From DSM to CSM™
Turning the Customer of the Future into a Future Customer

Customer Experience
Demand-Side Management
Customer-Side Management
Distributed Resources

E Source
Utilities can feel the change in the air. It’s different from any change they’ve previously experienced because it’s being driven by customer choice. With the proliferation of solar, smart thermostats, electric vehicles, and home automation, as well as the emergence of lower-cost battery storage, customers have more energy-related options than ever before.

These choices are likely only the beginning of a broader disruptive revolution that utilities will face in the coming years, and they generate important questions such as: How can utilities transition from their current reactive and large-ly defensive market position to one in which they’re driving the dialogue with customers? How can utilities become a trusted energy partner instead of just a reliable source of power? Are utilities focusing on the right metrics that will help them become essential in tomorrow’s energy marketplace?

Historically, utilities have risen to the challenge of aggressive demand-side management (DSM) goals, high reliability and low rates, and strong customer service goals, but we consistently hear from utilities that the departments responsible for these areas work in isolation. Successful utilities will need to take a holistic and aligned approach to customer needs. Customers want to be comfortable, productive, self-reliant, and secure—all of which can be provided by electricity and gas—yet many still perceive their utility as only a small piece of this life puzzle.

To change this perception, utilities need to start thinking of customers as proactive business partners who are capable of supporting a wide range of utility goals. E Source calls this shift Customer-Side Management™ or CSM™. CSM highlights the strategic importance of DSM as the critical gateway to a more relevant and trusted customer relationship. It represents the intersection between DSM, distributed energy resources, and customer experience.

The essence of CSM is this: Utilities must place customers at the center of their business strategies, planning initiatives, and implementation efforts if they hope to remain relevant to future energy consumers.

Fortunately, utilities have a head start in this transition because of two major advantages.

**Utilities have been interacting with their customers via DSM programs for years.** Research shows that utilities can increase customer satisfaction and brand trust by offering energy-efficiency and demand-response programs. According to The Nielsen Company’s 2014 Energy Behavior Track survey—an annual survey of 32,000 US residential customers conducted in partnership with E Source—a higher proportion of customers who participated in three or more DSM programs in the previous
year gave “excellent” or “very good” customer satisfaction ratings than those who did not participate in a utility program. Given these findings and the maturity of many DSM departments, DSM programs can and should serve as the foundation for the next generation of customer-engagement strategies. Utilities can build on their established DSM organizations, networks, channels, and customers to support a robust suite of customer-facing services and options.

Utilities are already a trusted source of information for their customers. When asked who they trusted most to provide information on saving energy in their homes, residential customers most commonly selected their utility—26 percentage points higher than any other group, including their colleagues, friends, or neighbors. Business customer sentiment was even more encouraging: About 6 in 10 business customers selected their utility as the most trusted resource for energy-efficiency advice, according to 2014 E Source surveys of key account customers and small and midsize business customers.

Moving from DSM to CSM is about optimizing the customer experience today so utilities can work with customers to optimize the grid in the future. By uniting the efforts of their DSM, distributed energy, and customer experience departments, utilities can use best practices to design services and solutions that support a customer-centric delivery model.

Will all utilities need to embrace a holistic service model that seamlessly incorporates new value-added services, options, and partners into its business? Maybe not right away, but every utility should understand how an energy future driven by empowered customers will affect their bottom line.

The time to start planning for CSM—the intersection of DSM, distributed energy resources, and customer experience—is now because this shift will take time and its implications are profound. Because the ways customers perceive their utility will make a tangible difference in the decisions they make about energy, CSM will require more market research, better customer segmentation, improved metrics and feedback management, enhanced journey mapping exercises, and sophisticated customer experience management strategies.

And regardless of whether utilities take these steps to optimize a DSM program or a community solar offering, the insights they provide will be critical for other business initiatives. For the successful utility of the future, it won’t just be about delivering good products and services, but how those products and services are delivered. The change in the air stems from increased customer choice and empowerment, so let’s build on our strong DSM foundation to create integrated solutions that customers want and utilities need. Let’s move from DSM to CSM™.
Contact us

For more information on how E Source can help you, email esource@esource.com or call 1-800-ESOURCE.