

USING FRIENDSHIP TO REDEFINE ENERGY RELATIONSHIPS

The User-Friendly Utility

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CHALLENGING TIMES, BIG OPPORTUNITIES

It's a tough time to be in the utility business today. Change has come fast and furious, calling into question the profitability of utilities and even their very existence, as indicated in the "death spiral" article by *The Wall Street Journal*.

A recent study of utility executives by PricewaterhouseCoopers (PwC) found that 73% expect their business models to change dramatically by 2030, and 97% of utility leaders expect to see a medium to very high level of market disruption by 2020. By 2030, 60% of those surveyed expect their main home market will be more than 50% transformed.

The death spiral talk has simmered down, and utilities are actively responding to the demands of a transforming marketplace, but there is a final frontier left for utilities to conquer, and it's a tough one—customer relationships.

For forward-thinking utilities, the directive is simple: step forward as valuable service providers, build genuine connections with ratepayers, and the tides of sentiment will turn.

Easy to say; hard to do, especially in an industry built on decades of monopoly, when customer service wasn't a priority. Developing strong customer relationships takes time, energy and resources. It's a process that takes thoughtful planning, effective strategy and purposeful action.

EMA has developed a methodology that breaks customer relationships down to their fundamentals, identifies the richest opportunities, and then guides customer relationship strategies that win hearts, minds and loyalty. We call it Brand as Friend®.

This e-book will help you use the principles of Brand as Friend to become a better friend to your customers.

Utilities are struggling to win their customers' hearts and minds. A 2013 Accenture study found that utility customer satisfaction was 47% and trending downward, with 73% of energy consumers willing to consider alternative energy providers if given the option.



*Friendship will transform
the way you think about
your customers*

FRIENDSHIP WILL TRANSFORM THE WAY YOU THINK ABOUT YOUR CUSTOMERS

The energy utility business is a wide world of brands dominated by customers. The strength of your brand can be determined by what those customers think and say about you and whether they choose to buy from you.

Brand as Friend is based on a simple fact that numerous consumer studies have shown again and again: purchase decisions are made based on emotional, not rational, decision-making. The right features and the right price are essential, of course, but people—business leaders included—buy, use and champion brands because “they just feel right.”

Through our research and analysis, we’ve boiled “feeling right” down to three key themes.

AFFECTION

We tend to buy brands we like and like the brands we buy.

RELEVANCE

We tend to choose brands that have direct meaning to ourselves and our lives.

TRUST

We tend to choose brands we feel we can count on to deliver.

Three distinct drivers represent each theme, and brand relationships could demonstrate any combination of these drivers.

Generally, two to three drivers significantly stand out to customers and have the potential to evolve the relationship between brand and consumer from one of simple transactions, to a true and powerful bond.



AFFECTION



- **Caring:** We have affection for brands that show they care about us.



- **Listening:** We have affection for brands that listen to our opinions and concerns.



- **Surprise:** We have affection for brands that deliver unexpected benefits.

RELEVANCE



- **Story:** Relevant brands have a story we find interesting and meaningful.



- **Style:** Relevant brands express themselves in ways that we identify with.



- **Connecting:** Relevant brands help us connect with other interesting people.

TRUST



- **Honesty:** Trusted brands tell the truth, even when it's hard.



- **Advising:** Trusted brands offer guidance that helps us solve important problems.



- **Loyalty:** Trusted brands show us they're there for us.

Our baseline recommendation for utilities is the same one we would offer any brand: build affection, relevance and trust with your customers by incorporating the drivers of friendship into your operations and marketing communications. The devil, of course, is in the details.

Keep reading, and we'll share some ideas on exactly how to go about it—and how utilities across North America are applying the principles of friendship today. We'll also help you determine some of your key drivers and how to use them to build better relationships with your customers.

*Friends show that they're
listening—and that they care*



AFFECTION

FRIENDS SHOW THAT THEY'RE LISTENING—AND THAT THEY CARE

In the past few years, much has been said about how important it is to listen to customers. The subject of social media listening, which has evolved into an industry in and of itself, has received a lot of attention. While analyzing social media comments is a good idea for any brand, for energy utilities, listening to customers isn't that simple.

