

CSIS Customer Engagement

Research Findings

Prepared for: CitiPower, Powercor and United Energy

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Research Objectives and Methodology

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

- Measure and contextualise the value that customers place on the customer service provided by the network to inform the design of the CSIS incentive;
- Measure and understand customers preferred delivery of customer service to inform the design of the CSIS incentive.

Qualitative 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.



How did we do it: Quantitative methodology

How?

Online quantitative study
10 minute survey

- n=600 Residential Respondents in the CitiPower, Powercor and United Energy Networks
- n=200 Small Business (SMB) respondents (businesses with 1-200 employees)



Sample

	Residential customers	Small Business Customers	Total
CitiPower	n=200	n=60	n=260
Powercor	n=200	n=80	n=280
United Energy	n=200	n=60	n=260
Total	n=600	n=200	n=800

Addressable market

- Respondents were 18+ Victorians in the CitiPower, Powercor or United Energy Networks who were either the main or joint decision-maker for household or SMB energy.



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*

“

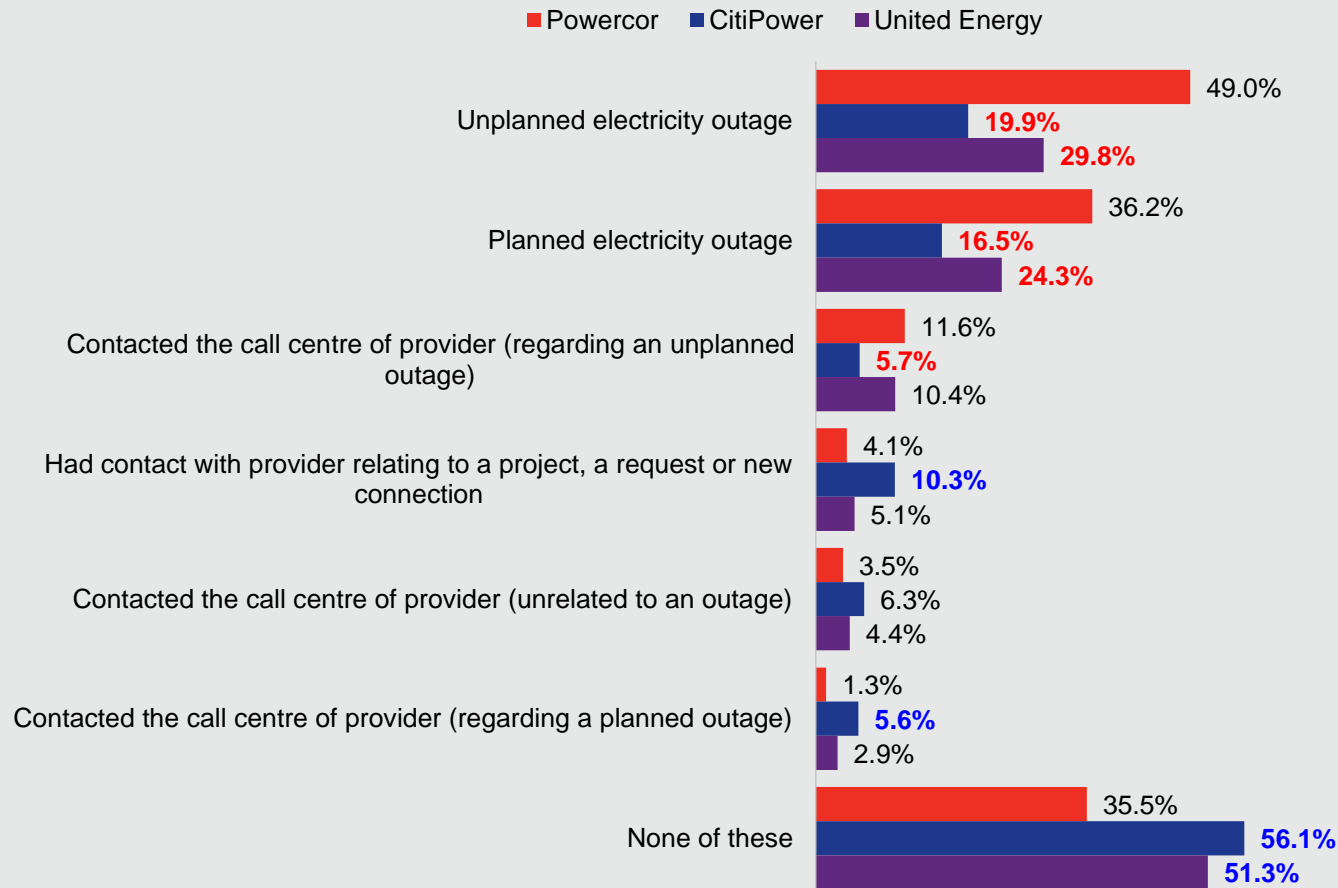
I don't really contact my distributor that often because I don't have any real issues with anything. I get a good price and a good supply.”

- *United Energy Customer*

Almost half of residential Powercor customers have experienced an unplanned outage in the last year and more than half of CitiPower and United Energy customers not having had contact with their provider

Residential

In the last 12 months, which of the following have you experienced?



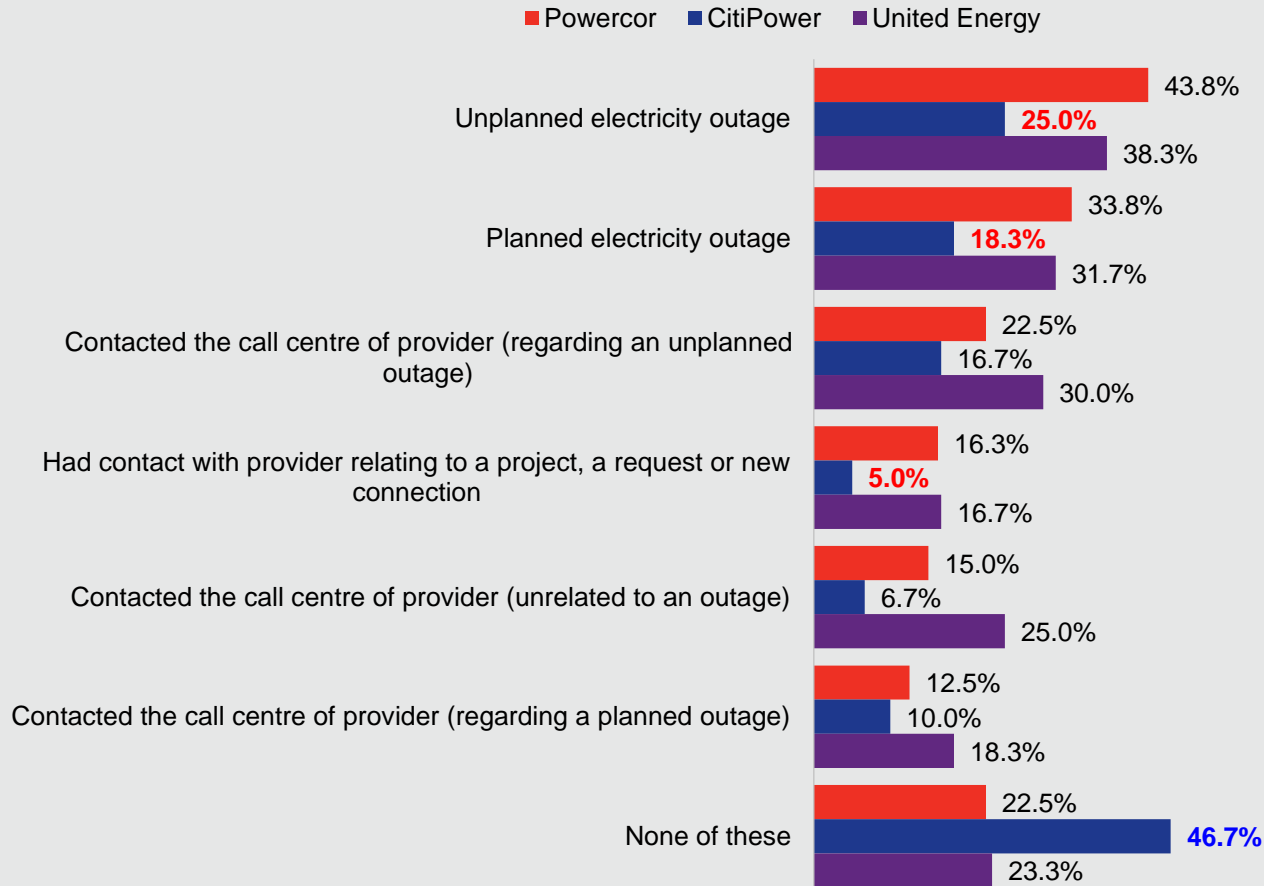
Significance testing was conducted between Powercor and the other suppliers at the 5% level of significance. Blue indicates that the other supplier result was significantly higher than the Powercor result and red indicates that it was significantly lower.



