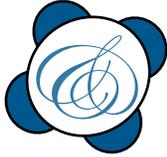




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Four Major Trends in Utility Customer Communications

iFactor Consulting

New tools and strategies for communicating with utility customers continue to be a prime topic of discussion for utility companies, but what is behind the urgency of this topic? From the fallout following recent superstorms and other natural disasters to the influx of consumer technologies and a growing focus on energy-efficiency programs, utilities are challenged to provide customers with more information through more channels than ever before.

Utilities are challenged to provide customers with more information through more channels than ever before.

In this article, we will examine the key factors behind the increased demand for customer communications. Through this evaluation, you will be better informed about industry-changing factors, opportunities and challenges for customer communications, and examples of what some utilities are doing to prepare and plan for their customer communications in the future.

iFactor (info@ifactorconsulting.com) creates and delivers communications solutions that allow utility companies to engage with their customers using web and mobile technologies.

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TREND 1: SUPERSTORMS AND OTHER NATURAL DISASTERS ARE BRINGING INCREASED ATTENTION TO UTILITY RESPONSES

From hurricanes to tornadoes to wildfires, the last two years have had more than their share of utility-affecting natural disasters. Not surprisingly, outages during these events led to more customer calls, social media interactions, and website visits.

Here are some of the amazing numbers following Superstorm Sandy:

- With 2.47 million customers without power, FirstEnergy received 1.5 million outage calls at their three contact centers, representing the most calls ever taken during a single restoration (Pennsylvania Public Utility Commission).¹
- iFactor outage maps for the storm area received more than 6.7 million views, with over 1.5 million views on October 29 and nearly 1.6 million views on October 30 alone.
- PPL Electric Utilities more than doubled its Twitter followers and increased “likes” on Facebook by a factor of 45, from just 310 on October 28, 2012, before the storm, to 13,445 by November 8.

Long-term predictions for natural disasters may require a crystal ball, but in the short term, forecasters are predicting more of the same.² The 2012 hurricane season produced more than twice the number of storms that were predicted. With this in mind, forecasters predicted that the 2013 hurricane season would also be above average, with 18 named storms and nine hurricanes, four of which were predicted to be Category 3 or higher.

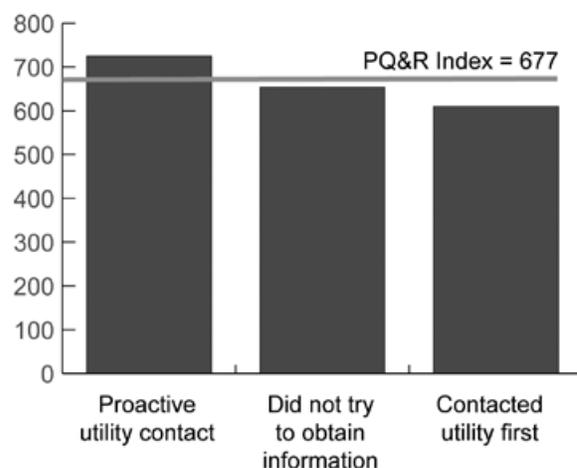
When natural disasters strike and customers are left without critical services such as power and water, their first question is “When will my services be restored?” Proactive communications to customers may be the key to maintaining customer satisfaction for utilities. Communications come in a number of forms, including traditional phone calls, emails, and information on utility websites, as well as newer technologies such as interactive outage maps, text messages, and social media accounts. While the communication channel

plays a role in satisfaction, the most important indicator of satisfaction seems to be providing the information at all. According to J.D. Power and Associates, customers are more satisfied when utilities are proactive in providing outage information (see **Exhibit 1**). Providing accurate restoration times is often a challenge for utilities; however, keeping customers up-to-date about where they are in the restoration process is a best practice.

Proactive communications to customers may be the key to maintaining customer satisfaction for utilities.

It is clear that most utility customers do not understand the complexities that utilities face in managing power and restoring services after storms, so providing customers with information about how power is managed and what it takes to resolve issues may be just the thing customers need to alleviate concerns and remain patient in times of crisis. Utilities should cultivate a holistic view of storm and outage communication—providing education and context to customers before, during, and after storms.

