

The Accenture logo, featuring the word "accenture" in a white, lowercase, sans-serif font with a small white chevron symbol above the letter "u".

accenture

#NecExecutiveSummary

New Energy Consumer

Global Executive Summary



#NecExecutiveSummary

New Energy Consumer:

Transition on Demand

Patterns of electricity supply and demand are changing profoundly. Electricity prices are volatile, and this creates risks for customer adoption of new products and services. The changing market requires energy providers to adapt continually in order to add new value to customer experiences.

New value will stem from action that energy providers take in five areas:

Purpose

Customers are plugging into purpose

Consumers want to buy products and services from businesses committed to making a contribution — as the world transitions to clean power, energy providers have a great story to tell.

Product

Give customers what they want

Customers say they want greener energy products and tools to improve efficiency; the opportunity for energy providers to meet that demand is huge.

Platforms

Accelerating digital transformation

Energy providers must become digital organizations for whom business and technology strategies are inseparable. This will require sustained investment in innovation and new technology.

People

Back talent to drive change

As energy providers focus on the transition to net-zero and the challenge of the digital transformation of the customer experience, they need to recruit and retain staff with new skills and expertise.

Partnerships

Smart energy providers are teaming up

Partnerships with other organizations, both established businesses and start-up ventures, will help energy providers innovate and transform at speed.



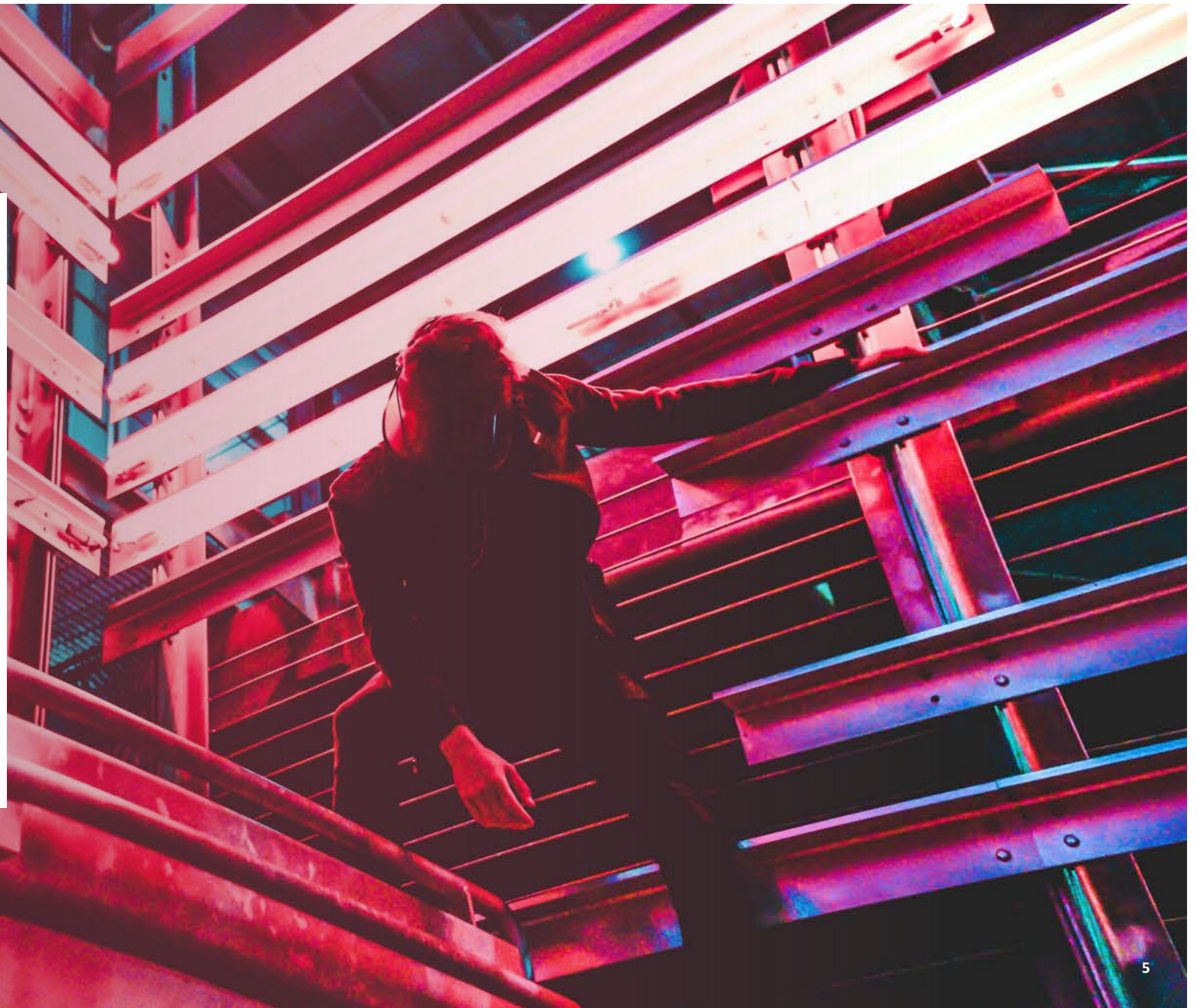
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Energy providers are at the heart of the energy transition, and their strategic landscape is being transformed as the global effort to reach net-zero gathers pace. At the same time, they are facing a second era-defining dynamic: digital transformation is disrupting markets across the economy, destroying old business models as it creates new ones, and reshaping consumer expectations.