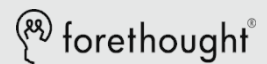
SMB customers were more likely to have a provider touchpoint, with United Energy customers more likely to reach out to the contact centre of their provider

SMB

In the last 12 months, which of the following have you experienced?



Significance testing was conducted between Powercor and the other suppliers at the 5% level of significance. Blue indicates that the other supplier result was significantly higher than the Powercor result and red indicates that it was significantly lower.



The ease of Powercor customers actual outage experiences generally met expectations

Overall

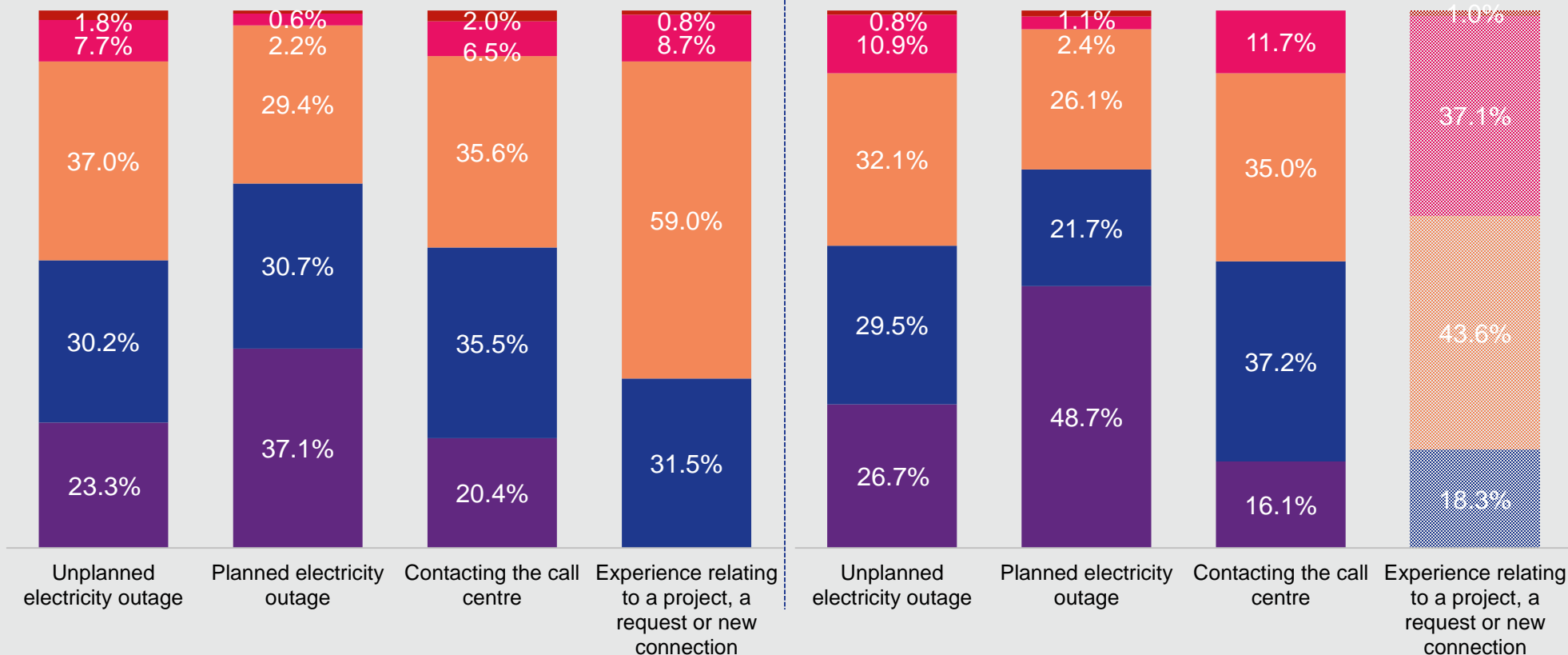


Expected vs Actual Experience – Powercor Overall

■ No effort ■ Very easy ■ Easy ■ Hard ■ Very Hard

Expected Ease

Actual Experience



This was consistent for CitiPower customers, whose experiences with projects were easier than expected

