A woman wearing a white bucket hat and a white jacket is looking at a digital display on a street at night. The background is a blurred city street with colorful lights and signs. A yellow frame surrounds the text in the top left corner.

As consumers lead the way, how can energy providers light the path?

Navigating the Energy Transition
Consumer Survey

■ ■ ■
The better the question. The better the answer.
The better the world works.

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font, with a yellow triangle pointing upwards to the right of the 'Y'.

EY

Building a better
working world

Introduction

The past two years have been a watershed for energy providers. It was not long ago that misalignments between public policy, consumer attitudes, market structures and societal trends created talk of a downward spiral that dominated discussions about the future. Greater energy efficiency, increasing competition and growth of distributed renewables had given rise to the gloomy forecasts that energy providers faced no path to growth. While there are certainly challenges ahead, we have seen progressive energy providers turn challenges into opportunities. As renewables scale, electric vehicle (EV) adoption expands, new energy solutions take root and a new energy landscape emerges, we are seeing market capitalization eclipsing oil and gas majors in some cases.

Looking ahead, energy providers face a new decade of accelerating momentum driven by the alignment of policy, consumer and societal trends, the convergence of industries and technology disruption. We use the term “energy provider” because it is not just traditional utilities that are looking to engage consumers and capture value. Companies, including energy retailers, municipal utility

providers, aggregators, distributed solar providers, investor- and government-owned utilities, and a diverse group of new entrants are all energy providers.

It is the decade of energy, and significant opportunities are on offer for those companies that act now. Economic stimulus to drive recovery from the global COVID-19 pandemic is increasing investment, and the seismic changes in consumer and employee preferences offer an opportunity to do things differently.

The increasing momentum of the energy transition is a platform for transformation and growth. The focus of media headlines and industry discussion is often around infrastructure, digital technologies and new devices. However, alongside a reshaping energy market is a changing consumer base. Energy customers have grown more engaged, more sophisticated and more willing to pay for new energy solutions. Energy providers can capture the momentum by engaging consumers in the energy transition, supporting shifts in behavior and energy use, and creating value along the way.



About the research

Our research seeks to understand shifting consumer needs, values and expectations alongside consumer engagement with new energy products and services. Its aim is to inform energy providers' strategic and operational priorities to unlock the next generation of customer experiences, enable growth and deliver sustainable long-term value.

We conducted a survey across 17 countries with a diverse demographic sampling of 34,000 residential energy consumers aged 18 years or older. To bring a broad consumer perspective from energy users, the survey sample included a mix of bill payers and non-bill payers across ages and income levels.

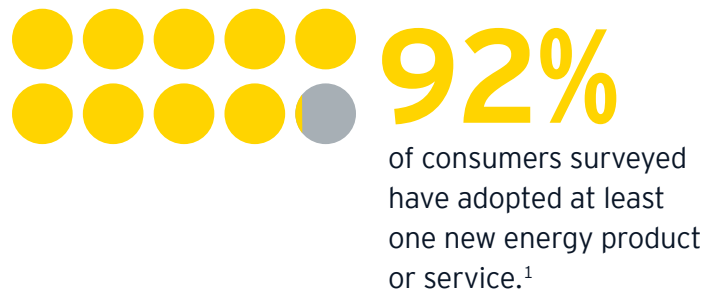


1 Rise of the omnisumer

Consumers harbor a broad spectrum of values and preferences when it comes to energy. But now, a new kind of consumer who spans the myriad of diverse segments is starting to take shape. As the energy transition continues to advance, consumers will increasingly adopt a range of new energy products and services with many of these changing the industry's historical relationship with customers. Accelerated by market, technological and societal trends, passive energy users will give way to a new more active and engaged "omnisumer" who participates in a dynamic energy ecosystem across a multitude of places, solutions and providers.

The omnisumer's relationship with energy is fundamentally different. At its heart is a significant increase in the desire to use new energy sources and technologies that deeply interweave the energy experience into our homes, vehicles,

communities and broader societal goals. Ninety-two percent of those we surveyed have at least one new energy-related product or service in their home, 86% are interested in self-generation (the figure is even higher for Gen Z and Millennials), 25% are considering an EV, and 13% are thinking about installing battery storage in the next three years. The data shows an emerging omnisumer who can be characterized as "many-to-many" – with many different energy relationships, providers, products and channels that create an overlapping and unique ecosystem for each customer.



