



# Utility Customer New Relations

## UT Energy Week

February 8, 2017







James Faulk, KPMG Strategy Director

1.

Macro shifts that are underpinning the changing relationship between utilities and consumers

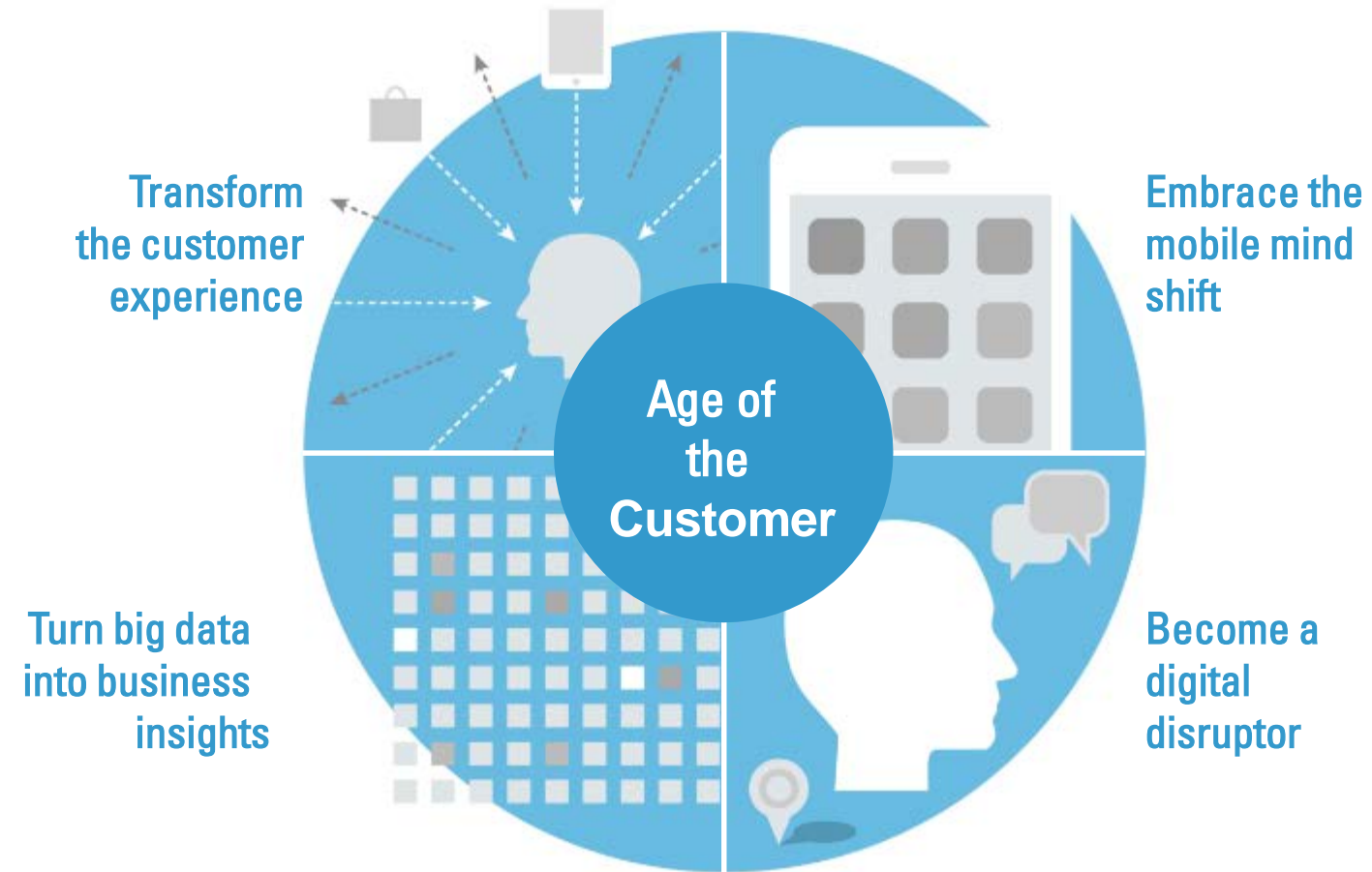
2.

Emerging changes in customer expectations and a selection of questions some utilities are grappling with today as a result

3.

