

2020-2026 Customer Strategy

Customer Advisory Panel Summary





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Customer Strategy overview

The new Customer Strategy is driving change in the business

In 2019 we undertook a program of work to refresh our Customer Strategy and have progressed a range of initiatives rapidly so far in 2020

	Purpose		Our business is becoming more customer centric and the purpose of the new Customer Strategy is driving change in our organisation
	Focus		The focus of the strategy is as an internal driver of change—it outlines the drivers of customer improvement, the benefits to customers and our business and a set of key initiatives to pursue
	Approach		Creation of new targeted teams—we have a dedicated strategy implementation team and have established a Customer Experience function
	Delivery		We have initiated nearly 40 items so far in 2020 and committed ~\$6.5m to customer focused improvement initiatives so far

Overview of the Customer Strategy

We have reviewed our customer operations, customer value mechanisms, explored insights to customer needs and developed a strategic approach to customer experience for 2020-2026

Who are our customers and what do we provide to them?

We service both **consumers of energy** (our core business – the provision of electricity supply) but also a **large number of direct customers** who engage us for a variety of services

How well do we do this?

Generally, we perform well in providing customer services. We have many thousands of customer interactions per year, the **majority of which occur seamlessly.** We have relatively few complaints and perform well when compared to peers. However, we are typically **more focused on regulatory compliance, than customer experience,** have complex customer processes and can be slower to move on advancements that respond to changing customer needs

What do our customers need?

Customers are wanting us to support them in meeting their **critical energy priorities – affordability, reliability and flexibility,** but, are now also telling us more about how they would like to engage and partner with our business, take advantage of emerging technologies, and what **expectations they have on the experience of interacting with us** (easy, seamless, informed, valued, special)

What does this mean for our approach?

Given the changing needs and priorities of customers, and the **impact this has on policy makers and regulators,** we need to **refresh our approach to customer experience and customer investment.** We need to broaden our view of customer value and take proactive steps to be **more customer centric** so that we may maintain our customer relevance and licence to operate

What do we propose?

We have **identified a portfolio of initiatives** including **opportunities to be bold,** as well as a **range of other initiatives to support us in becoming more customer centric.** In addition, we have highlighted our **customer culture as a key enabler** to customer centricity success

How do we get there?

A **focused program of customer initiatives** has been outlined for execution between 2020 and 2026, but the journey starts now, with **executive buy-in to customer centricity** and a **new view on customer value**

Who are our customers, and what do we provide to them?

We interact with a lot of stakeholders, one set of which are our customers. Our core business is in the provision of electricity supply, however, our direct customer interactions are many and varied



30+ Core services under the following service streams...



Understanding our direct and indirect customer needs, and how we service these needs is the critical first step to improved customer centricity



Delivering on our customers' values

We have utilised the range of inputs and insight to define a set of value propositions from both the lens of the key customer priorities, as well as the services that we offer

Affordability



Provide value for money services to our customers

By:

- Providing and refining efficient processes and avoiding gold plating
- Continually improving to reduce effort and waste
- Getting it right the first time
- Seeking out the highest value options for customers

Reliability



Be counted on to deliver consistent customer outcomes that customers trust in

By:

- Clearly articulating processes to set expectations and keeping promises in line with those expectations
- Refining repeatable processes
- Empowering and focusing our people
- Proactively responding when things don't go to plan