Will energy providers survive all this change?

The providers of the future will be low-carbon, digitally powered, and relentlessly customer-focused.



The pace of change accelerates

Our New Energy Consumer research series is now in its 12th year and builds on findings dating back to 2010. In our latest research, by drawing on the opinions of 500 energy providers across 14 countries, we set out how to become one of the energy providers of the future.

To retain market share and survive over the long term, energy providers must keep innovating, diversifying, and developing world-leading customer experiences.

74% of energy providers believe that customers are turning away from large utilities towards new, more innovative players





To reimagine the customer experience, energy providers must first recognize the reality of their current customer relationships. For most consumers, energy providers are almost invisible. All they expect is a transactional billing relationship — and, traditionally, that is all they have received.

To meet evolving consumer expectations, energy providers will need a new level of agility and responsiveness. Most say that their businesses are in the middle of that evolution.

77% say their organization is transforming to become more agile and digital, and less commodity focused.

However, this will not be an easy shift for a highly regulated industry that has operated in relative stasis for the past 100 years. Reshaping that culture to place greater emphasis on the customer and innovation will take time. Moreover, while established players are adjusting, agile cloud-native start-ups could win over restless consumers with their technology-enabled responsiveness to customer needs.



The question for energy providers is, how can they move at pace to reimagine the customer experience?

Progress With Purpose

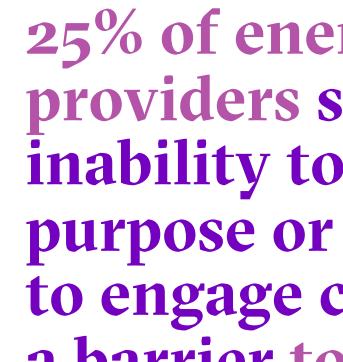
Customers are plugging into purpose

Consumers want to buy products and services from businesses committed to making a contribution — as the world transitions to clean power, energy providers have a great story to tell.

The energy sector has a crucial role in confronting the climate change challenge. However, too few energy providers are telling consumers about the positive work they're doing. In a world where consumers are increasingly keen to source products and services from organizations that make a positive difference to society, this constitutes a huge opportunity for valuable publicity.

The key, for residential and commercial customers alike, is to embed the purpose story in every aspect of customer experience. There is a wealth of opportunities to engage, from helping customers to switch to cleaner technologies to providing them with smart solutions to improve efficiency (cutting down their bills in the process).

By speaking both to the heart and the head, energy providers can transcend the purely transactional, arms-length relationships they have traditionally had with customers. Their goal should be to build more sympathetic and deep-rooted partnerships with customers through a focus on purpose and a strategy for communicating that commitment.



