

CSIS Customer Engagement

Qualitative Research Findings

Prepared for: CitiPower, Powercor and United Energy

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Research Objectives and Methodology

Phase 2 (Test and Contextualise): Business Challenge and Research Objectives

Business Challenge

- Develop a Customer Service Incentive Scheme (CSIS) for CitiPower, Powercor and United Energy that meets the principles outlined by the Australian Energy Regulator (AER); and
- Enhance the value of the CitiPower, Powercor and United Energy networks by understanding the value that customers place on their services and what influences perception of these services.



Research Objectives

- Understand and contextualise the value that customers place on the customer service provided by the network to inform the design of the CSIS incentive;
- Understand current perceptions of CitiPower, Powercor and United Energy networks.

Test and Contextualise – Research Approach

Who we spoke to:

	Methodology	Citipower	Powercor	United Energy	Total
Residential customers	Two-day online discussion boards	15	15	15	45
Small Business Customers	In-depth interviews	5	5	5	15
TOTAL		20	20	20	60

Research Objectives

- Fieldwork was conducted May 13-27, 2020.
- At least 50% of Powercor and United Energy customers had engaged with their distributor in the last 12 months.



Executive Summary

Executive Summary

1

Customers saw their distributor to be an enabler of modern life. Whilst some customers spoke about their experience with new connections, the most regular and important touchpoint with distributors was their experience during planned and unplanned outages.

Although customers would prefer to have less outages than more, there was a sympathy that certain outages were unavoidable and necessary and are therefore part of life. Purposefully reducing the amount of duration of planned outages was seen by many to jeopardise the quality of the grid in the long-term and was met with anxiety.

2

Regardless of the level of sensitivity towards outages across households and businesses, customers expressed a desire for their outage experience to be improved through more effective and efficient communications.

During an outage, minimal effort was prioritised by customers. Lack of effort was seen to be a by-product of effective and efficient communications from the distributor. Whilst there was some minor differences by network, the expectation was for the distributor to be proactive in this situation.

3

Facilitation of information and provision of resources to assist businesses and residents during a planned or unplanned outage is highly valued for customers to manage and plan their homes and businesses.

Based on this evidence, customers saw the highest value and the lowest risk improving their outage experience through superior:

- Speed and frequency of information;
- Accessibility of information (through multiple, digital channels);
- Accuracy and usefulness of information.



Detailed Findings



Customer relationships with distributors



Positive customer experiences in adjacent industries involved organisations going ‘above and beyond’ to resolve customer problems

Customers were asked to discuss their positive customer service experiences outside of their relationship with their power distributor.

The majority of positive customer experiences referenced involved issue resolution and the organisation was often:

- **Fast;**
- **Empathetic to the customers needs;**
- **Honest about their errors.**

“

I believe the experience was positive because the customer service representative was empathetic and understood my frustration.”

- *United Energy Customer*



Customers no longer differentiate their service expectations across industries.

Similar expectations will be held of energy distributors by customers with respect to service.

These benchmark experiences took place across retail, hospitality, banking, insurance and telecommunications, reflecting **the consistency of expectations customers hold across industries**, with the exception of Government departments.



Customer relationships with their distributors were largely limited to interruptions to supply

Customers were often confused about roles in the energy supply chain, with the distributor often seen to act as an **“invisible enabler” of modern life**. Whilst there was mixed understanding of the role of a distributor, reliability of supply was considered paramount to modern life. Therefore, **customers referenced power outages (planned and unplanned) as the major reasons for interface with distributors.**

“

I rarely have to contact them as I rarely have issues.”

- *CitiPower Customer*

“

I don't really contact my distributor that often because I don't have any real issues with anything. I get a good price and a good supply.”

- *United Energy Customer*



Customer expectations of distributors

Residential customers expected adequate notice and advice regarding planned outages from their power distributors

“

Communication in advance is important in terms of the structure of my business and resources.”

- CitiPower SMB Customer

Overall, customers were conscious and respectful of the need for planned outages to carry out grid maintenance or improvements.

