



# How Strong Customer Engagement Positions Utilities As Solution Providers



Custom content for HomeServe  
by Utility Dive's Brand Studio

## For more than a century, utilities have been primarily viewed as vendors of a commodity: energy.

Today, with increasing competition for residential utility customers, the challenge is to help consumers understand that their local utility can be much more: a trusted solution provider.

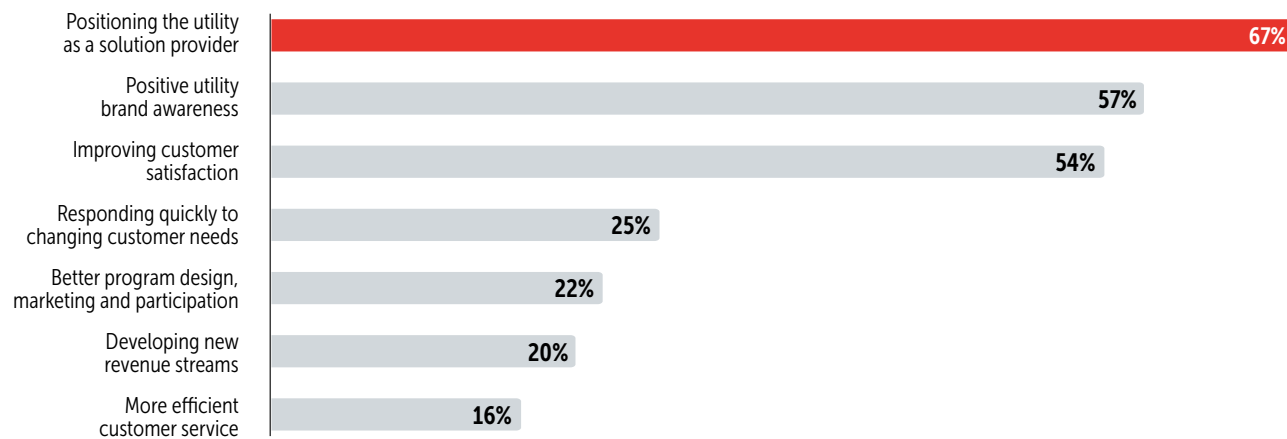
Recently, Utility Dive's Brand Studio (in partnership with HomeServe) surveyed 120 top utility executives about direct consumer engagement as a way to increase customer value and enhance customer service. Nearly 70% said that a key goal for investing in consumer programs was to rebrand their utility as a solution provider.

Technology is an important enabler of engagement, services and programs

for consumers. Utility executives reported that their two most effective consumer-engagement channels were their organization's website and email. Far fewer reported that such advanced technologies as mobile apps, text messaging or online chat were highly effective engagement tools.

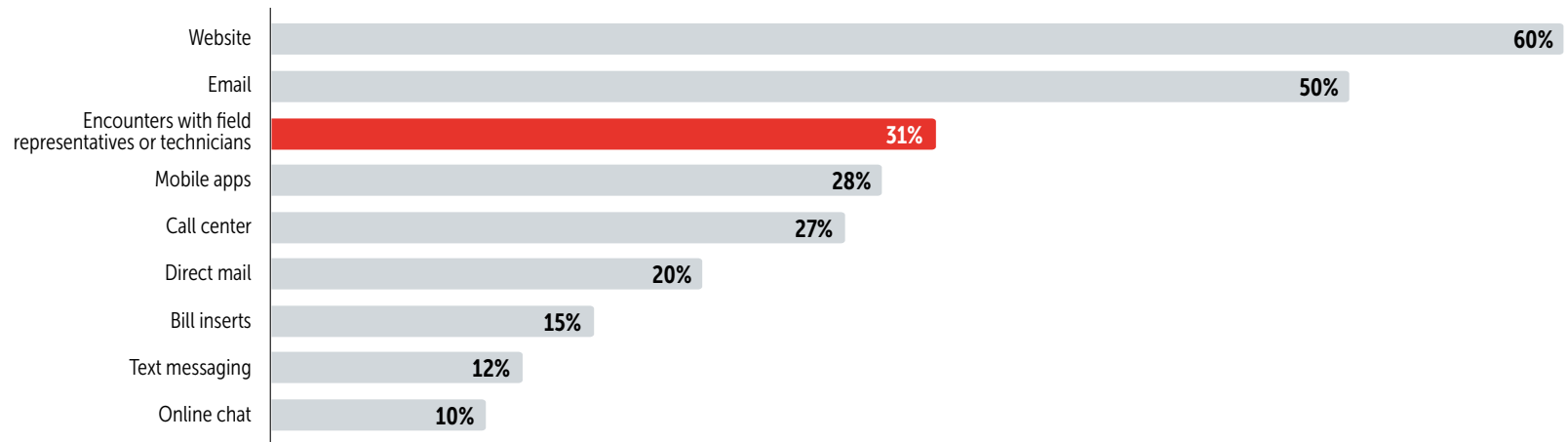
Still, the human touch remains crucial for effective consumer engagement.