Broad strategic considerations for utilities responding to this changing customer dynamic

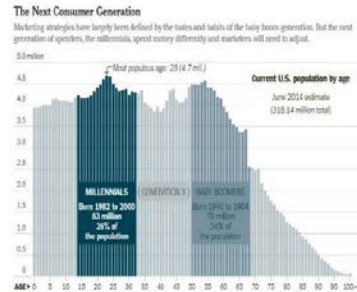
# We have entered the "Age of the Customer"



Source: Making Leaders Successful Every Day - Forrester (2014)

*Forrester defines the age of the customer as "a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers"*

# Converging forces are accelerating the alteration of the traditional relationship between utilities and customers...



**Demographic Shift**

We are experiencing two major demographic shifts at the same time. Millennials, the largest generation, are entering their prime spending years at the same time as Baby Boomers are downsizing



**Outside Experiences**

Our customer expectations are being shaped by their experiences in other industries. This is especially true as the tech giants bring their platform business approach to defining customer expectations



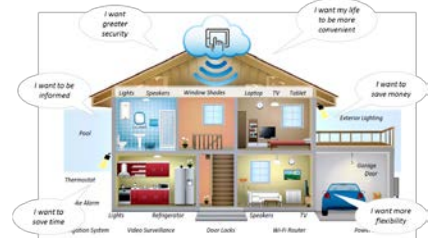
**Social Influence**

90% of US Millennials have a profile on a social networking site and this is accelerating the impact of social norms as a vehicle to encourage changes to our behaviors related to power. This is especially evident with energy efficiency and green technology



**Technology**

Technology has become an integral part of our lives and is shaping how we interact, our attention spans, as well as our reliance on power



...and Utilities are thinking about customer expectations and the customer experience in new ways to capture the value being created

**Customer trends and technology are converging to rapidly accelerate the pace at which utility customer expectations are changing...**

**...as a result utilities are grappling with a whole new set of questions when it comes to their customers, for example:**



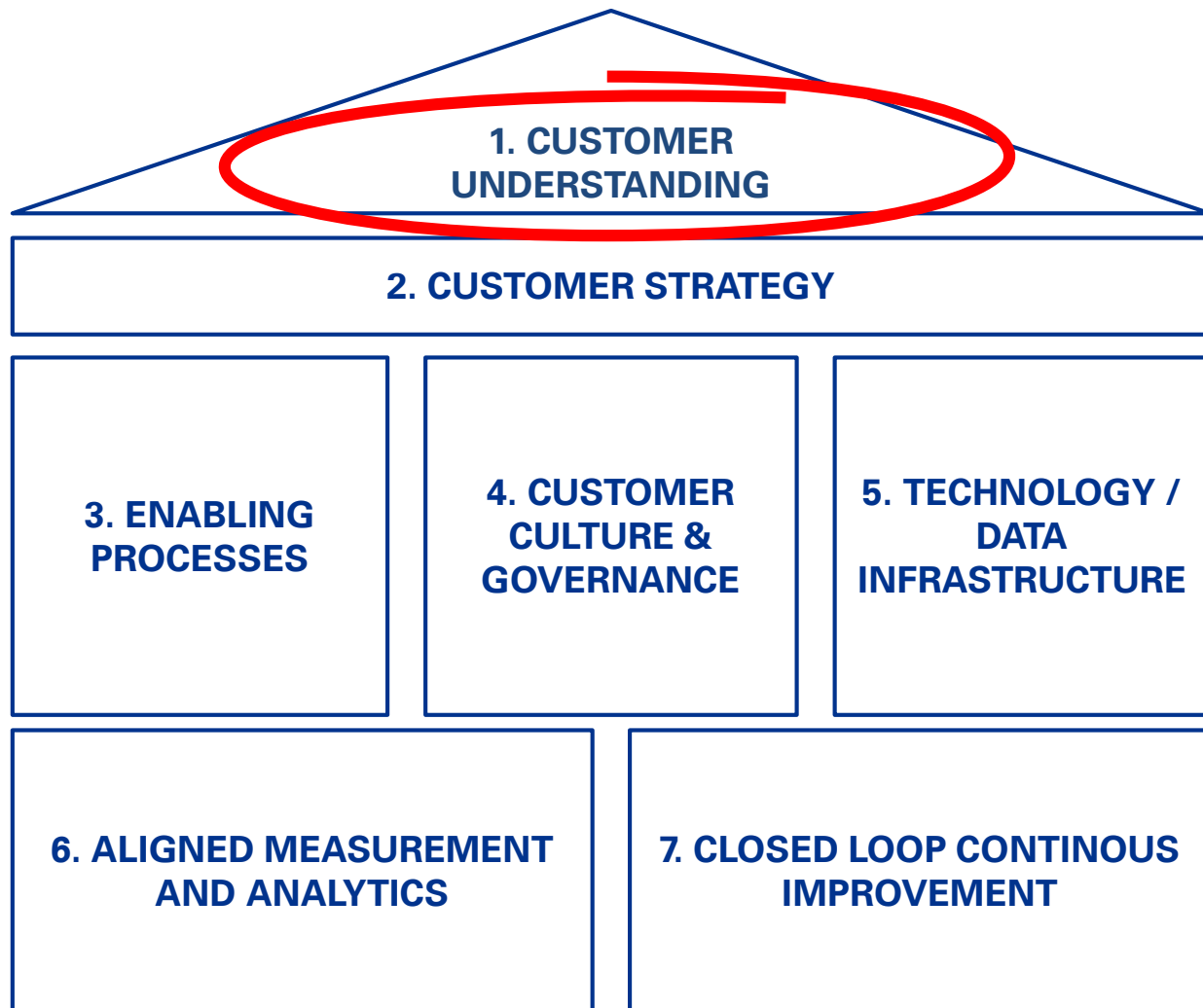
1. Why are the customers' expectations changing so rapidly and how can I help to shape them?
2. Who are my competitors for the customer relationship?
3. What are the trend signals and technologies I should be watching?
4. How can I innovate faster and better?
5. What are the smart investments I can make to drive the disruption?