This was particularly true for Powercor and United Energy customers who had the most experience with planned outages.

Customer communications regarding planned outages included:

- Use of multiple communication channels for initial notification and reminder closer to planned outage. There was a **preference for the use of digital / electronic channels such as email or SMS**, as these were seen to be more reliable and more environmentally friendly than physical letters;
- **Advice and provision of technology** to help customers respond to outages;
- **Accurate information on ETR** and reason for outage;
- **Flexibility on when the outage would occur** for high-sensitivity customers.

Small businesses expected rapid and effective communication to navigate planned outages and minimise consequences for revenue and stock

The impact of unplanned outages on small businesses varied by industry and workplace type.

Businesses in hospitality and retail faced the largest risks, where loss of power could mean the loss of perishable stock such as food, or the inability to conduct financial transactions via EFT with customers.

Those in offices, faced far lower risk by comparison, where employees could uphold productivity if sent home to work.

In both cases however, desirable outcomes were contingent on speed and quality of information.

Knowing how long the outage would last affected decisions business continuity planning, such as what to do with perishable stock in the case of hospitality or whether to send employees home in the case of office-based companies.

Sensitivity to outages	High	Low
Workplace type	Restaurant/ café/ shopfront/ factory	Office
Industry	Hospitality / retail / manufacturing	Professional services
Most important capital to be prioritised during an outage	Perishable food, EFTPOS machine, production equipment.	Laptops, phones, general office equipment.
Attitude towards planned outage timing preference	“Not during production hours.”	“Preferably not during production hours, but if you do have to, let me know.”
Risk of an unplanned outage	High. Potential loss of stock (food) and loss of business (customers leaving and unable to pay electronically)	Minor. Able to send employees home if it is for an extended period of time
Unplanned outage behaviour	<ul style="list-style-type: none"> • Make sure customers are comfortable and not leaving • Ensure perishable stock is accounted for 	<ul style="list-style-type: none"> • Ensure all work is saved/ backed up • Work from café or from home
Most important services provided during an outage	<ul style="list-style-type: none"> • SMS as fast as possible • Quality of information (Expected Time of Restoration of high importance) 	<ul style="list-style-type: none"> • Real-time updates • Quality of information (Expected Time of Restoration of high importance)
Extra services of value before or during an outage	<ul style="list-style-type: none"> • Battery packs • Incentives for generators • In some cases, reparations for damages to profits, stock or assets 	<ul style="list-style-type: none"> • Advice on how to best navigate an outage

