Channel Preferences of the Future

Emerging Trends Among Customers

Lisa Schulte

Associate Analyst, Customer Experience

E Source

February 2018

Contents

E Source Predictions for Future Channel Preferences

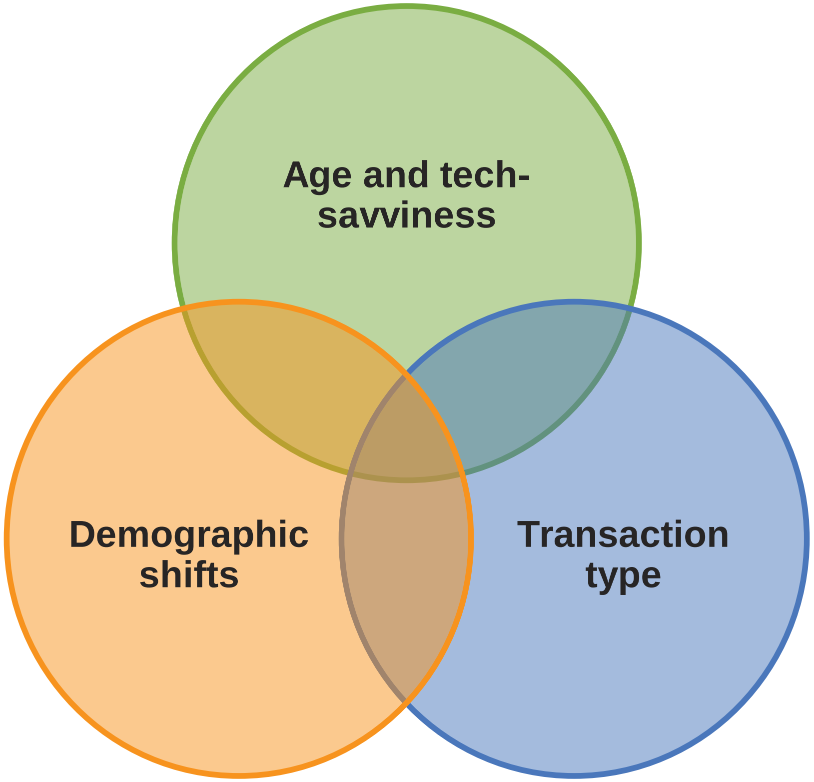
Future Channel Preferences

Customers have more ways of interacting with you than ever before. Through their smartphones alone they can call your customer service department, transact through your mobile app, post to your social media page, or visit your corporate website. And no matter which channel they use, they expect a seamless, omnichannel experience.

For utilities seeking to provide a great customer experience (CX), understanding which channels customers use and how they use them is invaluable information. Anticipating and optimizing your customer channels will help you maintain a great experience as new channels emerge and customer demographics shift.

Here we make some predictions about future channel preferences as well as outline current preferences demonstrated in the E Source Residential Customer Insights Center and E Source Omnichannel Survey.

Future Channel Preferences (cont.)



When predicting your customers' future channel preferences, you should consider three factors.

Age. Look at preferences among younger age groups. These populations adopt new technology earlier and will garner increasing influence in the marketplace. The channels they prefer will mostly likely gain traction across larger populations. Additionally, regardless of age, those who show a higher degree of tech-savviness will determine future trends.

Shifting demographics. Understand the unique channel preferences that specific ethnicities and racial groups in your service area demonstrate, as they will gain wider adoption as these populations grow. For example, Hispanic customers in the US prefer to interact mostly by phone and email.

Transaction type. Certain channels align better with specific transactions. Customers preferring calling to report outages but emailing to seek information on energy efficiency. Understanding and optimizing channels used for each touchpoint will provide a well-functioning, omnichannel customer experience.

Predictions

Looking at current channel usage and customer preferences derived from E Source market research, we can make a few informed predictions.

Omnichannel expectations will continue to rise. Younger age groups demonstrate an expectation of omnichannel coverage when interacting with a utility. They show greater usage and preference for a variety of channels, indicating that utilities cannot rely on traditional channels such as phone and email to provide a great customer experience.

Online chat, mobile apps, texting, and social media will gain popularity, but usage will be targeted to actions that are intuitive to the technology. Customers' preferences vary depending on the task they want to accomplish, so utilities should be aware of different demands for different interactions. For instance, texting sees greater demand among customers for direct interactions such as reporting an outage, whereas emailing gets more use for tasks such as procuring energy-usage information or learning about energy-efficiency programs.

Online chat is more important to customers than utilities believe. In the E Source Omnichannel Survey, we found that utilities ranked chat the least important of the eight surveyed channels, but customers placed it ahead of mobile apps, social media, and texting.

Predictions (cont.)