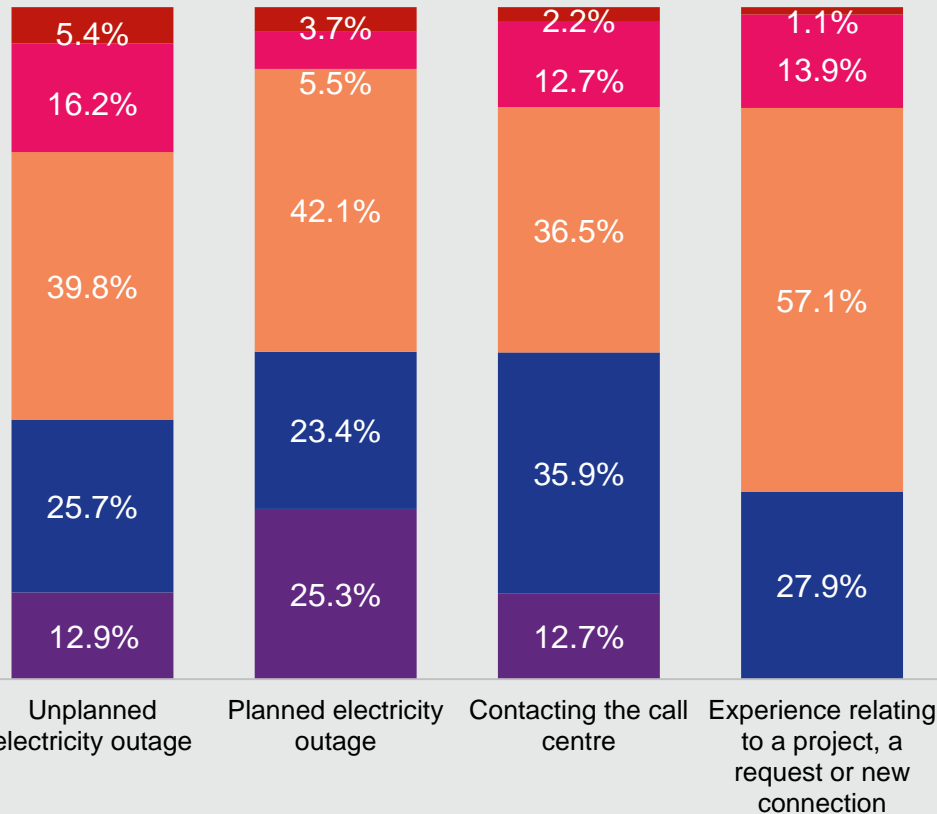
Overall



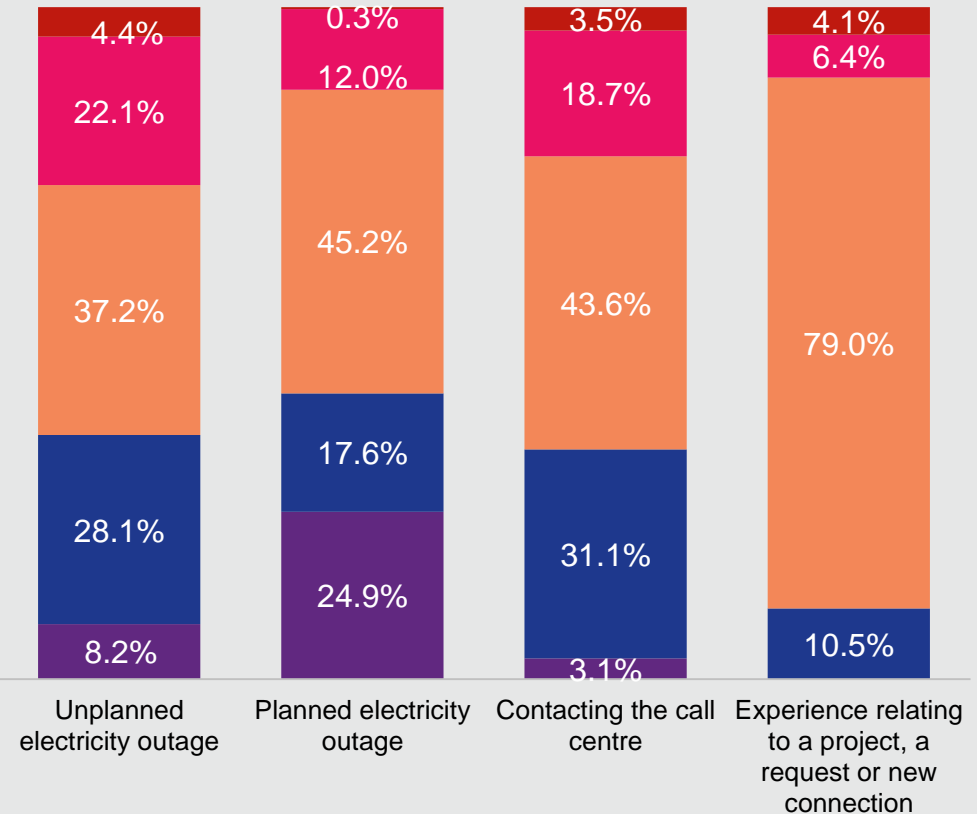
Expected vs Actual Experience – CitiPower Overall

■ No effort ■ Very easy ■ Easy ■ Hard ■ Very Hard

Expected Ease



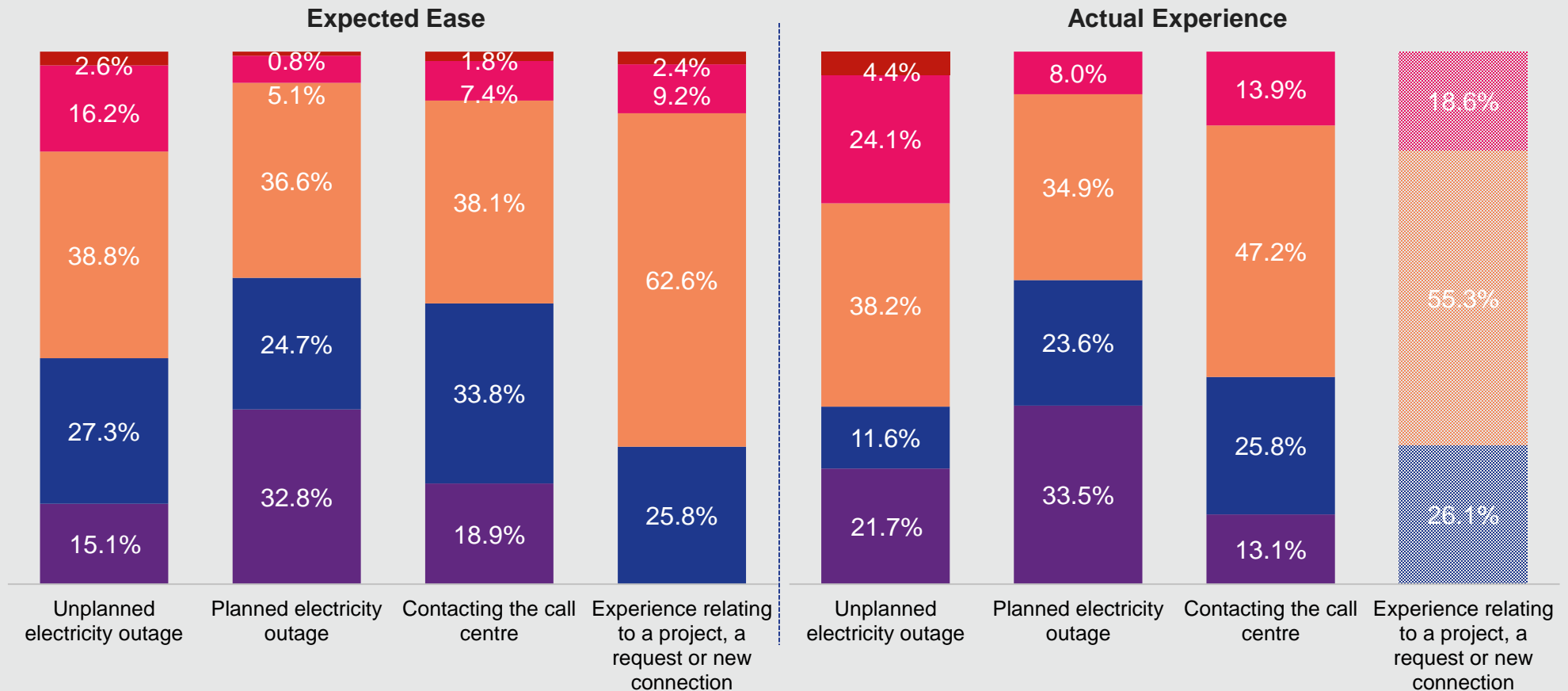
Actual Experience



United Energy customers actual experiences during unplanned outages were harder than expected

Expected vs Actual Experience – United Energy Overall

■ No effort ■ Very easy ■ Easy ■ Hard ■ Very Hard



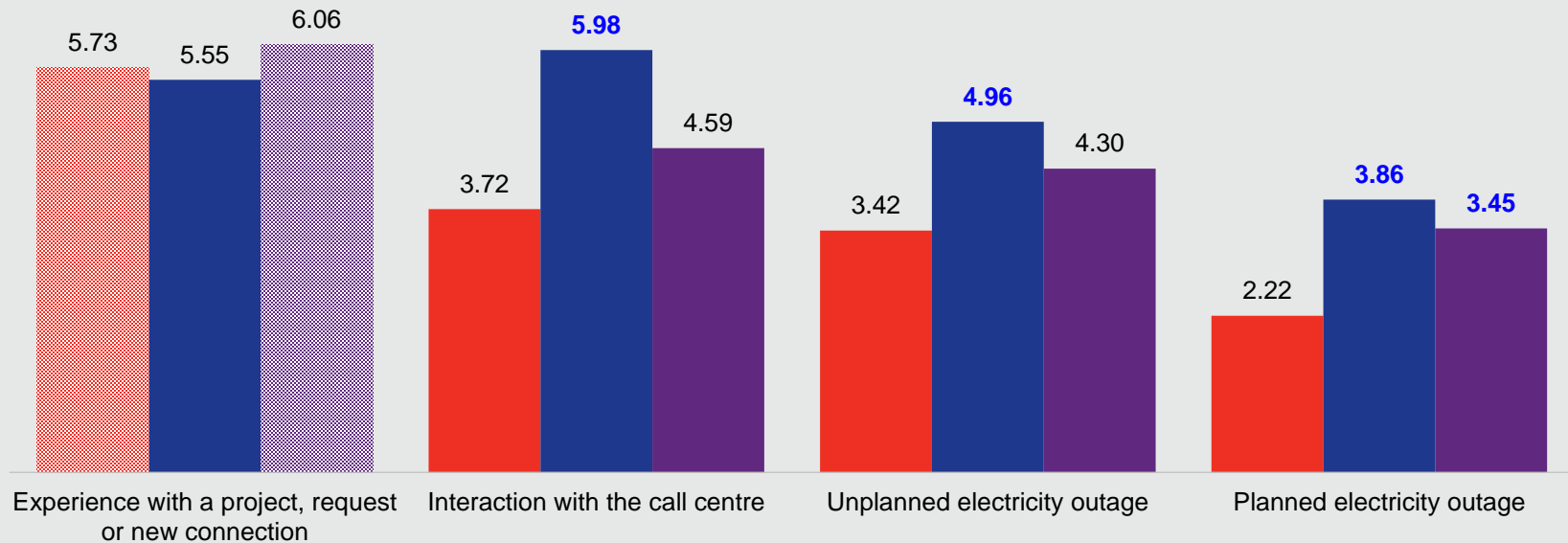
Note: Shaded bars indicate results based on small sample sizes. A minimum sample size of n=30 is recommended for an indicative result.

