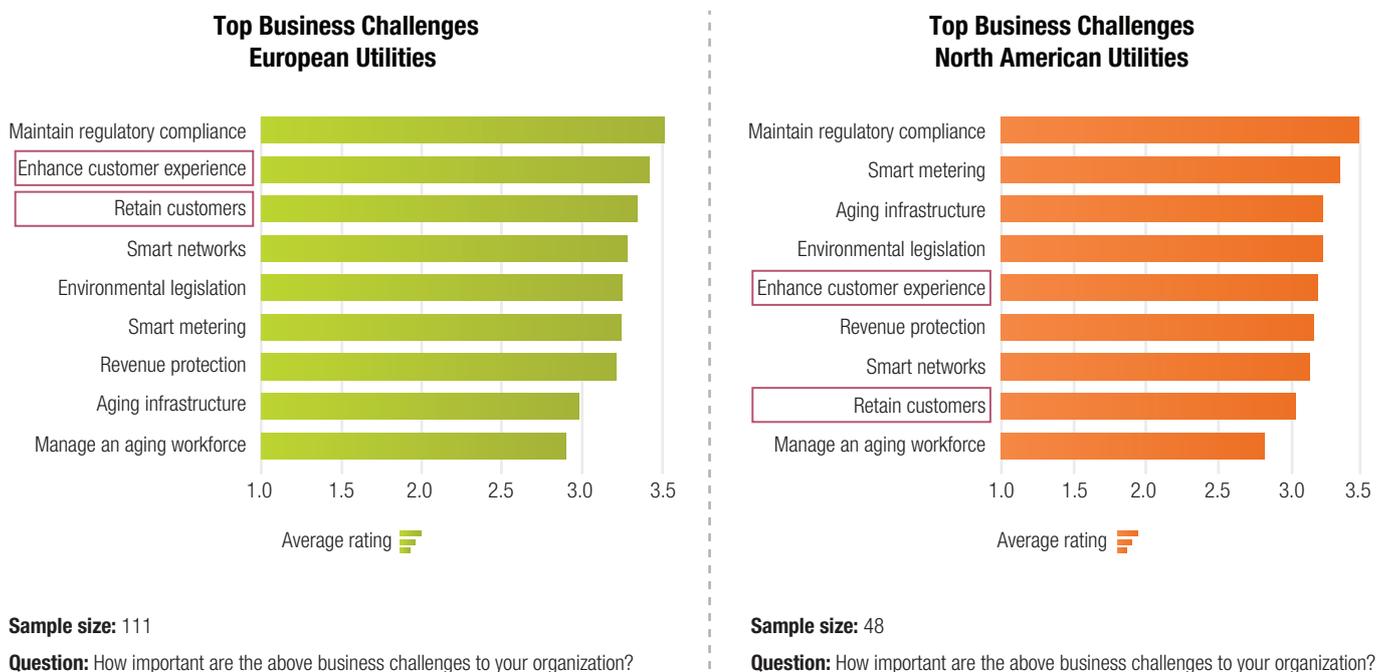
levels in Britain dropped from 78% in 2012 to 55% in 2013. And only 29% of customers trusted their utility providers to be open and transparent in 2013, compared to 34% in 2012¹. For the EU as a whole, customers’ trust levels in their energy suppliers stood at just 45%, and in North America, at 53% in 2013².

There is clearly a need to address this tide of disquiet and re-energize the utility customer experience. Industry analyst surveys show that utilities have realized the need for enhancing customer experience (see Figure 1). However, the industry’s best efforts to rebuild confidence and trust could in fact be undermined by a

growing digital divide, with consumers demanding a digital experience that the industry has so far been unable to meet.

“
Customer satisfaction levels in the UK dropped from 78% in 2012 to 55% in 2013.
 ”

Figure 1: Top Business Challenges for Utilities



Source: Ovum, "ICT Enterprise Insights in the Utilities Industry", 2013

“
Nearly 624 million customers are expected to engage with utilities via social media by the end of 2017.
 ”

Thwarted Desire: Utilities Have Not Met their Customers' Digital Wants

Utility customers want to go digital. Platforms such as social media and mobile apps are rapidly becoming the preferred means for customers to communicate with their providers. Research indicates that over 57 million customers engaged with utilities via social media in 2011 and that this number is expected to rise to 624 million by the end of 2017³. It is also estimated that 50% of customers prefer to use a mobile customer service application to try and resolve their service issues before calling the contact center⁴.