Phone will remain the preferred means of reporting an outage. According to data from the E Source Residential Customer Insights Center, phone is the dominant way customers currently prefer to report outages. Though younger-aged, Hispanic, and Asian customers are less likely to prefer this channel than their counterparts are, it's still their top choice by a large margin.

Website will remain an important channel for customers contacting utilities, especially for tasks that are easy to self-serve. Website preference is high for actions such as paying a bill and seeking usage and program information. Overall it was the most-used means of interaction with a utility.

Hispanics express greater preference for emerging channels. Hispanics are one of the two fastest-growing minorities in the US, and their preferences hold increasing influence on consumer preferences overall. This group shows markedly higher preferences for mobile apps and text messaging than other respondents do.

Email is an important channel for Asian respondents. As Asian populations increase in both the US and Canada, their preferences will become more pronounced in the overall market. This group selected email as its most-preferred channel for all utility interactions surveyed except for outage reporting.

Channel Preference Data in the Residential Customer Insights Center

The Residential Customer Insights Center allows utilities to gather information about their residential customers' energy-usage behaviors and attitudes around energy consumption. The data are drawn from The Nielsen Company's Energy Behavior Track annual online survey of approximately 32,000 US residential customers, conducted in partnership with E Source.

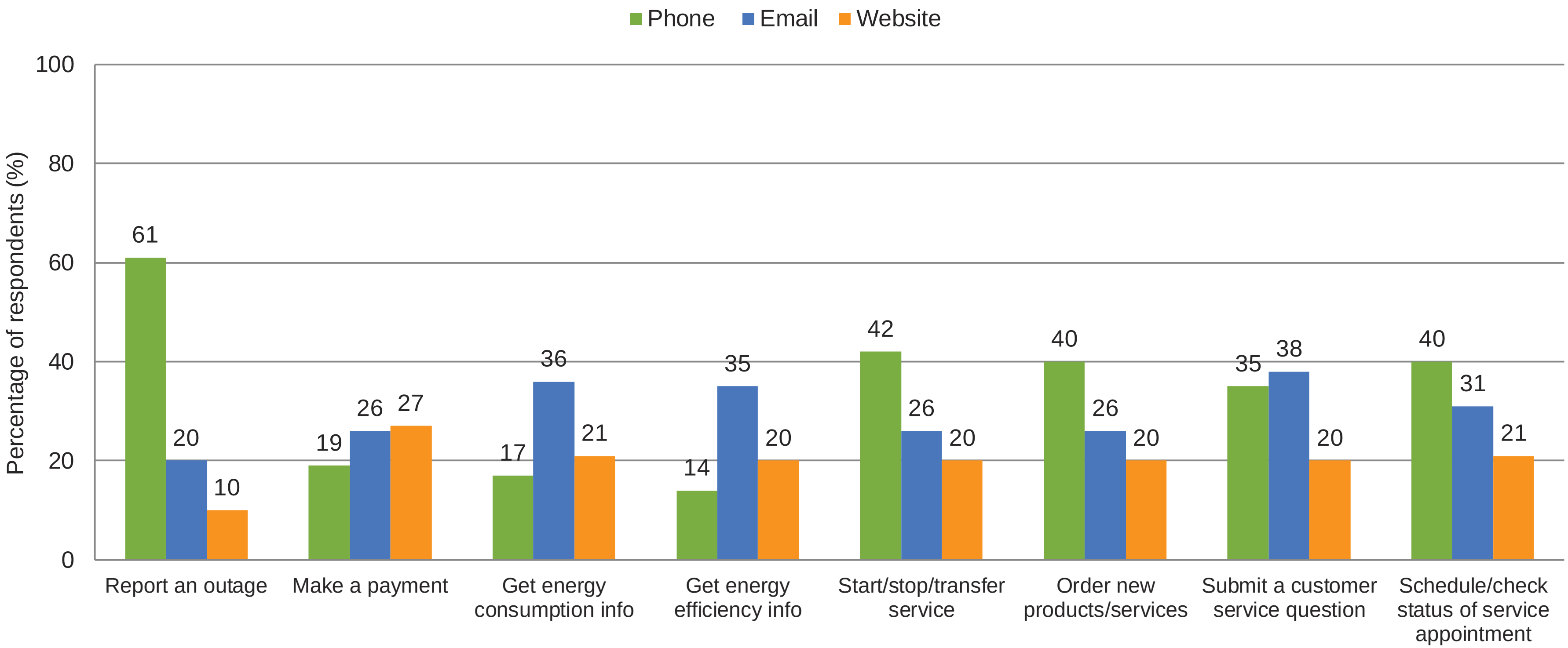
Included in the survey is an assessment of channel preferences for eight frequent interactions customers have with their utility, including outage reporting, making payments, and submitting a customer service question. The data highlight preference differences by demographic and geography (US Census region, state, and service territory) as well as how channel preferences vary by transaction.

