

The 2021 CX Divide

Australian retail energy provider research on customer engagement identifies gaps in expectations and reveals what customers want.





The Australian energy landscape

While there is an abundance of energy providers for Australians to choose from, **6 in 10 households consider AGL, Origin, or Energy Australia as their main provider.** On the whole, the industry achieves good customer satisfaction with 74% satisfaction – however, there is clearly room for improvement.

But, in today's world, is customer satisfaction enough?

While customer satisfaction is absolutely important, it's only a contributing factor in a customer's decision-making process. Almost a quarter (23%) of households would not consider having gas and electricity with their main provider in the future.

Here's why:

1

Price

4 in 10 say it is cheaper with two separate providers.

2

Content

A quarter are happy with their current arrangement.

3

Impossible

1 in 5 simply can't because both products are not available with their main provider.

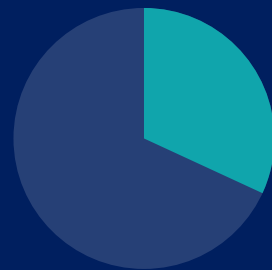
Australians' interactions with energy providers

When looking at consumers' tenures with their providers, there are three even buckets, all of which show similar levels of satisfaction (71-76%):



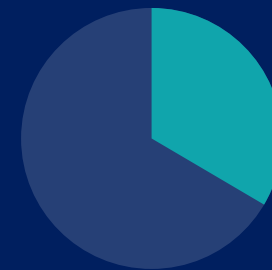
32%

have been with their provider for up to 3 years



30%

have been with their provider for 4-9 years

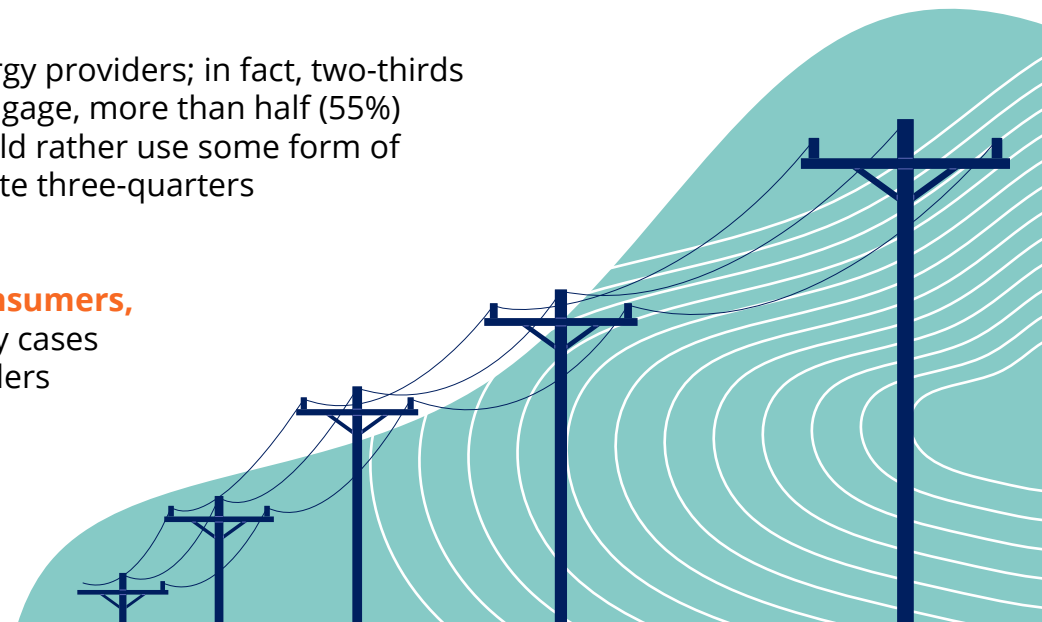


32%

have been with their provider for 10+ years

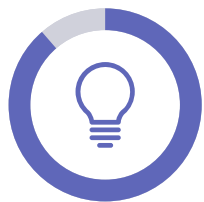
Despite the length of their tenure, Australians rarely engage with their energy providers; in fact, two-thirds (68%) say they engage less than once a year or never. And when they do engage, more than half (55%) prefer to speak directly with someone, rather than 38% of people who would rather use some form of digital communication (such as self-service online or live chat). This is despite three-quarters (73%) reporting digital experience satisfaction.

