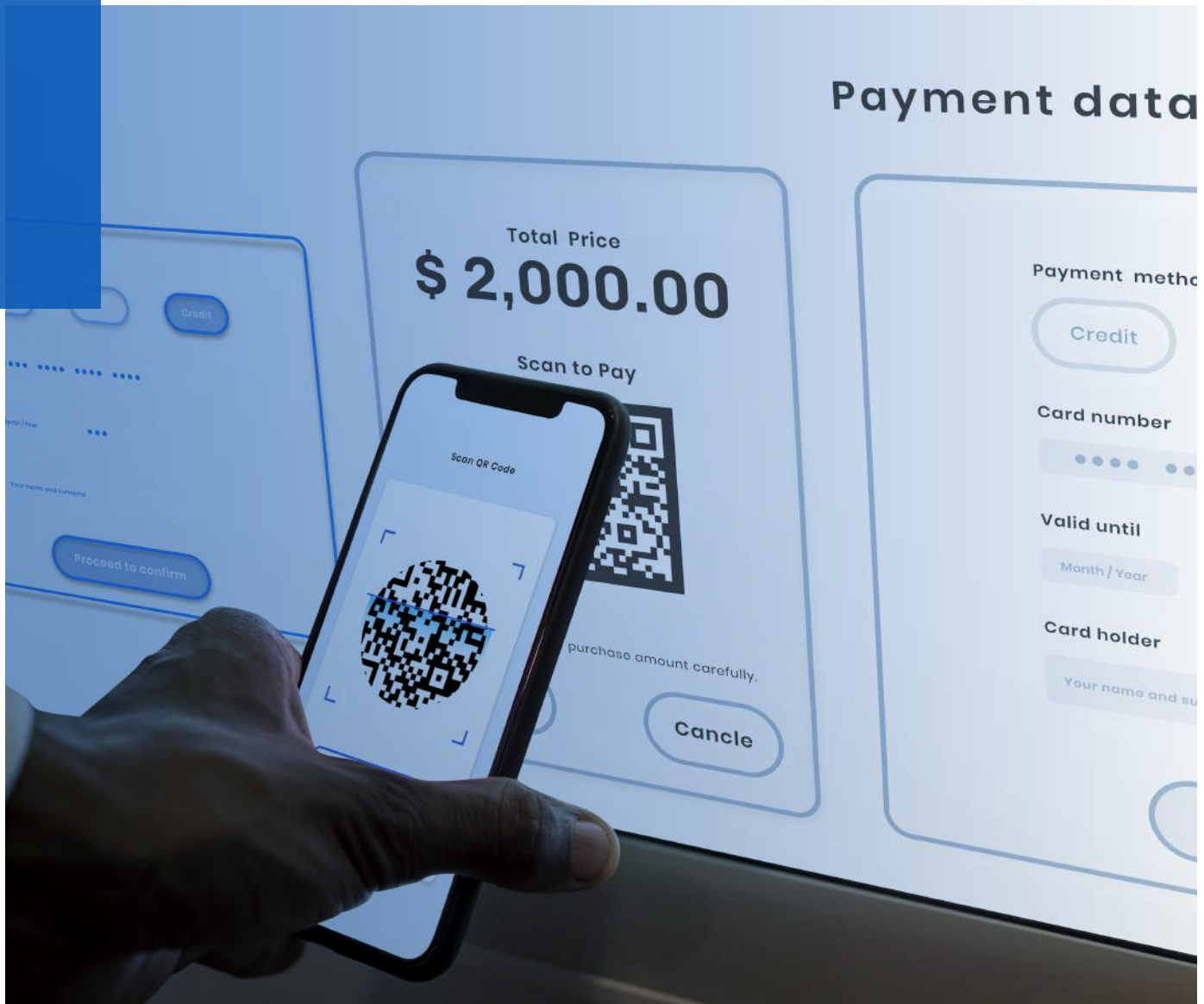


Payment data



The Digital Customer Journey in the Utility

Industry: Advantages, Opportunities, and Prospects

Introduction

A couple of decades ago, when the World Wide Web started creating ripples across the globe and the first seeds of a digital future were being sown, there was a collective inkling that the gears of a very special movement had been set in motion. As everyone geared up to step into a novel tomorrow, little did they know that they were bidding farewell to a past that they would no longer identify with. Cut to the present - we are living in a time when technological advances have nearly overhauled every tangible aspect of our lives.