CitiPower customers exerted more effort across all touchpoints

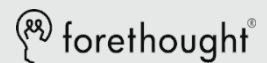
Overall

How much of your own effort was required of you during the following experiences?

■ Powercor ■ CitiPower ■ United Energy



Note: Significance testing was conducted between Powercor and the other suppliers at the 5% level of significance. Blue indicates that the other supplier result was significantly higher than the Powercor result. Shaded bars indicate results based on small sample sizes where significance testing could not be conducted. A minimum sample size of n=30 is recommended for an indicative result.





What services did customers value and expect improvement on?

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.

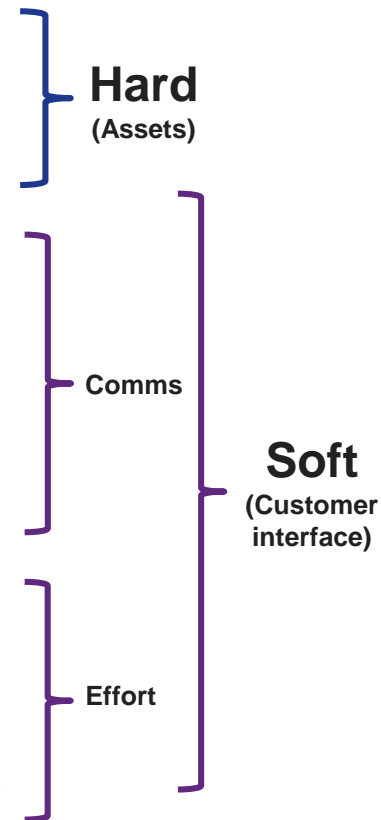
Customer communications regarding planned outages included:

- 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.

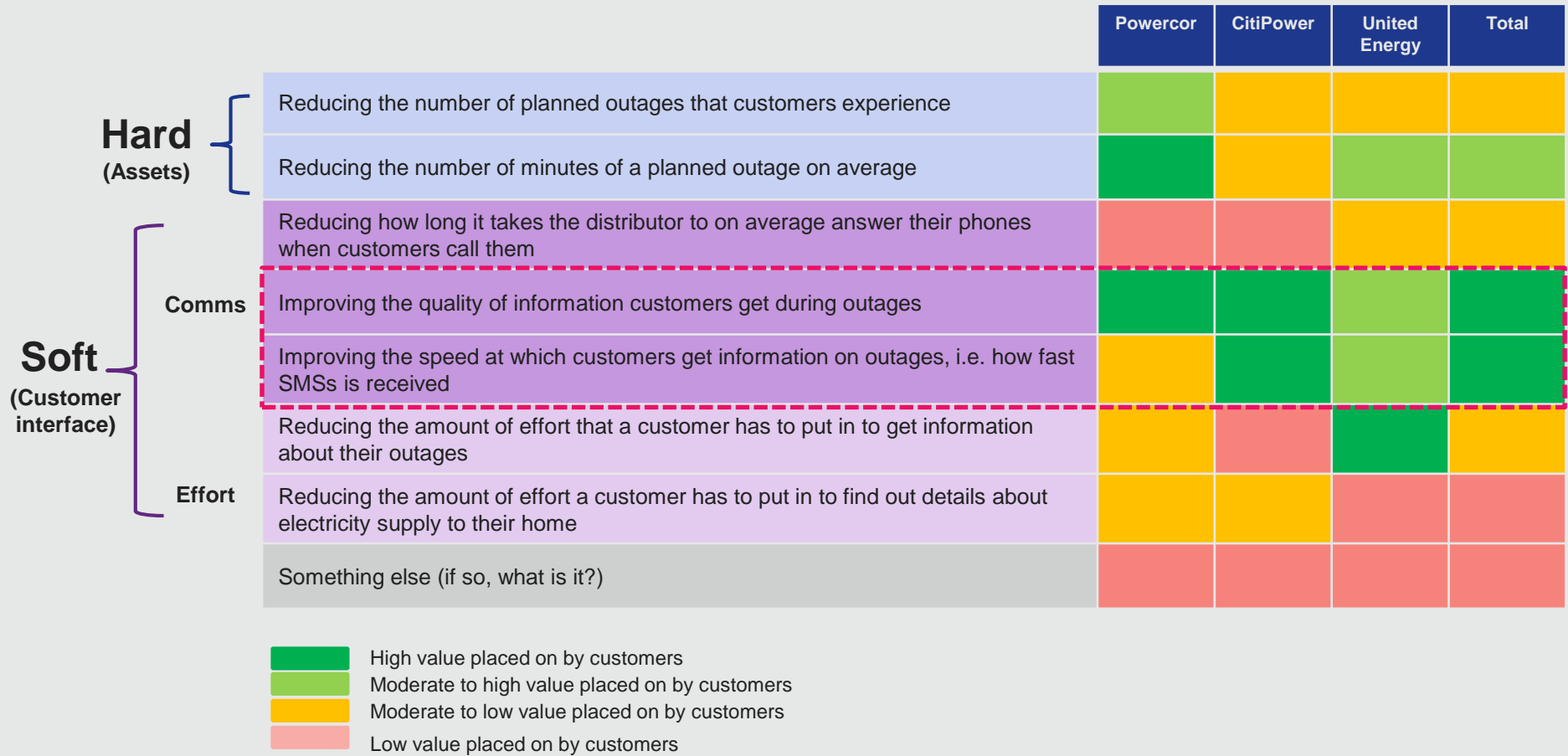
Customers across the three networks were asked what three areas they would invest in if they were the new CEO of their local distributor...