Looking at these findings, **it's clear there is a sense of apathy among consumers, with many disinterested in engaging with their provider**, which in many cases means they stay for longer. On the other hand, consumers changing providers more frequently are likely doing so based on price.



Australians' interactions with energy providers

When analysing consumers' recent experiences and engagements with their energy providers, several issues and challenges are apparent:



Unusual activity
83%

have not been contacted proactively when their energy consumption increased or was unusual



No proactive support
78%

have not been contacted to check their usage and ensure they're on the right plan



No reward for loyalty
60%

have not had their loyalty with main energy provider rewarded with discounts or offers



Not enough time
42%

receive alerts just before payment date



A bad surprise
27%

have received an unexpected high bill



Too late
13%

have been charged late payment fees



Mixed messages
12%

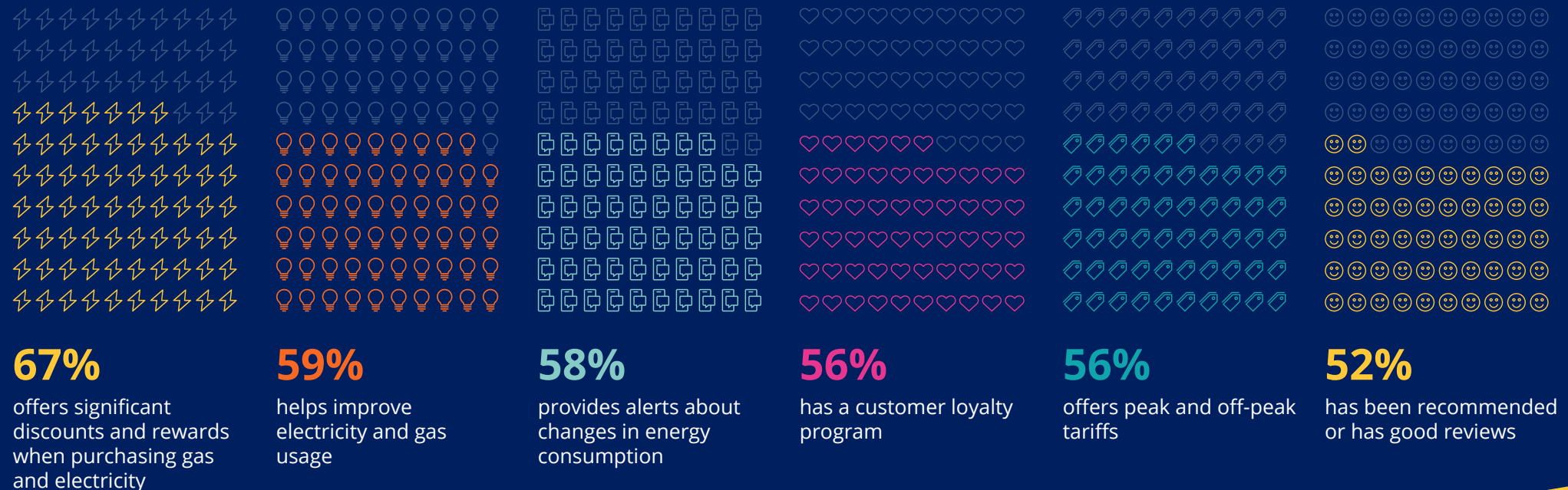
have experienced conflicting responses, messages or offers



This reinforces the low levels of engagement (proactive or otherwise) from both retailers and their customers. A lot of change is required in order to catch up and move beyond competing simply on price.