Going digital has changed our lives and made them substantially simpler, more efficient, and interconnected. With massive strides, digitisation has transformed the very roots of our societal and economic constructs, enabling us to discover possibilities and opportunities that were hitherto unheard of. More than anything, it offers us security. In an age where risks and dangers are as commonplace as they are unforeseen, the digital space helps us overcome these uncertainties in ways that we wouldn't have conceived otherwise.

With the help of our smartphones and customer networks, we can now directly and remotely expedite all those tasks and actions that earlier needed us to be present physically. This is not only saving us precious time and money but also essentially safeguarding us from engaging in activities that might put our lives at risk when attempted physically. Besides, by letting us access various forms of content and experience different art forms right from the comfort of our homes, digitisation is taking care of our entertainment needs as well. Going digital has, essentially, allowed us to overcome a multitude of roadblocks and achieve greater productivity in our tasks.

Earlier last year, when the fatal COVID-19 hit the world, almost everything came to an abrupt halt in the wake of the widespread destruction and loss of life that it brought about. Millions of lives were lost, and still, many more found themselves without a livelihood. It was, yet again, the intervention of technology that made it possible for people to resume their personal and professional lives, besides sowing the seeds of a new normal in place. This transition was made seamless due to the tools of remote file sharing, virtual conferences, and online human resource management that were made accessible, courtesy of digital transformations. Though these tools have helped us cope with these difficult times, it is important to acknowledge that their functionalities aren't just confined to dealing with and tackling emergencies. Even in the future, when this global health emergency is successfully contained, these tools will continue to be vital and indispensable.



Even before this global crisis gained ground, the utility industry had already found itself at the receiving end of a rather turbulent phase of change. This, by large, can be attributed to a lack of digitisation in the sector. On top of this, customers occupying the central role in the sector make matters much more critical for them. The objective of this whitepaper is to shed light upon a unique and viable digital framework that can cater to the needs of the utility sector and its end users alike. Further, this framework will also guide the sector towards carving a strategic roadmap that will eventually enable companies to establish themselves as mature digital customer experience providers. Besides stressing the necessity for utility industry companies to digitise their customer journey, the paper will also offer insights on user experience management from the perspectives of utilities, customers, and third-party intermediaries. In the process, it will identify all the critical parameters that are necessary to build a flourishing digital ecosystem.

The Digital Framework in the Utility Industry

For the last few years, the utility industry has become highly competitive owing to large-scale industry deregulation. With each day, the industry finds itself pushed toward increased efficiency, greater transparency, and the adoption of smart grid technologies owing to the deregulatory environment that increasingly dictates it. Subsequently, most of the players involved in this domain find themselves striving continuously towards striking a balance between profitability and customer experience transformation parameters.

However, this is a tricky ocean to navigate. Rising pressures of balance sheets from revenue and cost perspectives have invariably pushed the utility industry to seek out alternative tactics to boost its bottom lines. A major component of balancing costs is streamlining critical business expenditure. In fact, it wouldn't be an understatement to say that prior to the pandemic, the CXOs who insisted on digital customer experience would be the first to take a hit during budgeting. Today though, the angle of vision needs to widen. Business models have been forced to adapt to the new normal. But this also means that they suffer from minimal exposure to the digital

industry at large, leaving companies vulnerable to palpable losses that can result from churn.