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



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

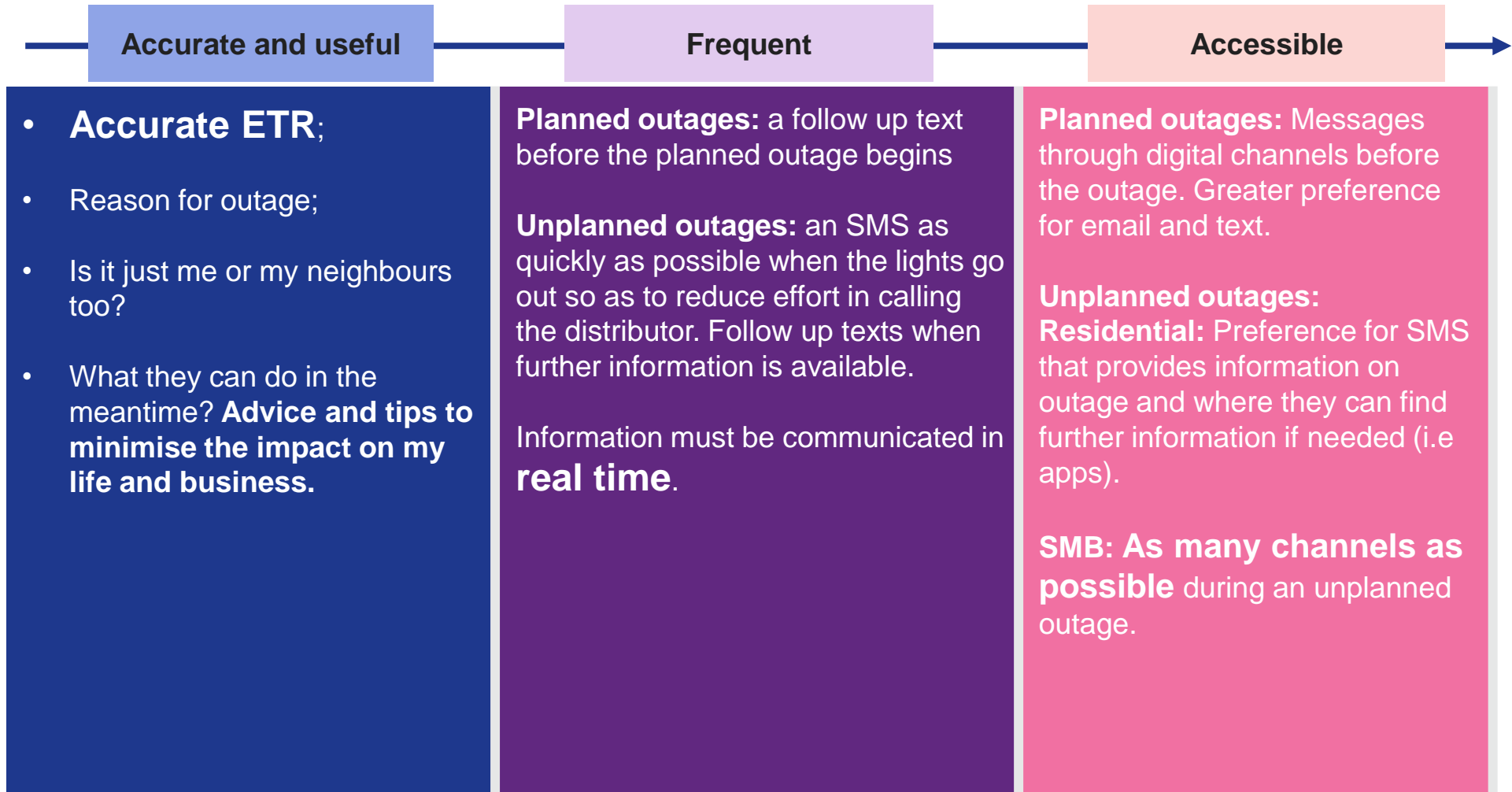
1 Improving the quality of information customers get during outages

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

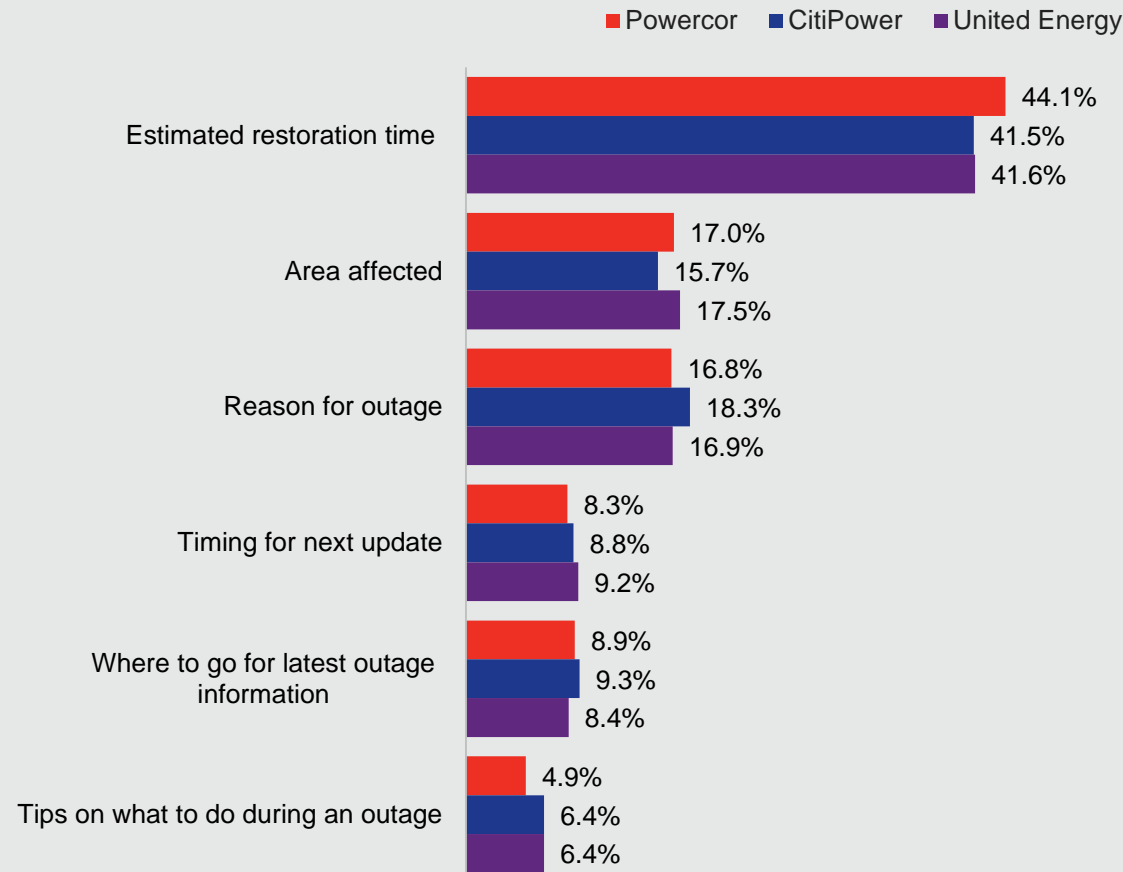
Customers want their information to be:



Estimated restoration time was the most important information to receive for customers of all networks...

Overall

During an electricity outage, how would you prefer to receive communications from your electricity distributor?

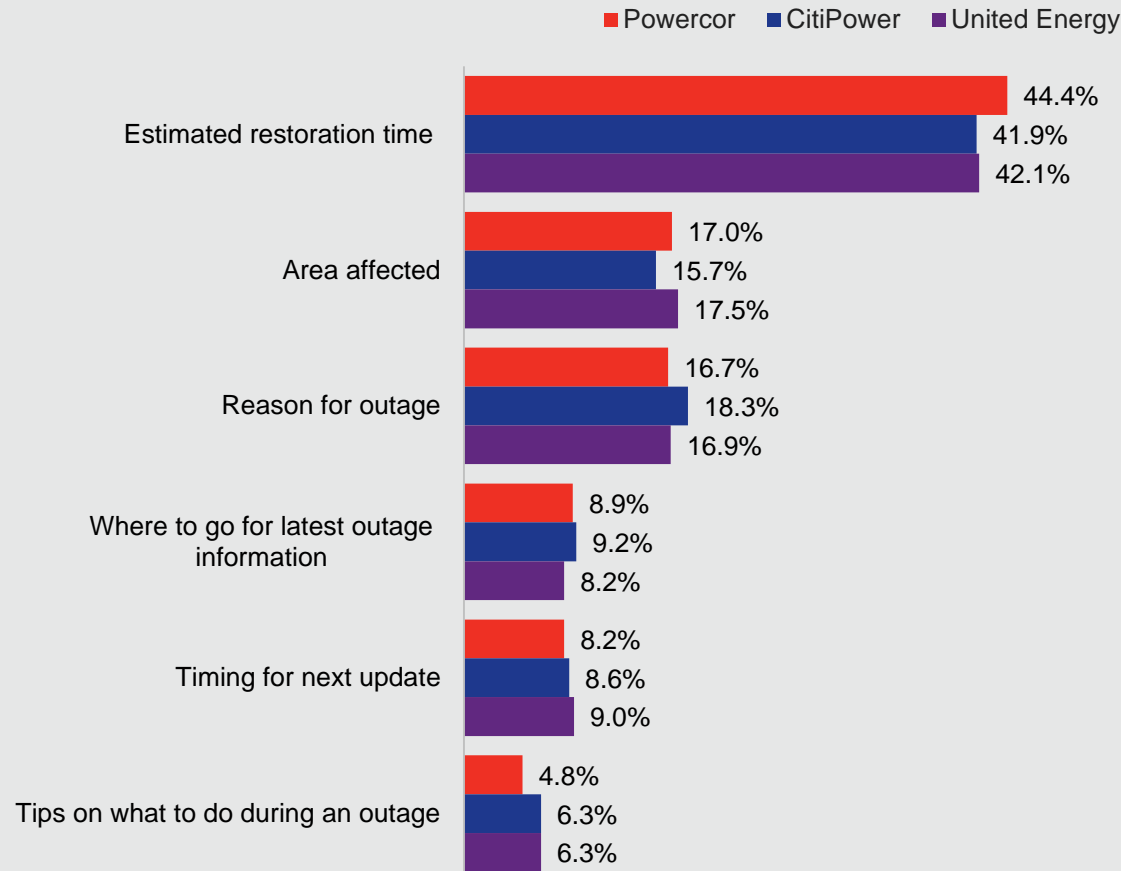


Significance testing was conducted between Powercor and the other suppliers at the 5% level of significance. No significant differences were found.