### How does engaging consumers in energy-related programs help build your business?



\* UTILITY DIVE'S BRAND STUDIO 2019 SURVEY

## Which channels most effectively encourage customers to engage with your programs?



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Nearly one third of executives reported that in-person customer encounters with field representatives or technicians were among their most effective channels for consumer engagement.

Increasingly, utilities are partnering with third parties to offer non-commodity, value-added consumer programs, such as home warranty, energy audit or appliance repair services. Such partners often possess the staff, training and equipment to quickly deploy a consumer service in a

utility's service territory. Plus, these vendors often have deep expertise in marketing to consumers, including market segmentation and brand-building — which ultimately can help utilities better understand and serve their residential customers.

Eric Morris, customer program manager for American Electric Power (AEP), noted several more benefits from such partnerships. "Partnering with third parties allows AEP to reduce our financial risk and branch out into new technologies without

heavy investment," he said. "Additionally, our partners provide expertise that we may not have within our company. We can leverage that relationship to provide better products and services for our customers."

By humanizing customer interactions and delivering solutions to meet their energy-adjacent needs, utilities can serve customers better, encouraging stronger customer loyalty.



# 1

## Escalate Engagement for Positive, Memorable Branding

In their quest to strengthen the loyalty of residential customers, many utilities offer a variety of consumer programs. Where to start is a key issue. Often, utilities initially focus on programs that leverage their existing internal systems, data and skills.

Utility executives tend to believe that consumers will find such programs highly engaging. For instance, our survey asked utility executives which types of energy-related programs are most engaging to

consumers. The most popular answer, mentioned by 43% of participants, was “personalized analysis of household energy use” — an informational service that can be largely automated based on data from smart meters. Two common product-related offers tied for second place: 37% each for rebates for energy-efficient appliances or lighting and for smart thermostats.

Some utility programs require a home visit. Among these, the most popular are

also product related: electric vehicle (EV) charging stations and home battery energy storage systems were each mentioned by 34% of executives. For direct-at-home customer services, nearly one third mentioned home energy audits (32%).

Since nearly one third of these same utility executives said that in-person encounters with utility representatives were one of their most effective consumer engagement channels, it would seem that



programs that bring utility representatives into customers' homes are probably overlooked (and potentially quite valuable) consumer engagement opportunities.

Building awareness and interest in any consumer program requires diligent, nuanced and comprehensive marketing. Messages and offers must be thoughtfully designed to appeal to specific segments of the consumer market. They also must be presented through multiple channels and repeated often.

"To effectively customize their outreach and education touchpoints, utilities must

learn what makes their various consumer market segments unique, and how to communicate well with each of them," said Andrew DeCastro, senior vice president of business development for HomeServe. "Good consumer marketing requires commitment. It can't just be one campaign or channel. There must be a constant flow of messages to customers through various media to keep utility solutions top of mind."

Such skills are not always core strengths of utilities. DeCastro acknowledged that utilities rightly prioritize reliability, safety and reducing the carbon footprint of the power system. Consequently, partnering with

providers of value-added services such as home repair solutions can allow utilities to jump-start such programs, while also gaining expert insight into residential customers and strengthening customer trust.

For a utility seeking to build its reputation as a trusted solution provider, few things are more likely to demonstrate this capacity than showing up at a consumer's door to fix problems and meet needs. Fortunately, many consumers already expect their utility to do this, providing a strong basis for "trusted solution provider" branding.





“Consumers want a one-stop shop for everything related to their home and property,” DeCastro said. “That’s why, when they have a problem, many customers already turn to their utility first. We are seeing that with many utilities. Customers tend to think more highly about the utility for having that program, even if they don’t take them up on the offer.”