25% of energy providers say their inability to find a purpose or narrative to engage customers is a barrier to improving the customer experience they offer.

Big Takeaways

Articulate purpose with authenticity and relevance.

Energy providers must be able to present a convincing narrative on purpose that feels actionable and relevant: what do your ambitions mean in practice and how will they be achieved?

Align purpose with customers' expectations.

Deploy data-analytics tools to develop a more detailed understanding of your customers' views and desires. Once you have a clear view of the priorities of both residential and commercial customers, tailor your purpose strategy in harmony with those priorities to build a virtuous circle of brand loyalty.

Embed purpose in the brand narrative.

Work with customers to develop new products and services, and to identify relevant opportunities to drive societal benefits in a way that resonates with your key stakeholders. Aim to build an emotional connection to your customers, so that they identify with your brand and what it stands for—don't be afraid to showcase achievements in the areas important to them.



Product Pressures

Give customers what they want

Customers say they want greener energy products and tools to improve efficiency; the opportunity for energy providers to meet that demand is huge.



Both residential and industrial customers are anxious to reduce their carbon footprints and drive sustainability. They want access to more renewable energy products, and they want services to help them reduce consumption and improve efficiency.

To date, however, too few energy providers are rising to the challenge: fewer than half, for example, say they are effectively meeting demand for green products and services.

Energy suppliers are racing to offer more sustainable products, from renewables-based supply to home improvements and e-mobility. Forward-thinking energy providers are also building closer, more engaged relationships with their customers through apps and digital products and services. They are installing smart meters to help customers manage energy usage and conducting energy audits to help customers identify energy-efficiency improvements at home or on their business premises.

The key will be to offer simple, user-friendly products and services that enable customers to make smarter energy decisions with minimal effort.

78% of energy providers believe that those that do not help their customers source energy more responsibly and efficiently with greener products and services will get left behind.

56% of energy providers expect residential customers to drive high demand for incentives to switch to more energy-efficient appliances and/or from gas to electricity.



Big Takeaways

Accompany consumers on their own transition journeys.

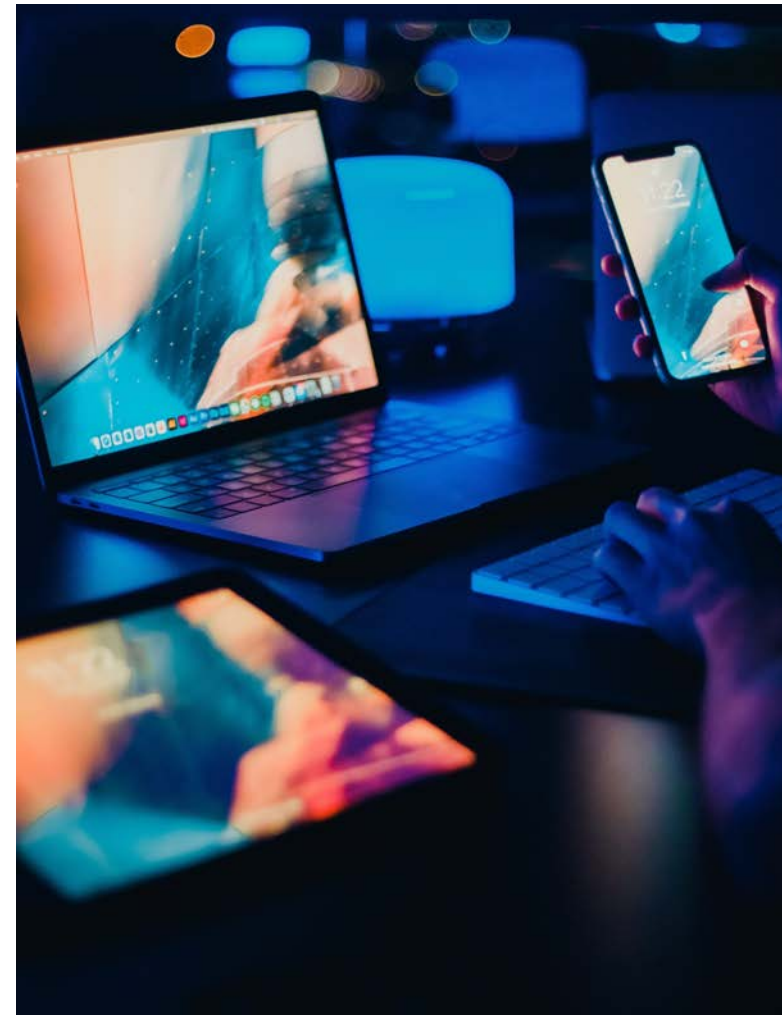
Most people understand the imperatives of the struggle against climate change and want to do their bit, but they struggle to see which improvements might be possible in their daily lives. Energy providers prepared to spend time educating customers on how they can make cleaner energy choices will secure trust and loyalty.

