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Utility Customer Service at a Crossroads

DEFG's "Annual State of the Customer in the Utility Sector Survey" Points to Strengths and Weaknesses of Utility Customer Service Model

Washington, DC ... DEFG, a management consulting firm focused on customer strategy and experience in the utility sector, (www.defgllc.com) released today the "Annual State of the Customer in the Utility Sector Survey." DEFG worked with the members of the Utility Customer Research Consortium (UCRC) to survey over 1,000 consumers. The national survey examined trends in customer satisfaction, customer loyalty, and customer preferences related to various facets of customer service in the utility sector. The headline finding points to the tension between generally high customer satisfaction in the utility sector but growing signs that segments of customers are seeking a different level of customer service from their utility.

"On one hand, the utility sector is doing a good job with the basics of customer service," stated Jamie Wimberly, the CEO of DEFG LLC. "The 2018 findings represent an improvement from the 2017 survey. The utility sector has worked hard to support a better customer experience and to make it easier for customers to interact with utilities. The efforts of utilities have paid off in the form of higher customer satisfaction in 2018 than in 2017."

"However, like a centrifugal force pulling on the core, specific segments of customers are seeking for their utility to be a leader on climate change and take more pro-active steps to support customer's desire for renewable energy and electric vehicles," continued Wimberly.

The primary findings from the consumer survey are:

- In 2018, a majority of customers gave high marks for their utility's customer service with a slight increase from 2017.
- Customers describe their utility customer service in positive terms.
- For those customers who contacted the utility directly over the past two years, 74 percent of the customers found the experience to be "easy."
- Customers felt that their local utility provided a better or equal value to most of the comparable service providers, e.g. mobile phone or Internet.
- What could utilities do to increase customer value? By far, customers would appreciate lower prices or other ways to lower their utility bill.
- Customers are satisfied with the level of reliability provided by their utility.
- If given a choice, 3 out of 10 consumers would choose a \$10 gift card over having their power restored in 60 minutes or less.

- Putting aside cost, a majority of customers would prefer to have a backup generator nearby rather than waiting for the utility to restore power.
- Only 24 percent of customers would pay slightly more for disaster planning for “hardening the grid” and increased reliability. Half of consumers (50 percent) want to pay the same amount for the same level of reliability.

Twenty two percent of customers are very likely (top 3 boxes on a 10-point scale) to switch to a provider other than the utility as soon they can. Another 48 percent (4-7 boxes on a 10-point scale) may consider it if the offer was right. This was especially true of younger Americans (less than 55 years old).

The Challenges Ahead

A number of 2018 questions focused on the road ahead for utilities. The next couple of years will be challenging but also provide new opportunities.

We included a Net Promoter Score (NPS) question using the same question format as other sectors. Any NPS score above zero is considered “good,” meaning that the company has more promoters than detractors. Unfortunately, that is not the case for the utility sector which has an aggregate score of negative 8.3. The NPS score should be viewed as context for the findings below that will certainly challenge the traditional customer service model in the utility sector.

- Customers are keen (51 percent in top 3 boxes) on having their utility be a leader on climate change.
- Putting aside cost, customers are very interested (43 percent in top 3 boxes) in owning or leasing solar at their homes over the next two years.
- Putting aside cost, customers are also interested (28 percent in top 3 boxes) in purchasing an electric vehicle over the next two years.
- Customers interested in either buying solar power or an electric vehicle expect a different and better customer experience than your traditional customer service model, with 32 percent of respondents expecting to need more assistance or customer service than they receive now.

“Probably the biggest challenge facing customer service executives is a generational one, with the preferences and needs of younger Americans being very different than the traditional service model in the utility sector,” Wimberly concluded. “The traditional model of utility customer service is great for senior citizens, not so great if you are in your 20s trying to deal with the utility.”

For a free copy of the report, go to: www.defgllc.com.

DEFG is a management consulting firm specializing in consumers and consumer-facing offerings in the utility sector. We believe that customers are the future of energy. Since 2003, we have helped clients create value in a commodity marketplace. In our rapidly changing marketplace, customer engagement is key to success, and our clients learn to better engage with residential and commercial customers. These customers provide unique resources, reduce risks and increase revenue potential.