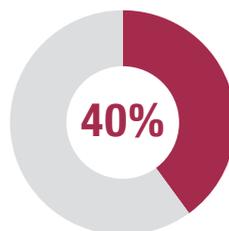
Unfortunately, utilities have not kept pace with consumers in the shift to digital channels. Our research with the MIT

Centre for Digital Business shows that only 40% of utility providers use digital technologies to enable self-service (see Figure 2). Less than 30% of utilities use digital technologies to provide a consistent experience across channels⁵.

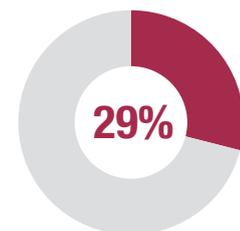
While utilities have undoubtedly taken their first steps towards a brighter digital future, they have a long way to go. We conducted a detailed study to understand the digital initiatives being undertaken by utilities to improve the customer experience. We also assessed the reaction and sentiments of customers towards those initiatives. We share these findings over the following pages before concluding with a set of pragmatic recommendations on how utilities can cement their relationship with customers through digital, rather than threaten it.

Figure 2: Adoption of Digital Technologies by Utilities to Enhance Customer Experience

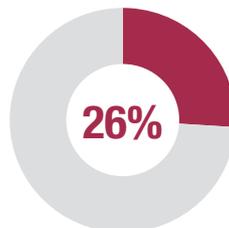
■ % of utilities agreeing with the statement



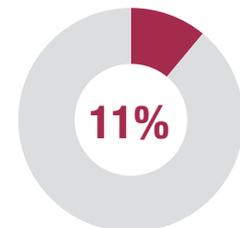
We use digital technologies to enable self-service



We use digital technologies to provide consistency across channels



We use digital technologies to personalize the sales experience



We use digital technologies to conduct location-aware marketing

“
50% of customers prefer to use a mobile customer service application to try to resolve their customer service issues before calling the contact center.
 ”

Source: Capgemini Consulting and MIT Center for Digital Business, “Digital Transformation Benchmark - 2012: Emergence of the Digital Utility”, 2013.

Out of Tune: Digital Initiatives are Out of Sync with Customer Expectations

“
52% of utilities allow customers to pay bills online through utility websites, while 34% offer bill payment features on their mobile apps.
 ”

Billing Issues: A Concern Despite New Digital Payment Channels

Utilities have begun efforts to try and simplify the billing and payments process for customers. For instance, 52% of utilities in our study (see research methodology on page 7 for details) allow customers to pay bills online through their official websites, while 34% offer bill payment features on their mobile apps. However, despite these initiatives, billing issues continue to be a cause of concern for customers. Our analysis revealed that

only 30% of online customer mentions related to utility billing services are positive. The most common billing issues that customers face include overcharges, especially for delayed payments, and inaccuracies in billing periods and rate plans in utility invoices.

Outage Management Remains a One-Way Channel that Does Not Support Customer Feedback Mechanisms

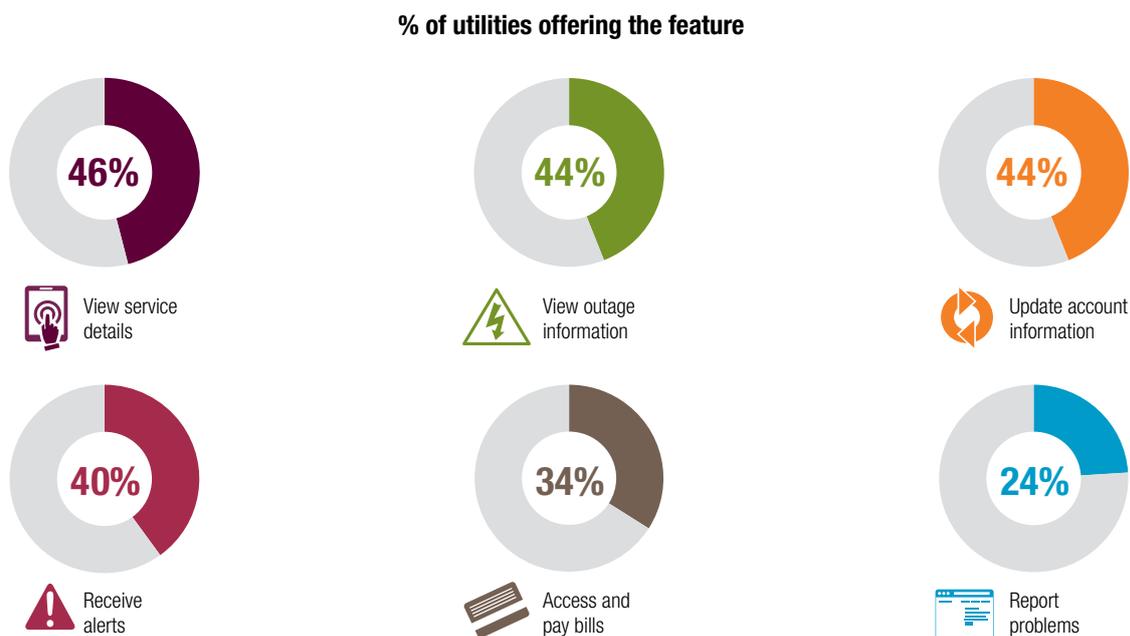
Close to 52% of utilities in our study provide outage information on their websites, while 44% offer this information through their mobile apps. Additionally, 58% of utility providers post power outage information on social media channels such as Twitter, Facebook, and on company-managed blogs. However, the majority of utilities do not offer a mechanism for customers to report outage issues. We found that only 26% of customer mentions on the quality of communication on outages are positive.