Lower the barriers to participating in the energy transition.

Enable customers to participate in the transition to cleaner energy by offering them the advice, products, and services that are based on green principles. From technologies such as smart metering to advice on efficiency, customers are looking for simple ways to shrink their own carbon footprints.

Focus on commercial customers' imperatives.

With businesses under pressure to disclose more information about their carbon emissions, appetite for investment in the energy solutions of the future is increasing. From e-transport systems to on-site generation, the energy sector is developing the products and services to meet that demand.



The Platform Premium

Accelerating digital transformation

Energy providers must become digital organizations for whom business and technology strategies are inseparable. This will require sustained investment in innovation and new technology.

A growing number of energy providers are now focused on speed to market and agility, with more than half regarding these attributes as very important. But, without investment in the digital platforms on which the new business plans will run—both operationally and in terms of customer relationships—energy providers will struggle in these areas.

The business case for transformation is clear. To compete, energy providers now need to harness analytics tools to secure a much richer and deeper understanding of their customers. Moreover, those customers expect user-friendly digital touchpoints as standard, offering the seamless experience they have become accustomed to in other industries.

Cloud-based technologies will sit at the heart of this transformation, enabling providers to develop new products and services rapidly, and to scale capacity and computing power up and down as needed. As energy providers make increasing use of technologies such as the Internet of Things and augmented and virtual reality, this will be crucial.

42% of energy providers are currently investing in digital channels to improve the customer experience, and 35% are investing in sales and service analytics.

But many are still struggling: 64% of providers say they find it challenging to strike a balance between profitability and transforming the customer experience.



Big Takeaways

Prioritize customer insight.

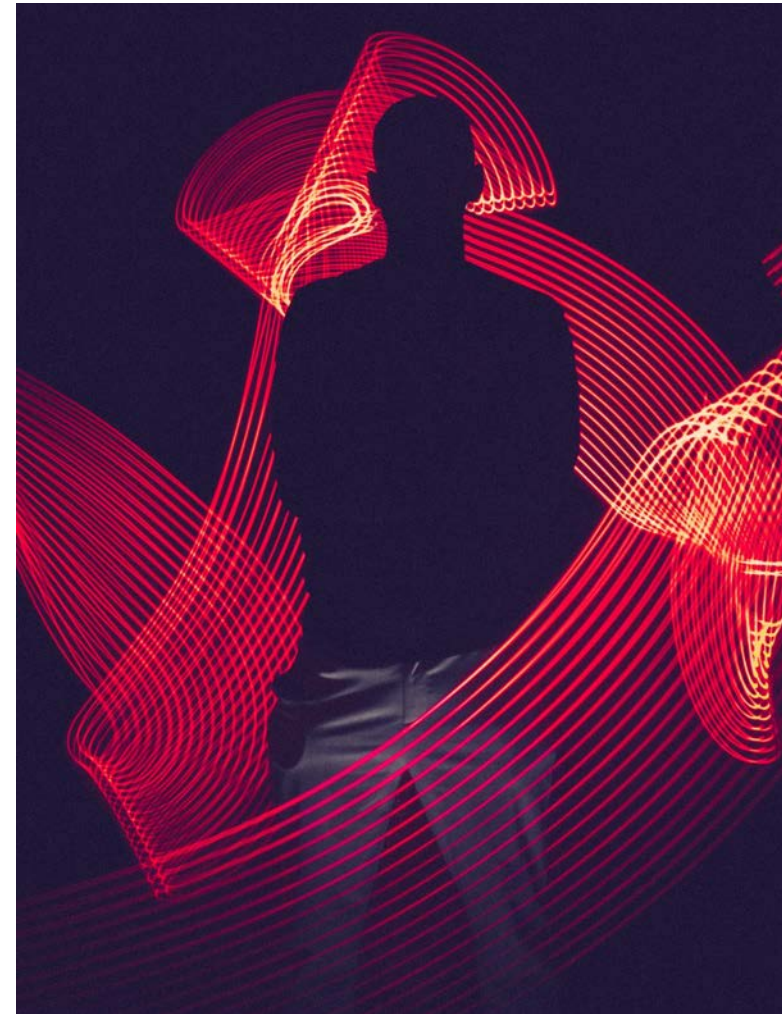
Platforms put data-analytics tools to work; the aim should be to identify actionable insights to allow the rapid development and launch of the products and services customers now want.

