



Do customers understand their utility bill? Do they care? What utilities need to know

By Bill LeBlanc

January 21, 2016



When customers read their energy bill, many of them don't understand what they're buying or how they're being charged, but it's certainly not because they don't care.



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The power bill has been part of the American budget and psyche for the past century, with electricity bringing great benefits to households while also producing anxiety or even dread when that monthly bill hits the mailbox or inbox. E Source recently completed a detailed North American market research study on energy bills. Anybody who's attended a consumer-oriented energy conference in the past four years has heard that "the average consumer spends only nine minutes per year thinking about energy." This oft-repeated data point (or some version of it) is a misquote from a [2010 Accenture study](#) (PDF) that says, "TMJ Do Customers Read and Understand Their Energy Bill?"

First, we asked about the amount of time respondents spent "looking at and paying your electricity bill." The average was 114 minutes per year, while the median was 60 minutes per year. This is an order of magnitude higher than conventional wisdom and clearly indicates that customers do in fact care. We also dug into how much time they spent "thinking about and studying issues regarding your home's energy use." The average amount of time was 5.5 hours per year, while the median was 2.0 hours per year. So although home energy usage may not be as top of mind as Kim Kardashian, fantasy football, or the Kardashians, it is still a significant part of many people's lives. These results tie to two additional key questions we explored: Do customers understand their bills and how they are charged, and do they care? Interestingly, customers indicated a fairly low level of understanding of their bill and the way they're charged for electricity. But they demonstrate a high level of concern about their bills. Do Customers Know What the Bill is Telling Them? We also asked customers about their understanding of the terms they see on their utility bill. About half of the customers said they understood the terms kW and kWh; the other half were only somewhat or not very familiar with these basic building blocks of the utility bill. When we introduced common terms like kWh and kW, we found that utilities use a lot of terminology that customers don't understand. The terminology that utilities use in bills and communications about rate and pricing options has an important impact on customer perceptions and decisions. For example, we asked about customers' emotional reaction to 24 terms commonly used in describing rates, pricing, and other product options. Filling the Knowledge Gap There's a clear knowledge gap and an opportunity for utilities to educate customers on how they're charged for energy and what their bill is telling them. What if utilities took the time to educate customers about energy terminology and how they're billed for energy usage? Would it make a difference in how customers feel about their bills? Utilities will need to discover many more ways to engage their customers, as there is a long road ahead in transitioning rates from the old world to the new world. Customers will discover that understanding pricing becomes even more important as they adopt new technologies to better manage their bills. To learn more about the market research study behind these results, watch the [archived web conference](#).

About the Author



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Bill has more than 20 years of experience in strategic marketing, new product development, pricing, market research, demand-side management, and social marketing. He focuses on helping utilities understand the intersection between the customer and the utility's products and services, and he specializes in helping utilities understand their customers' needs and expectations.

Talk back!

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