

CGI



How much are customers driving digital change for utilities?





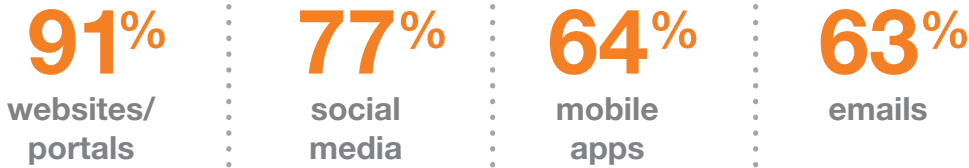
The digital needs of customers are rapidly changing.

How much does the customer really drive utilities to act regarding new technology investments and strategies? Are customers and utilities truly aligned in their expectations? Where do they differ? And how much do customers truly drive digital transformation within utilities? Zpryme asked more than 180 predominately U.S. utility employees about their approaches to customer engagement and digitalization strategies. In this paper, we share the results of this survey and compare the utility findings with a recent survey of 1,200 residential customers and 300 business customers in North America.



Key findings include:

Top ways utilities are engaging with customers



Customers are relying mostly on websites/portals for digital communications with utilities but less on social media.

Customers are at the center of the digital transformation—

74% of utility respondents say their organizations are using their digital transformation to work on improving customer engagement and experiences.

About 30% of utility respondents feel that digital experiences significantly impact customer satisfaction and about 60% feel that it impacts it at least somewhat. However, in terms of both residential and business customers, utilities feel that they're doing a better job at delivering their digital experiences than their customers do.

Over half of utilities strongly agree that digitally active customers tend to participate more in other utility programs.

Approximately 47% of utilities strongly agree with this sentiment when it comes to business customers.

Respondent Demographics

Utility type:

Investor-owned	(51%)
Municipal	(23%)
Cooperative	(21%)
District/federal	(5%)
Other	(1%)

Services provided:

Electric	(94%)
Gas	(41%)
Water	(21%)
Wastewater	(12%)
Solid waste	(7%)
Other	(5%)

Annual revenue:

US\$5B+	(17%)
US\$1B to \$5B	(30%)
US\$500M to \$1B	(16%)
US\$100M to \$500M	(19%)
<US\$100M	(19%)

Respondent Job Titles:

Executive	(12%)
Director	(10%)
Manager	(38%)
Professional staff	(34%)
Other	(5%)



Digital Transformation is Here for Utilities and Customers



Although just 22% of utilities have a defined digital transformation strategy for their entire organization, progress is clearly happening. Nearly 40% of utilities have a strategy focused on one or more functions or departments. Other utilities do not have a strategy but have several digital transformation projects that are either underway or planned (29%). Overall, 87% of respondents are progressing toward potentially significant digitalization within their organizations (see Fig. 1).

Customers are at the center of this digital transformation. Nearly three-quarters of respondents say their organizations

are using their digital transformation to work on improving customer engagement and experiences. Even with the focus on customers, other areas are important. Nearly half of respondents are also focused on modernizing infrastructure or leveraging new technologies (see Fig. 2).

Utilities are focusing on customer needs because nearly every one of our respondents agrees that the digital needs of their customers are rapidly changing, and customers are demanding new and additional ways to interact with utilities. Most utilities believe customers' digital demands drive the digital strategies of their organizations (see Fig. 3).