Accelerate the enterprise cloud journey.

Cloud-hosted platforms offer greater power and flexibility; they unlock improved customer experience, as well as operational agility and efficiency. Importantly, they provide a secure environment in which to build a digital business model.

Identify use cases for new technologies.

Evolving innovations in areas such as artificial intelligence can drive new products and services—including the potential for the high degree of personalization that is central to today's customer experience. The opportunity for energy providers to harness these tools as part of their transition journeys is increasingly exciting.



People Power

Back talent to drive change

As energy providers focus on the transition to net-zero and the challenge of the digital transformation of the customer experience, they need to recruit and retain staff with new skills and expertise.

Energy providers recognize the twin imperatives to confront the climate-change challenge and to embrace digitalization, but they will need new skill sets in order to achieve their goals. They must invest in the generation of new talent, through both recruitment and re- and upskilling, to drive transformation.

In practice, that means closing skills gaps in areas such as data science, customer experience, and digital marketing. Energy providers now report that the difficulty of finding talent to drive digital innovation is their second-biggest barrier to improving customer experience.

Successful recruitment and retention amid stiff competition from other industries will require energy providers to think harder about what is important to their employees. For example, the crucial role of the industry in the transition to net-zero may appeal to the growing desire to find work with an active, explicit social purpose. New ways of working, including the offer of more flexible roles and a focus on wellbeing and workplace diversity, will also be key in the more employee-conscious world of work.

59% of energy providers identify talent gaps in digital marketing and customer experience design.

And 54% say they have a talent gap in AI architecture and data science skills.



Big Takeaways

Develop a talent strategy.

Energy providers now need to take a strategic approach to talent, identifying both current and potential skills gaps to drive a targeted focus on recruitment and retention. Strike a balance between upskilling current staff and acquiring new people.

Reinvent the employee experience.

Every employer wants the best new talent. Only those businesses able to offer employees what they want will get it. For energy providers, the key will be to present a clear vision of purpose, centered on sustainability. Embrace flexible working; invest in diversity; and build a strategy for career development.

Mirror the marketplace.

Breaking down traditional siloes will enable energy providers to drive the innovation their marketplace now needs, by allowing staff to work more collaboratively. Partnerships with other organizations provide another route to new capabilities.



Partnerships for Pole Position

Smart energy providers are teaming up

Partnerships with other organizations, both established businesses and start-up ventures, will help energy providers innovate and transform at speed.



As energy providers confront multiple transformation priorities, from sustainability imperatives to digitalization, there will be many initiatives that talented people can lead from within. But an openness to the possibility of productive partnerships will accelerate transformation, giving businesses access to new expertise and experience.

The majority of energy providers are planning such partnerships, seeking out new alliances with established players in the sector, as well as start-ups and academic institutions with something new to offer. These collaborations link the skill sets of each partner, allowing mutual access to this enlarged resource and offering the potential to build broader data sets that power personalization and create opportunities to combine and launch new products and services.