Identifying and controlling customer churn is one of the many methods that the utility industry could adopt to achieve profitability whilst also delivering a satisfactory customer experience. Besides, doing so enables the firms operating in this sector to manage new avenues of market expansion more efficiently. Alternatively, one can also go about this either by enhancing operational efficiency or introducing new customers to the existing geographic framework. A combination of both these strategies promises to be equally beneficial. On the whole, establishing a digital framework in the utility industry is essential to attract new customers and expand its overall customer base. To establish this framework, the players in this sector need to focus on two areas- new avenues of digitisation and the opening up of markets.

Thus, it has become imperative for utility companies to invest a major chunk of their time and resources towards monitoring the ups and downs that could be an intrinsic part of the customer journey they are

trying to define. Encouraging the transition to a primarily digital customer journey is more a matter of necessity than a luxury. However, proposing the transition is only half the job done. The real challenge lies in ensuring its implementation and then carrying out a thorough analysis and observation of its impacts.

This need not be as daunting as it seems, though. Given that digital ecospheres can provide data down to the last T, unlike traditional processes, the larger scope is in evaluating customer analytics. Forming a symbiotic network that utilizes tried and tested methods for various engagement channels is equally challenging and rewarding. The end goal of this transition is to exercise greater control over all the constituent stages of this digital customer journey and be ready with the right approach at the right time and right place.

To date, a vast majority of the utility players have failed to successfully capitalise on the amenities of a digital ecosystem. As a result, their customer interactions or engagements haven't registered any significant improvements as such.

Due to an explosion in end-points, it's hard to track what works, what doesn't, and where to find opportunities. This trial and error exercise is what will eventually lead to a breakdown if the initial complexities of setting up a digital customer experience journey are quite vast. Expertise in complex hyper-personalised digital ecosystems, especially with teams that have worked diligently on the global level, are still few and far between to come by.

While the situation is certainly not optimal, it holds tremendous scope of improvement. Collaborating with top-notch digital service providers with a proven track record in helping companies across various industries is one of the many methods that the utility industry can adopt to resolve their customer experience woes. These providers enable their clients to deliver omnichannel communication and hyper-personalised correspondence to their customers by anticipating, well in advance, their need for cutting costs and by giving them a much-needed sense of control over the entire process.

Advantages of Digitizing the Customer Base

What digital transformation has been able to achieve most efficiently is to let customers take centre stage in business operations. In a customer-driven industry, this holds utmost value. A lack of a well-defined digital framework has for long deterred the marketing and customer service personnel operating in this sector from delivering a fulfilling customer experience.

In the same light, one thing to note is that it's not enough to use traditional techniques like going after low-hanging fruits. This is because you can accommodate varied buyer journeys, so every customer is essentially placed in buckets that



overlap. The digital process requires optimization to help organisations understand buyer journeys that are sustainable at a personalised level. To unravel this, working with companies that have exposure to simplifying the user experience is what will bring results. In fact, one could argue that this is the first and foremost step towards reducing churn – digital thinking beyond the box.

Whether you're establishing digital connections for the first time or are trying to concretise existing roots, ensuring that you have a "watering hole" that gives you the complete picture on one single platform is key. This is essentially where omnichannel experiences play a pivotal role. Think of it like a digital camera that can switch lenses to give you crystal clear results on panorama, wide-angle, and microphotography. It's not enough to solidify strategies for each end-point – ensuring that the end-points meet to give you an equally clear micro and macro perspective is crucial.

The emergence of many services and businesses in the internet era has flooded the customer with multiple options for resolving their problem statements. Subsequently, switching from one service provider to another on a need basis has become extremely convenient for them. The emergence of smartphones has allowed customers to use interactive interfaces and chatbots, thereby allowing them to get their job done easily. Besides the convenience factor, such tools have also allowed for the establishment of highly transparent communication channels. However, amidst all these highlights, there are a few low points too. On the one hand, while it has made it easier for brands to nurture an intimate and curated dialogue with their existing and potential audience, it has also put them at great risk of defamation and discreditation arising from the odd negative feedback or a poorly managed social media situation.