Figure 1. Company digital transformation strategy

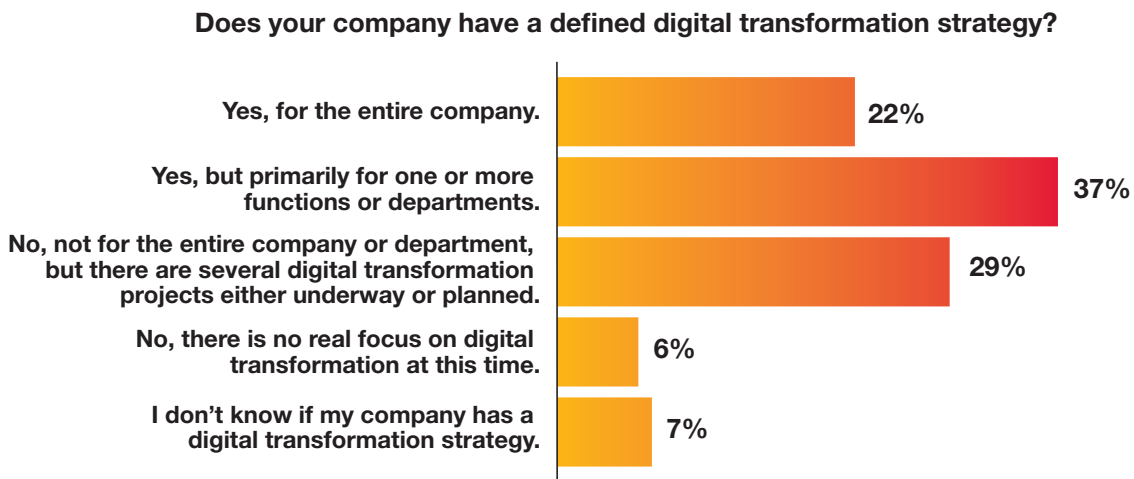


Figure 2. Primary focus areas for digital strategy

Note: Percentage of respondents who selected an answer in his or her top three

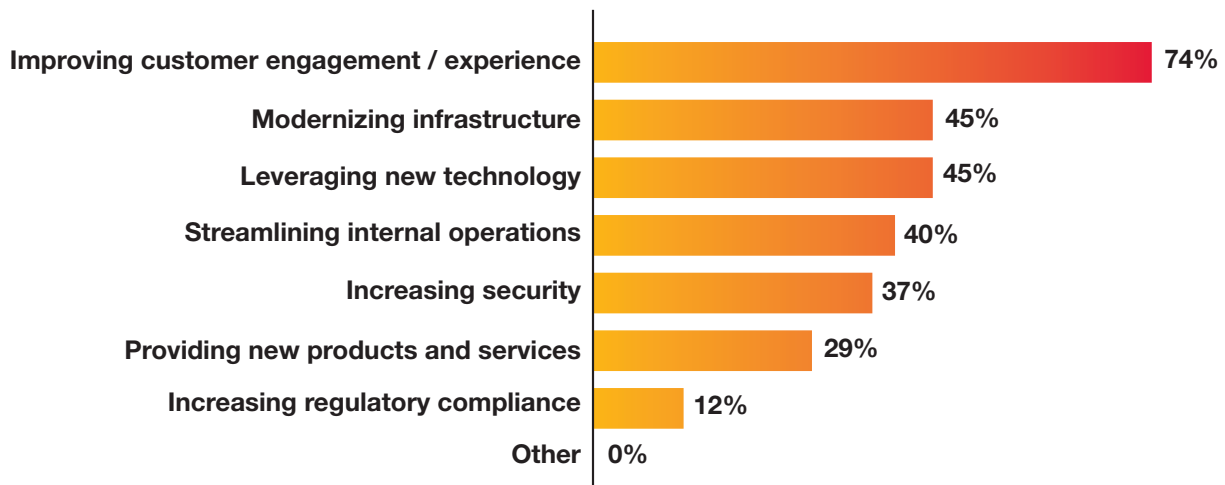
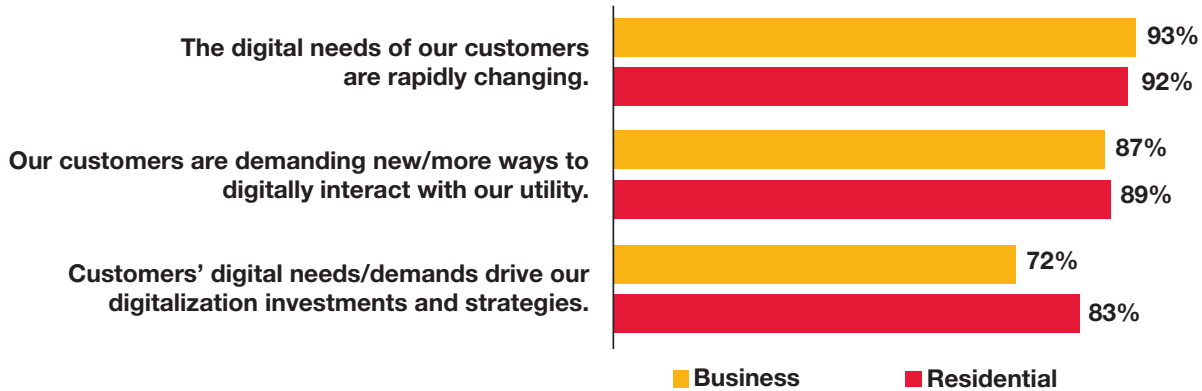


Figure 3. Agreement regarding customer impact on digital strategies

Note: Percentage of respondents who selected “somewhat agree” or “strongly agree”



Digital Matters for Customers

Digitalization is necessary for customer engagement. Phone and paper methods of communications are still important as utilities serve nearly everyone in their communities, but many customers are turning to digital. Key questions in the quest for digital communications are: What kinds of digital communication are most effective? How do customers view these communications?