Learn more about the Residential Customer Insights Center.

Customer Demographics and Current Channel Preferences

Top Channel Preferences

Customers prefer mostly email, phone, and the utility website to reach their utility, but their preferences vary depending on the action they want to take. This variance emphasizes the need for utilities to provide an omnichannel experience that allows customers to connect with their utility in the manner they prefer, no matter what they are aiming to achieve.



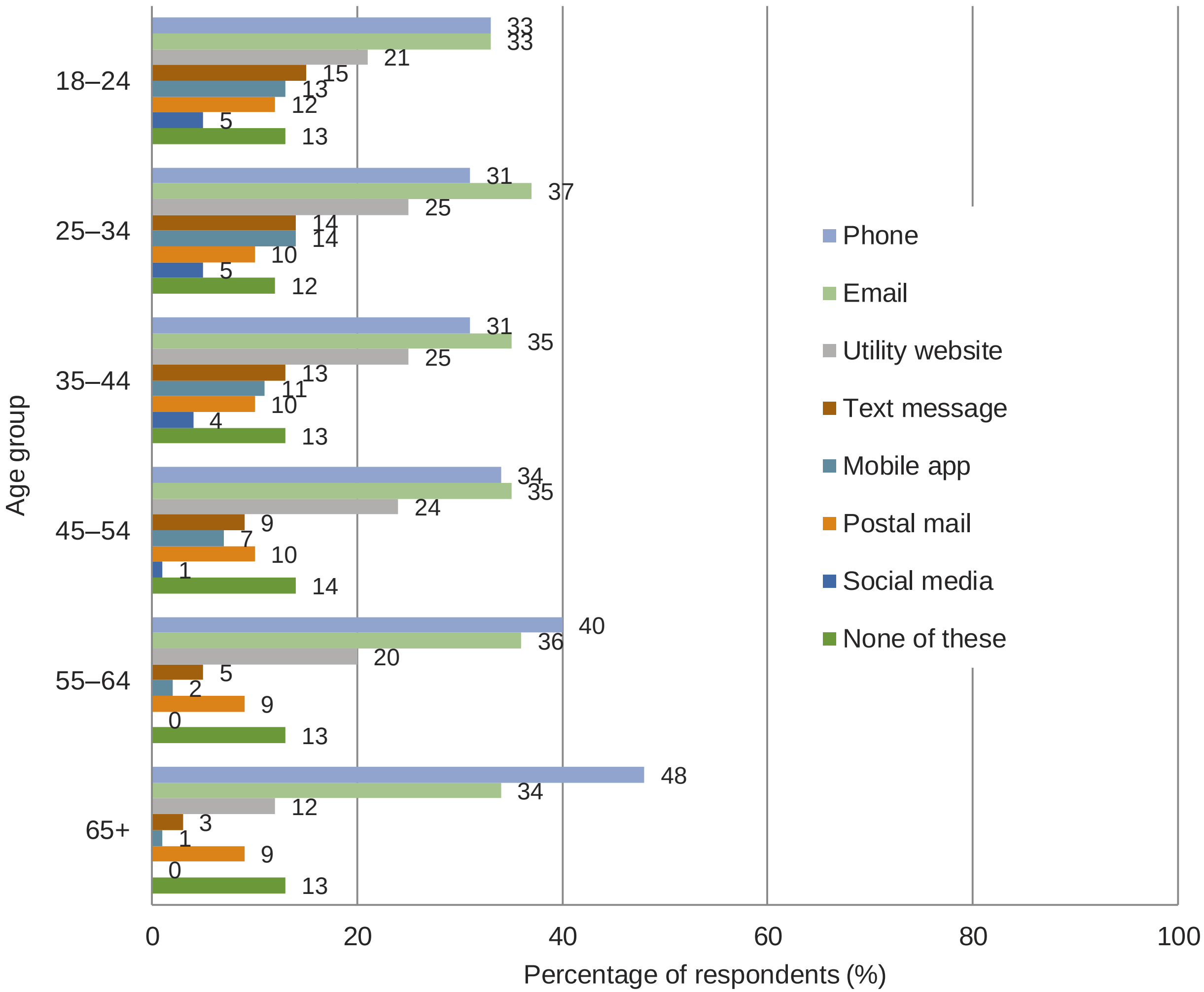
Base: Customers who use electricity or natural gas in their primary residence (n = 31,303). **Question A9/A18:** Which ways would you prefer to contact your electricity or natural gas provider regarding the following? (select all that apply). **Note**: Only three of the eight channels respondents could select are shown in this analysis.