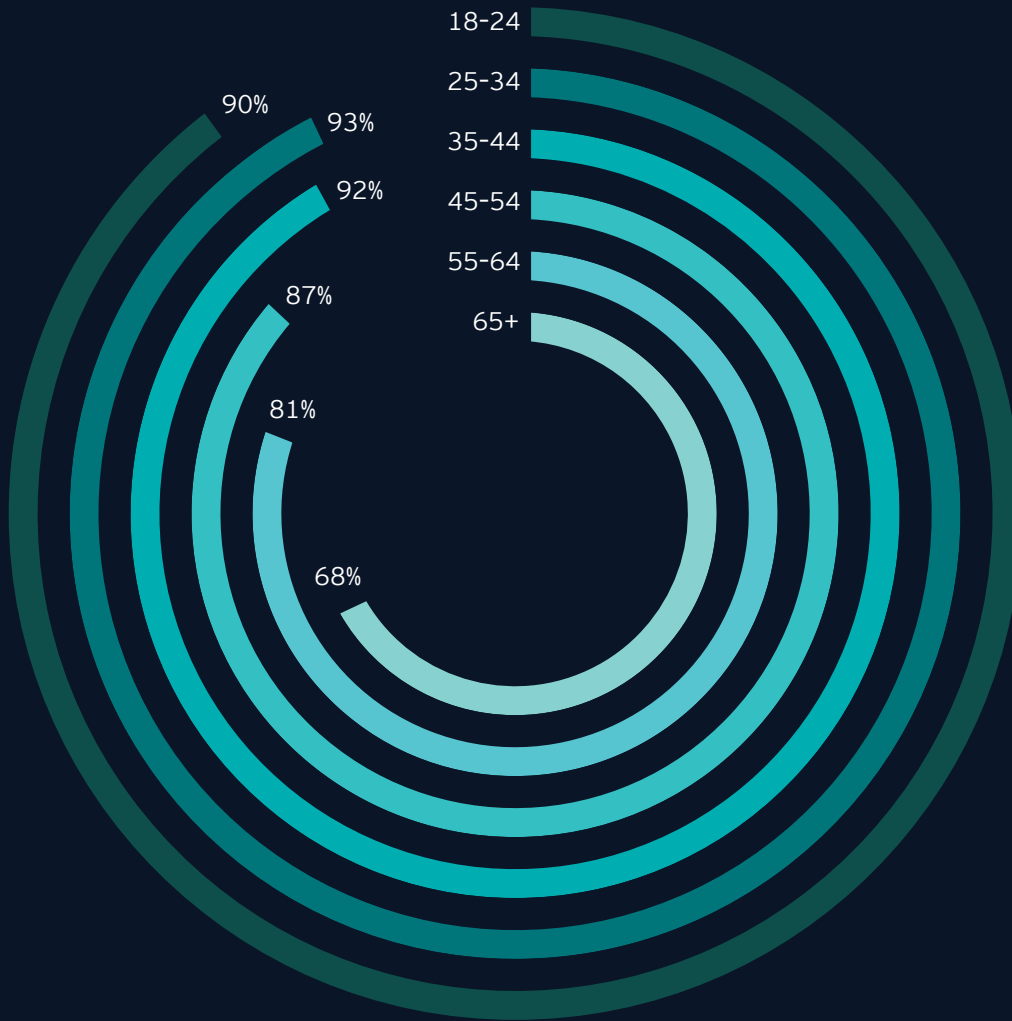
Key takeaways

The energy consumer of tomorrow will have a combination of relationships producing, consuming, moving, storing, managing and transacting energy across multiple spaces, devices and providers. In this complex environment, consumers will be looking to their energy providers to offer simple, but sophisticated, end-to-end solutions and integrated experiences that cross multiple energy partners. Those energy providers that rapidly develop a mature, yet simplified ecosystem, in which omnisumers can exchange value, will win in the market.



