

So, you want to be the Amazon of Energy?

As public utilities search for new revenue streams in the face of declining energy sales and increasing competition for their customers' attention and wallets, we've heard more than a few utilities say they want to become "the Amazon of energy."

But what does that mean, really? And is it attainable?



A growing number of utility-driven marketplaces across the country show promise for expanding revenue streams. Several turnkey vendors are making it easier for utilities to build and support e-commerce or marketplace platforms.

Here, we'll provide an overview of the current options and share what your customers expect from you in these engagements. This will ensure that you build your marketplace for success and avoid the pitfall of turning it into just another channel for fulfillment.



What's the potential?

We agree that expanding products and solutions through e-commerce or a marketplace is an attractive option for generating revenue and deepening customer engagement. The question today is not whether it's possible, but how can you meet the high — and growing — customer expectations for fulfillment, communications, and service required to make this a relationship-building opportunity? After decades of investment in brand equity, strong J.D. Power scores, and the trust of many long-term customers, it is critical that you embark on these efforts carefully to protect and build on already strong relationships.

While customer engagement is, in and of itself, a worthwhile goal, developing an online engagement platform can deliver value immediately and in the future. In uncertain times, these platforms can not only be used as an avenue for selling traditional energy efficiency products, they can open lines of communication with customers to promote a wide-range of services such as rate options, DR programs, and subscription services. As you explore your options, think through their emerging business models. By focusing on long-term competitive and customer needs, you can develop these platforms proactively, rather than reactively, to ensure that what you build lasts for years to come.

What's out there?

There are two main models for today's marketplace platforms: electronic (e-) commerce or online marketplace. While terminology for the two is frequently interchanged, these are different offerings with different capabilities, customer experiences, and back-of-the-house operations.

Several providers offer solutions for utility-branded e-commerce and marketplace offerings ranging from turnkey solutions to platforms where you can select relevant offerings. There are also digital marketing agencies specializing in e-commerce starting to dip their toe into the energy market. You have options and will need to match the provider to your goals.

E-COMMERCE PLATFORM

Business-to-consumer sites that enable online commercial transactions (e.g., Home Depot)

MARKETPLACE

A type of e-commerce solution that provides product information and processes transactions but third-parties handle delivery and fulfillment (e.g., Etsy).

What are the new products and services available through e-commerce sites and marketplaces?

Traditional energy efficiency products:

DTE Energy, Georgia Power, Pacific Gas & Electric (PG&E), Sacramento Municipal Utility District (SMUD), Xcel Energy and other utilities offer efficient products such as smart thermostats and LED bulbs that customers can purchase directly with an instant rebate.¹

Products beyond energy efficiency:

Baltimore Gas and Electric (BGE), SMUD, and Southern Maryland Electric Cooperative (SMECO) offer products such as connected home devices (e.g., smart locks, sensors, and smoke and CO detectors).²

EV services:

FirstEnergy offers EV charger leases.³ Con Edison provides customers with information to compare and shop for EV chargers.⁴

Solar planning services:

Con Edison and National Grid facilitate bids for customers interested in PV by compiling customer information and usage data to estimate bill savings in partnership with solar aggregators.⁵

Partner-fulfilled service and protection plans for a monthly fee:

CenterPoint Energy offers appliance maintenance and repair coverage.⁶ Duke Energy Florida offers 24/7 emergency services for HVAC or water heating.⁷ FirstEnergy and Georgia Power offer surge protection services.⁸

Third-party home services (aggregator model):

Orange & Rockland Utilities connect customers with trade allies for home services ranging from HVAC tune-ups to home audits.⁹ SMUD offers home services like flooring through contractors in partnership with HomeAdvisor.¹⁰

Monitoring and information services:

Central Hudson provides enhanced tips and features for a monthly fee.¹¹ DTE Energy offers energy monitoring through a free app.¹²

What do customers expect?

The opportunity is large, but the stakes of meeting customer expectations are high. We are firmly in the era of customer-centric product development and customer experience management — there is no going back. Gaining customers through a marketplace or e-commerce platform will require that you and your providers (a) uphold your brands and customer relationships, (b) meet e-commerce standards set in other industries, and (c) give customers a reason to choose you over other online providers.

The data privacy and security you deliver best:

You have a leg up because you know the rules of the road when it comes to privacy laws and are already protective of your customers' information. In a moment of data and privacy insecurity, you stand far above the competition in your ability to secure customer information. Brag about it. You are uniquely positioned to help customers make the most of connected devices and new services.

Upholding your brand and relationships:

Despite the complaints flowing in through your call centers, customers generally trust you and brand perceptions are strong. From our research on the smart home, compared to some national brands in retail and consumer products (e.g., Amazon, Nest, Samsung SmartThings, Xfinity), utilities are seen as reliable, accessible, trusted, and local. Customers feel that if something goes wrong or they need help, you will be there. This is the brand promise you have created through excellent storm and outage responses. But how do you capitalize on it?



Be ruthless in
your standards



In the early days of a new technology, having access to reliable support may matter more to your core customers than having the latest, shiniest product. Let's face it, early adopters will chase shiny products and may not be looking to utilities to deliver them. We say, let them! You can democratize new technologies by making them accessible to a broader audience. You have a huge opportunity to package, market, and deliver products or services to markets not proactively seeking them out. Your mid-market customers will be more receptive to new opportunities and more trusting of emerging products and services if they are backed by a reliable provider — you.

What does it take to uphold these expectations?