In today's world, energy consumers—and the act of consuming energy—have become more complex and sophisticated. As Accenture said in a [recent report](#) from its in-depth study of energy consumers, utilities need to manage relationships with a range of ratepayers—from highly engaged “energy literate” consumers to disengaged “energy agnostic” consumers.

Different types of energy consumers have different wants and concerns. Utilities have much to gain from understanding exactly what those wants and concerns are—and putting in plans to address them.

Here are two examples of utilities that have worked to establish open lines of communication with their audiences and reaped great benefits from doing so.



OPPD learns that listening isn't about getting customer feedback on a single decision—it's about enabling a constant line of communication to guide all decisions.



www.oppdlistens.com

Omaha Public Power District (OPPD) takes listening to its customers very seriously. Public input played a central role in one of the electric utility's most significant decisions to decommission three coal-fired generating units.

As it weighed the decision in late 2012, OPPD decided to try something new. Leadership asked the communications team to engage in a comprehensive process to involve the public in the decision-making process.

The outreach team scheduled an open house series, carried out a PR initiative and launched a microsite, oppdlistens.com, to invite the public to comment. According to [an account of the process](#), OPPD got even more than it bargained for, discovering that customers not only supported the move to decommission the plants, but were willing to accept a rate hike in order to do so. OPPD also learned that its customers were hungry for additional DSM (demand side management) and energy-efficiency programs.

The listening program was such a success that OPPD maintained its customer input website after the decommissioning decision, and now uses it to solicit customer opinions about proposed energy-efficiency and DSM programs.

SURPRISE! WHEN YOU CALL A TXU CUSTOMER SERVICE NUMBER, YOU'RE NOT JUST CONNECTED TO THE CALL CENTER, YOU'RE CONNECTED TO THE PEOPLE IN CHARGE.

Imagine a utility call center. Phones ring. Service personnel do their best to help. Life goes on. Sounds like a description of a mundane utility existence, right? What could be special about a call center?

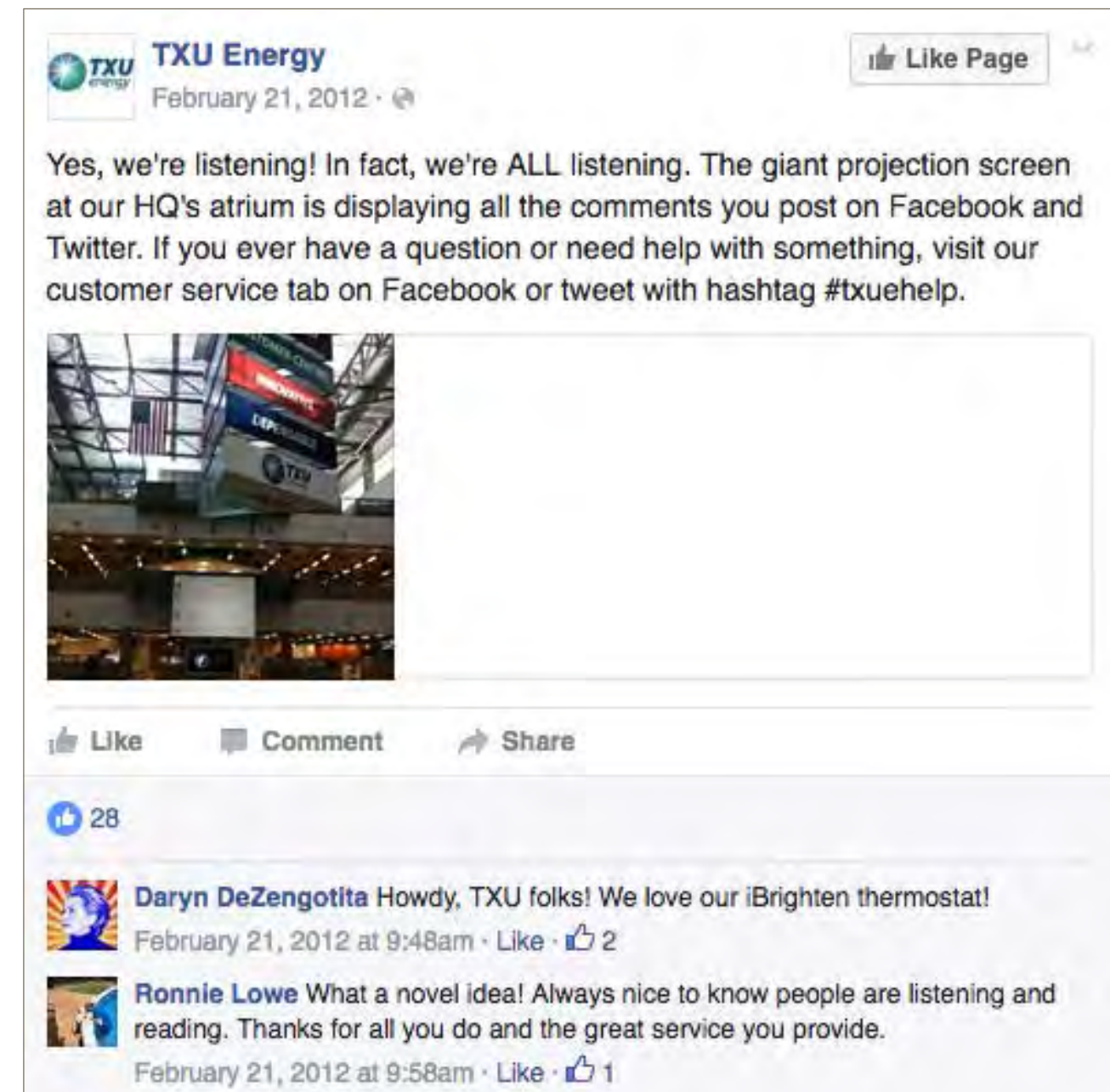
Now imagine the same call center, only this time, the utility's entire leadership team is tuning in to calls on a regular basis, making sure that they hear directly from customers about their concerns, then using what they learn to drive improvements to the customer experience.