In customer-centric sectors such as that of utility, this is a crucial thing to consider. Such dynamics place the customer at the heart of operations and reiterates their position as the most valuable cog in the machine. The fate of a company operating in this sector is invariably dictated by its impact on its customers and the kind of conversation that it can successfully inspire in the process.

Hence, customer churn, which refers to the loss of clients or customers to a competitor, is perhaps the most significant roadblock encountered by this sector. But churn is also where opportunities exist. In evolving markets like utility, the price point can be balanced well with customer experience journeys. The significance in capturing an audience is directly proportional to the knowledge you can acquire about the audience themselves. This is because digital economics plays a fine balance between immediate gains and long-term satisfaction. New users require a biting price point or other elixirs, while those looking to churn out from competitors need better features.

To control customer churn and expand their digital customer base, the players in the utility industry need to ask themselves this highly critical question: "What factors would drive an individual to change their utility supplier?" The ingredients for building a blueprint to enhance the digital customer journey in the utility industry lie in answer to this question.

Fortunately, there can be no straightforward answer to this question, and there is no need to have one with omni-channel strategies. Most certainly, it doesn't strictly revolve around financial parameters; the companies that form the core of the utility industry are aware of this reality. The crux of the answer lies in establishing a concrete dialogue between the company and its customers. This argument is ably supported by statistics and insights



Understanding the Utility Customer Lifecycle

drawn from extensive surveys and customer feedback sessions conducted in the past. As per the 'Customer Experience Impact Report', as many as 89% of users in the utility industries, like water, electricity, or gas supply, switch to a different service provider because there are unresolvable issues in the existing customer experience. Other similar independent studies that revolve around customer experience resonate with these statistics. Worldwide, customers have rather unanimously cited 'unsatisfactory customer experience' as their primary and most pressing reason for abandoning their old company favouring a new one. Having said that, according to some interesting customer experience facts listed by Forbes, 96% of customers have admitted to customer experience being the major criteria in securing their loyalty to a brand/ service.

However, despite these observations and inferences, there is a visible lack of reformative actions within the sector. The slowness and resistance that plagues the utility industry can, by and large, be attributed to the absence of a well-defined digital customer journey framework. Compared to the banking and personal finance industries that have made use of tools such as artificial intelligence (AI) and the Internet of Things (IoT) to deliver top-notch digital customer experiences, the utility sector still leaves a lot to be desired.

According to Propeller, the average customer acquisition cost in the utility retail space stands at around \$10, which is typically steep compared to other sectors. On the other hand, the retention costs are substantially low, pegged at almost a third of acquisition. Meanwhile, the opportunity costs of customer losses tend to be exorbitant, their eventual figure being several times the acquisition cost. This, essentially, brings to attention the importance that customer retention holds in this particular space. The increasing deregulation of the markets causes customers to be more demanding. In this situation, preserving high customer service standards becomes critical to ensure uncompromising customer loyalty for your brand.

Every industry has a diverse suite of services at its disposal, using which they strive to deliver a top-notch digital experience to their customers. Among these services, that of mobility ranks particularly high, and rightly so. Not only has it made industries more accessible to the general public, but it has also allowed them to scale their operations by leaps and bounds. For instance, in the banking sector, mobile banking has radically transformed the customer experience. Integrating critical banking activities with smartphones enables users to accomplish these tasks on the go, a measure that has been well received and appreciated.

Similarly, other industries such as food, airlines, and retail can now efficiently meet their customers' growing demands, thanks to their mobile applications. Thus, it has become vital for the utility industry to adapt to this changing tide and offer their customers a seamless digital experience. They must ensure that the constituent business processes are cost-effective and a high degree of positive impact is left on the end user.