How interested are you in generating your own electricity at home?

Interest in self-generation by age group



86%

of consumers show interest in generating their own electricity at home.

Sustainability plus

Despite consumers putting a focus and finances toward sustainability, most have a limited understanding. Across markets, 84% of consumers say sustainability is important when making purchase decisions, and 80% believe brands must be transparent about the environmental impact of the production process.² Paradoxically, only about one-third say they have a high degree of understanding of the terms “net zero” and “carbon neutral,” and just over half are confident they know what is meant by “sustainability.” As energy providers increasingly turn their attention to sustainability, tailored value propositions will be needed that appeal to specific values.

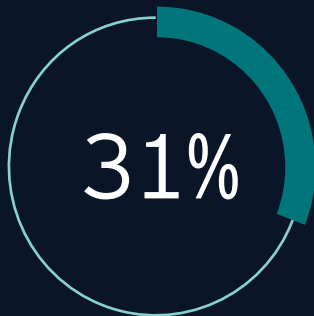
We see consumers showing significant interest in adopting new energy products and services when the benefits are aligned around three core areas: saving money, saving time, saving the planet. Whilst cost (53%) remains the most critical factor in driving purchase decisions for current adopters, impact on the environment (47%) and making life easier (34%) are also important. These factors are even more important for consumers considering purchases in the next three years with cost being critical to 67% of respondents, environment to 51% and convenience to 36%. To gain broad appeal for new energy products and services, sustainability is not enough. Energy providers will also need to address each consumer’s specific buyer values around cost, environmental and convenience outcomes.

Key takeaways

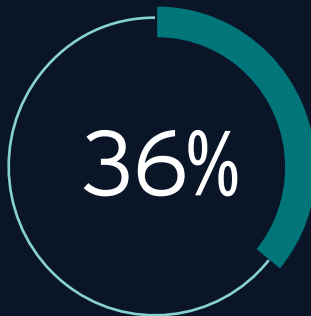
While consumers have turned their attention to sustainability, the motivators that underlie their interest are more nuanced. Energy providers are well positioned to engage consumers on sustainability to improve engagement and growth, and achieve their own sustainability objectives. However, one size does not fit all. The messages and solutions will require insights and tailored approaches aligned to the deeper motivations for each individual customer. Developing deeper consumer insights and taking a human-led approach – including removing industry jargon – will help energy providers connect better through concepts that people understand and value.



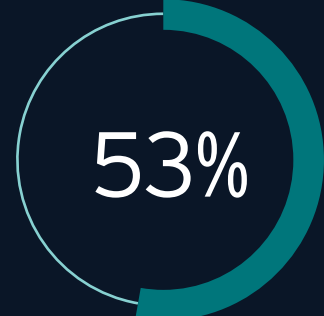
How well would you say you understand the following terms?



31%
of consumers have a high degree of understanding of "net zero."



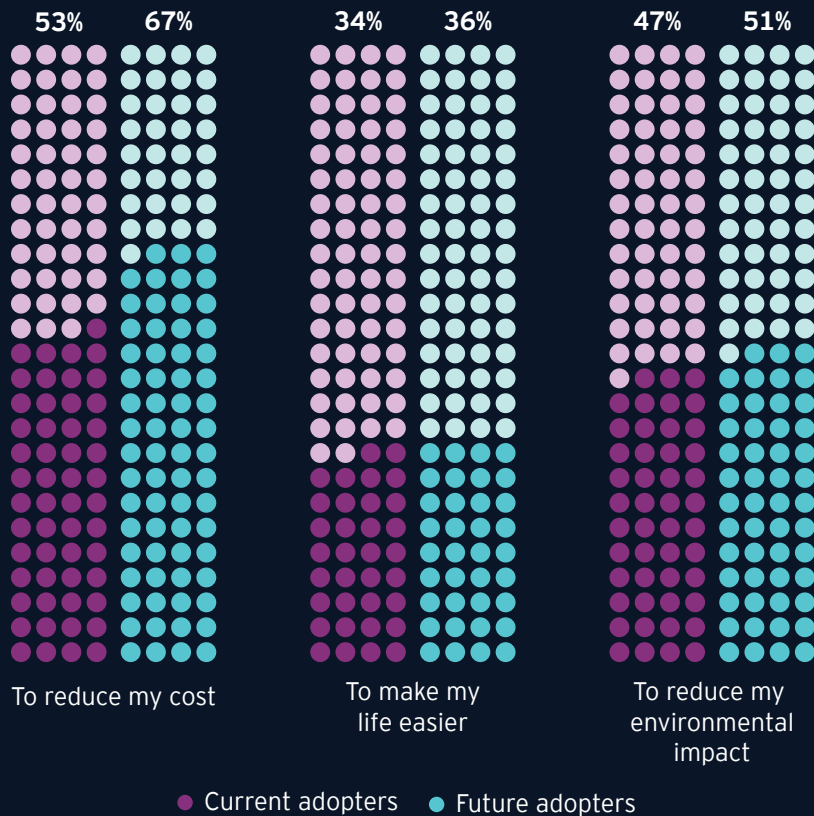
36%
of consumers have a high degree of understanding of "carbon neutral."