Rising Channel Preferences: Younger Age Groups

Younger age groups demonstrate a greater desire for an omnichannel experience, indicating this is a key CX strategy for utilities. Those under 34 express a higher preference for texting, mobile apps, and social media channels than older groups do, where preferences for these channels drop significantly as age increases.

However, these technologies still fall well behind preferences for phone, email, and the website, suggesting they will not overtake more-traditional utility interaction methods in the near future.

The chart to the right specifically illustrates these trends when it comes to customer service interactions.

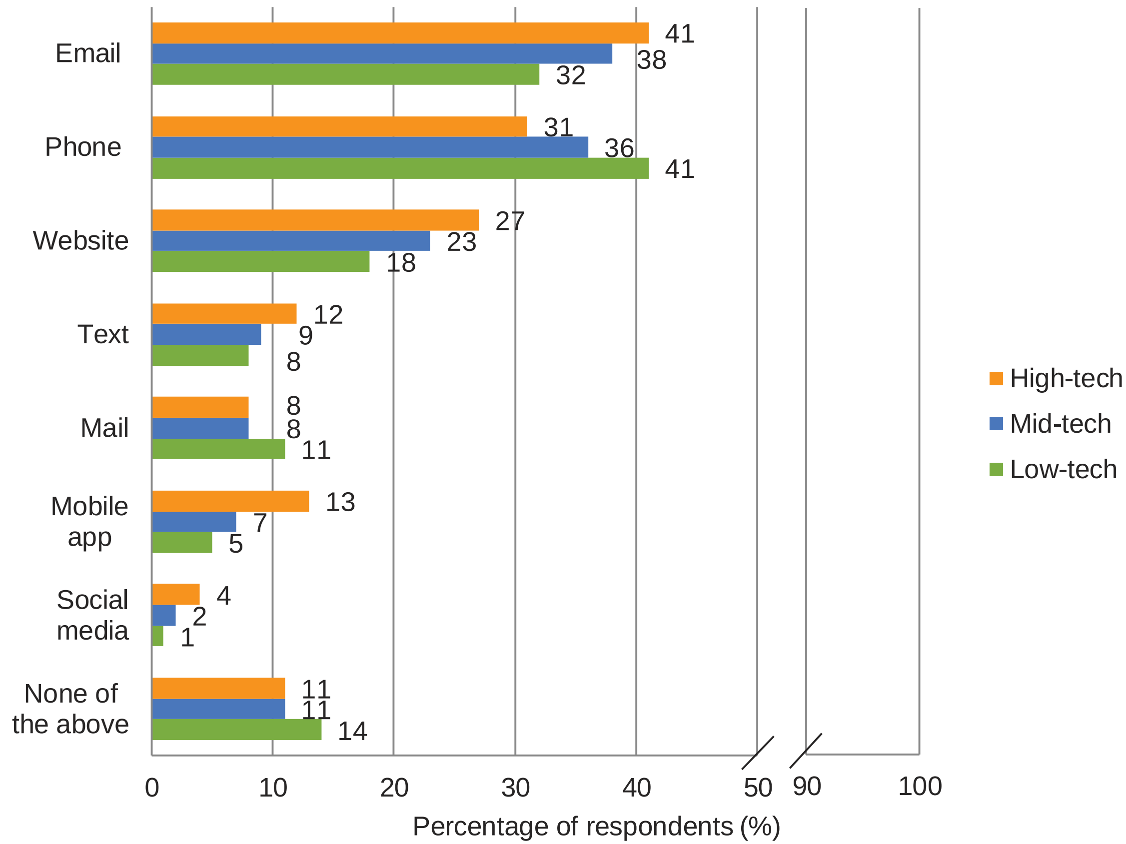


Base: Customers who use electricity or natural gas in their primary residence, 18–24 (n = 2,565), 25–34 (n = 6,744), 35–44 (n = 5,157), 45–54 (n = 5,498), 55–64 (n = 5,302), 65+ (n = 6,037). **Question A9/A18:** Which ways would you prefer to contact your electricity or natural gas provider regarding the following: submit a customer service question? (Select all that apply).

Rising Channel Preferences: Early Tech Adopters

Tech-savvy customers are more likely to embrace emerging technologies and a greater range of channels. For example, when they want to ask a service question, tech-smart groups use more-sophisticated channels such as email, the utility website, text, mobile apps, and social media.