That's exactly what TXU Energy does through its formal listening program. Since 2012, TXU executives have logged thousands of hours listening to customer calls. In a press release on TXU's website, Jeff Camp, vice president of contact center operations, explained why:

“Customers are telling us what they want. Listening to them guides our business decisions when we create products and services. And it keeps us close to the needs of our customers and agents. We look at every experience and ask what the effect will be on customers and how we can make it easier for them to do business with us.”

TXU credits its listening program for spurring improvements such as a more effective interactive voice response system, more streamlined billing processes, and the development of new customer-driven products and services.

And, if the Facebook post shown here is any indication, TXU also benefitted from a big boost of goodwill from its customers. Customers were pleasantly surprised because the utility didn't just listen—it let people know about it. In today's world of automated menus and outsourced customer service, that's a welcome surprise!





HOW TO BE MORE AFFECTIONATE

Caring for your customers, or surprising them with something unexpected, starts with listening. Only through listening can you understand what your customer needs in order to feel excited and engaged with your brand. So what does it take to be a better listener?

- Make a conscious and deliberate decision to incorporate customer feedback, with a specific plan for how you'll use it.
- Create or strengthen the infrastructure you need to listen effectively. This can be as simple as setting up a social media listening tool, or as complex as developing a multipronged customer input effort.
- Let customers know you want to hear from them. In today's complex media environment, a bill stuffer won't cut it. If you want to hear from people, use every tool at your disposal to get the word out.
- Let customers know that you've heard them. TXU displayed customer comments in the atrium of its building to make a point, not a fashion statement. The simple act of telling your constituents, "Yes, we hear you" can be very powerful. Of course, the best way to do that is by discussing a new change that resulted from their comments.

*Friends share experiences—
and the stories that result
from them*



RELEVANCE

FRIENDS SHARE EXPERIENCES—AND THE STORIES THAT RESULT FROM THEM

We talked about developing affection through active listening, and at the end of the book we'll touch on the power of building trust through advising. Now, we'll discuss the most elusive friendship theme that utilities need to grasp in order to develop strong customer relationships.

We're talking about relevance. That is, demonstrating to customers that your brand has meaning for their lives.

Established brands build relevance by telling interesting stories, expressing themselves with a distinctive style and connecting audiences to like-minded new friends.

For the purposes of this paper, we'll focus on one of the most creative and effective communicators in the utility space: BC Hydro.

We think utilities can do plenty to build relevance, and some already do a good job of it.