Mobile Apps Offer Limited Functionality

56% of utility providers offer a mobile app. However, most utilities offer only basic functionality, such as the ability to view service details or receive alerts from providers. Only 24% of utility providers offer advanced features, such as the ability to report issues via the app (see Figure 3). It is perhaps not surprising, therefore, that only 32% of customer opinions on the mobile apps offered by utilities are favorable.

“
Only 32% of customer opinions on the mobile apps offered by utilities are favorable.
 ”

Figure 3: Mobile App Feature Support



Source: Capgemini Consulting analysis

“
Only 29% of the customer sentiment on the quality of customer support offered by utilities is positive.”

Social Media is Not Used as an Effective Medium for Customer Service

Utilities are using social media channels primarily to share information, which includes energy efficiency tips, emergency handling tips, or outage information (see Figure 4). Social media channels are also used as platforms for brand building. For instance, 58% of utilities use their social media channels to promote their community development initiatives. However, most utilities are not utilizing their social media channels to actively engage with customers. For instance, only 34% of utilities address the complaints they receive from customers

on social media channels. It is telling that only 29% of the sentiment on the quality of customer support offered by utilities is positive.

“
Only 34% of utilities address the complaints they receive from customers on social media channels.”

Figure 4: Social Media Feature Support

% of utilities offering the feature via their social media channels



Source: Capgemini Consulting analysis

The Disconnect between what Utilities Offer and what Customers Experience

Are Utilities Doing Enough ?

Are Customers Satisfied ?

Mobile apps offer limited functionality



56%
of utility providers offer a **mobile app**



of customer opinions on **utilities' mobile apps** are favorable

Social media is not used effectively for customer service



34%
address **customer complaints** on social media channels



of the customer sentiment on the **quality of customer support** offered by utilities is positive

Websites lack self-service features



52%
enable **bill payments**



of customer opinions on **self-service features** offered by utilities are favorable

Outage management does not support customer feedback mechanisms



24%
offer the ability to **report problems** via mobile apps



of customer mentions on the **quality of communication** on outages are positive

While utilities have tried to engage with customers through a variety of digital initiatives, their efforts are falling short. To reflect on why that is and what can be done, it would be helpful to look at

another industry that has made a virtue of the digital customer experience, to draw out best practice and the lessons learned along the way. In the next section, we cast our eye over the telecom sector,

which has had more joy in using digital tools to improve and sustain the quality of the customer experience.

Research Methodology

Part 1 – Analysis of Digital Initiatives Launched by Utilities to Improve Customer Experience

We studied the adoption of digital channels by the top 50 utility providers across the globe. Our research focused on their web, mobile and social media initiatives. We evaluated each utility based on its use of social media platforms to provide information, address customer complaints, manage outages and run promotions. Mobile customer care apps offered by each utility were evaluated based on features such as the ability to access and pay bills, view and update information, and report problems. We also assessed the web-based self-service features offered by each utility.