Over 90% of utilities say websites/portals are a key way to digitally engage with customers (see Fig. 4.) And this is what many customers are using as well. For residential customers, 43% say a utility’s website or portal is a top method for interacting with their utility. For business customers, it is 82% of customers.

Another digital option for customers is email or text. For residential customers, 29% say email or text is a top way to communicate with their utilities, and for business customers, 43% interact with utilities via email and text. Utilities are embracing these digital communication methods as well; 63% of utilities say they communicate with customers via email and 50% use text messages.

With social media, however, customers and utilities are not as well aligned. Utilities are leveraging social media, but many customers do not rely on it as a top method for interacting with their utilities. Over three-quarters of utilities (77%) say they use social media as a top communications channel, but just 10% of residential customers and 7% of business customers say social media is a top method used to interact with their utilities. Some of this may be due to the fact that customers often turn to a utility’s social media channels in times of disaster and power outages and may not interact nearly as much with utilities on social media during the normal course of their lives.

As utilities expand their digital efforts, both in terms of strategies and channels, they do believe the digital experiences delivered to customers impact satisfaction. About 30% of respondents feel the digital experience significantly impacts customer satisfaction, and about 60% feel it impacts satisfaction at least somewhat (see Fig. 5). However, in terms of both residential and business customers, utilities feel they’re doing a better job at delivering their digital experiences than their customers do (see Figs. 6 and 7).

Figure 4. Channels used for digital engagement of customers

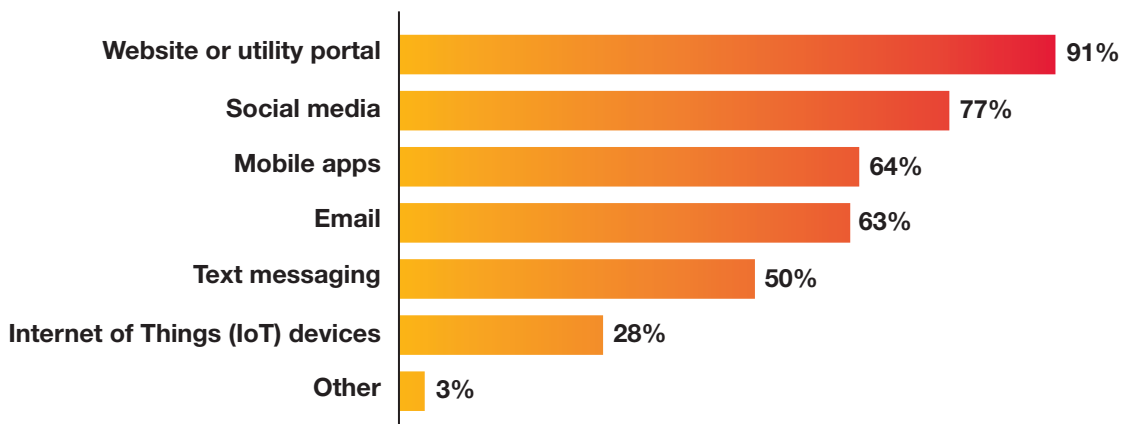


Figure 5. Do you think how you deliver digital experiences impacts customer satisfaction?

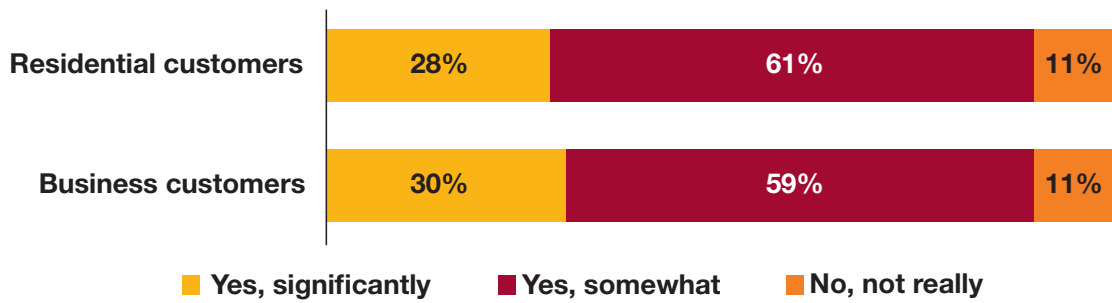


Figure 6. How well are utilities delivering digital experiences to business customers?