TELLING STORIES THE AUDIENCES RELATES TO

For years, BC Hydro has used storytelling to connect with its customers, delivering marketing messages along with a healthy dose of irreverent humor.

In the early years of the current decade, BC Hydro launched its Power Smart campaign, using offbeat humor to remind its customers that energy is a critical resource. The campaign was designed to set the stage for a smart meter/smart grid rollout by telling a simple story: “Energy is important, and smart meters will help us use it more wisely.”



BC Hydro’s “Chickens to Paralyze” ads used an everyday argument over song lyrics to emphasize how much we rely on the internet—and the energy that makes Googling possible.

BC Hydro launched an integrated marketing campaign to support its effort, leading with a series of TV ads that used humor to emphasize the importance of energy and the wastefulness of overusing it.

The ads are vignettes about everyday life. They're simple, relatable and entertaining. This certainly wasn't done by accident. According to an [article from Intelligent Utility](#), the Power Smart campaign aligned with research from the Smart Grid Consumer Collective, which found that simple and clear messages have the most power to inspire enrollment in smart grid programs.

BC Hydro's recent creative communications continue to showcase the utility's fun, engaging and simple communication style, through [advertising](#) that continues to use humor to drive home clear messages about the importance of conserving energy.



A recent ad from BC Hydro's Power Smart campaign shows just how ridiculous it is for audiences to waste electricity.

USING VISUAL STYLE TO COMMUNICATE THE RIGHT MESSAGE— EVEN WHEN YOU’RE NOT TALKING

It’s easy to see BC Hydro’s whimsical approach to advertising and videos, but the warmth and appeal of the utility’s brand also extended to visual and graphic communications.

Establishing a consistent look and feel is Branding 101, and most utilities show a fine grasp of the concept. The challenge is to develop and master a look and feel that is easily identifiable, memorable and genuinely likeable.

Looking at BC Hydro’s website from January 2013 to December 2015, it was clear that the tone used to drive its advertising style also extended to the utility’s visual style—warm, human, relatable and fun. The use of color, illustrations and graphics all seamlessly represented a unified BC Hydro brand in an inviting and distinctive way.

By doing this, BC Hydro made it easy for customers to recognize their communications and sent an important signal that information from BC Hydro was important, relevant and enjoyable.



BC Hydro’s website that ran from January 2013 to December 2015 was a good example of making a utility relatable, fun and inviting through the use of color, illustrations and graphics.

SERVING UP USEFUL, PERTINENT INFORMATION

For utilities, the question of how to use social media effectively has been a major discussion over the past several years, and for good reason. Social media channels can be powerful communications tools, but using them effectively can be challenging.

BC Hydro makes great use of social media by focusing in on a single principle—be relevant. Scanning through their various feeds, you'll see a lot of content that delivers clear value to the utility's followers.



Informative posts like this one help simplify complex energy topics and encourage consumers to take a more thoughtful approach to their energy use.



Social media is a great way to quickly disseminate need-to-know information, such as updates on service outages. For energy consumers in the affected areas, information like this is highly relevant and helpful.



HOW TO BE RELEVANT TO YOUR CUSTOMERS

Telling stories in a way that customers can identify with is crucial to being relevant in their lives. Connecting customers together can be the key to tying all those messages together, but also the most challenging to achieve. Here are some tips on how to be relevant:

- Gather data to help you know your customers really well. Simple surveys or existing data may be a good place to start. Having data will allow you to tailor messages that will resonate best with those customers.
- Frame your communications in the context of their lives. Craft your messages to be easy for customers to understand and relate to.
- Develop a broadly appealing communication style. The verbal and visual elements of your brand are your calling card. Craft them to be pleasing to a broad audience.
- Find ways to build connections with your customers beyond their bill. Social media is an obvious choice to do this, but not the only one. Think creatively about the best ways to bring your customers together.
- Expand your communications palette beyond basic marketing messages to include content that helps your customers solve problems and learn valuable concepts.

*Friends help friends handle
life's challenges*



TRUST

FRIENDS HELP FRIENDS HANDLE LIFE'S CHALLENGES

We've already acknowledged that utilities have a trust problem. That's a big issue, but it shouldn't overshadow an important fact—for the vast majority of consumers, utilities have been the only source of energy they've ever known. Utility brands have been synonymous with “energy for my house or business” for decades.