Offer superior customer service and technical support:

Uphold your hard-earned brand reputation for any products or services offered and fulfilled. Be ruthless in your standards so that processes are in place to support the customer through decision-making, ordering, shipping/fulfillment, installation, and ongoing use or maintenance.





This is particularly important for any fee-based models where customers expect accessible customer service. If you can't provide top-tier service, consider stepping aside for a partner or vendor to enter.

Cultivate and manage partnerships that truly enhance your brand: Energy efficiency programs are pros at working with partners, vendors, and trade allies. This gives you a huge advantage in managing partner-based models for online platform providers as well as on-the-ground service providers. You already know what makes a good customer experience, and how to measure performance and drive continuous improvement. Now you need to apply these skills to a new competitive landscape. Leverage new models, like pay-for-performance, to get what you need and create and enforce metrics of customer satisfaction and process excellence.

Make relationships transparent: In a true marketplace model, you may be providing a sales platform for vendors that you don't control. Where you are not in control, be transparent about it. Make it clear who customers are working with and put your partners' brands on the hook as well. The same marketplace may promote existing programs side-by-side with less regulated vendors. Spread the risk by clearly displaying and defining the utility-provider relationship so that customers understand who is responsible for service.

Market and design like the pros: Customers expect complete and transparent information, easy comparisons, intuitive searches and filters, personalized recommendations, timely communications in the right channel, and fast and personal service. Though it's understandable, you probably lag behind major retailers and e-commerce players in customization. However, you can catch up and beat them at their own game. At this point, your competitors have set expectations for you.

Here are some guidelines for what customers expect:

- 1.** As a utility offering products, you are probably late to the game! Brand preferences among passionate early adopters may be entrenched and hard to shift. However, you are in luck. Many of your long-term customers see you as a trusted and reliable brand and provider. Our research suggests that customers just dipping a toe in this technology may want an easy research and selection process coupled with guidance from a trusted partner. This brand power is valuable, and you have it.
- 2.** Market the capabilities — what a household or business can achieve — rather than the products. Customers can find the same products on Amazon, Best Buy, Home Depot, or manufacturer websites, but few sellers are really showing customers how products come together to enhance their lives. Creating this vision is incredibly important for emerging technologies like the smart home, renewables, and EVs. The landscape for these technologies is increasingly complex and customers are looking for a guide. Your typical customer is unlikely to research technical specifications and find their own way. Mid-market adopters are more likely to act if decision-making is streamlined, for example, in personalized or bundled offerings. If you make it compelling and easy, they will follow.
- 3.** You are in a unique position to provide personalized, Netflix-style recommendations based not only on energy usage, but on past transactional and engagement data like billing and rate preferences, home energy audits, and rebates.

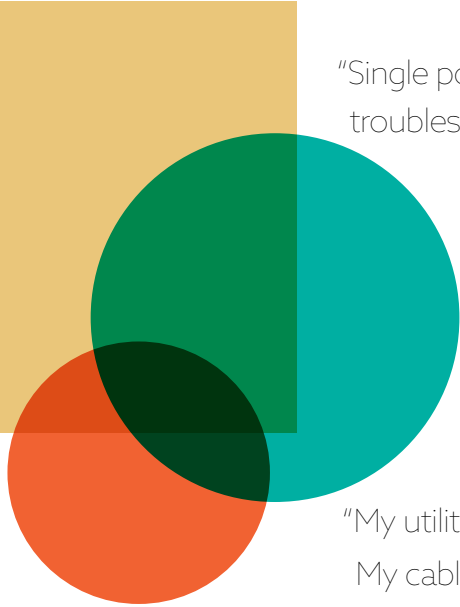
This data is invaluable for moving a customer along their journey. You have everything you need to acknowledge your customers. You know where they are on their path to a modern home or business and how you can help them take the next step. Leverage best practices in data management, digital marketing, and behavioral science to build from your competitive edge.

- 4.** Customers want one bill. This means on-bill charges, if possible, and instant rebates to make your customers' lives easier. Yes, we know it is a total pain. But it is also a unique service and a core value only you can offer.
- 5.** Use energy consumption metrics to show personalized savings and payback estimates to market renewables or energy-saving products. This is a differentiator: your competitors can't tie in energy information — use it!
- 6.** Customers will shop where it's easy to find and compare products, see transparent pricing, review technical specifications, and see customer reviews. Create the same shopping and transaction functionality as the leading sites and make sure your team is actively managing these online interfaces with personalized, highly-responsive outreach.

Will they or won't they?

Customers speak about buying smart home devices from their utility

When comparing their utility to mass market players, we heard customers' reservations and high expectations based on the services utilities already provide:



"Single point of contact for troubleshooting."

"Reliable company that can come out and provide service if needed."

"My utility has always been honest with me. My cable / internet provider borders on criminal. I would rather go with someone I trust."

"If it is backed up with my utility's assistance, I would like it."

"Reputable and reliable company."

My sense is that my utility would conduct thorough research prior to selecting products to include in a smart home package and would stand behind their functionality and service."

Expectations for the products themselves were mixed. Many customers felt that the utility's offerings couldn't compete with the name brands, though some expected more from their utility:

"May not be as expert as the other companies."

"I would expect them to be top of the line products that would focus on energy efficiency."

"They do not develop the technology themselves."

"Possibility of lesser advancements than a national/international brand."

"Wonder if it is the 'latest' in technology. Samsung and other brands are known for being on the cutting edge in technology..."