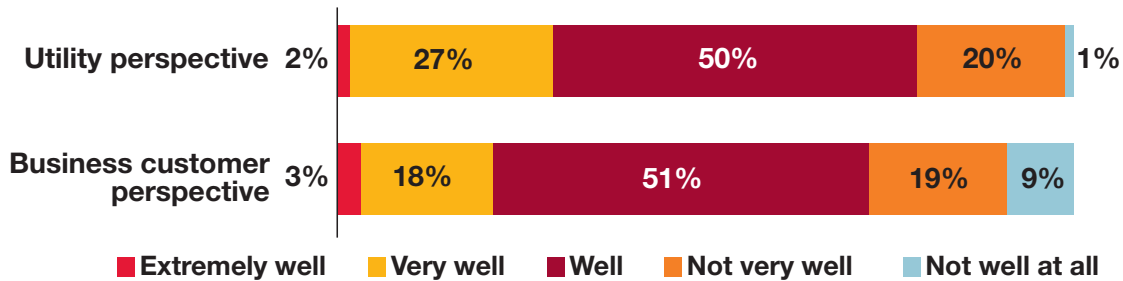
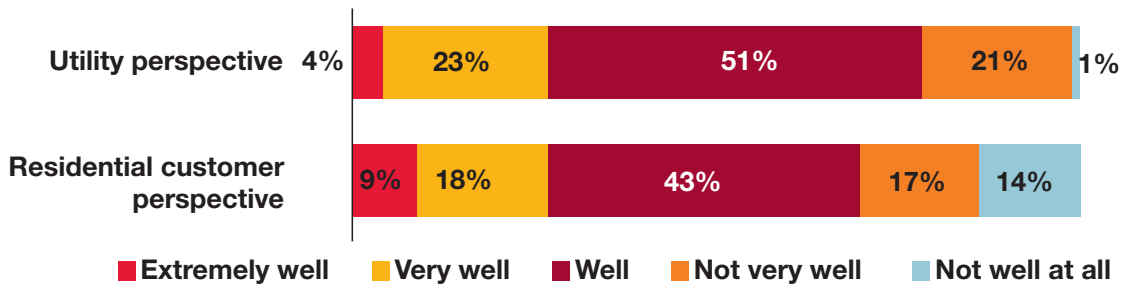


Figure 7. How well are utilities delivering digital experiences to residential customers?

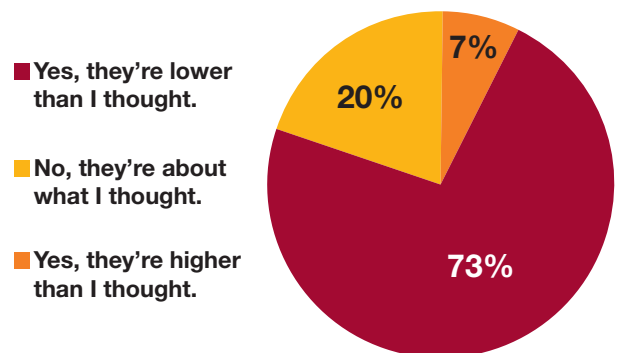


Most Customers Don't Trust Utilities with Their Data

In our customer survey, Zpryme asked residential and business customers how much they trust their utilities are protecting their individual data. Even though many customers appreciate the digital efforts of utilities, very few customers trust that utilities are adequately protecting their data.

Our customer survey revealed just 11% of business customers and 15% of residential customers have a high level of trust that utilities are adequately protecting their energy-use data. Utilities found these results surprising; 73% admitted these percentages were lower than they thought. As digitalization increases, utilities must ensure the security of customer data and convince customers they are serious about data security.

Figure 8. Company response to customers' level of trust in utilities protecting data



The Customer's Digital Expectations of Utilities Versus Other Industries: Which are Higher?



Customers have high digital expectations of utilities, but how do those expectations compare with other industries that customers engage with—such as retail, telecommunications, and entertainment? For the most part, utilities believe customers hold at least the same expectations of utilities as they do of other industries. Utilities expect that compared with residential customers, business customers have higher expectations for their digital experiences with utilities (see Fig. 9).