53%
of consumers have a high degree of understanding of "sustainability."



What are the most important factors when you decide to purchase new energy products and services now and in the future?



3 @home workers

The global pandemic accelerated a major shift in how we work and live, and has created a new segment of residential customers who act much more like a small business. The EY 2021 Work Reimagined Employee Survey showed 90% of employees want flexibility in where and when they work,³ and in our survey, 20% of customers reported they were regularly working and educating from home. These shifting work practices have elevated a segment of consumers who are significantly more active and energy sensitive. In fact,

64% of consumers who reported they were working from home checked their energy consumption at least once a month (12% higher than average), and 70% were interested in energy efficiency solutions (8% higher than average).

This new segment of more energy dependent, sensitive and engaged residential customers is significant and here to stay, with many companies putting in place long-term flexible work arrangements, or even doing away with physical offices altogether.



Key takeaways

Energy providers suddenly have upward of one-fifth of residential consumers who are dramatically more energy sensitive. Localized outages and power quality issues that previously went unnoticed will now interrupt virtual meetings and education. Greater energy consumption at different times of the day could drive up bills and see consumers increase their focus on usage. Energy providers that better understand these new customers can elevate the relationship by proactively engaging with tailored tariffs and energy solutions for those who are now permanently working and educating from home.



Do you work/educate from home?

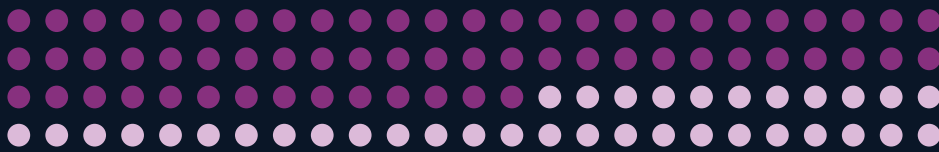


20%

of energy consumers surveyed work/educate from home.



How often do you personally monitor your energy consumption?



64%

of @home workers check their energy consumption at least once a month.

4 Digital by default

The steady increase in consumers' digital adoption has passed a new milestone – the majority of consumers now prefer digital channels for 8 out of 10 primary interactions with their energy provider. Using digital channels tends to lead to higher satisfaction and, across all interactions, consumers say digital channels are easier to use than non-digital. The “digital divide” that once showed lower levels of digital interaction for older consumers has not only disappeared, but inverted. Older consumers are now more likely to use digital channels to interact with their energy provider than younger ones. Of consumers who interacted with their energy provider in the past year, 67% of Boomers report using digital channels compared with 56% of Gen Zs. There is also a gap in the digital experience of younger consumers – on average,

37% of consumers are not confident in their energy provider's digital services, but this increases to 50% for Gen Z. While the consumer barriers to digital adoption have dissolved, there remains a significant opportunity for energy providers to improve the digital customer experience. Nearly two-thirds (62%) of consumers have experienced some kind of problem using their energy provider's digital service.