Exhibit 1. Customer Satisfaction Index by How They Obtained Outage Information



Many utilities, including National Grid and Pepco, have created and posted videos on their YouTube channels that help customers understand more about power management as well as the extensive preparation and restoration efforts that the utility undertakes before and after storms. Web and mobile outage maps also provide customers with much-needed context during outages, giving them personalized information about outages affecting their service, as well as an overarching view of outages and the restoration efforts under way. For example, when customers see that they are one of millions currently without power, that information may influence their expectations for restoration times.

TREND 2: PROLIFERATION OF MOBILE DEVICES AND SMART GRID IS DRIVING DEMAND FOR MORE COMMUNICATION CHANNELS

The rapid adoption of mobile devices such as smartphones and tablets by utility customers is placing new demands upon utilities. Today, according to Pew Research, 91 percent of adults have mobile phones, with 55 percent accessing the Internet directly from their phone (**Exhibit 2**). In addition, 34 percent of adults—or roughly one in three—have a tablet. These mobile devices have become such a part of daily life that 44 percent of people admit to sleeping

next to their phone to avoid missing a call or notification. In addition, 29 percent say their mobile phone is the first and last thing they look at every day.³ With this type of constant interaction, mobile devices have a lot of power to reach customers.

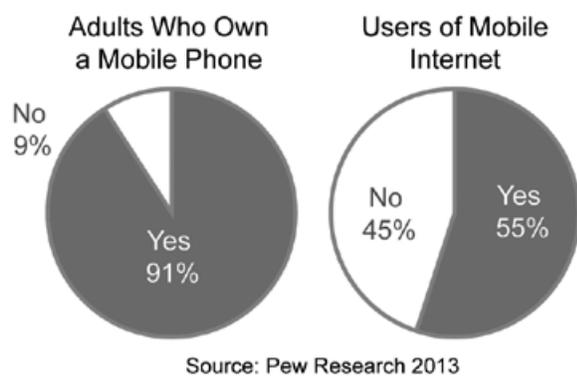
With customers having more information at their fingertips than ever, demand for frequent communication and access to information from utility companies is the highest it has ever been. According to the J.D. Power and Associates 2013 Utility Website Evaluation Study, 26 percent of customers are already visiting their utility company website from their smartphones, and the two most important activities for customers are viewing account info and paying their bill. According to a survey by ClickFox on Mobile Apps for Customer Service,⁴ most utilities are missing an opportunity to improve customer service by not having a mobile app for customers. Of survey respondents, 60 percent said they had never used a mobile app for their utility company; however, 77 percent said they would find a mobile app from their utility useful as a customer service tool.

Most utilities are missing an opportunity to improve customer service by not having a mobile app for customers.

It is predicted that the number of mobile users in the United States will increase from 174 million to 265 million by 2016. With this continued adoption, the use of mobile devices to connect to the Internet will continue to rise. In fact, by 2016, the number of users accessing the Internet through personal computers is expected to shrink from 240 million to 225 million, meaning that more people will access the Internet on a mobile device than a computer.

Advancements in mobile technologies are also expected to continue, making mobile devices even more a part of daily life. The smartphone has already taken the place of many stand-alone consumer devices, such as the calculator, alarm clock, video camera, digital camera, and GPS system. Smartphone developers have had their sights set on turning smartphones into e-wallets for some time

Exhibit 2. Mobile Phone and Mobile Internet Usage



through the use of NFC technology, a very short-range and secure radio technology. We are likely to see that vision come to fruition in upcoming years, making wallets a thing of the past. Another mobile trend is the idea of “wearables.” These devices include technologies such as Google Glass, a wearable computer that looks like a pair of eyeglass frames, and Pebble, a smart watch that is customizable via apps and works with smartphones and other electronics to receive and send information.

Adoption of these mobile technologies is almost guaranteed to increase. Thus, it is important for utilities to have a mobile strategy in place to address the growing demand.