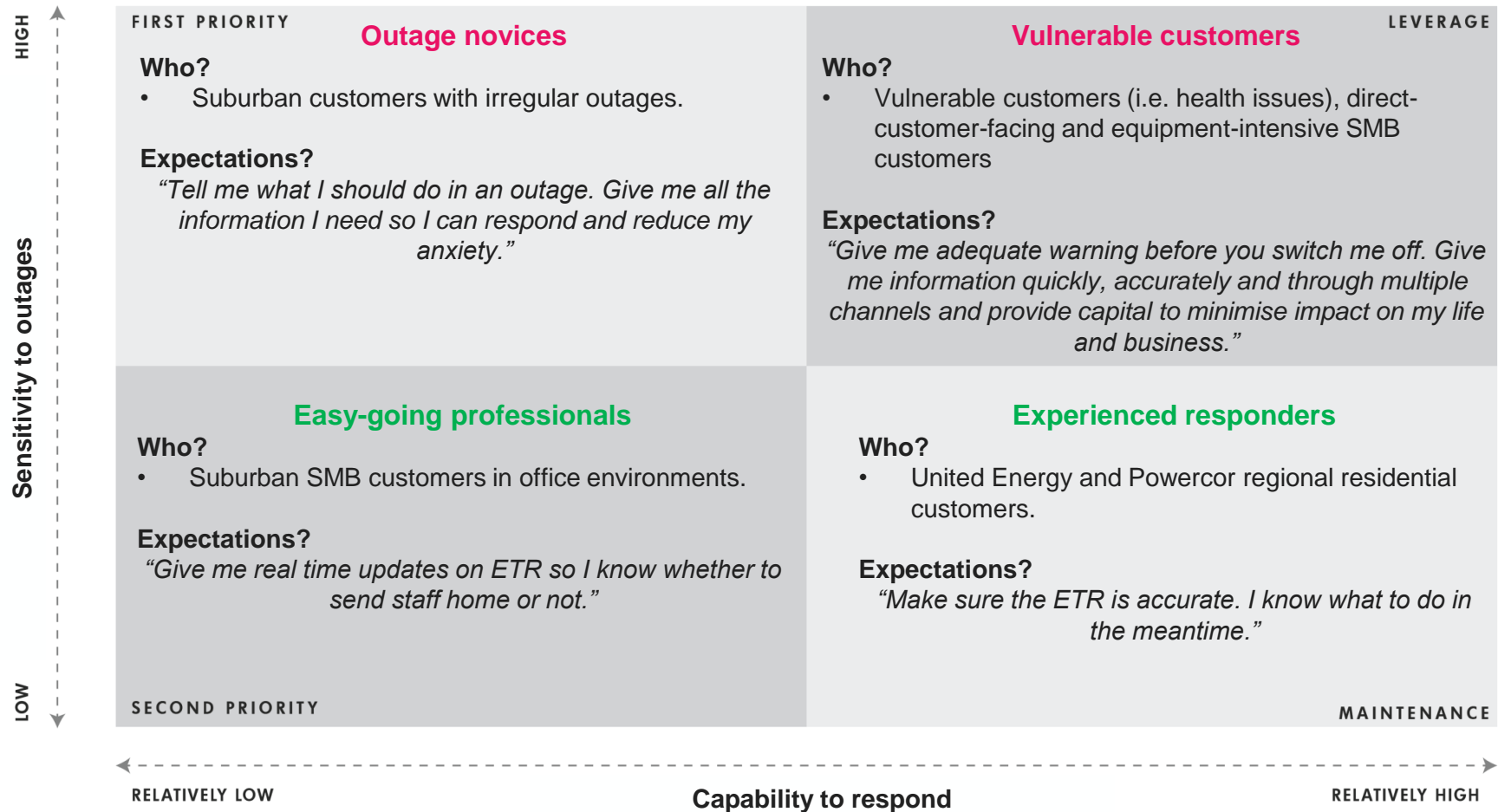


The worst case would be, we just go home and work at home.”

- United Energy SMB Customer

Sensitivity and capability to respond to outages influenced expectations of the distributor

Expectations of distributor during an outage



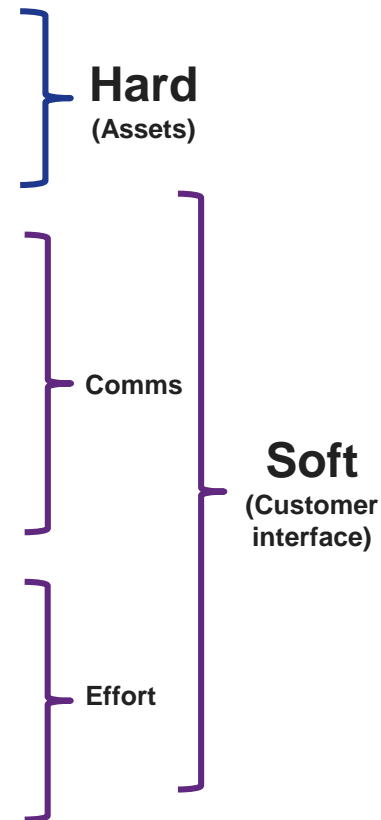


What services did customers value and expect improvement on?