But consumers don't want digital for everything, all the time. For interactions such as making a complaint, managing an outage or emergency, or resolving an issue, consumers are more likely to prefer non-digital channels. Similarly, when faced with an issue using their energy provider's digital services, 31% want to talk to an agent via click-to-call on the website and 20% by calling the contact center.



Key takeaways

Consumers have created a new interaction paradigm that could be summed up as “technology when you want it, a person when you don't.” While digital enablement is clearly a critical focus area, and one where consumers are saying gaps remain, the seamless integration with human interaction is also part of the future engagement mix. For energy providers, developing sophisticated customer journey insight and management capabilities will be critical to balance cost-to-serve, selling opportunities and customer effort. At the same time, the operating model of contact centers, the talent profile of those who staff them, and tools and training will also need to evolve to empower customer-focused agents equipped with the skills to engage, sell and solve problems empathetically.

Over half of consumers prefer digital channels for 8 out of 10 interactions with their energy providers

● Digital ● Non-digital

Interaction preference



Digital: website, mobile app, web chat, email
 Non-digital: call center, branch outlet

5 My energy, my way

Consumers' desire for energy options that offer greater personalization, choice and control will reshape the foundations of the energy experience. For most, a regular bill for one or two months of past energy usage is the core of their relationship with their provider. But consumers are increasingly questioning if this arrangement is what they want. Globally, 42% say they would prefer more flexible and controllable pay-in-advance or pay-as-you-go energy options. Consumers are looking to control their energy experience with choice across all avenues, including billing, payments, tariffs, channels, technology, and products and services.

This disruption of the energy consumer/provider relationship is set to increase. As of 2020, Millennials and Gen Z became the largest demographic in the world, with preferences starkly different from those of their parents and grandparents. These consumers are more energy-engaged, about twice as likely to monitor their energy on a weekly basis and strongly preferring pay-in-advance or pay-as-you go options. With more experience using different types of pre-pay services across different providers, younger consumers like the financial control and payment convenience that comes with this approach.



Key takeaways

The dramatic shifts in consumer preference and increased energy engagement, particularly for Gen Z and younger Millennials, show that it is time for energy providers to rethink the fundamentals of the energy experience. That includes the default assumptions that underpin tariff, billing and payment, and engagement options. Pay-as-you-go options will be part of the future energy experience and a key enabler of the energy omniumer that will span multiple providers. This calls for more flexible technology solutions, new digital engagement platforms and bundling of options to provide consumers with choice in a simple way. A new generation of energy consumers is looking for different options that provide transparency, flexibility and control – now is the time to get creative.



How would you prefer to pay your energy bill?

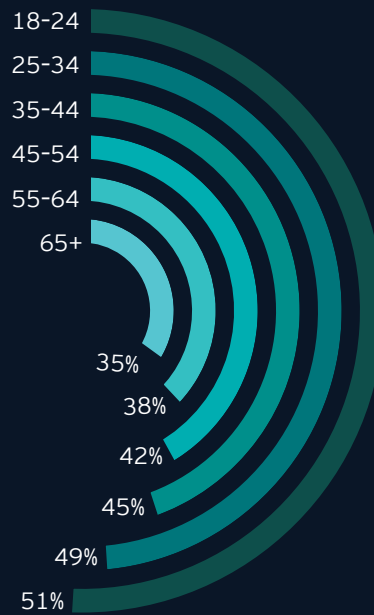


50%
Pay in arrears



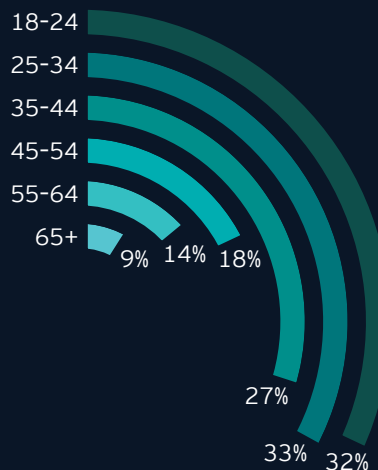
42%
Pay-in-advance/
pay-as-you go

Preference for pay-in-advance/pay-as-you-go by age



How often do you monitor your energy consumption?