Estimated restoration time was the most important information to receive for residential customers...

Residential

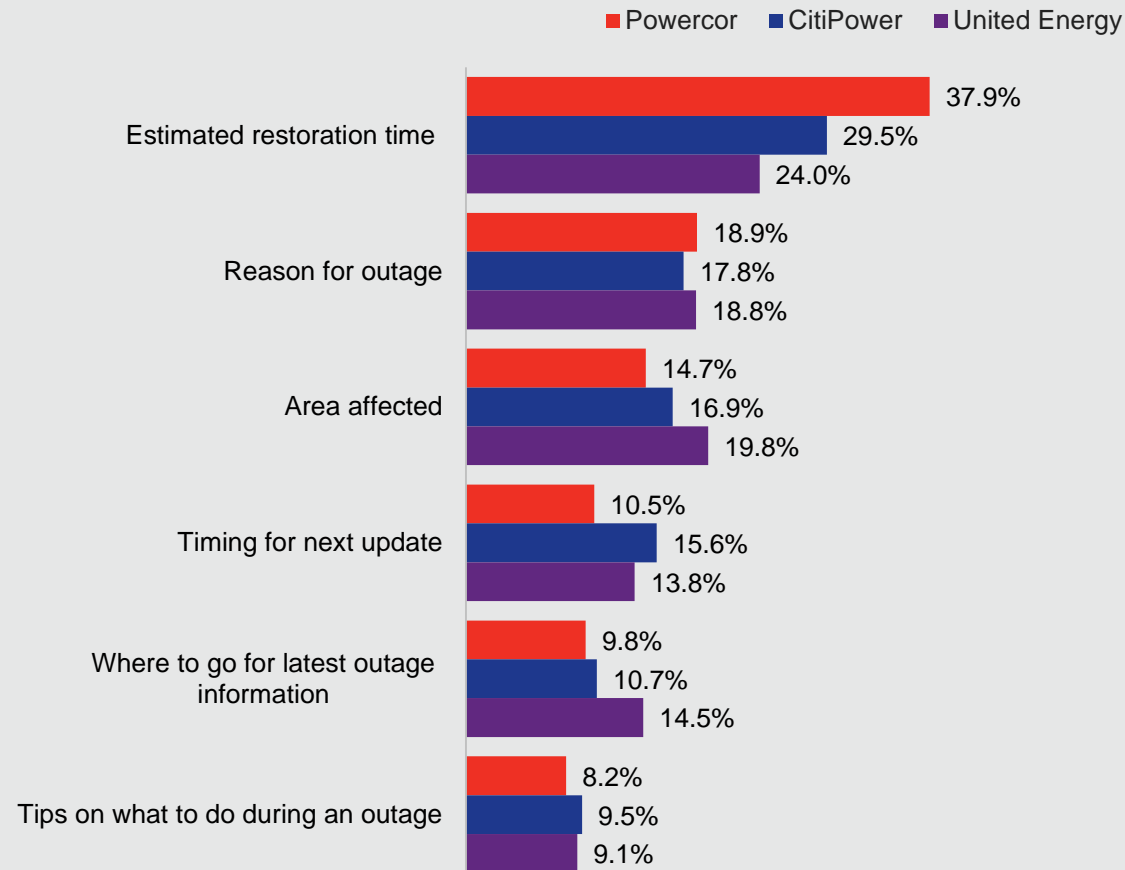
During an electricity outage, what type of information / communications would you prefer to receive from your electricity distributor?



SMB customers also prioritised ETR, however more information was also valued

SMB

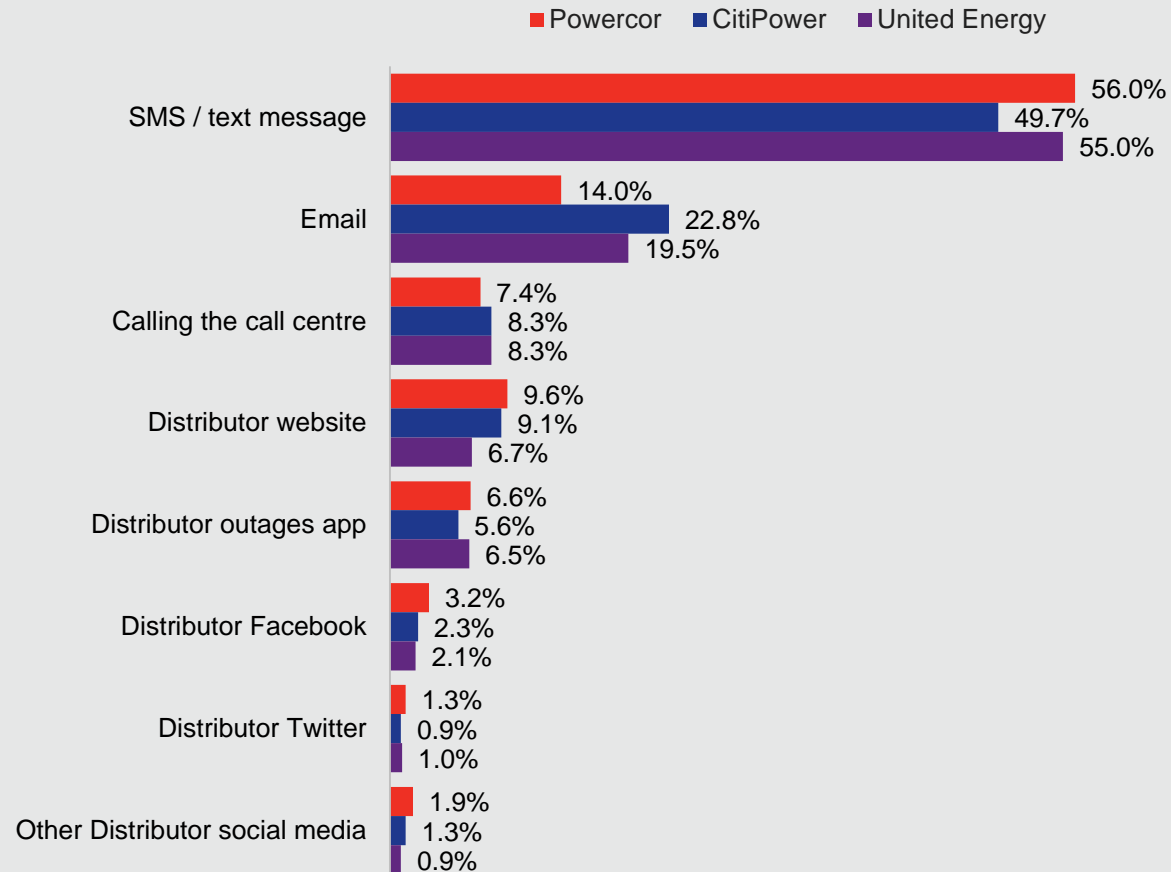
During an electricity outage, what type of information / communications would you prefer to receive from your electricity distributor?