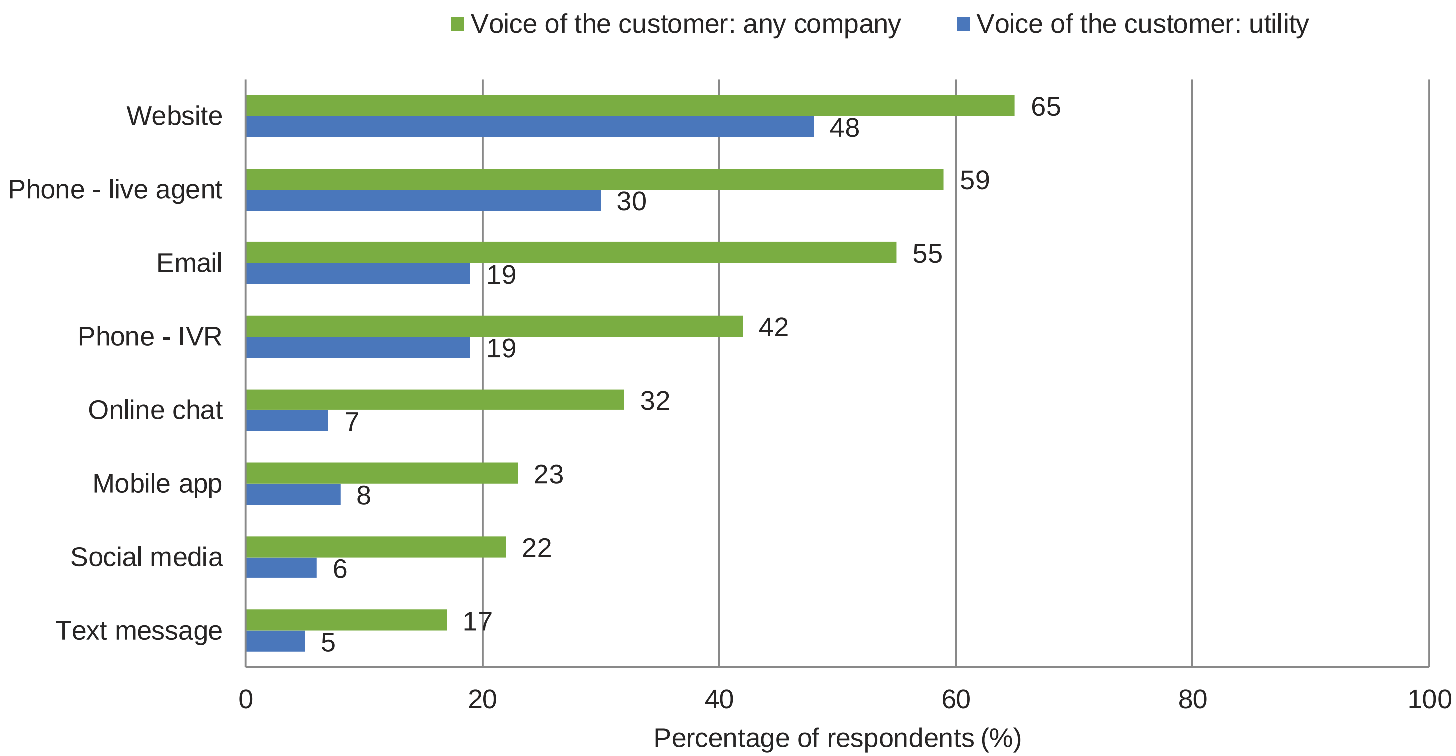
This population tends to set trends, so utilities should look at "mid-tech" customers to predict the channels that will see mainstream adoption in the near future.



Base: Customers who use electricity or natural gas in their primary residence; high-tech (n = 7,591), mid-tech (n = 10,925), low-tech (n = 10,163). **Question A9/A18:** Which ways would you prefer to contact your electricity or natural gas provider regarding the following: submit a customer service question? (Select all that apply). **Note**: Respondents not assigned to a Connexions segment not included. Degree of tech savvy determined by Nielsen's ConneXions Segmentation: **High-tech** segments are the technology trendsetters—they are the most likely of all segments to be the first to try every new technology; **mid-tech** segments are a bit more selective about the new technologies they will try, although it is unclear if savvy or salary is driving the hard choices—they are frequently heavy users of one particular product or service while lagging in other products; **low-tech** segments are those with big dreams and low budgets—many would adopt more technology products if they could afford to.