Many utilities are formulating new customer excellence strategies, which hinges on having a more sophisticated understanding their customers

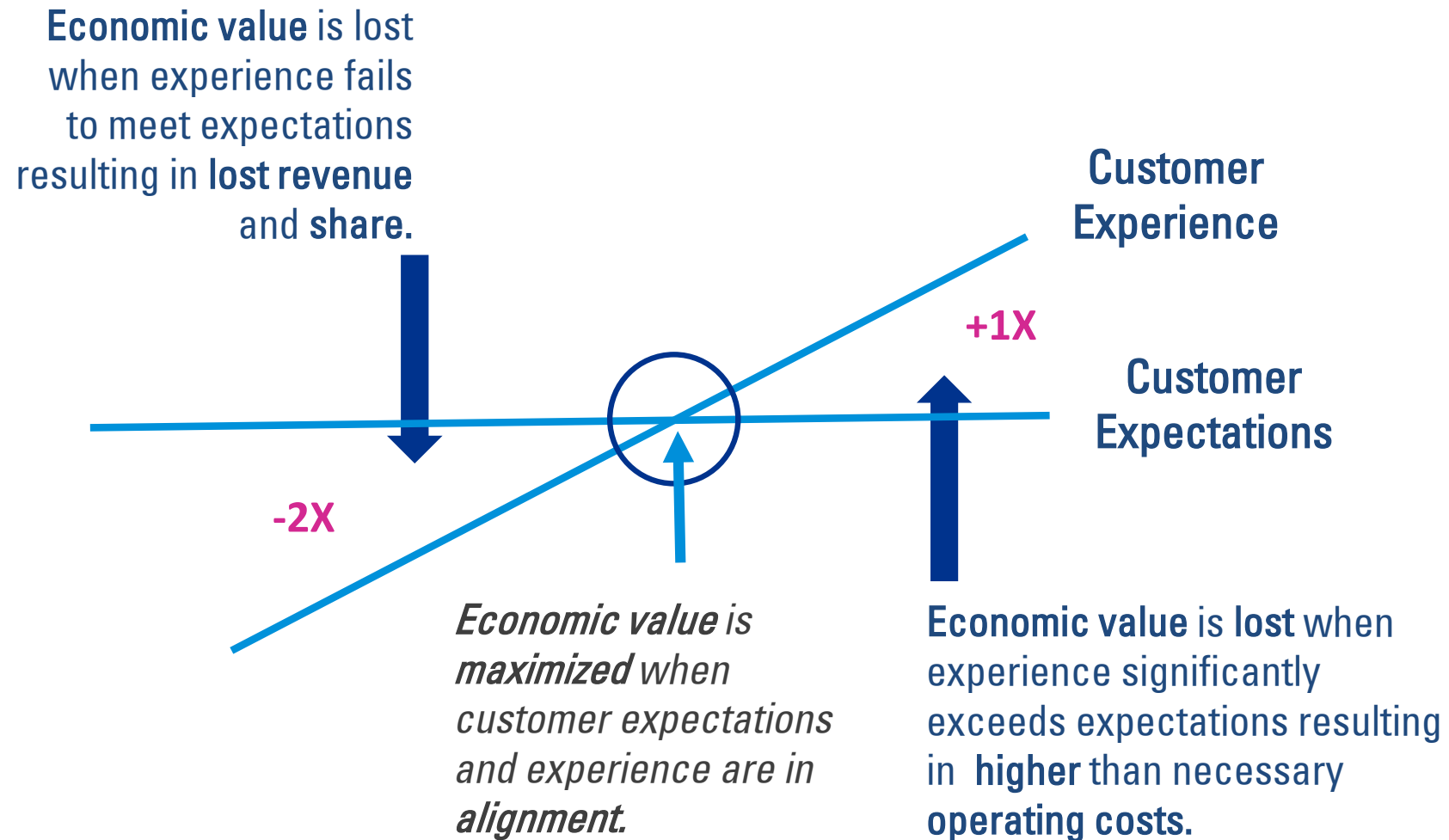
Leading customer excellence companies build their customer excellence strategies from the top down...

...which necessitates having a clear understanding customer types





# Utilities can place strategic customer bets to maximize ROI



- Maximizing customer experience is a costly proposition with uncertain ROI
- Not spending enough on customer experience can result in customer dissatisfaction, driving them towards competition or alternative options
- Many utilities are trying to find that 'Goldilocks Zone' which often involves understanding their customers better and focusing on the top four or so friction points that matter most to those customers



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