At an overall level, SMS was the most preferred communication channel during an outage

Overall

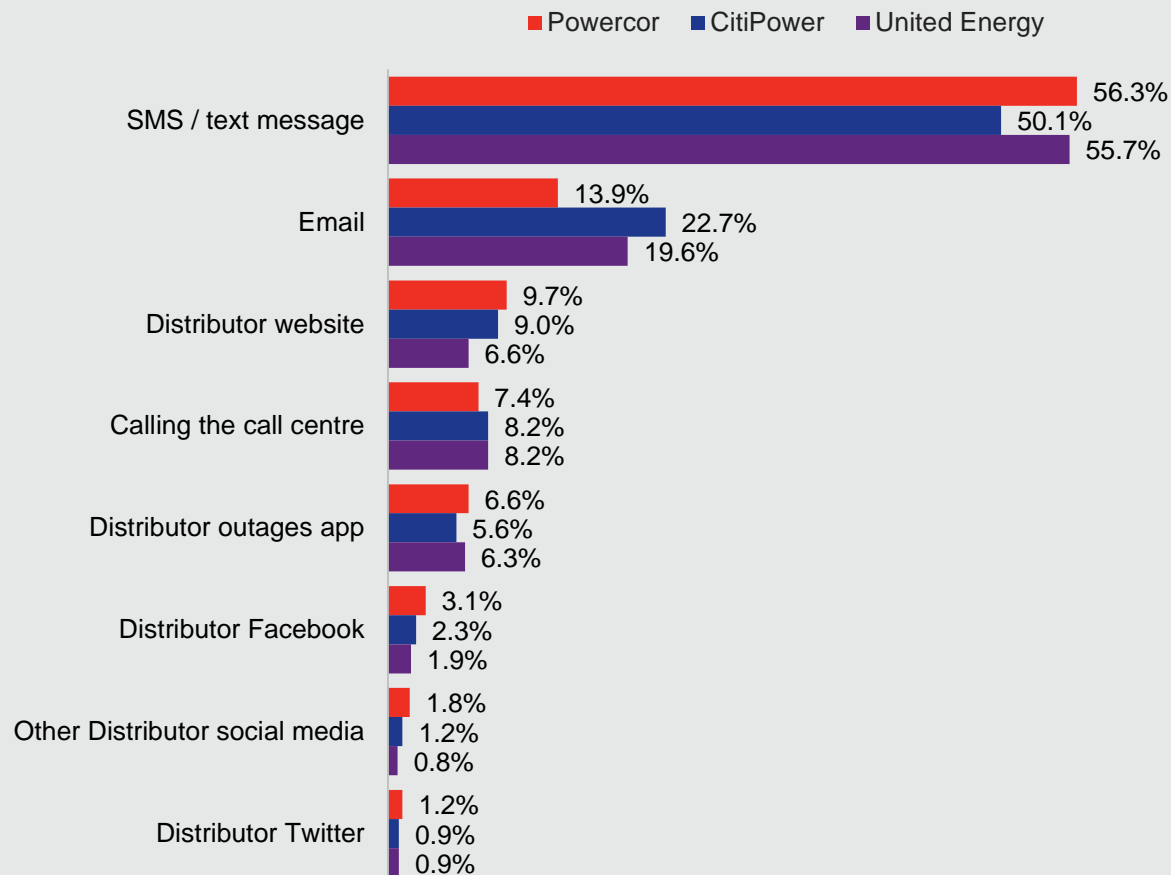
During an electricity outage, how would you prefer to receive communications from your electricity distributor?



Residential customers overwhelmingly preferred to receive information via SMS and text message during an outage

Residential

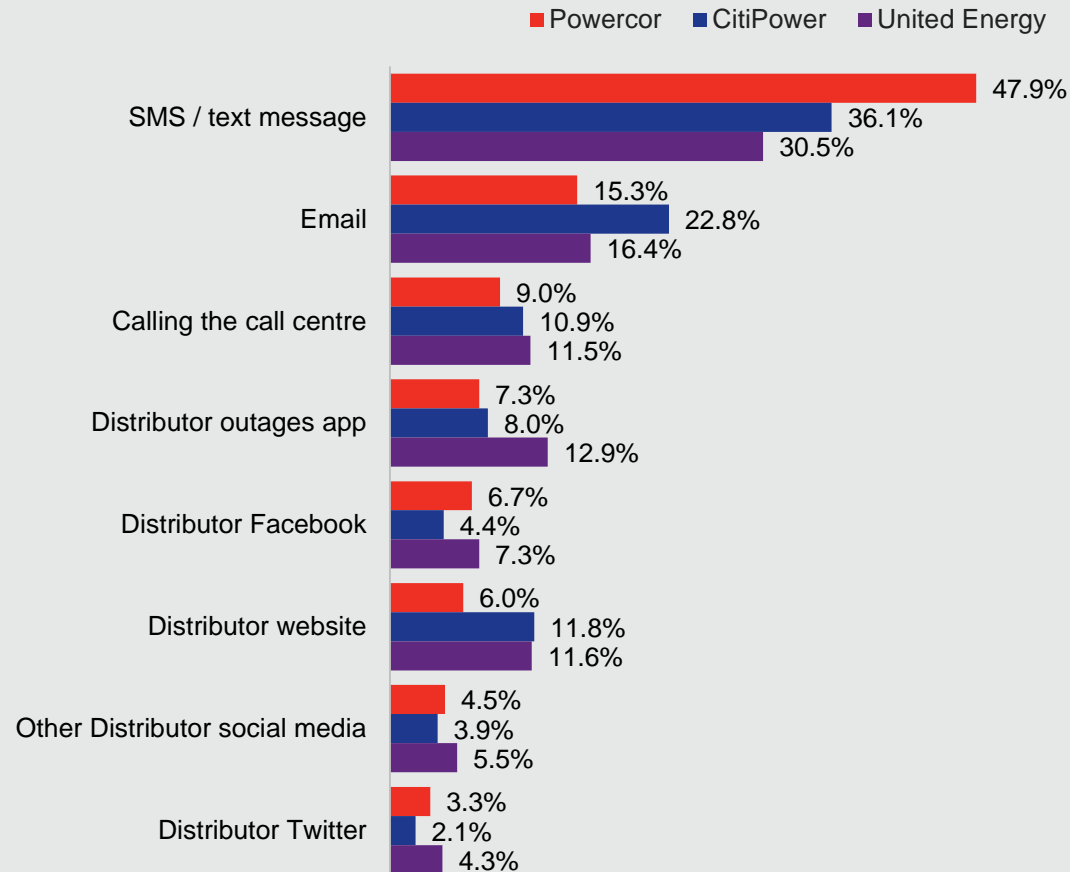
During an electricity outage, how would you prefer to receive communications from your electricity distributor?



With small businesses also prioritising a text message but also interested in other channels of communication

SMB

During an electricity outage, how would you prefer to receive communications from your electricity distributor?





Preferred wait times during outages



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.”