Part 2 – Analysis of Customer Sentiment towards Utility-Driven Digital Initiatives

We used advanced analytics tools to conduct an exhaustive web-based scan of customer reaction towards utility digital initiatives. We gathered and analyzed customer sentiment data from a wide range of sources including social media sites, blogs, and online discussion boards. The themes for our assessment included:

- Customer support — quality of complaint resolution and correction of billing issues.
- Self-service — quality of web and mobile self-service features.
- Outage management — quality of communication during outages and emergencies.
- Billing — billing accuracy and resolution of billing issues.
- Community development — sustainability initiatives undertaken by utilities.

Ringling the Changes: Best Practice for Utilities from the Telecom Industry

The leading telecom companies offer a good parallel for utility players. Like utilities, telecom companies are engaged in a service that serves millions of people on a 24-hour basis. The telecom industry was also one of the first areas to be struck by the first disruptive wave of digital technologies.

“Utilities lag telecom companies in the use of social media platforms, mobile channels, and customer analytics to reach and engage with customers.”

Our research with the MIT Center for Digital Business revealed that utilities lag telecom companies in the use of social media platforms, mobile channels, and customer analytics to reach and engage with customers (see Figure 5)⁶. We believe that utilities can draw useful lessons from

telecom companies on how to expand the breadth and quality of their digital customer experience initiatives.

“Verizon responds to more than 99% of customer tweets.”

Telcos are Embedding Customer Service within Social Media Channels

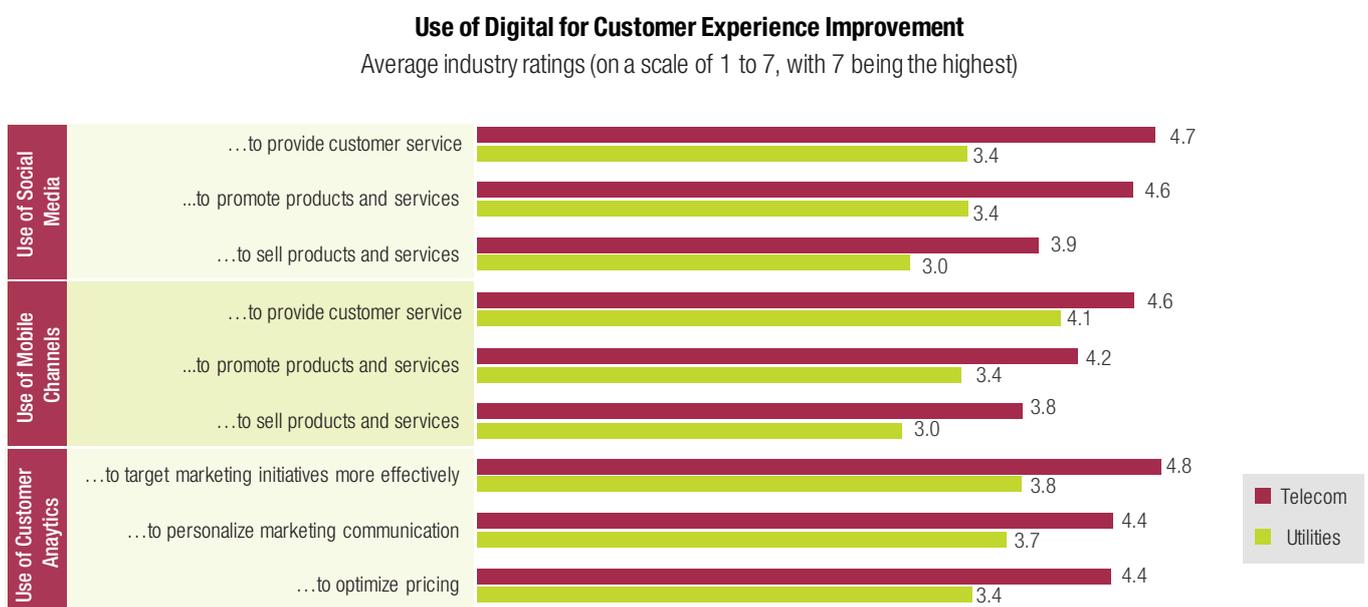
Telecom operators are increasingly making social media a central pillar of their customer service strategy. A recent study on the use of Twitter for customer service found that most brands redirect customer complaints received on social media to traditional channels such as phone and email⁷. Telecom companies, however, were found to have the lowest deflection rate of customer complaints on social media, despite receiving among the highest volumes of tweets. Verizon, for instance, makes concerted attempts

to resolve customer issues through social media channels, responding to more than 99% of the tweets it receives⁸.