Flexibility



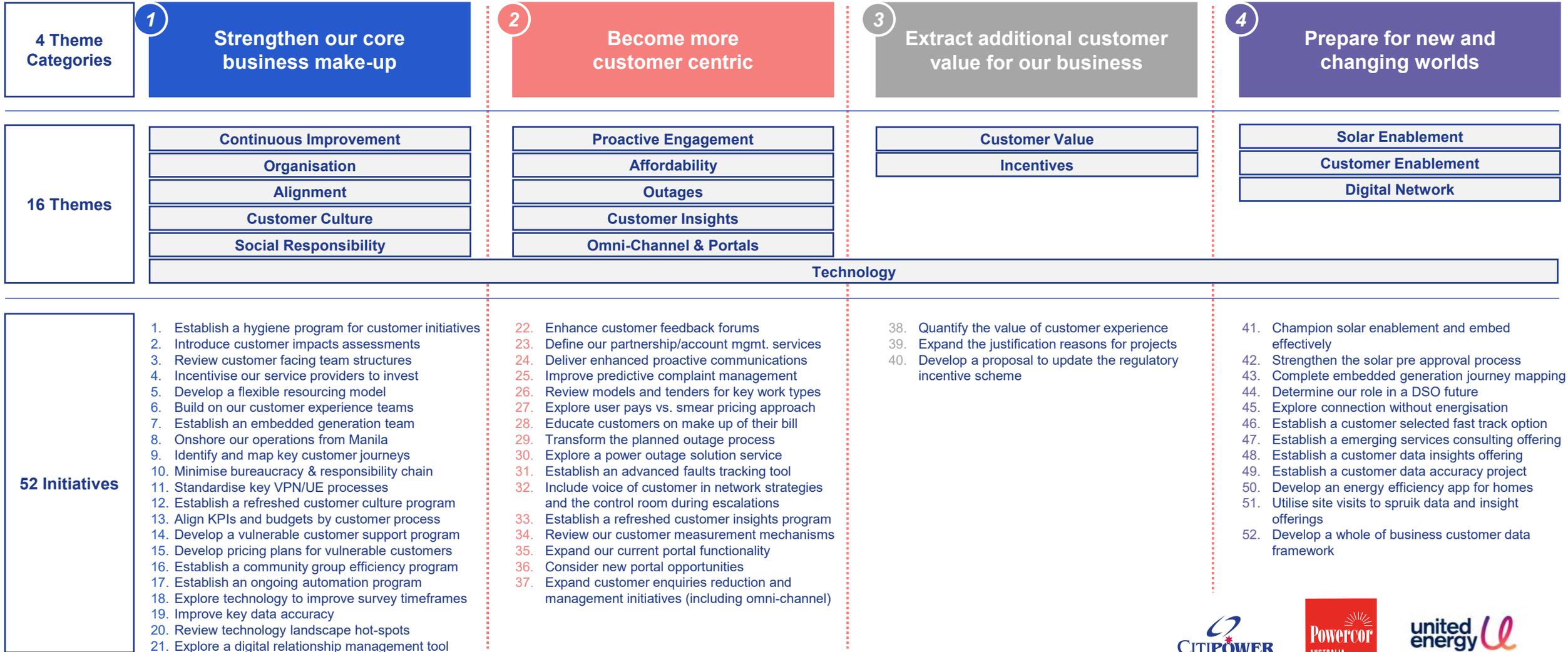
Provide options, advice and solutions that meet the specific needs of our customer

- Listening to and acknowledging the customers specific needs
- Balancing customer needs against regulated obligations
- Seeking out options that safely and efficiently deliver for the customer