Following are some items utilities should consider when tackling the mobile channel.⁵

- Mobile channels are about interaction, not just information. Customers are accustomed to using their mobile phones and devices to manage accounts and interact with companies across industries. They want to be able to self-serve when they can and easily interact when they cannot. Self-service options such as viewing local outages, reporting power outages, and paying bills has not only shown positive return on investment for some utilities simply by directing actions away from more expensive call-center resources, but has also been shown to improve customer satisfaction scores. For mobile interactions, consider linking self-service tools to interactive channels such as Twitter and Facebook.
- Messages need to be tailored to meet the unique requirements of mobile devices. Formatting and content need to be tailored specifically for mobile websites, mobile apps, SMS text messaging, and social media channels. Mobile formats often provide less space for graphics and messaging, so looking at messages channel by channel is an important step.
- Customers want different information through different channels. Now more than ever, customers have multiple ways to receive information, and they want to control what they receive through each channel. For instance, customers may prefer to get a text message related to a power outage at their

residence or when they exceed the power usage thresholds they have set for the month, but they may prefer to get an email about an upcoming payment due date. Preference management tools such as iFactor’s Notifi system allow customers to manage their preferences for receiving communications from their utility.

Building a mobile strategy can be daunting due to the variety of platforms, devices and channels. Before setting a plan in motion, utilities should monitor their customers’ mobile use, look for data from industry analysts, and watch other industries to get a glimpse of the future. When utilities are ready to start developing mobile solutions for their customers, it is important for them to work with companies that understand both the mobile market and the unique aspects of the utility industry.

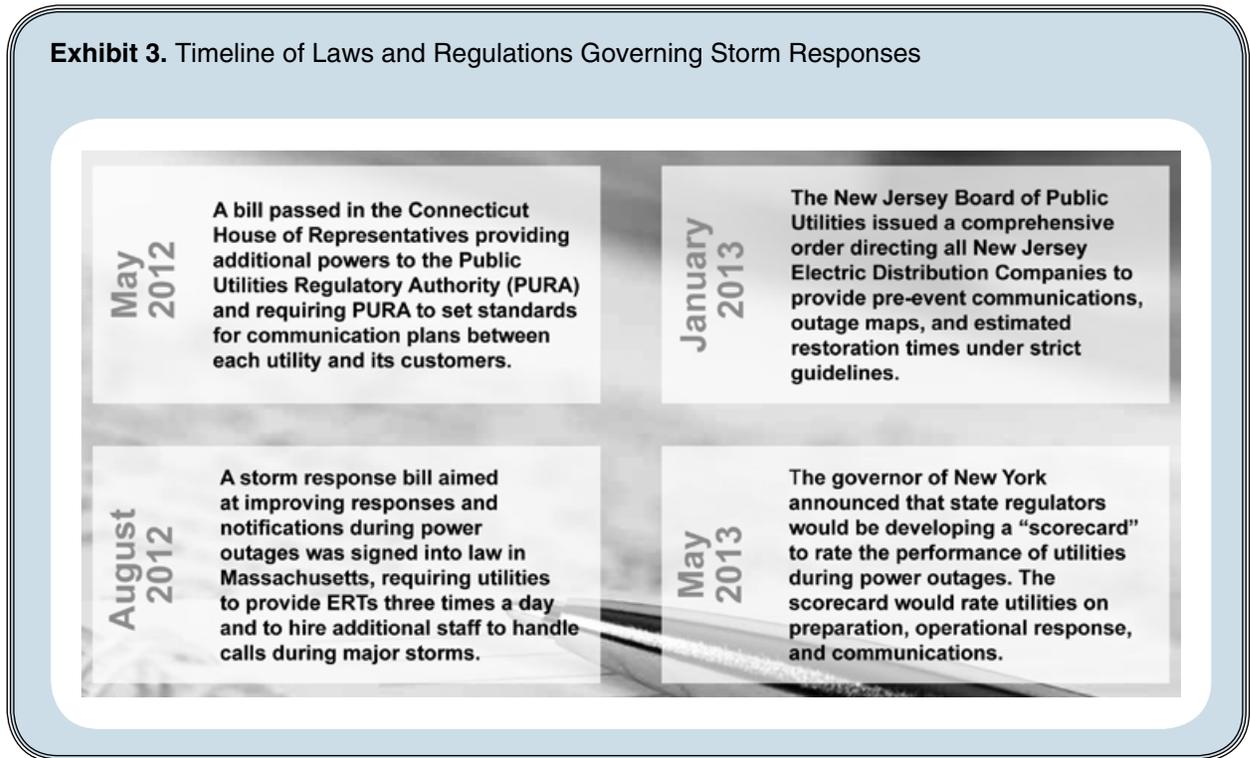
TREND 3: NEW LAWS AND REGULATIONS ARE REQUIRING COMMUNICATION DURING OUTAGE EVENTS

Not only do unprecedented storms require more customer interaction, they also place utilities under the microscope of public opinion for action and restoration times. With superstorms like Sandy trampling major metropolitan areas and receiving mass-media attention for the destruction they leave in their wake, new requirements are being laid out by legislators and regulators that will set expectations for utility communications during power outages (**Exhibit 3**).