In the world of brands, being universally known and understood is a huge advantage. Most consumer brands would give their left arm to be as ubiquitous as energy utilities.

The trick for forward-thinking utilities is to capitalize on that broad recognition by stepping forward to stand for more than keeping the lights and water heater on. And that change is already afoot. A recent study by Utility Dive reported that more than 50% of utilities are already transitioning to a more customer-centric business model. That study also reported that 76% of utilities say that residential customer education is more important than it was 10 years ago, but only 2% think they're doing a good job if it.

The next two pages provide two examples that illustrate how utilities can step forward to serve as a trusted energy advisor.



START BY SOLVING PROBLEMS

Florida Power & Light (FPL) is a utility that has earned exceptional consumer trust. A recent study found that their residential customers would need a 28% savings on monthly bills to consider another provider.

Below is a screen capture from FPL’s homepage showing what you see when you hover over the “ways to save” menu item. It is a great example of how a brand can be seen as a friend.



1. The Ways to Save menu item

Beyond the practical stuff (paying a bill, logging in to your account), FPL’s most prominent offering is advice on ways to save. Saving money is a fairly universal concern. With this content, FPL is effectively saying “we’re your energy savings gurus.”

2. The Understand My Usage section

FPL organizes its “Ways to Save” content based on typical customer concerns, not the utility’s programs or generic tips. This offering is truly all about the customer—understanding their bill and crafting their plan. That’s not just advice—it’s personalized advice.

3. The Ask the Energy Expert Blog

There’s no better way to step forward as an advisor than to create a public forum for dispensing wisdom. FPL’s blog is loaded with excellent advice—and all of it is driven by real questions from ratepayers.

DELIVER THE RIGHT ADVICE AT THE RIGHT TIME

There are defined moments in a ratepayer's life when they interact with their utility. In its [thought-provoking white paper](#) on the subject, IBM calls them “moments of truth.” These are instances when a customer needs help turning the service on or off, wants an explanation of a bill, explores an energy-efficiency incentive, etc.

Moments like these are ideal opportunities to offer advice. Proactive utilities map out these interactions, plan for them, and have content at the ready to support their role as advisors.

In this [video](#), Jason Teller, the vice president of customer solutions at Puget Sound Energy, discusses the emphasis they put on data to augment the experience for their customers by partnering with Opower. That data becomes useful in providing the right message to customers during those key “moment of truth” interactions.



Jason Teller at Puget Sound Energy explains how data can enhance a customer's experience.



HOW TO BUILD TRUST

Honesty and loyalty are key to building trust—that goes without saying—but advising is an area where many companies fall short. Like building trust and inspiring loyalty, becoming a better advisor doesn’t happen overnight, but there are ways to practice being a good advisor for your customers.

- Map out customer interactions, uncover your utility’s “moments of truth” with customers, and make plans to support those moments with good advice.
- Understand your customers’ most pressing problems, concerns and questions related to their energy use (which can be different from your defined “moments of truth”), then develop content that offers helpful answers.
- Establish a public forum for customers to pose questions and get answers (hint: social media can be handy for this).
- Use existing marketing and customer engagement channels to get your advice out there and make it clear that customers can come back for more.
- However you choose to offer advice, do these two things:
 - › Make it easy and painless for customers to access your advice.
 - › Make advice available in different formats (think customer service line vs. Twitter direct message), so your customers can get information the way they prefer.



*Putting it all together:
friendship takes commitment*

PUTTING IT ALL TOGETHER: FRIENDSHIP TAKES COMMITMENT

And there you have it—a basic introduction to affection, relevance and trust, the key themes of friendship. We at EMA hope you found our discussion, suggestions and examples useful. We recognize that the utility industry has some major challenges on its hands, but there are also tremendous opportunities for energy providers to make real progress and develop strong customer relationships.

If you are a utility looking to turn the tide of customer relationships from negative and indifferent to positive and engaged, make customer service a top priority. Doing so will help you to stand out.

Marketing campaigns can be rushed to launch, and social media can shoot information across the globe with the blink of an eye, but changing perception and building meaningful engagement take time. There are no shortcuts.

Want to know more about your drivers and how to turn your customer relationships into friendships?

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