Strategic Themes & Initiatives

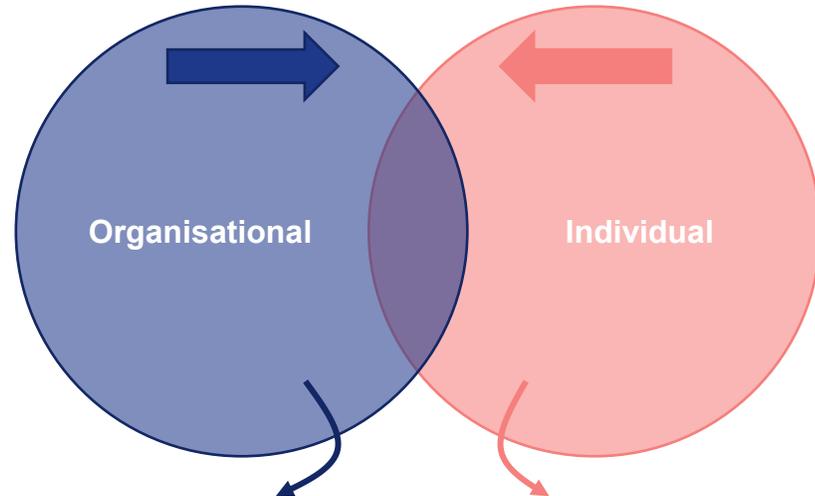
We have identified, categorised and prioritised 52 initiatives under 16 themes and 4 theme categories to drive the customer strategy between 2020 and 2026. The initiatives form a portfolio across the customer investment drivers



Refreshing our customer culture is critical to success

In addition to a range of customer impacting initiatives, we have also identified building a strong customer culture as crucial to our transition toward customer-centricity

Customer Ownership



Ensure process managers own the end to end customer experience for their process

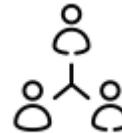
Empower the first receiver of the customer issue to resolve, or at the very least provide a warm, proactive transfer to key SMEs

Embedding Customer Culture like Safety Culture



Options Culture

We will provide customers with options, rather than a 'no'



Responsibility Culture

We will take ownership of customer problems, gathering information and responding to customers personally
We will be accountable for meeting our customer promises



Empathy Culture

We will put ourselves in the customer's shoes when making decisions that impact them

Leading from the front, 'living the culture', rewarding the desired behaviours and committing to the approach over time are all integral to establishing and sustaining culture improvement



Progress so far

Customer Experience Team

The Customer Experience team has been established with clear internal and external visions and a mandate to drive customer experience improvement and embed a customer culture

Vision

External

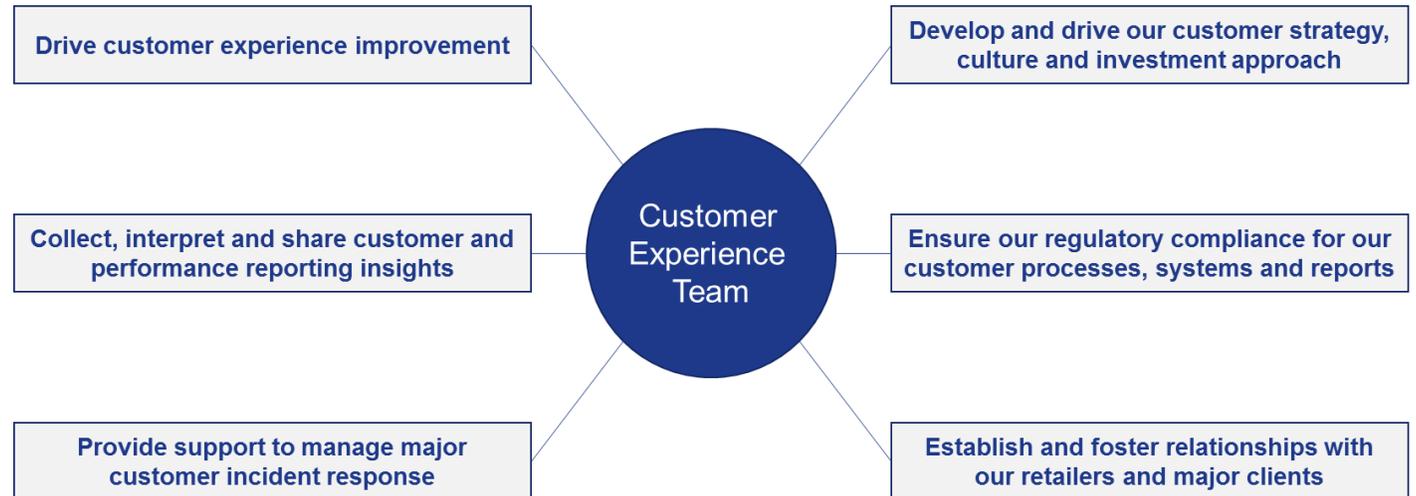
A cross-industry leader for low effort, flexible and efficient customer experiences at scale

We will work to provide the right experience for the right customer at the right time

Driver of customer culture, provider of customer insights, and go to team in a crisis and for customer experience improvement

Internal

Team Mandate



What have we done so far?