One of the most extreme examples of these regulations came from the New Jersey Board of Public Utilities (BPU) in January 2013,⁶ when they issued a directive ordering that all New Jersey electric distribution companies provide the following:

- Pre-event communications with “worst-case” scenario information in print, television, radio, Internet, and social media channels
- Web-based outage maps that show the number and percentage of customer outages, time and status of outages, expected restoration times (ERTs), and alternative shelter options by county and municipality

Exhibit 3. Timeline of Laws and Regulations Governing Storm Responses



- Global ERTs within 24 hours of the event and a schedule of when more specific ERTs should be expected to be communicated

Many utilities have already taken the first step toward providing the required communications and outage maps. Ohio-based FirstEnergy, parent company of Jersey City Power & Light, had previously implemented an interactive outage map for their customers. With planned improvements already in place, they were able to include the new requirements for county- and municipality-specific information shortly after the New Jersey BPU orders. Other utilities have already begun implementing critical preference management systems that will allow them to send customers the outage information they need through the channels they request.

As the country's reliance on public utilities grows, it is likely that other states will follow suit by passing similar laws.

As the country's reliance on public utilities grows, it is likely that other states will follow suit by passing similar laws. Likewise, the

expectations placed upon utilities to provide up-to-the-minute restoration updates through communication channels that vary from the media to mobile devices and social media will continue to grow.

Utilities should take note of the requirements being rolled out across the East Coast and consider making improvements to their communication systems before those improvements are dictated by organizations that may not fully understand their unique business and technology infrastructure. Implementations can then be planned well in advance and deployed in a linear fashion outside of time constraints set by regulators.

TREND 4: CHANGES IN UTILITY TECHNOLOGY AND BILLING REQUIRE MORE FREQUENT AND PERSONALIZED COMMUNICATIONS

The adoption of smart meters will create challenges and opportunities for utilities to communicate with customers. While customers have been skeptical of the "Big Brother" effect, the information provided by smart meters will not only allow utilities to improve outage management and restoration efforts, but will also provide a means for utilities to offer demand-response programs.

These programs may vary, from time-of-use rate plans that charge customers different rates for energy use during different time periods to pre-pay programs that will allow customers to pay in advance for power and then add additional funds as their account becomes depleted. Demand-response programs and other energy-efficiency programs will require utilities to interact with customers more frequently so that customers can make informed decisions about their energy use and manage their power in real time.

An increased focus on customer service and customer satisfaction by utilities will also drive more proactive communications with customers. As the costs of handling complaints and managing legislative requirements driven by a lack of perceived transparency have increased, utilities have made improving customer service a top priority. Customer satisfaction scores have become a key performance indicator, and new employee roles such as chief customer officer have been created to focus on “the Voice of the Customer.” With this increased attention on customer satisfaction, utilities will make more frequent and proactive communications with customers a priority.

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Dan Delurey, executive director of the Association for Demand Response and Smart Grid (ADS), a nonprofit association for Smart Grid and demand-response organizations, summed it up well when he said:

Utilities have lived for decades in a world where customers were not used to getting a lot of information about any of their purchases. Now they get a lot. And yet in the utility world they still do not. So now, from a defensive posture, utilities need to meet customer expectations. From a standpoint of seizing opportunity, they now have all these new ways to get engaged with their customers, communicate with their

customers and make their customers happy. (Savenjie, D. [2013, May 28]. *Demand response everywhere: Who is ready, and who needs to be?* Utility Dive.)

Utilities have taken up the charge to improve customer service and, as part of that charge, will make improved communications a priority as they plan for the future.

CONCLUSION

The combination of increased severe storm activity, legislative and regulatory requirements, demand for mobile communication, and Smart Grid technology is working to create an environment where additional customer communications are needed. The good news is that new technologies also provide opportunities for utilities to supply additional customer communication that is more accurate, consistent, and transparent than ever before. Utility companies should embrace customer communications as an opportunity to shape the future and improve customer satisfaction, cash flow, and operational excellence. 

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