Some telcos are also using social media channels as an effective way of encouraging self-service. For instance, European telecom major O2 recently launched its “#TweetServe” program, designed to be a Twitter-based self-service platform for customers. The platform allows customers to send tweets to the operator using specific keywords, in order to obtain information on data usage, bill related details, or special offers and deals on new phones. Responses to the tweets are sent back to customers in the form of direct Twitter messages from the operator⁹.

“O2 has launched a Twitter based self-service platform for customers, called the “#TweetServe” program.”

Figure 5: Comparison of Digital Customer Experience Initiatives in the Telecom and Utilities Industries



Source: Capgemini Consulting and MIT Center for Digital Business, 2012

Telcos are Making Digital Channels a Seamless Part of Their Support Proposition

Some telcos have recognized the need to ensure that digital channels do not operate in isolation, but rather exist as an integrated part of their overall service proposition. For instance, Telefonica's Spanish subsidiary Movistar is upgrading its CRM capabilities so that its customers can seamlessly transition from their mobile self-service apps to contact center support. When a customer selects the option to switch from the app to the contact center, all information about the customer's activities in the mobile application is transferred to the contact center, providing the agent with real-time information on the customer's profile and the context of the interaction. Additionally, the upgrade enables multimedia collaboration options, such as the exchange of images between the customer and contact center agent, to further enhance the speed and effectiveness of issue resolution¹⁰.

“
Telefonica Movistar enables customers to switch seamlessly between their mobile self-service app and contact center support.”

Similarly, France-based Bouygues Telecom's online-only brand B&YOU offers a seamless and entirely digitized customer service process. To reduce service terminations, B&YOU offers click-to-call features on its website; customers seeking to terminate a connection are offered the click-to-call option to speak with a customer service agent or “e-advisor”, who attempts to address the grievance that prompted the cancellation. This has helped B&YOU reduce customer churn by 50%¹¹.

Telcos are Using Digital Technologies to Effectively Address Billing Concerns

Digital technologies can also act as effective complementary mediums to address traditional challenges. For instance, AT&T is using video and analytics technology to provide customers with greater transparency on their bills. The company actually creates personalized videos that help customers better understand their bill. New customers and customers who upgrade to new services receive a link to a personalized video along with their first bill. These videos explain the different components of the customer's bill. In addition to improving billing transparency, these digital initiatives also enable AT&T to offer proactive customer service. A built-in analytics platform analyzes customer data and agent logs and is used to create follow-up videos after a customer service call, to provide additional self-service tips and product and service recommendations.

Usage of such technology has enabled AT&T to reduce inbound call volumes and increase customer satisfaction scores¹².

The telco industry shows us how digital technologies can create a compelling customer experience, bridging the gap between the digital needs of the customer and their provider's ability to deliver. Although there are notable exceptions in the utility industry (see insert on Hydro-Quebec), it is apparent that more needs to be done. We conclude this paper with some concrete recommendations for how utilities can turn this situation around – using digital to create a new level of utility customer experience.

“
AT&T offers personalized videos to help customers better understand their bills.”

Hydro-Quebec: Transforming Customer Experience through Digital

Hydro Quebec, a leading energy and utilities company in North America, generates, transmits and distributes electricity, mainly using renewable energy sources. The company historically had a limited presence on social media platforms and mobile channels. Moreover, existing channels were siloed, which meant that the company did not have a unified view of the customer.

In 2011, Hydro Quebec embarked on a four-year program to transform the organization into one that was dedicated to the improvement of customer experience. Top of the list of objectives were the creation of a multichannel customer experience improvement strategy, the development of offers tailored to each market and customer segment, and the promotion of a customer-centric culture within the organization.

As part of the transformation program, the company launched a “Drive to Web” initiative, to make the web, and all other digital channels such as email, mobile and social media, the core of the multichannel experience for the customer. The strategy aimed at rationalizing traditional channels and delivering more value through digital channels. Hydro Quebec strengthened its Web and mobile channels by offering enhancements such as the explanation of bills and payment terms, improved management of outages, and new smart metering services. The “Drive to Web” initiative resulted in an increase in the number of customers opting for online self-care services, and consequently, reduced inbound call volumes by 12%.

Source: Capgemini Consulting

Making It Happen: Transforming the Utility Customer Experience through Digital

We believe there are three important steps a utility must take to achieve the nirvana of 'digital utility' (see Figure 6). You need to give digital channels a boost, create that seamless multi-channel experience, and make your move towards being a 'complete provider'.