As tempting as the prospect of going digital sounds, active players in the utility sector need to be mindful that achieving it is equally challenging. Simply acquiring and hoarding advanced technological tools such as ccm software and automated messaging channels without having a definite and personalised strategy in mind is a surefire recipe for disaster. To explain this more clearly, it's not just important to be present on all platforms. It's important to cater to all platforms with a clear objective - an objective that goes beyond multi-channel communications.

Thus, to build an economically viable digital customer experience, utilities need to punctuate their march with purpose and direction. Focusing on delivering solutions that offer uncompromising value when resolving customers' pain points could be one strategy the sector could adopt in this journey. To provide dedicated and unwavering customer-centric service, utility providers must concern themselves with tracking vital customer preferences. These could include modes of payment and various channels of ad hoc communication.

Additionally, they need to maintain a single virtual vantage point to effectively monitor all their customers' activities. Doing so enables them to maintain a degree of consistency and provides their users with different choices and flexibility. After thoroughly analysing customer journeys, personalised communication strategies, and segmentation, utility service will be able to devise and implement a compelling customer experience strategy.

Primarily, the utility customer lifecycle consists of the following four stages:



Pre-enrolment stage



Post-enrolment stage



Enrolment stage



After-sales service

No customer experience journey strategy that is planned and well-developed will ever attempt to cater to customer touchpoints individually. Instead, it will concern itself with the bigger picture at hand. The final objective is to ensure if the player in question can fulfil the needs and requirements of their customers and sort out their queries through the communication platform they choose. This means that the need for availability and tracking i.e. engagement supersedes the need for enticement. Taking the overall customer journey into account, rather than investing their time resources on individual touchpoints, gives utility providers the requisite space to effectuate a true customer experience transformation.

Importance of Getting to Know Your Customers – Identifying the Prospects:

One of the primary reasons utility companies are unable to draw detailed and functional profiles of their customers in particular, and the market in general, is that even though they own large repositories of data, only a tiny portion of it is fully digitised. The drawing of these profiles occurs on the back of Big Data analysis, which is only possible with digitised data. Subsequently, due to the lack of this raw material, i.e., data, these processes lag. It's not just that data can't be collated, it's how you can systematize your data on a single platform that counts. A recently concluded research states that the biggest conglomerates and companies out there exercise 'digital control' over less than 70% of their users. Additionally, roughly 80% of the time invested in this data is spent on manual operations such as hunting for inaccuracies, errors, and inefficiencies. Hence, if companies wish to take quick and decisive action, they need to prioritise getting to know their customers. And more, they need to know where to place the collected data on a platform that's both accurate and sensitive on equal measures. Converting intangibles to realisable benefits is the need of the hour. In fact, that simple statement may just summarize the process of digital journeys as a whole.

Opportunities For Defining Superior Customer Experience

Utility players seeking to enhance the digital customer journeys of their users must, at the outset, prepare a definite framework that enables them to assess the maturity of the digital customer experience effectively. The process of devising this framework consists of many stages, which have been discussed in detail in the following sections.



Omnichannel Customer Experience

At the forefront of essential customer service elements across the various industries in the market lies omnichannel communication. Now more than ever, with the emergence of revolutionary and disruptive technology trends such as Big Data and the IoT, it has become increasingly important for the utility sector to align itself with the changing industry dynamics. An effective way of going about this is by introducing business models that are highly accommodating to customers' continuously evolving needs. We live in a time and age where customers wish to interact more with their utility providers and exercise a greater degree of control over their ways and methods of communication. Hence, every utility sector player must primarily concern themselves with providing their customers with omnichannel customer service.

The four elements that form the backbone of a consistently fulfilling omnichannel customer experience are customers, service delivery, operations, and leadership. To implement these elements effectively, it is crucial that the utility in question first acquaints itself with the customer service ecosystem and educates itself about the needs and desires of every stakeholder who is a part of it.