Consumers who monitor their consumption at least once a week by age.



Green expectations

The rising tide of sustainability expectations means that consumers are holding energy providers to higher standards in this area, and failing to deliver will impact trust, satisfaction and loyalty. Nearly two-thirds (65%) of consumers say that sustainability is important when considering an energy or water provider – the highest across a range of home service provider categories. And when considering different factors of their energy experience, 64% say getting sustainable products and services “right” is critical. However, only 54% are satisfied with their energy provider’s current sustainability offerings. On the plus side, 36% say they are willing to pay a premium for sustainable energy solutions.

Consumers are also clear that purpose statements and PR will not be enough to satisfy them – they are looking for tangible actions. When asked what energy providers need to do to demonstrate their commitment to sustainability, a wide range of solution and operational expectations emerge, including providing new energy products and services (52%), supporting local sustainability programs (50%), offering green energy solutions (50%) and operating a green fleet (27%).

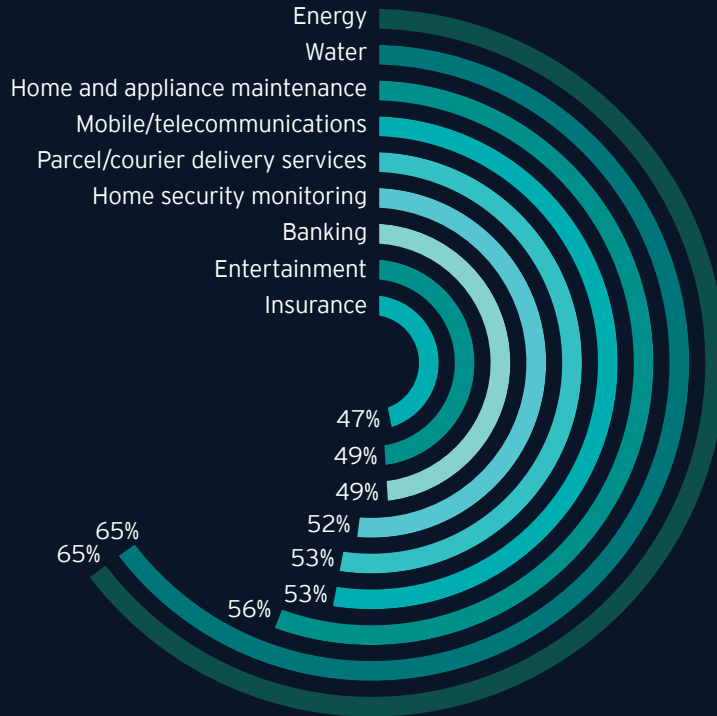


Key takeaways

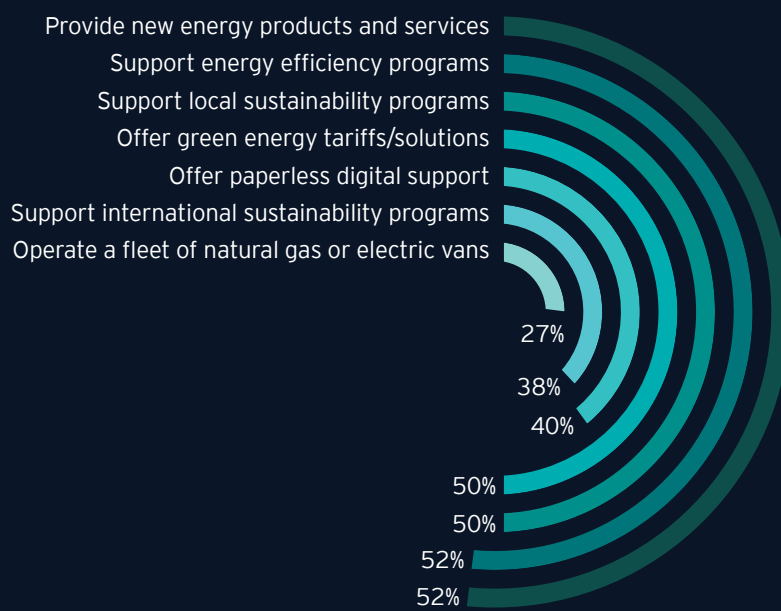
It’s clear that when it comes to sustainability, energy providers are being held to a high standard. And while some already offer green energy solutions, tariffs and energy efficiency programs, many consumers are not satisfied. Consumers are looking for providers to offer improved sustainable options, engage in the community and take actions across their business, including sourcing, supply chains, operations, buildings and facilities, vehicle fleets and work practices. By demonstrating their commitment to sustainability, providers can align corporate purpose, brand promise, offerings and operations to truly differentiate with increasingly green consumers.