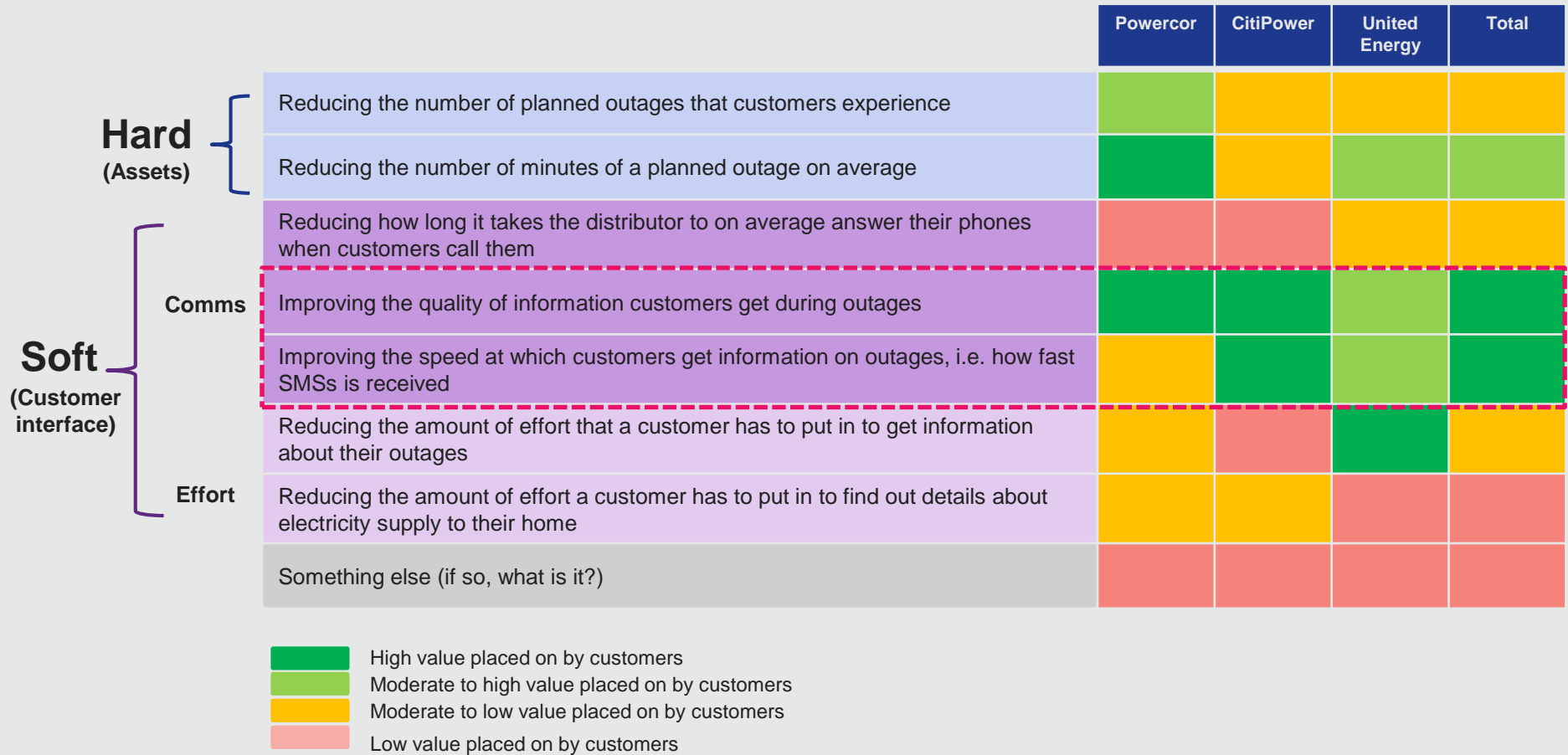
Customers across the three networks were asked what three areas they would invest in if they were the new CEO of their local distributor...

These are the areas that you can invest in:

- Reducing the number of planned outages that customers experience
- Reducing the number of minutes of a planned outage on average
- Reducing how long it takes the distributor to on average answer their phones when customers call them
- Improving the quality of information customers get during outages
- Improving the speed at which customers get information on outages
- Reducing the amount of effort that a customer has to put in to get information about their outages
- Reducing the amount of effort a customer has to put in to find out details about electricity supply to their home
- Something else (if so, what is it?)