2020 has been full with a range of initiatives established and delivered

HOW IS THE STRATEGY TRACKING?

The program has established a strong customer practice within the business

- Strategic view of customer value
- Consideration of customer impact in operational changes
- Customers being considered in more projects and earlier
- Established a refreshed customer culture program

By the numbers...

- **28** initiatives underway
- **10** completed or nearing completion
- **28** targeted to complete in 2020

By the benefits...

- Improvements to customer experience across:
 - Supply (planned & unplanned)
 - Projects (visibility & tracking)
- Insight improvements (surveys)
- Value improvements (CSIS)
- Culture building activities via EMT advocacy, SMG forums, and workgroup level workshops

HIGHLIGHTS

	Project Vista	• Enabling end-to-end online self service project tracking in mySupply	COMPLETE
	Project Lumos	• Enabling online fault reporting	ON TRACK
	Embedded Generation team	• New team established and recruitment underway	ON TRACK
	Privacy	• Reviewing and improving privacy governance and processes	COMPLETE
	Outage Communications	• Enhancing customer preferences for comms and improvement in outage management	ON TRACK
	Customer Insights Program	• Establishing a new insights program for customer experience improvement	COMPLETE

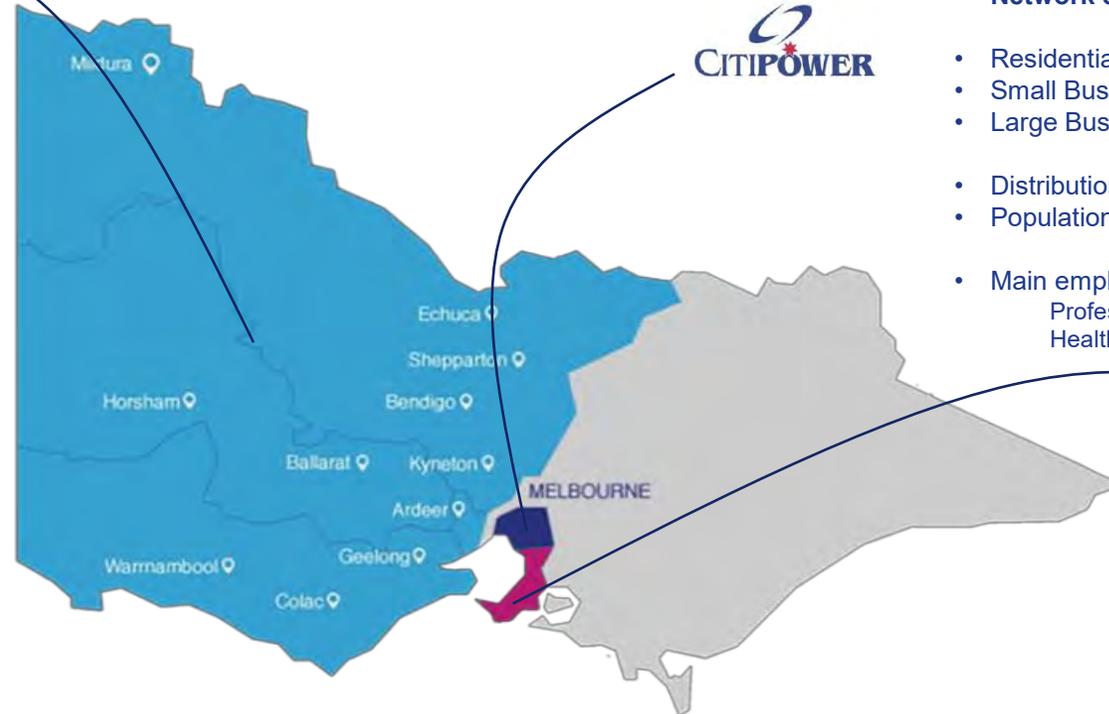
Background Customer Information

Our place in the customer world