Subsequently, this allows the utility to band all the stakeholders together and formulate an omnichannel strategy committed to identifying and meeting its customers' requirements holistically. Doing so enables a utility to capitalise on existing opportunities and carve a niche for itself and foster a positive change for the industry as a whole. To kickstart this process, the utility sector first has to deal with a particular challenge that lies at the heart of delivering an omnichannel customer experience: integrating all customer-facing channels that otherwise operate in silos. Besides letting the utility offer a seamless customer experience, this integration also generates value for internal stakeholders.

Additionally, utilities must also concern themselves with the transactional environment, internal capabilities, and all those practices that are in place to alleviate the affiliated risks. This allows them to accomplish the company's overall strategic objectives and meet the long-term goals of the organisation in question. Overall, an organisation should be conversant with customers' expectations across various digital channels to implement the optimal omnichannel strategy. Ideally, it should narrow down those channels that are the most productive for its existing customers and which may prove to be valuable to the prospective customers.



Integration of Social Media

The scope of social media as a tool of communication and outreach is as vast as it is fascinating. Its perpetually expanding importance and relevance across audience categories have made more and more utilities turn to its expansive suite of services. Besides presenting them with multiple avenues of enhancing their customer engagement channels, it also provides them with the immense scope of delivering an altogether improved customer experience in the process. However, to facilitate a smooth and effective digital customer experience, utilities must devise a social media integration strategy that is flexible, comprehensive, and highly customised.



Digital Operations

We live in a digital world where each one of our decisions is governed by data and analytics. Even in the utility industry, when it comes to executing the processes of smart metre implementations, providing usage-based tariffs, and upgrading the software of smart assets, the managers prioritise numbers and figures over everything else. Digitisation has brought new dimensions of data observation and analysis into the fold, making the entire decision-making process much more convenient. Data has undisputedly established itself as the most relevant form of currency available in the current scheme of things. Thus, the primary utility players in the fray need to structure all of their decision-making frameworks around it.



A man in a dark suit and white shirt is seen from the side, looking at a computer monitor. The monitor displays a registration form titled "Register Now". The form includes sections for "General Questions", "Proposed Insured's Name", "Birth Date", "Gender", "Email Address", "Address", "Phone Number", "ID Number", "Status", "Occupation", "Social Security Number", and "Are you a renew?". The background shows a desk with a blue folder, a black mug, and two potted cacti. A window with a view of a city skyline is visible in the background.

Register Now

Embracing the Subscription Economy– A Prospect For The Future

Now that we have discussed the advantages and opportunities of implementing a digital framework in the utility industry, let us look at some of its future prospects. The phenomenon of the subscription economy presents the greatest argument in this direction. Before we dive deep into how the subscription economy promises to be an exciting prospect for the utility industry, let us understand what it means in the first place. In essence, the subscription economy marks a paradigm shift from possession to access, thereby redefining the existing dynamic between "product" and "relationship" in the marketplace. From Netflix, Amazon Prime, and Spotify to Uber and Salesforce, the most successful companies out there have based their operations on the subscription economy. What has largely contributed to these companies' incredible growth and recognition is that they don't sell products but offer a steady flow of services.

As a result, people wishing to see a movie these days no longer need to buy a DVD or a videotape. All they need to do is pay an annual fee and avail it round the year simply by signing in to their Netflix accounts. Similarly, music enthusiasts no longer need to collect vinyl records or CDs from listening to the works of their favourite artists. Instead, by just logging in to their Spotify accounts, they get to have entire albums and discographies of all their favourite artists at their disposal. To be clear, the subscription is not limited to entertainment products and services. In fact, in the last seven years, the companies' revenues based on the subscription model have grown by a staggering 321%. It is projected that by the year 2023, almost 75% of companies that interface directly with customers will begin providing subscription-based services.

More than anything, the subscription-based economy diversifies the monetization portfolio like no other. For example, customer tiers are no longer limited to exorbitant one-time payments. Not just that, it gives potential customers the ability to balance long-term expenditure, monthly savings, and profitability.