Give Individual Channels a Digital Boost

Expand the Scope of the Web and Mobile Channel

Online and web channels must be used more efficiently to deliver bills, with options for customers to report errors easily. Utilities must create web-based self-service features that allow customers to view patterns in energy usage, by month, day or hour, as well as peak and non-peak hour tariffs. This will enable customers to switch to a tariff plan that matches their usage and even to alter usage to reduce energy consumption. Similarly, mobile apps must offer functionality for customers to report billing errors or seek clarifications on bills.

“
Utilities must ensure that complaints on social media are addressed in a timely manner, with clearly defined SLAs that match those of contact center services.”

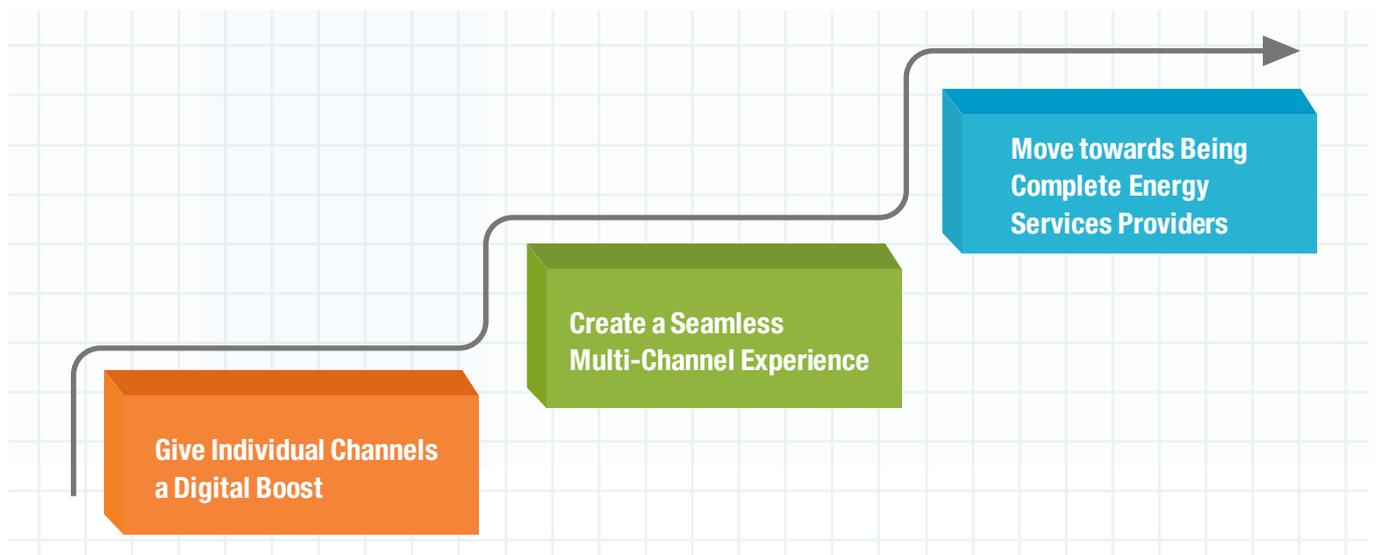
Strengthen Customer Service Capabilities on Social Media

Utilities must strengthen their social media customer service capabilities. Utilities should set up a dedicated social media account, such as a Twitter handle, to address customer issues. Utilities must also ensure that complaints are addressed in a timely manner, with clearly defined SLAs that match those of contact center services.

However, setting up a dedicated social media account and establishing SLAs for response are only part of the story. Utilities should actively invest in training customer service teams that manage social media channels to ensure complaints are closed on the social channel itself, rather than being redirected to traditional channels.

“
Existing CRM processes need to be adapted to support an Any Time Any Where Any Device model of service delivery.”

Figure 6: Towards a Digital Utility



Source: Capgemini Consulting analysis

Deliver a Seamless Multichannel Anytime Anywhere Any Device Experience

A robust multichannel customer service strategy lies at the heart of an engaging customer experience. Utilities need to ensure that all digital channels that serve as customer touchpoints are seamlessly integrated. This is critical if customers are to receive a consistent experience across channels, and customer interactions that begin in one channel can be completed in another without disruption. Existing CRM processes will need to be adapted to support an 'Any Time Any Where Any Device' model of service delivery (see Figure 7). This will also ensure that utilities are well-placed to take advantage of new customer service opportunities, such as providing personalized recommendations on energy usage or promoting new services.