Utilities not only realize customers have high digital expectations of them, but that their organizations need to be keeping pace with other industries customers are regularly interacting with. Other industries have set the bar high, and utilities realize they need to meet the expectations customers have of other industries (see Fig. 10).

Figure 9. How much customers care about their utility experience versus other industries

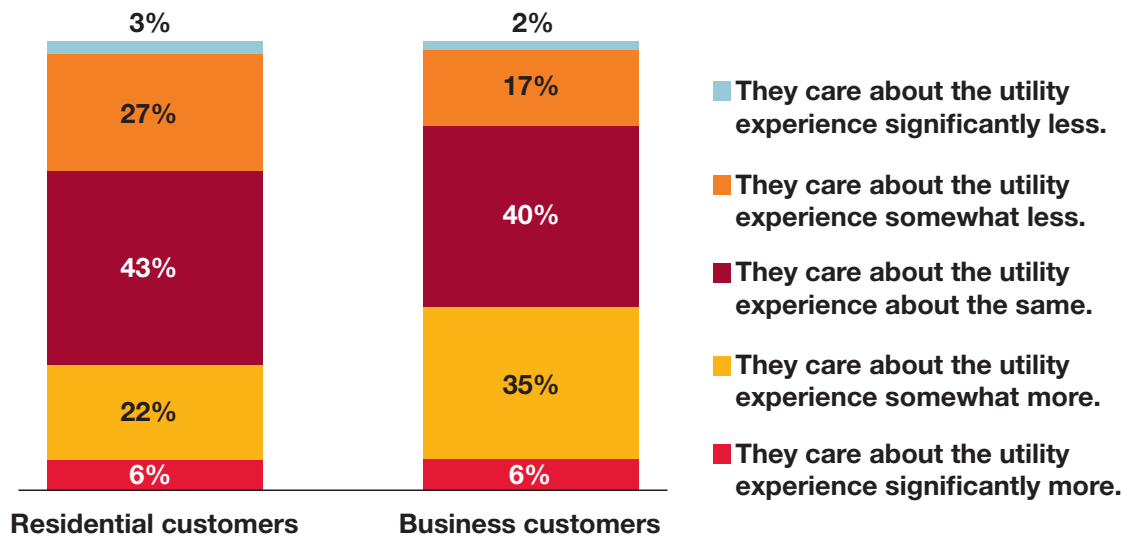
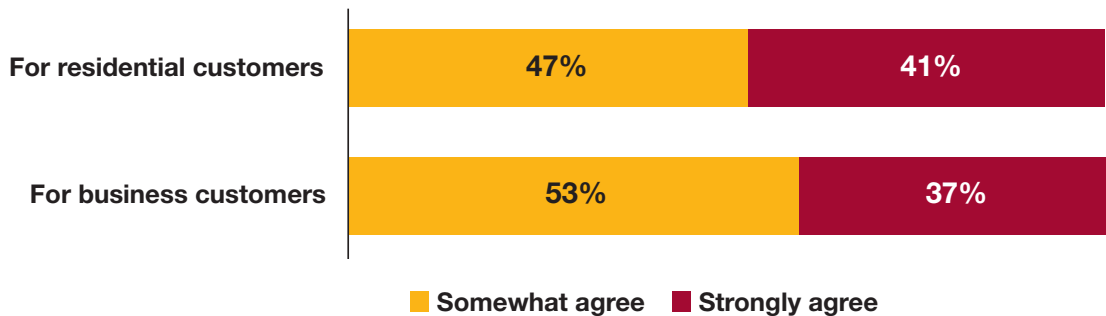


Figure 10. Our organization must keep up with the digital experiences offered by other industries

Note: Percentage of utility respondents who selected "somewhat agree" or "strongly agree"



More Digital Customers Tend to be More Active Customers



In addition to being more active digitally, digital customers tend to be more active participants in other programs offered by utilities. Over half of utilities strongly agree that digitally active customers tend to participate more in other utility programs. Approximately 47% of utilities strongly agree with this sentiment when it comes to business customers. (see Fig. 11).

programs, such as energy efficiency and energy management. Additionally, they want to anticipate customer needs. (see Fig. 12). However, many customers (70%) often turn first to the internet, email, or social media before utilities for advice on how to best improve their energy management. There are opportunities for utilities to take on more of an advisory role for customers.