Attracting customers and building relationships

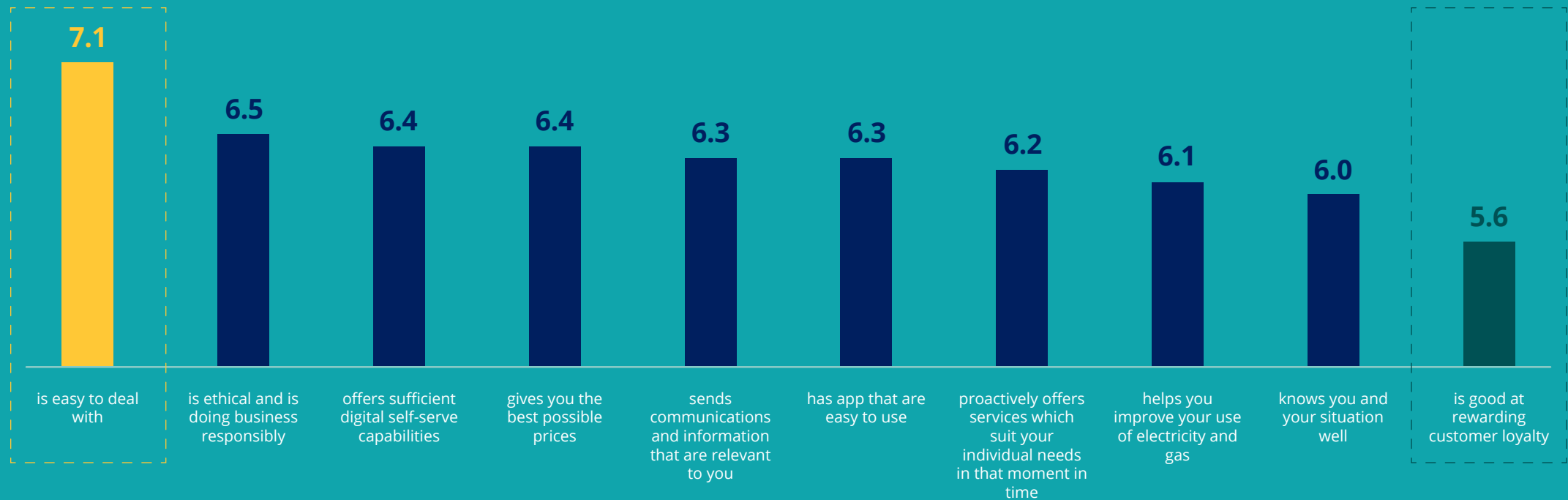
A number of factors come into play as Australians choose their energy provider, however the number one driver is price (84%); while the distribution of renewable / green energy is also a small consideration (53%), as long as it doesn't mean increased costs. Other important factors include:



However, it's one thing for providers to attract *new* customers, and another thing to develop relationships with them, as Australians indicate **the number one driver of satisfaction is how easy the organisation is to deal with**. This means, if providers wish to build relationships and maintain satisfied customers, customer experience must be a priority.



Number 1 driver of satisfaction



On the flip side, there is an area consumers see as a weakness in providers' pursuit for customer satisfaction – lack of rewarding customer loyalty. Consumers feel the longer their tenure with a provider, the more benefits and rewards they should receive... but that's not happening.

While many providers offer cashback loyalty programs and discounted movie tickets, it's simply not enough. Most brands have these programs now, so this "reward" can be achieved anywhere.

Providers need to show customers, they know who they are.