We service more than 1.8m households and businesses across our three networks in our core offering of the provision of electricity. In addition, we also have thousands of direct customer interactions per annum related to our supporting services



- **Supply Points On:** 830,000
- **Residential Households:** 720,000
- **Network charges (residential):** \$427
- Residential Customers: 87%
- Small Businesses: 107,000
- Large Businesses: 3,000
- Distribution Area: 150,000 ²km
- Area Classified as 'Rural': 86%
- Population Density: 15 ppl / ²km
- Main employing Industries:
Health Care and Social Assistance
Agriculture, Forestry and Fishing



- **Supply Points On:** 330,000
- **Residential Households:** 277,000
- **Network charges (residential):** \$354
- Residential Customers: 84%
- Small Businesses: 51,000
- Large Businesses: 2,000
- Distribution Area: 157 ²km
- Population Density Ave: 3,500 ppl / ²km
- Main employing Industries:
Professional Scientific & Technical Services
Health Care and Social Assistance



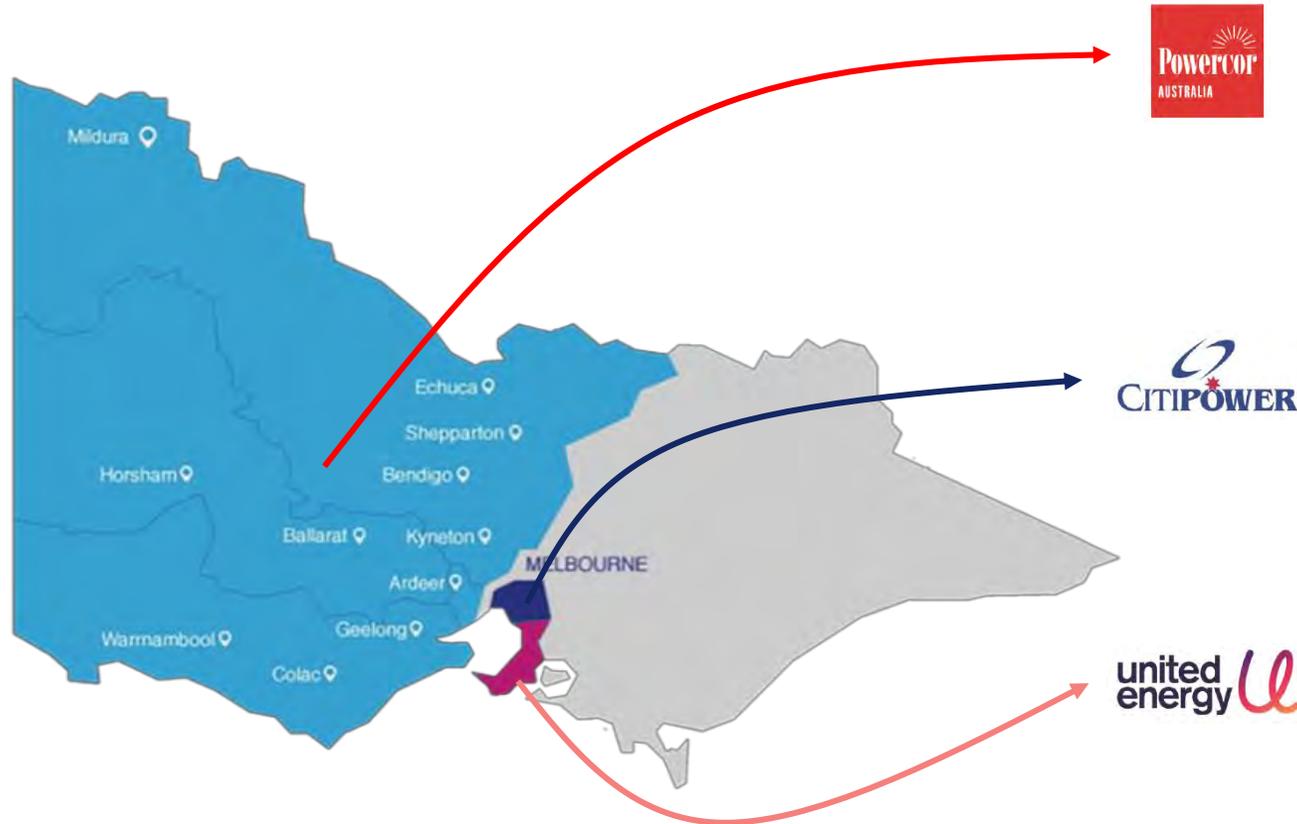
- **Supply Points On:** 700,000
- **Residential Households:** 612,000
- **Network charges (residential):** \$389
- Residential Customers: 87%
- Small Businesses: 84,000
- Large Businesses: 4,000
- Distribution Area: 1,500 ²km
- Population Density Ave: 540 ppl / ²km
- Main employing Industries:
Professional Scientific & Technical Services
Health Care and Social Assistance