Most utilities also agree they want to be the first place that customers turn to when it comes to advice about other

Figure 11. Correlation between digitally active customers and utility program participation

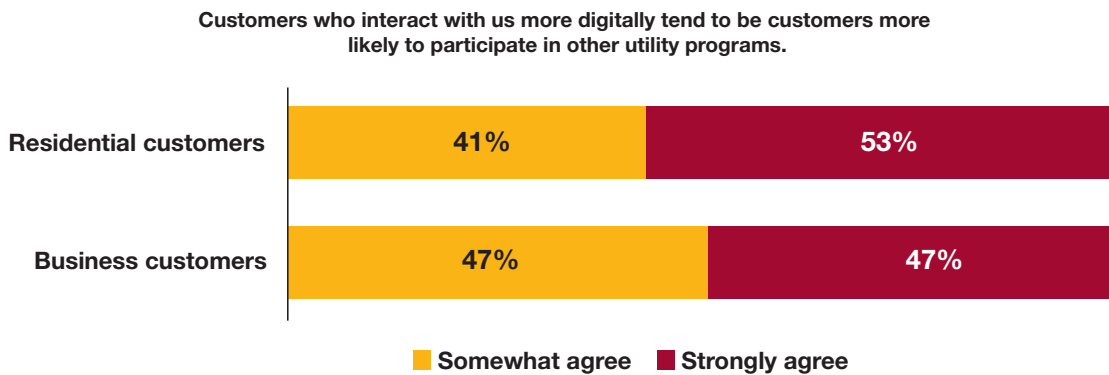
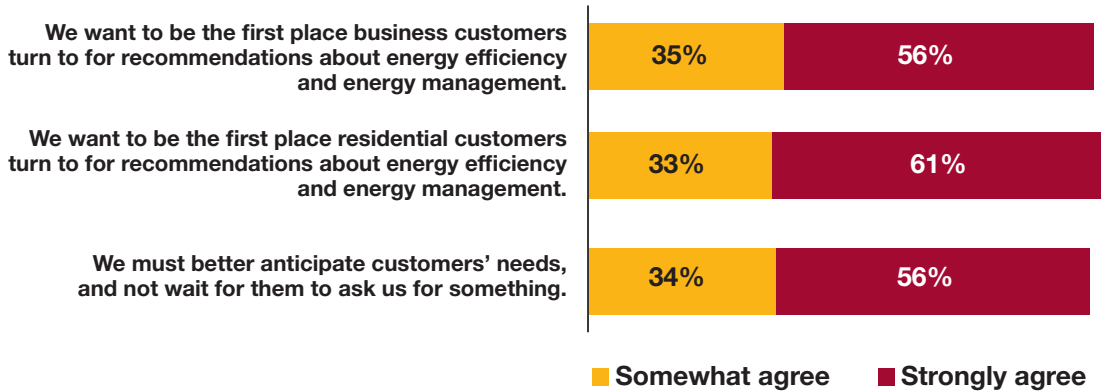


Figure 12. Company understanding of digitally active customers

Note: Percentage of utility respondents who selected "somewhat agree" or "strongly agree"



Recommendations

Utilities are preparing for the digital customer era. Customers will continue to influence utilities' evolving digital strategies to create a faster and more reliable energy ecosystem. New technologies and approaches can improve this relationship by enabling utilities to better engage with customers. To develop strategies that account for and adapt to rapidly changing consumer demands, utilities should consider:

That digital matters.

More and more customers are seeking digital experiences with their utilities. Utilities should develop a digital transformation strategy that addresses customer needs both now and into the future.

Data security.

As utilities build out their digital experiences, they must also consider the trust customers want in their data security. Utilities should work to develop security strategies and communicate those efforts with customers while protecting their data.

Being the trusted advisor for customers.

Digital customers represent opportunities for utilities to better engage with customers on multiple levels. Utilities should consider how to maximize the participation of their most engaged customers.



To learn more about how to improve your digitalization and customer engagement initiatives, email CGI at info@cgi.com.

© 2018 CGI Group Inc. All rights reserved.

Founded in 1976, CGI is one of the largest IT and business process services providers in the world. Operating in hundreds of locations across the globe, CGI helps clients become customer-centric digital organizations. We deliver high-quality business and IT consulting, systems integration and transformational outsourcing services, complemented by more than 150 IP-based solutions, to support clients in transforming into digital enterprises end to end. CGI works with clients around the world through a unique client proximity and best-fit global delivery model to accelerate their digital transformation, ensure on-time, within budget delivery, and drive competitive advantage in today's increasingly digital world.