Customers from all networks prioritised more effective and efficient communications during outages



Network capabilities shaped customer experiences and subsequent priorities for improvement



Powercor (particularly regional) customers experienced planned outages frequently and were therefore adequately equipped to handle outages when they did occur.

- Priorities were diverted to what they saw as the route of the problem, being placed on reducing the frequency and duration of such outages.



CitiPower customers were the least exposed to outages, as the most central and highly serviced. The resulting impact was a sense of anxiousness regarding any such outages and demand for information as to what to do in such a situation.

- Priority was therefore placed on the speed and quality of incoming communications regarding planned outages.






United Energy had the poorest communication capability and an average outage frequency and duration similar to Powercor.

- This resulted in a spread of priorities over reduced effort during a planned outage, through an emphasis on speed and quality of incoming communication, but also reduced duration of planned outages when they did occur.

Three services in particular were prioritised by customers of the three networks.

Three services were more frequently valued highly by customers:

- 1** Improving the **quality of information** customers get during outages 
- 2** Improving the speed at which customers get information on outages 
- 3** Reducing the number of minutes of a planned outage on average. 

Improving the quality of information received during outages meant receiving more detail, more often and through more channels

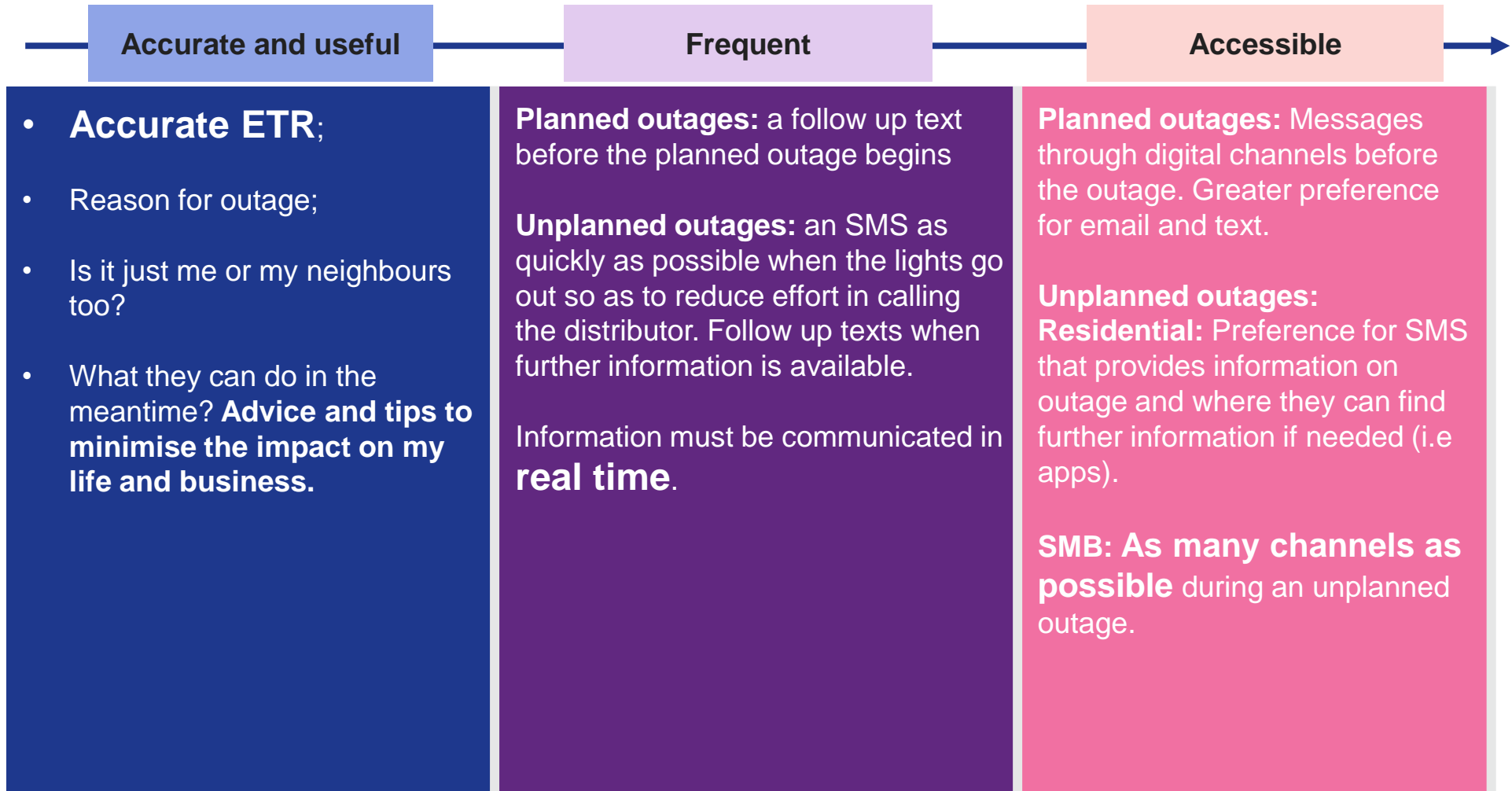
1 Improving the quality of information customers get during outages