We are key to delivering the two critical energy supply aspects to customers – affordability and reliability, but also, much more...



Variations by network

Customers in our distribution areas are typically aligned in core priorities (affordability, reliability and flexibility), however, their underlying needs are nuanced and sub-priorities vary by geography



- Residential the majority share at 87%
- 104,000 small and medium businesses and 2,900 C&I customers
- Rural Commitment (17%), Graceful ageing (16%) and Hardship and Perseverance (13%) make up 45% of the Powercor customer base
- Less than 1% are considered to be First Class Life and only 6.4% considered to have Strong Foundations as professionals with higher assets and income
- Powercor customers valued a reliable service (75%) at an affordable price (64%) and assumed that safety is a given

- 84% being residential
- 51,000 small and medium businesses and only 2,000 C&I customers
- 47% of all CitiPower customers are considered Striving for Status, characterised as young, successful, career-driven professionals living in central city areas with high income and no children
- Almost 19% of CitiPower customer are within the wealthiest groups within Australia, with significant assets and income
- Residents valued a reliable service (77%) at an affordable price (71%) and assumed that safety is a given

- 92% residential customers
- 53,000 small to medium businesses and 3,100 C&I customers
- Two thirds of customers are considered to be affluent, with the majority being retirees living in higher valued properties in desirable areas (Secure Tranquility 21% and First Class Life 10.5%)
- Customer-base are more resilient, more self-sufficient and driven by technology
- Residents valued a reliable service (70%) at an affordable price (69%) and assumed that safety is a given



Who are our customers?

We interact with a lot of stakeholders.... One set of these stakeholders are our customers



Our Focus for the Strategy

Direct Customers
(Customers receiving services directly from us beyond electricity supply*)

- Consumers & prosumers
- Vulnerable and life support customers
- Small, medium enterprises
- Commercial & Industrial
- Agents e.g. registered electrical contractors, builders, energy consultants, developers, option 2 contractors
- Government e.g. state government and council projects
- Retailers
- High voltage customers
- Large generator customers e.g. solar & wind farms
- Market participants e.g. embedded network operators

Supply Customers
(Customers receiving electricity supply)

- Residential and business consumers of energy (more passive customers of ours, engaging via retailer)

Partners & Bodies

- Employees
- Unions
- Investors
- Agencies
- Community
- Consumer advocacy groups
- Government
- Industry associations & groups
- Regulators
- Media

Still very important, but managed by other strategic approaches



*See overleaf for direct service offerings

What services do we provide to customers?