What this means to organisations is two simple things:

1. You don't lose a customer to churn (at least until the subscription expires). That's a guarantee that few other price contracts can aspire to.
2. You show your customers that you value a mutually beneficial partnership – a personable side that shows confidence and capability to cater to larger demands.

Another interesting side note is that the digital ecosphere is far more comfortable with automated payments than those who are neatly tied up in traditional economies. The benefits of a subscription economy extend to the nastier side of customer experience – the payments cycle.

Let's take examples of a few pioneers in the subscription segment who have successfully implemented innovative strategies:



Swiggy

India's have-it-all answer to Hello Fresh, Swiggy started a subscription model just to help recurring customers pay lesser on delivery fees. The strategy started off with a simple 1-month, 3-month, or yearly subscription for regular customers. When Super took its first steps in the market, Swiggy's big bite was the "unlimited free delivery" scheme. Today, customers are hooked enough to pay for limited deliveries too. What customers learnt – "I can pay less for more." What Swiggy learnt – The ability to diversify its subscription to include limited deliveries too, all within a span of one to two years. What's more, the company built enough cushion from capital reserves to build on its platform further by partnering with grocery stores too.



Zomato

India's first tech-IPO, Zomato's subscription model started with the Gold plan that allowed customers to avail discounts. Yes, there was pushback from an established and largely traditional restaurant industry that's also suffering through a pandemic. But, the model was so quick to adjust to the Pro scheme. It's the one and only example that subscription models need to show that there's opportunity in adaptability.



Clinikk

You may not have heard of this Bangalore-based startup that's been in the healthcare segment for a few years now. But their growing customer base can show that subscription models can go beyond FMCG. Clinikk offers a simple Rs. 300 subscription that's recurring on a monthly basis. It covers teleconsultation as well as insurance costs. Picture a low to mid-income family that can't afford health insurance but has a recurring medical cost that requires constant care. Adjusting to diversifying and emerging markets is challenging, but the prospects can build a strong portfolio of economies that's immensely beneficial in highly controlled environments.

The above examples not only show that subscription-based models benefit from automated service requests. They also extend the opportunity for organisations to tap new markets. These markets can include a diverse portfolio of individuals who would previously rely on service providers that offered EMI or other unstructured (and largely disorganized) monthly payment schemes.

For the utility industry, it's only a matter of diversification of target audiences to implement such strategies. The Swiggy model shows that experimentation is a necessity, but the Zomato model concludes that adaptability is the need of the hour. More important than ever, it allows you to collect substantial data on potential leads, existing customers as well as rebalancing churns who are constantly on the lookout for riveting organisations that can offer long-term solutions.

In conclusion, combining the subscription economy with the utility industry enables the players in this sector to achieve the parameters of sustainability, loyalty, and hyper-personalised correspondence. The hyper-competition that reigns large among the utility industry companies is mainly based on the amount of trust and confidence that their customers place in them. By adopting the subscription economy into their operations, these companies stand to inspire greater loyalty from their customers. This is because the subscription economy model allows them to take the user-generated data and transform them into meaningful relationships, essentially paving the way for providing personalised customer services to the end user. Besides, this model also ensures greater financial security for the companies in the long run, thereby granting them the space to establish a close and collaborative relationship with each of their users.

Conclusion

As is the case with all other industries, the utility industry will have to keep changing and evolving perpetually to ensure survival. But the need for adaptability overtakes all other parameters. This essentially means that stakeholders in this sector will need to stay ahead of the curve at all times continuously. Providing a digital customer journey to their consumers is what stands to help them meet this fundamental objective. Having a digital framework in place allows them to transform their operational processes and lets the companies in this sector disrupt the very nature of the utility ecosystem. It lets them transform their customers from captive buyers to active agents. All of this is possible only if the utility players concern themselves with formulating customer-centric and tech and analytics-driven strategies simultaneously.

Companies must continuously develop ways to enhance the digital experience of the customer and ensure that their needs and requirements are fulfilled at every touchpoint and across all channels.