Utilities need to consciously increase the volume and value added through digital channels and services. As the

Hydro-Quebec case demonstrated, by doing so, they can decrease inbound flow on traditional channels. This has a direct impact of improving the bottom-line by reducing the utility cost to serve as well as cost to acquire customers.

“
To drive long term customer stickiness, utilities should transform themselves from energy suppliers to energy service providers.
 ”

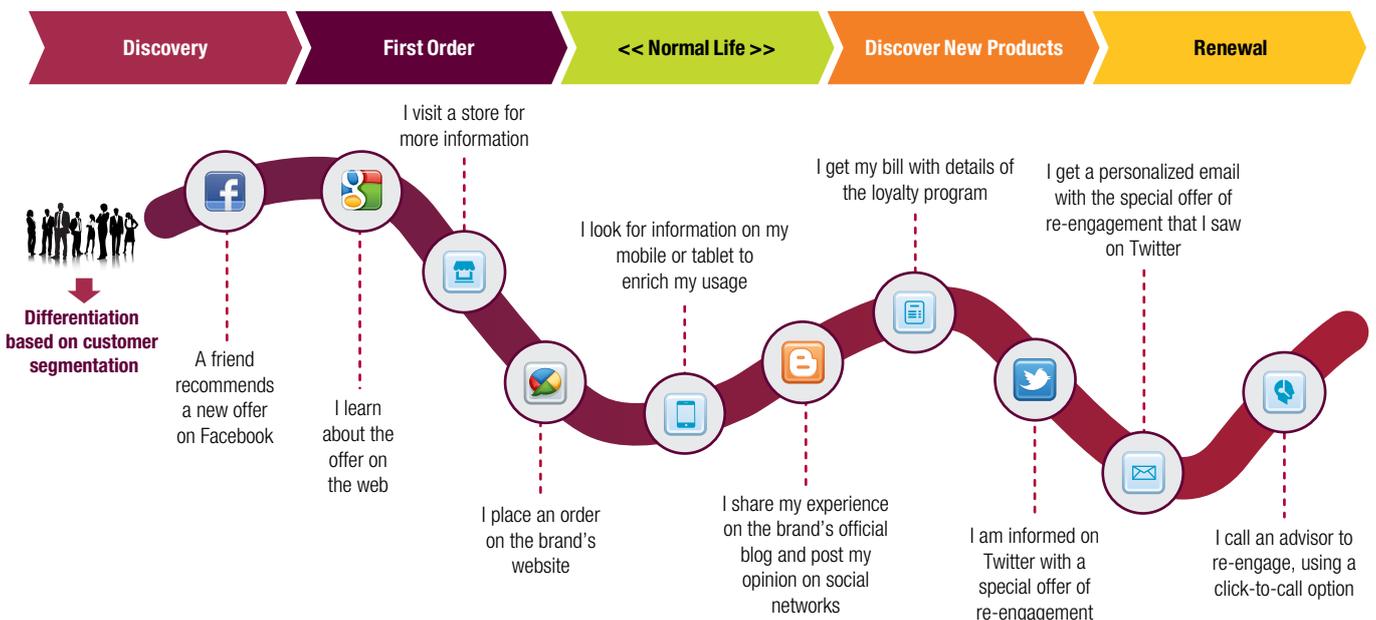
Develop an Energy Services Portfolio

To create long-term customer loyalty, utilities should transform themselves from energy suppliers to energy service providers. Energy usage data gathered from smart meters offers an opportunity

for utilities to realize this transformation. Smart meter data can be used to segment customers more accurately and offer a range of customized energy management services. This includes real-time insights on energy usage and personalized advice on reducing consumption. Further, smart meter data can also be used to roll out targeted demand response programs to incentivize energy efficiency. For instance, customers who reduce electricity usage during peak hours could be offered bill credits. Such services will enable utilities to create more value for themselves as well as customers, in turn driving sustained customer satisfaction and loyalty.

Using digital technologies, utilities have abundant opportunities to simplify and enrich the lives of their consumers. Clearly, the heart of the issue is ensuring that exceptional customer service is your raison d'être. But with savvy consumers demanding this service across digital channels, utilities need to bridge the digital divide that threatens to undermine their customer promise.