There are five key service areas that house our core service offerings

Our core services:



Interesting Insight 1: The ‘big 3’ core priorities

The three key customer priorities emerging from research are consistent with what we intuitively know as a business – however, customers are encouraging us to do more and adopt a partnership approach to help them to power their lifestyles

Affordability



Help me to reduce my overall spend on energy

- **66%** perceive their electricity bills to be **too expensive**. They don't understand the services and value that we provide
- **Tariff options** are important so that customers can select plans that best suited them – but they need to be simple and easy to understand
- Supportive of **'user pays' for connections**, but fees are too high – alternate models should be considered
- C&I want **incentives and flexibility** in prices and a partnership approach – win/wins
- Some customers state that they want **real-time access to data** but more so, they seek meaningful information on how to reduce their costs
- **1/3 happy for DBs to adjust their energy use** to deliver better cost outcomes, but only **¼ happy for DB to remotely adjust appliances** in their home (differs per network)
- **2/3 residential and 1/3 SME** customers indicate a willingness to participate in **demand management**, however, incentives need to be the right reward for a behaviour change
- Hidden vulnerability is seeing people we don't expect slipping under the poverty line, or putting their health at risk so that they may save

Resilience



Reduce network impacts to me, and keep me informed when there is a problem

- **Resilience** of the network in all weather events, and **power quality** are factors of the most importance to reliability
- **Fairness of supply** is important to customers. No one should be left behind in a community
- Limited trade-offs – **<50% would pay extra for more reliability, <20% would pay less for reduced reliability**
- **More notice** and better planning and support for **planned outages** seen as key, in particular with business customers
- **Increased communication and channel options** regarding outages and times to restore. People want to receive notification in the methods they prefer and to be updated regularly
- Inspect and replace assets more regularly and **60%+ of customers want to accelerate undergrounding** to improve reliability (+ nearly all in the south west region)
- **89%** rate **public lighting performance** higher than 6/10, but they don't necessarily know it is us that manages them
- **89%** wanted us to **use our smart meters to better detect faults** and faulty assets