The potential of partnership to drive innovation is huge. This will be particularly important in new markets, such as renewable energy and e-mobility. Every energy provider is grappling with the challenges of building scale in these markets—challenges that can become overwhelming when faced with skills shortages—but partnerships can help unlock this growth.



80% of energy providers plan to partner with established businesses to develop new customer-centric innovations.

A further 75% plan to acquire start-ups with promising new innovation.

Big Takeaways

Build, buy, or borrow.

There is no one-size-fits-all approach to partnership; energy providers should choose the model that best suits their business's strategic objectives. Sometimes, that may mean collaborating with an established peer; in other cases, a venture with a start-up may be more appropriate. Some alliances will be short-term; others will be more enduring.

Develop partnerships to reduce time to market.

In new markets, in particular, it may take time to secure scale, especially where broader societal change is the aim. Partners with a shared vision of what they want to achieve will have a better chance of sustaining the strength of collaboration required to deliver it.

Data is king.

Partnerships can help energy businesses expand their data reach (while complying with all relevant privacy and security regulation) in order to better understand their customers. Energy providers should use that data to identify opportunities for new products and services, as well as to improve their current offerings.



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The Research



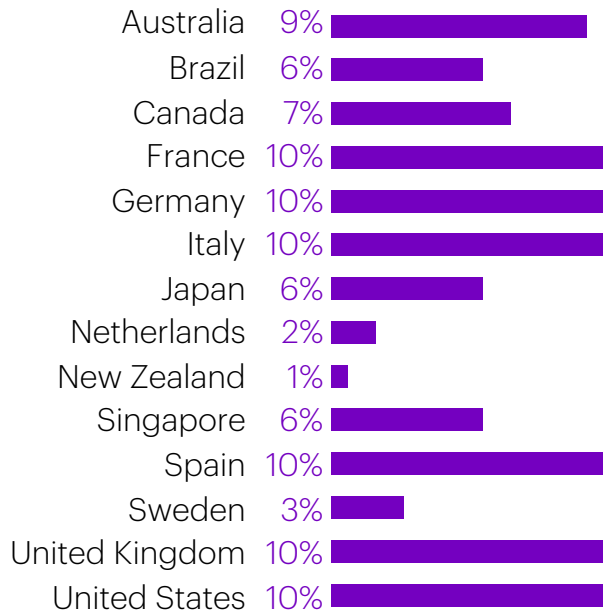


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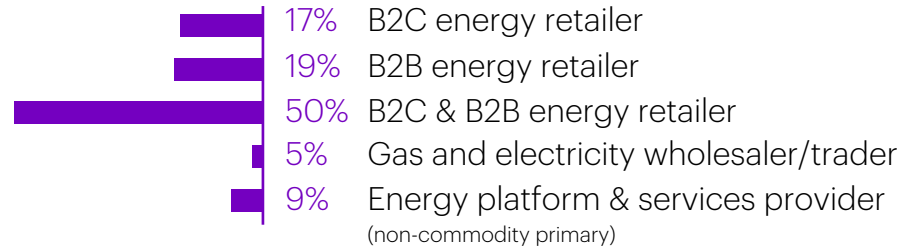
About the **Research**

Accenture conducted a global survey of 502 senior executives to capture insights into developments in the B2B and B2C energy retail sector. The survey was conducted from August 2021 through October 2021 across 14 countries.

Countries:



Sectors:

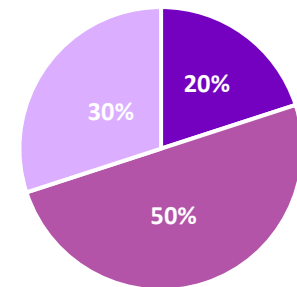


Roles:

- 21% Chief Executive Officer/Managing Director
- 12% Chief Marketing Officer
- 18% Chief Financial Officer
- 8% Chief Customer Officer
- 16% Chief Digital Officer
- 9% Chief Innovation Officer
- 18% Head of Department

Revenue:

- Between US\$500m and US\$999m
- Between US\$1bn and US\$4.99bn
- More than US\$5bn



About Accenture

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