Current Channel Usage

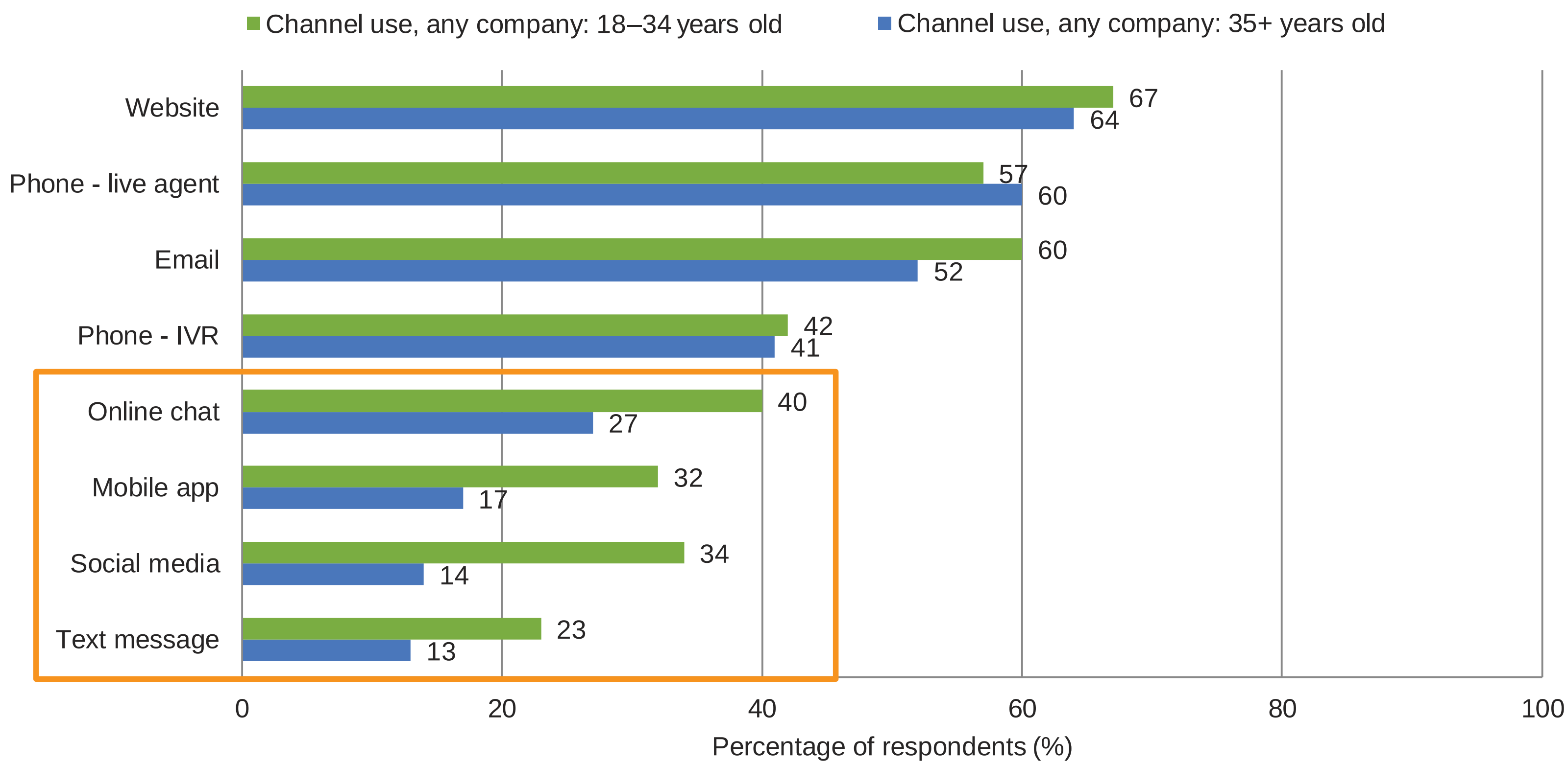
Current channel usage, evaluated in the E Source Omnichannel Survey, supports the customer preferences we saw in the Residential Customer Insights Center data. Customers most frequently use the website, phone, and email to interact with their utility. They also use the utility interactive voice response system.



Base: Any company includes total sample (n = 802) and utility includes respondents who have interacted with their utility in the past 3 months (n = 507). **Question S1_7:** In the past 3 months, I have interacted with any company via…[channel] (Select all that apply). **QS1_8:** In the past 3 months, I have interacted with [utility] via…[channel] (Select all that apply). **Note:** IVR = interactive voice response system..