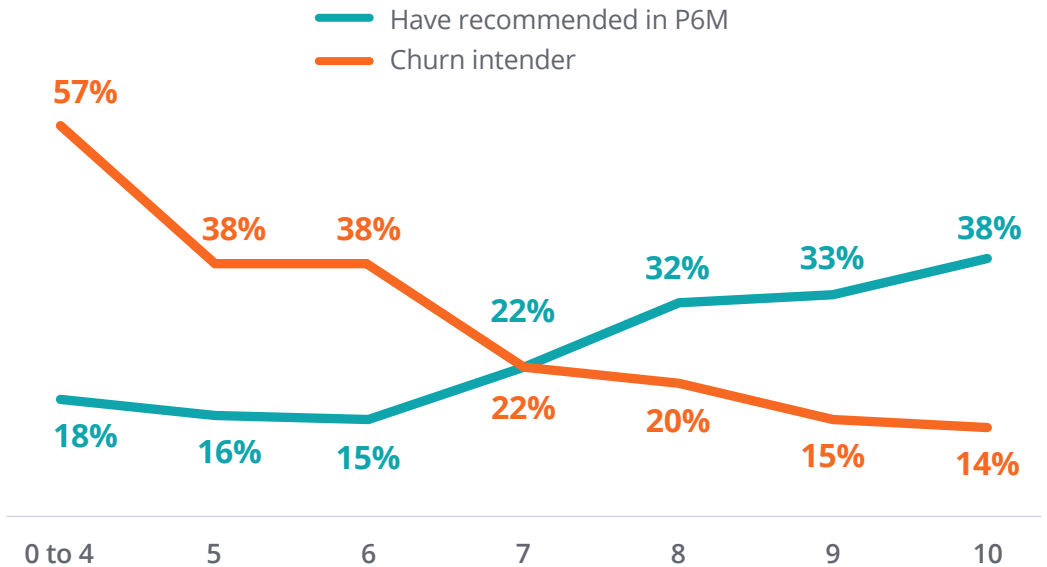
By better using customer data to send personalised offers, providers will show customers they know who they are. This can be achieved by performing “health checks” to offer customers better plans based on their usage, or proactively analysing why a particular bill was high in a given month and offer to pay it off in installments.

In addition, providers should show customers they’re using data for the customer’s own benefit. For example, rather than just providing usage analysis, use the data to educate customers on how their energy is being used and how they can become more efficient.

By personalising engagements and rewards, providers will show customers they know them, which will lead to trust. And with trust, comes longevity in the relationship.

It’s important providers understand customer engagement is a two-way street. Providers are increasingly collecting more and more data, which in return should be used to have more contextual conversations with customers.

How much, on a scale from 0 to 10, do you agree or disagree that your main insurer *is easy to deal with*.



Base: All respondents with main energy provider



Positive customer relationships lead to expansion

As previously mentioned, price is a driving factor behind consumers' decisions to invest with a specific provider; but having satisfied customers and building positive relationships is most important in the long-term.

While customer satisfaction should be all the motivation required to build customer relationships, there is extra incentive – expansion of services.

As many organisations expand their services (e.g. energy providers offering telecommunication services, etc.), they face a challenge in getting Australians to combine services with one provider. For example, only 33% would consider having their energy and internet with one provider. In order for consumers to extend their services with their provider:



An excellent relationship is required

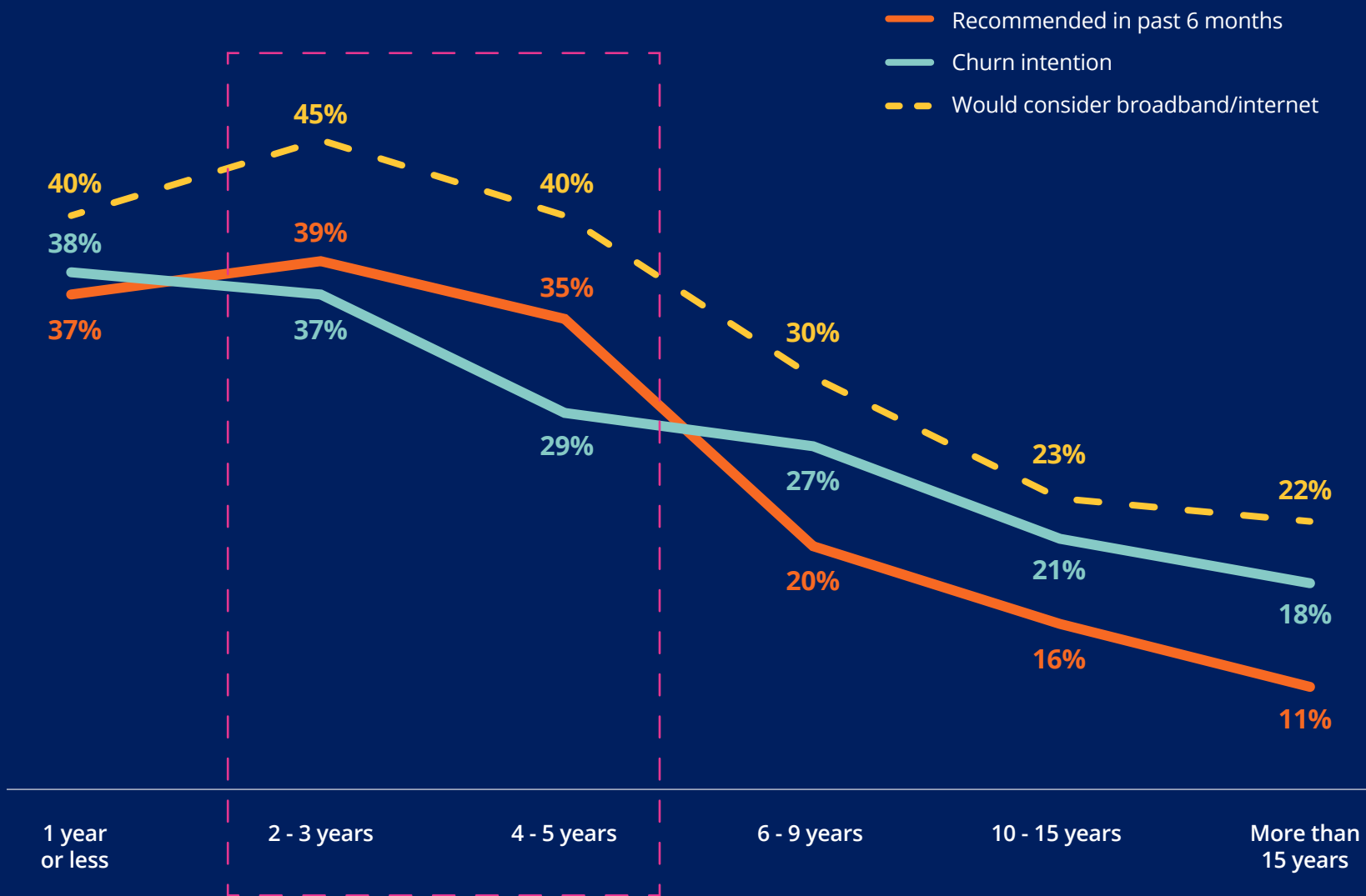
If the relationship is not already strong, consumers will not trust their provider to effectively deliver additional services. Given providers interact with customers so little, it's important the interactions they do have are positive and elevate the relationship, as a negative interaction will have a long-lasting impact.



The right amount of tenure (2-5 years).

This is seen as the window of opportunity as there has been enough time to be unhappy or happy. Any longer and consumers engage and care less, giving little thought to their provider as they're content with the way things are.

Tenure with main provider





Achieving the gold standard of customer experience

Every organisation wants to be known as customer-centric, but very few understand exactly what this means. Here are the **5 steps** energy providers can take to achieve the gold standard of customer experience:

- 1 Proactively engage and support customers**
Provide customers with information that is pertinent to them. Take summaries of energy usage one step further and proactively talk to customers when their energy increases, and discuss what they can do to minimise it. Invest in high-value customers before they leave.
- 2 Treat customers as individuals**
No two customers are the same, so take the time to understand them; know which ones need educating, which need nurturing, and which need to be left alone.
- 3 Optimise every interaction**
Understand a customer's situation and react accordingly – real-time is critical in doing this, delay your outreach and it might be too late.
- 4 Give customers a reason to engage**
Create opportunities for conversation and have them on the customer's preferred channel – not everyone likes speaking on the phone, email, etc.
- 5 Think about the long-term relationship**
Don't always sell to the customer, invest in the relationship, and understand their needs – be empathetic. Getting increased revenue from them is a result of thinking about them first.



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