Customers were sympathetic to outages, seeing them as a constant in life, however felt that the quality of information could be improved to relieve anxiety and set expectations for current and future outages. In the case of outages (both planned and unplanned) customers wanted improvement in the information that they received during outages so that it is:

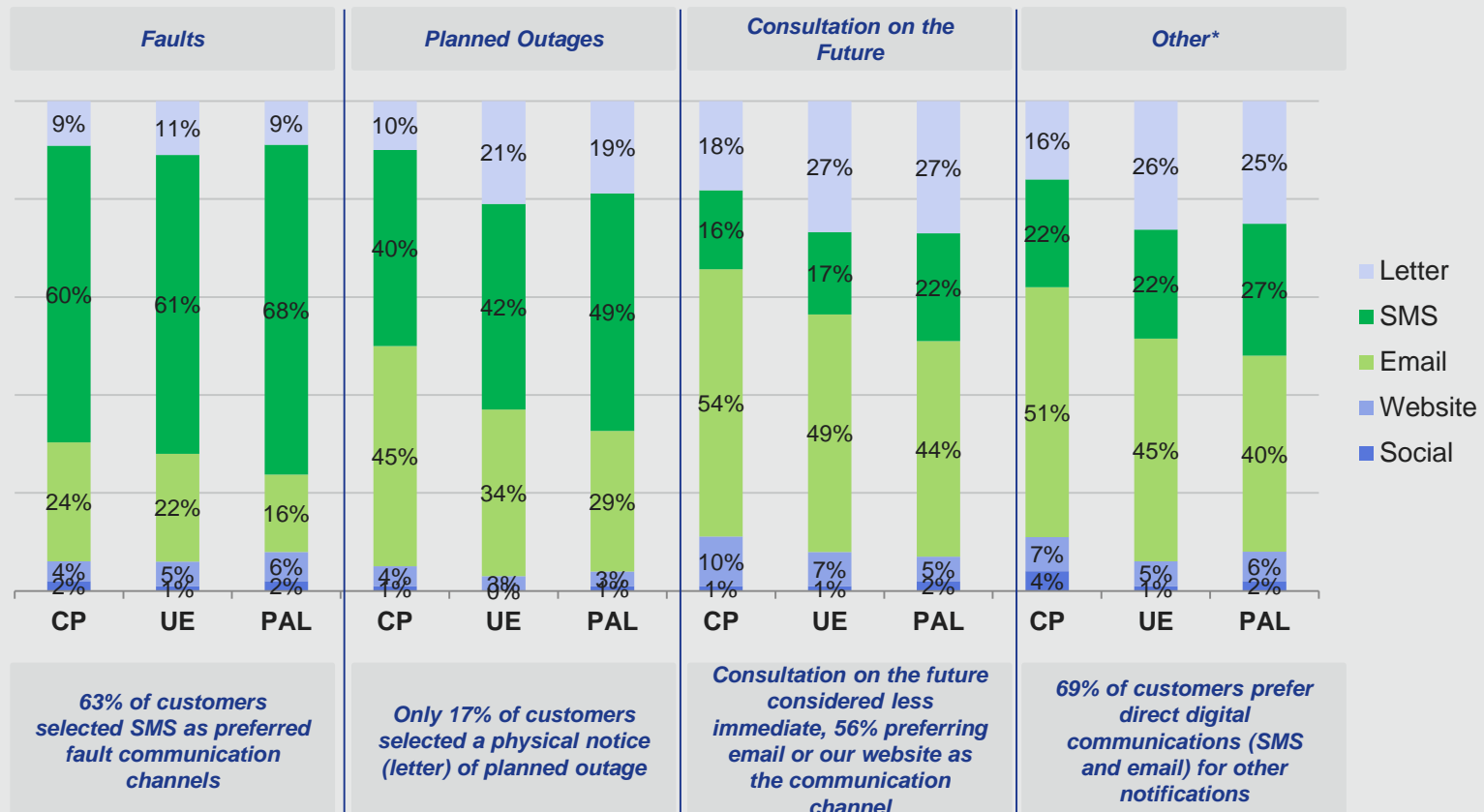
- **Accurate and useful;**
- **Frequent;**
- **Accessible.**