Channel Usage by Age

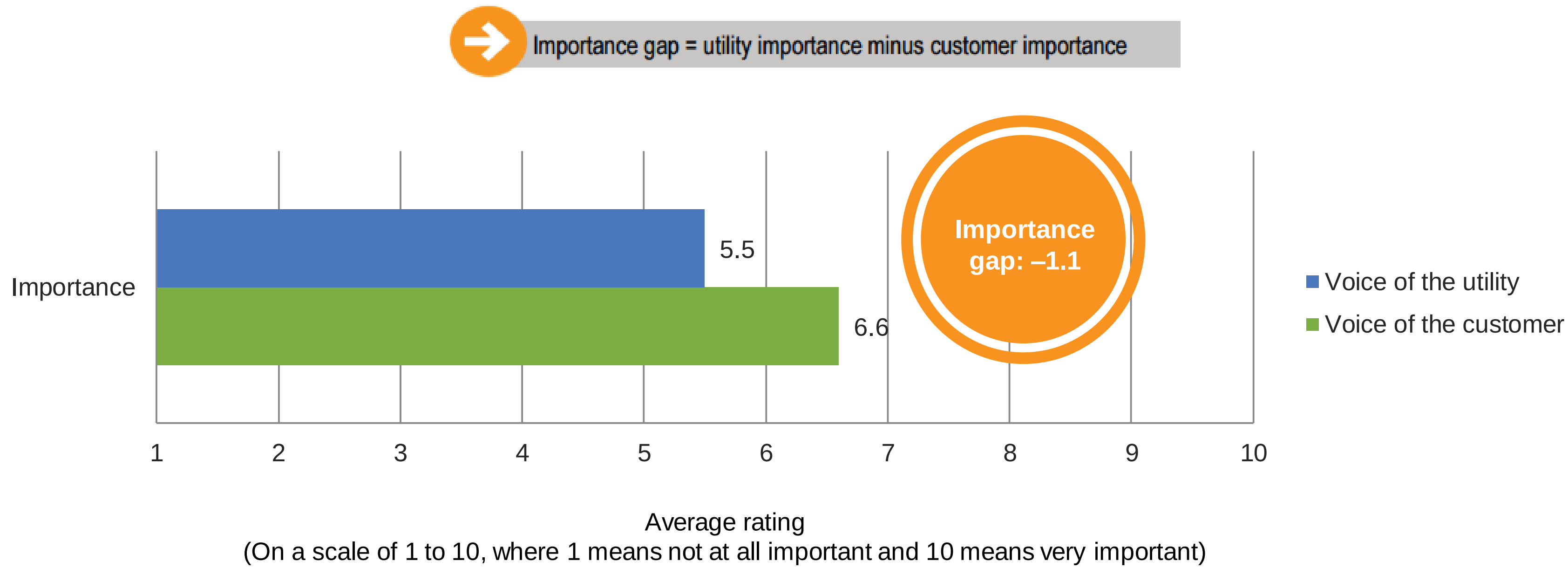
Customers under 35 use the utility website, email, phone, online chat, mobile apps, social media, and text messaging more than their over-35 counterparts. Though these channels are not widely used for utility-specific interactions (see previous slide), their higher usage outside the utility industry and among younger age groups indicates a growing preference for these contact methods.



Base: Customer respondent sample by age. Age 18–34 (n = 333), age 35+ (n = 469). **Question S1_7:** In the past 3 months, I have interacted with any company via…[channel] (Select all that apply).

Rising Demand for Online Chat

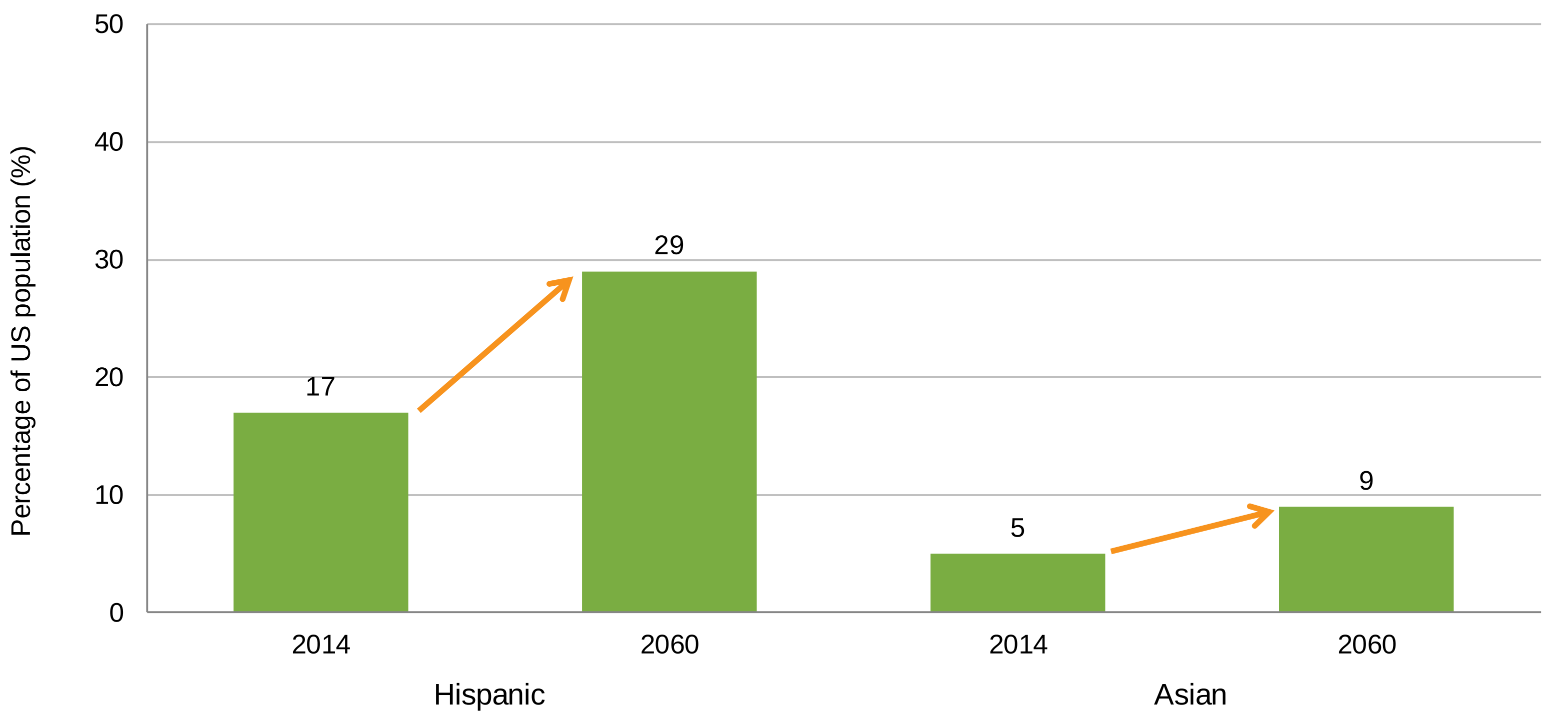
Utilities rank online chat least important of all channels, but customers rated chat's importance higher than the importance of mobile apps, social media, and texting. Furthermore, 40% of customers under 35 (and 32% overall) have used this channel to interact with a nonutility company in the past three months. Because of its high use among younger people and outside of the utility industry, we predict that chat will see growing preference among consumers.