How important is sustainability to you when selecting a service provider?



What does an energy provider need to do to demonstrate its commitment to sustainability?



Moving faster than the speed of green

The speed of change for energy providers shows no sign of slowing as the rollout of renewables, the buildout of energy infrastructure and the adoption of EVs continue to grow. Our research shows that the pace of change within energy consumers is similarly rapid. Digital behaviors, sustainability expectations and energy's importance in consumers' lives are increasing and transforming the potential scope and scale for engagement.

Amid such significant change, energy providers must grapple with simplifying operations and improving the customer experience even as complexity exponentially increases. But

they also face a great opportunity – to create a foundation for incredible growth built on a new relationship with customers. While the race is on, energy providers remain well positioned in the minds of consumers – 50% say they would turn to their energy provider when considering purchasing new energy products and services. Capitalizing on this advantage will require providers to adopt greater agility enabled by new operating models, technology capabilities, partnerships and talent. But if the pandemic taught us anything, it's that we can move faster, be more innovative and adapt more quickly than we ever thought possible.



How EY can help

Creating tomorrow's energy experience today

Responding to the shifting needs and expectations of energy consumers is not a small task, but inaction is not an option. There is a singular moment of opportunity for energy providers to plot a course to navigate the energy transition with consumers at the core of the approach. EY has defined six strategic imperatives that will be key for energy providers to create long-term value and ultimately reduce costs, drive growth, unlock sustainability opportunities and improve satisfaction:

1. **Effortless engagement** – anticipate the needs and values of customers by designing and delivering seamless journeys that leverage insight-driven interactions to maximize value, increase choice and enable digital commerce
2. **Operational agility** – optimize and simplify business processes, technical capabilities and operating practices, applying analytics, robotic automation and advanced operating models to increase consistency, responsiveness and flexibility
3. **Digital enablement** – unlock the “digital dividend” with technologies that deliver exceptional customer experiences, optimize workforce productivity, safeguard data and privacy, and cost-effectively deliver expanded billing, customer relationship management, digital and analytics capabilities
4. **Adaptive workforce** – engage the workforce and put it at the center of business transformation, with innovative approaches to change management, upskilling, remote working and flexible workforce models that improve employee engagement and operations performance
5. **Innovative growth** – appeal to the emerging needs of increasingly diverse energy customers with new and innovative propositions, and profitably manage and scale to drive differentiation, develop strategic partnerships and create new revenue
6. **Sustainable enterprise** – transform the organization end-to-end with new offerings and operational practices that create long-term value and seek to protect and preserve social, economic and environmental integrity for future generations

EY's Customer Experience Transformation professionals have extensive experience in working with energy providers on customer experience strategy and design, digital transformation, customer engagement platform implementation, employee change management and sustainability growth strategies. We're focused on helping energy providers harness innovative technologies and agile ways of working to help empower their workforce, engage increasingly diverse customers and drive long-term value.



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1. New energy products and services included a range of potential solutions: renewables, battery storage, EVs, energy monitoring solutions, smart thermostats, etc.
2. "The CEO Imperative: Make sustainability accessible to the customer," *EY website*, https://www.ey.com/en_gl/consumer-products-retail/make-sustainability-accessible-to-the-consumer, accessed 5 August 2021.
3. "How employers and employees are envisioning the reimagined workplace," *EY website*, https://www.ey.com/en_ca/workforce/how-employers-and-employees-are-envisioning-the-reimagined-workplace, accessed 5 August 2021.

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