Improving quality of information in outages: what customers want

Customers want their information to be:



Digital communication during outages was valued, with SME customers prioritising a mix of channels (email, landline, text) to ensure that all employees were notified of outage



*Other includes for example, meter exchanges, streetlights, tree trimming
 Source: Energised 2021-2026 Engagement 2019 Resident Survey Report (Woolcott - October 2019)
 2019 C&I interview program

Customers expected to be guided through their outage experience with the distributor being as proactive and rapid as possible in this situation

2 Improving the speed at which customers get information on outages

Managing expectations is everything during an outage. For many customers, there was an expectation (system 1 thinking) that the distributor will be proactive with customers and provide **rapid responses via SMS** which relieves anxiety through dissemination of key information.

“ I want my distributor to be proactive and inform customers quickly and efficiently. An SMS broadcast to all affected customers' mobile numbers is the most efficient way of doing that, and so that would be my highest priority.”

- *United Energy Customer*

“ When people are inconvenienced, they like to know why and how long it will last. If customers are contacted before they become annoyed and frustrated it tends to cool the situation somewhat. Also if they are aware that many others in the area are in a similar position, it is usually more accepted.”

- *United Energy Customer*

Reducing the number of minutes of a planned outage on average was prioritised, however there was anxiety about the impact that this would have on the grid moving forward

3 Reducing the number of minutes of a planned outage on average.

Obviously, there was a preference for less and shorter outages over current outage levels. This was particularly true for Powercor and United Energy customers, who experienced more outages than CitiPower customers.

Given their experience with outages, Powercor customers were more comfortable with how to behave during an outage, and therefore were less anxious about how to prepare or behave during an outage.

“

I think that even if you put a lot of resources and effort in trying to have fewer outages possible, there will be uncontrollable things and problems that might have as a result an outage. The weather, people's behaviour, and natural disasters are present in this country, so I think that the best is to be prepared to have those problems, and to know how to act fast and smart. If you can inform the customer of the problem, fast, tell him how much time it might be, and take all the effort from him, he will feel a company that is giving its best to solve the problem fast and in a good way.”

- CitiPower Customer

In summary...

- The opportunity to reduce the number and length of outages was valued but there was fear that this would impact the integrity of the grid in future.
- Customers more consistently preferred distributor efforts be prioritised towards **more effective and efficient communications** during outages.
- Customers saw the highest value and the lowest risk in improving their outage experience through superior:
 - **Speed and frequency of information;**
 - **Accessibility of information;**
 - **Accuracy of information.**

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