Base: Importance includes total customer sample (n = 802) and total utility sample (n = 44 utilities). **Question S3_1:** Using a scale from 1 to 10, where 1 is not at all important and 10 is very important, how important is it that a company offers you the following ways to interact with them? **QS2_4:** On a scale of 1 to 10 where 1 is not at all important and 10 is very important, rate the importance of providing online chat as a method for customers to interact with your company.

Demographic Shifts

Hispanic and Asian minority groups are the two fastest-growing ethnicities in the US, and the US Census Bureau predicts these groups will occupy a significantly greater proportion of the US demographic by 2060. As these minorities come to occupy more space in the US market, their channel preferences will be adopted by other populations.



© E Source; data projections from Projections of the Size and Composition of the U.S. Population: 2014 to 2060 (PDF), US Census Bureau

Demographic Shifts (cont.)

Hispanics display more-mixed preferences than other demographic groups, choosing to contact their utility via phone and email. They also show greater adoption of emerging channels like mobile apps and texting.

Asians show a strong preference for email as a channel. They prefer this channel for all tasks except reporting an outage, where email is second at 30 percent.

Transaction	Channel preference of non-Hispanic whites (%)	Channel preference of Hispanics (%)	Channel preference of Asians (%)
Report an outage	Phone: 64%	Phone: 50%	Phone: 51%
Make a payment	Website: 27%	Email: 29%	Email: 37%
Get energy consumption info	Email: 36%	Email: 36%	Email: 43%
Get energy-efficiency info	Email: 35%	Email: 36%	Email: 42%
Start/stop/transfer service	Phone: 43%	Phone: 36%	Email: 37%
Order new products/services	Phone: 41%	Phone: 33%	Email: 35%
Submit a customer service question	Phone: 39%	Email: 36%	Email: 44%
Schedule/check status of service appointment	Phone: 41%	Phone: 34% Email: 32%	Email: 39%

Base: Customers who use electricity or natural gas in their primary residence; white (n = 20,103), Hispanic (n = 5,349), Asian (n = 1,620). **Question A9/A18**: Which ways would you prefer to contact your electricity or natural gas provider regarding the following? (Select all that apply). **Note**: Other race categories not included in chart.

Resources

Residential Customer Insights Center, E Source (2015)

Omnichannel Survey, E Source (2015)

ConneXions Segmentation, The Nielsen Company (2015)

Projections of the Size and Composition of the U.S. Population: 2014 to 2060 (PDF), US Census Bureau (2015)

About E Source

For 30 years, E Source has been providing market research, data, and consulting services to more than 300 utilities and their partners. This guidance helps our customers advance their efficiency programs, enhance customer relationships, and use energy more efficiently.

Have questions additional questions about utility customer experience and digital channels and trends? Call us at 1-800-ESOURCE (1-800-376-8723) or email us.