Flexibility

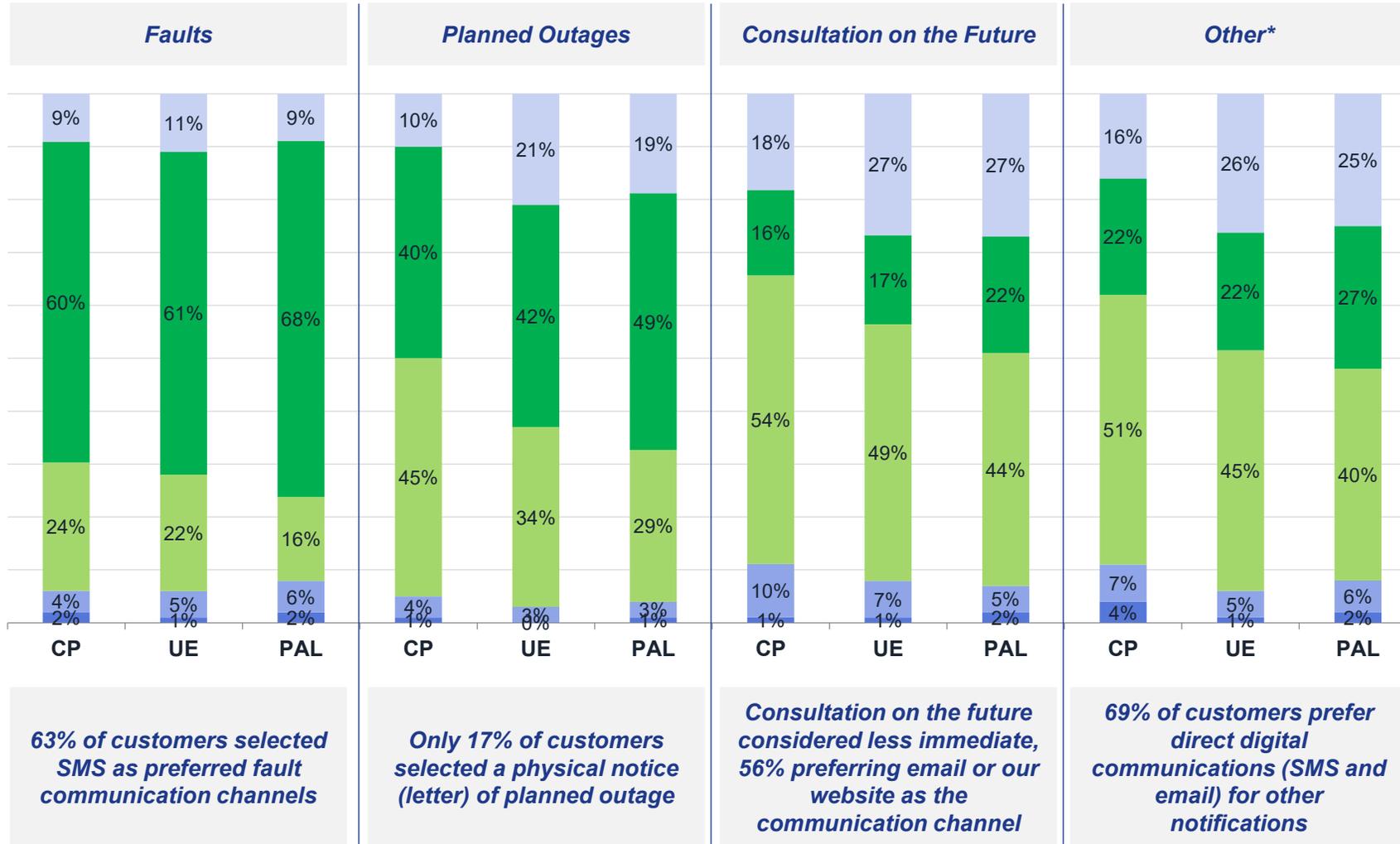


Enable me to do what I want to do – now, and into the future

- **33%** of customers say they are **looking to adopt solar**. Lower take up expected for other DERs, although most looking for a **'greener future'** with more **power in customers hands**
- **Enabling export** and ensuring a smooth and easy connection process is a high priority
- **75%** of customers believe we should **upgrade our network faster** to enable renewables. This percentage decreases for businesses
- **Connections processes** should be more transparent, have fewer delays, be less costly and lower effort to complete. We should be more flexible to meeting customer needs, and providing options
- Customers want more flexibility in how they interact with us and want increased **channel choice** to make it easier for them
- Customers want more **personalised service** and businesses want to adopt more of a **partnership approach** as they explore the flexible grid
- Customers who know us want us to **have a vision** and be looking ahead for the next technology – they want us to be their **trusted advisor**
- **Communities are joining efforts** to achieve VRET and we are considered a barrier in this process

Interesting Insight 2: Communication preferences

Communication preferences of customers indicate a swing towards direct digital notifications and contact. The immediacy of the topic influences the customer's communication preference



Key Takeaways

- In line with a range of industries across the globe, communication and notification preferences are transitioning toward digital channels due to smart devices
- For topics with more immediate impact (e.g. faults), SMS prevails as the preferred channel
- Business customers (particularly SMEs) typically highlight email as the preferred channel (not all businesses provide staff with mobile phones)
- Typically, <25% of customers prefer a hard copy notification/communication for any given topic, and less than 17% for outage related information
- Social media is not yet a viable sole communication channel, and should be used to complement other approaches



*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