Several survey participants noted that skepticism and distrust of utilities are common obstacles to effective consumer engagement. One senior utility executive said, “All utilities are struggling with the trust factor. This must be addressed before any meaningful engagement can occur.”

Trust is a very human experience, best supported through human interaction and reliable execution. Utilities can leverage consumer programs — either on their own, or in partnership with expert service providers — to build trust and progressively escalate positive customer engagement.

As our survey indicates, an effective starting point is programs that align with existing utility capacities: energy use analysis, product rebates and smart

thermostats. Such programs typically involve some direct interaction with utility representatives by phone or email: two inbound communication channels that utility executives consider among the most effective.

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**Andrew DeCastro**, senior vice president of business development for HomeServe

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When utility representatives converse with customers about these programs, it’s natural to suggest related residential service programs. Once consumers are primed by hearing about those programs in a personal conversation, they might be more likely to notice, and respond well to, follow-up information delivered



by postal mail or email. Even if they don't immediately act on those offers, the initial conversation plus follow-up can make the offering more memorable. This can support future engagement, as well as personal recommendations to people they know.

An in-home service program can be a valuable tool to further deepen engagement and strengthen the utility brand. Utilities can work in partnership with service providers to design outreach efforts that promote various utility programs such as rebates, special rates, weatherization, low-cost or on-bill financing, home/appliance warranty and

maintenance, renewable energy options, safety tips, how to report outages and get recovery updates, and more. Promotional materials can be developed and used across channels. For service calls, informational fliers, postcards, stickers and refrigerator magnets can be kept in the representative's vehicle and left with the customer.

Finally, when a service call is complete, representatives can provide feedback about which programs seemed most interesting or relevant to that customer. This can trigger further engagement steps.

When preparing materials for field representatives to distribute, and also when training field reps about the broader range of utility programs and how to discuss them with customers, it's important to use consumer-friendly language and concepts. One C-suite utility executive noted that a key challenge often is, "explaining exciting products and services in simple, compelling, human language... no energy- or tech-speak."

# 2

## Regulators Also Value Customer Engagement

Utilities can benefit from consumer engagement techniques and strategies pioneered in retail product and service industries. However, as regulated entities, utilities face added pressures and requirements for consumer engagement and customer service. Rather than hindering consumer engagement, regulators can help utilities achieve these goals even more effectively.

The root cause of competition for residential utility customers is deregulation of the retail energy market. “Many regulators view competition as an essential opportunity to do better by consumers,” said Glen Thomas, former chairman of the Pennsylvania Utility Commission. “Competition not only drives down rates; it improves customer service.”

Even in states that have not yet deregulated their retail energy markets, the growth of renewables and other distributed energy resources is enabling more customers to leave the grid. Thus, the utility rate base can erode because of this grid defection, not just competition. Increasingly, all utilities must compellingly argue to keep customers connected to the grid. Offering more services to meet consumer needs is one way to emphasize the value of staying with the local utility company.

Across North America, regulators must ensure that utilities operate in the public interest and to the benefit of ratepayers. Besides tracking the rates of outages and restoration times, regulators also pay attention to the overall volume and nature of customer complaints and to public input on rate cases. Additionally,





customers displeased with utility service or offerings often complain to their state legislators, who then may relay and amplify those complaints to utility commissioners and then hold commissions publicly accountable for change.

“Regulators love to see informed consumers who understand energy, how it’s sourced and priced, and how to conserve it. They want to see consumers who understand their energy bills and options,” said Thomas, noting that these things support the larger goals of an efficient power system and decarbonization. “Regulators also like to see utilities that really understand consumers well. When consumers gain confidence and trust that their utility is on top of things and providing the best options at a fair price, all aspects of the utility-regulator relationship run more smoothly.”

Consequently, investing in service programs for consumers can enhance the utility’s reputation as a solution provider not only with consumers but also with regulators, who approve utility rate cases and future plans, and with legislators, who set state energy policy and requirements (such as renewable portfolio standards).



# 3

## Address Obstacles to Consumer Engagement

In some states, regulations prohibit utilities from directly offering value-added services, such as appliance repair. Thomas encourages utilities to work to educate regulators about how this approach to customer engagement can serve the greater public good. “If you can establish the value proposition that these programs help lower rates, improve service and increase efficiency, it’ll make sense to regulators,” he said.