Figure 7: Delivering a Seamless Multichannel Customer Experience



Source: Capgemini Consulting analysis

References

- 1 Ipsos MORI, "Customer Engagement with the Energy Market – Tracking Survey", June 2013
 - 2 Edelman, "Trust in Energy – 2014 Edelman Trust Barometer", January 2014
 - 3 Pike Research Survey, "Social Media in the Utility Industry Consumer Survey", 2012
 - 4 IMIMobile, Energy and Utilities webpage
 - 5 Capgemini and MIT Center for Digital Business, "Digital Transformation Benchmark - 2012: Emergence of the Digital Utility", 2012
 - 6 Capgemini Consulting and MIT Center for Digital Business Research, 2012
 - 7 Conversocial, "Which brands are Re-directing Social Media Complaints to Traditional Channels", August 2013
 - 8 Conversocial, "With Twitter's IPO Approaching, Which Brands Are Taking it Seriously as a Customer Service Channel?", October 2013
 - 9 O2, "O2 launches 'world first' #TweetServe program", October 2013
 - 10 Yahoo Finance, "NICE Mobile Reach Selected by Telefónica to Provide Exceptional Customer Service", February 2013
 - 11 Oracle.com, "Bouygues Telecom Reduces Customer Churn by 50% with Click-to-Call Technology", November 2013
 - 12 Forbes, "AT&T Gets Results With Proactive Customer Service", November 2013
-

Authors

Philippe Vié

Vice President, Digital Utilities Leader
philippe.vie@capgemini.com

Subrahmanyam KVJ

Manager
subrahmanyam.kvj@capgemini.com

Digital Transformation Research Institute

dtri.in@capgemini.com



Jerome Buvat

Head of Digital Transformation Research
Institute
jerome.buvat@capgemini.com

Suvidha Aggarwal

Senior Consultant
suvidha.aggarwal@capgemini.com

Amrita Radhakrishnan

Senior Consultant
amrita.radhakrishnan@capgemini.com

*The authors would also like to acknowledge the contributions of **Simon Short** and **Maggie Buggie** from the **Capgemini Digital Customer Experience team**, **Roopa Nambiar** from the **Digital Transformation Research Institute**, **Abhishek Gokhale** and **Jinesh Jain** from the **Capgemini Consulting India Team**.*

For more information contact

Belgium

Pierre Lorquet

pierre.lorquet@capgemini.com

Italy

Giuseppe Luigi Vicini

giuseppe.vicini@capgemini.com

Spain

Carlos Garcia Santos

carlos.garcia.s@capgemini.com

France

Jean Pierre DUPE

jean-pierre.dupe@capgemini.com

Netherlands

Mark Schutz

mark.schutz@capgemini.com

Spain

Oscar Sommarriba Guemes

oscar.sommarriba@capgemini.com

France

Philippe Vié

philippe.vie@capgemini.com

North America

Tyler Duff

tyler.duff@capgemini.com

Sweden

Fredrik Gunnarsson

fredrik.gunnarsson@capgemini.com

Germany

Andreas Weiler

andreas.weiler@capgemini.com

Norway

Tallak Thorleifsson

tallak.thorleifsson@capgemini.com

United Kingdom

Martin Wells

martin.wells@capgemini.com

Digital Utilities Transformation – Improving Customer Experience and Operating Models through Disruptive Technologies

Capgemini's integrated **Digital Utilities Transformation** framework empowers traditional utilities to re-invent themselves and internalize the disruptive digital technologies at optimized capital costs, while providing infrastructures and services enabling the energy transition towards a sustainable, low carbon economy. Our approach will drive utilities to become customers and communities centric and to totally rethink their internal organization, the role of line workers, whilst it will drive down their cost. Moreover, we can help utilities to enable new services like Home Energy Management and energy efficiency programs or communities programs.

Digital Customer Experience



The Capgemini Global Service Line entitled **Digital Customer Experience (DCX)**, helps organizations understand and implement the right mix of business focused digital capabilities, deployed within the right framework for transformation – to fundamentally change how they do business and serve their customers. Digitally mature organizations deliver on improving customer advocacy and driving growth.

Available worldwide and across all industry sectors, the consolidated offer from Capgemini helps enterprises to embed digital customer experiences into the heart of their organizations, while transforming their future business models and processes. DCX addresses the need to achieve and sustain business value via digital initiatives, from the back-end right through to the front line.



Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

Find out more at:
<http://www.capgemini-consulting.com/>

Rightshore® is a trademark belonging to Capgemini



About Capgemini and the Collaborative Business Experience

With more than 130,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at www.capgemini.com