Regulators often are especially concerned about low-income customers — a demographic that’s typically much harder to engage with energy-related programs. These customers generally lack the resources to leave the grid, and they are most sensitive to high energy bills. Therefore, ensuring that low-income customers have appliances that are efficient, as well as correctly operated and maintained, can have an

especially large and positive effect on the overall customer experience.

“Low-income consumers tend to rely the most on all kinds of utility services,” Thomas said. “Utilities who design programs and outreach that appeal strongly to this market

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segment tend to have an easier time gaining approval for all kinds of consumer programs.”

Several survey participants noted that consumers are often wary of the costs associated with utility programs, from EV chargers to appliance maintenance and repair. Thus, utilities should consider attractive financial options for their consumer offerings, such as low-cost or on-bill financing, free installation or a flat annual fee for services.

Another way to address consumer concerns about the cost of program participation is to clarify and emphasize the opportunity for long-term savings. One utility C-suite executive suggested, “Utilities need to move beyond traditional rebate and incentive programs and focus more on new program models that spur deeper and more persistent savings.”



Privacy and security also are growing consumer concerns, especially with the rise of internet of things (IoT) technology such as smart appliances, and with ongoing news coverage of major corporate data breaches. States have strict regulations governing data privacy of utility customers. This often limits the amount and types of information that utilities can share with their partners in consumer programs. Utilities must work closely with these partners to preserve customer privacy — including finding appropriate ways for partner field representatives to pass back to the utility leads about customers who express interest

in utility programs, and other insights on emerging consumer needs.

While repetition reinforces brand awareness, it's also important to be sensitive to over-communication. When consumers feel inundated by information and offers, they can become frustrated or tune out. A senior executive at a California utility noted, "Customers here get 'energy fatigue.' We push them hard on efficiency, environmental responsibility, etc. They get tired of constant messaging that seems to imply they are still not doing enough."

Finally, quality of service is the foundation of the utility brand. When partnering with third-party service providers to deliver consumer programs, it's important to speak to, and visit, other utilities already working with partner candidates.

"Other utilities will give the most open and honest feedback on the pros and cons of programs and partners," DeCastro said. "Also, visit the partner's marketing and operations centers. It's one thing for a partner to claim they take care of utility customers. It's another to listen in to customer calls or ride along with their technicians."

# Conclusion

Deepening engagement with residential customers, including through personal communication and encounters with utility representatives, is an effective support for several crucial utility goals:

- » Maintain the rate base by not losing customers to competition or grid defection.
- » Keep customers informed and satisfied, which reduces costs for customer service as well as complaints to legislators and regulators.
- » Meet ever-increasing and evolving customer expectations.
- » Increase the efficiency of power systems and reduce emissions.
- » Improve regulator relations.
- » Encourage public support for, and wider adoption of, renewable energy, electric vehicles and rates that support a more efficient power system (such as time-of-use).

Service providers with special expertise in consumer marketing and service — as well as their own call centers and field representatives — can be excellent partners in value-added utility customer programs. Not only can they compensate for existing gaps in utility capacities, but they also can help utilities develop the skills and expertise to implement even better consumer programs.

Similarly, it helps to engage regulators early and often in the process of developing consumer programs. “Keep your regulators in the loop. Don’t surprise them with partnership announcements or marketing,” Thomas said. “Ask regulators for advice. Typically, they regulate more than one company, so they might have broader insights to pass along or valuable contacts at other companies. They can provide guidance on less obvious regulations. They want you to succeed in helping consumers.”



All this effort can help a utility attain, and credibly maintain, a strong reputation as a solution provider. The trust and goodwill that this engenders can help utilities weather many changes and complexities, from technology disruption to climate resilience. It creates flexibility for the evolving utility business model, and it reduces friction with regulators, government and the public. A little human contact can go a long way toward supporting a better utility future.





Utilities are looking for opportunities to connect more deeply with customers through the promotion of energy efficiency, safety and other beneficial programs. HomeServe, a leading provider of home-repair solutions serving more than 4 million customers, helps to improve customer engagement for our utility partners through the integration of complementary home protection programs with efficiency initiatives, offering customers greater access and choice. Partnership allows the utility to leverage HomeServe's marketing and communications expertise to educate their customers on important utility programs through a variety of channels.

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