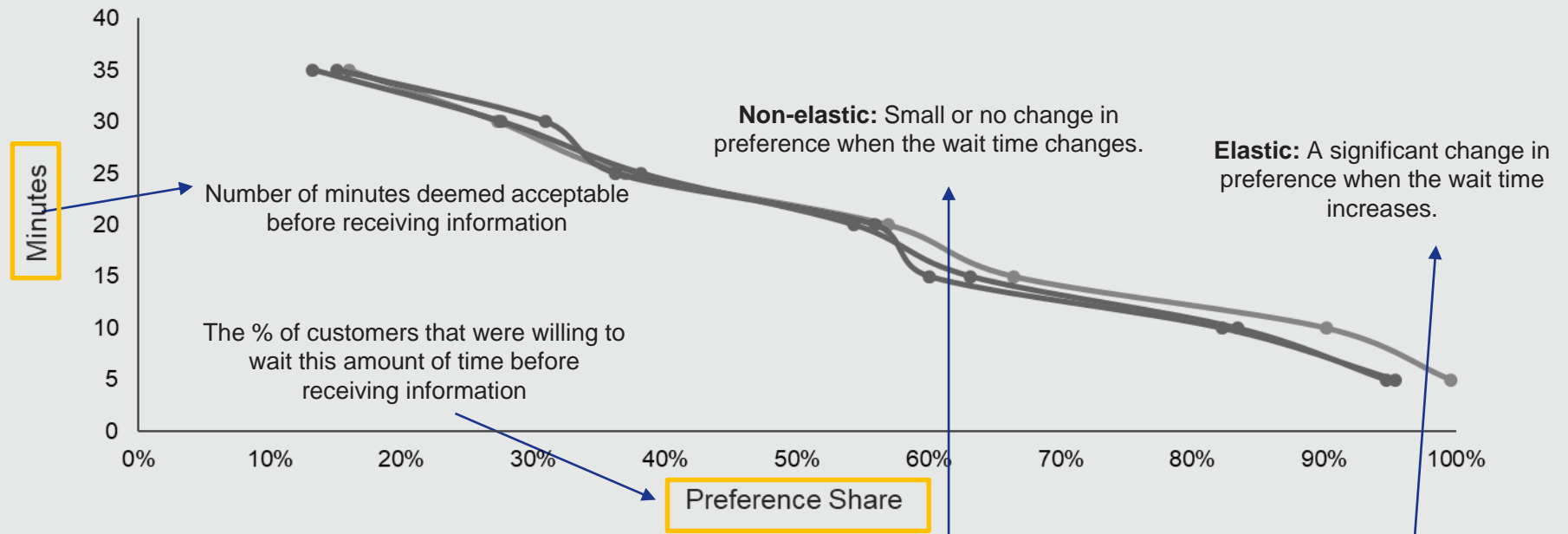
- *United Energy Customer*

“ 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*

Explanation of elasticity in wait times

Acceptable wait times before receiving information during an outage – Elasticity

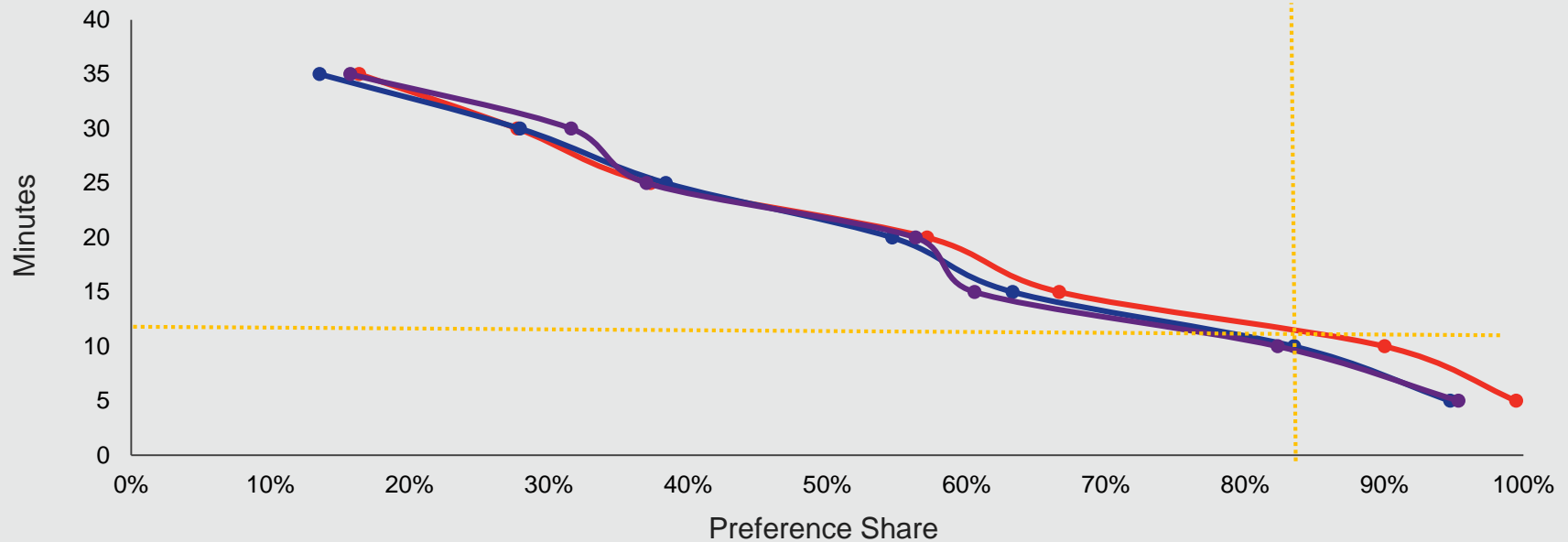


Wait Time in minutes	Powercor		CitiPower		United Energy	
35	16.0%	ELASTIC	13.3%	ELASTIC	15.1%	ELASTIC
30	27.3%	ELASTIC	27.6%	ELASTIC	30.9%	NON ELASTIC
25	37.0%	ELASTIC	38.2%	ELASTIC	36.2%	ELASTIC
20	56.9%	NON ELASTIC	54.3%	NON ELASTIC	55.9%	NON ELASTIC
15	66.4%	NON ELASTIC	63.2%	NON ELASTIC	60.1%	NON ELASTIC
10	90.1%	NON ELASTIC	83.4%	NON ELASTIC	82.2%	NON ELASTIC
5	99.6%		94.7%		95.3%	

A wait time of approximately 12 minutes was considered acceptable by the majority of customers

Overall

Acceptable wait times before receiving information during an outage – Elasticity

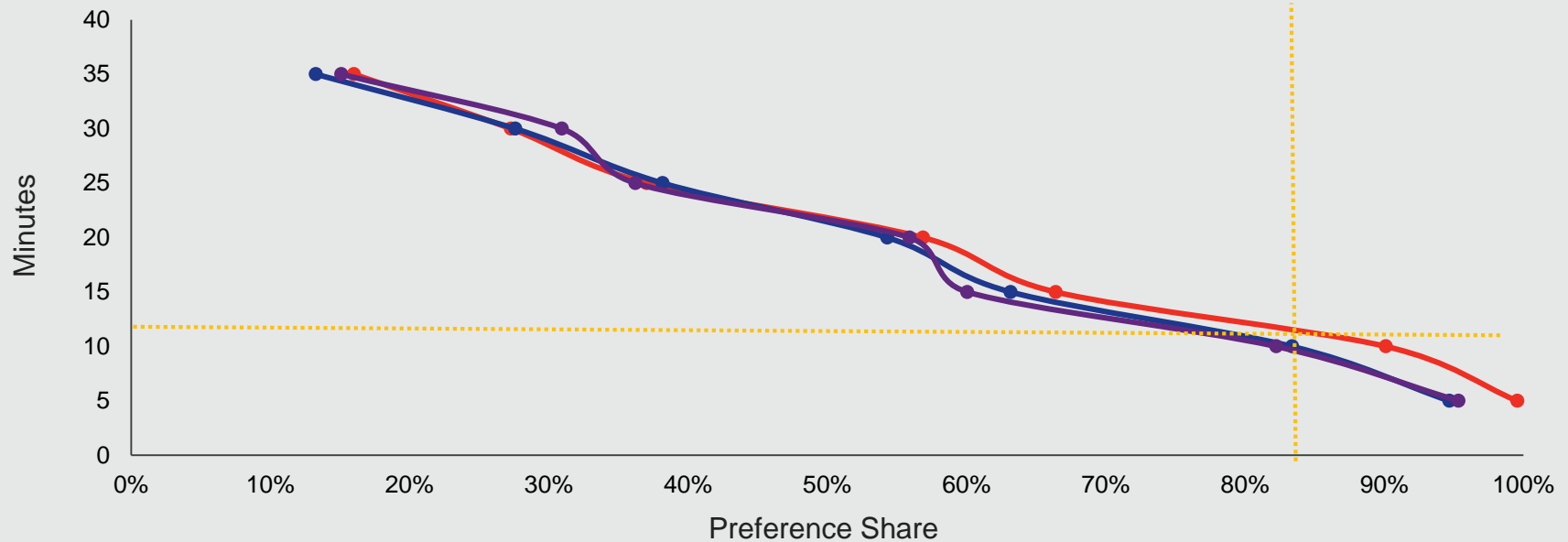


Wait Time in minutes	Powercor	CitiPower	United Energy
35	16.4%	13.5%	15.7%
30	27.7%	27.9%	31.6%
25	37.3%	38.4%	37.0%
20	57.2%	54.7%	56.3%
15	66.7%	63.3%	60.6%
10	90.0%	83.5%	82.4%
5	99.5%	94.7%	95.3%

A wait time of approximately 12 minutes was considered acceptable by the majority of residential customers

Residential

Acceptable wait times before receiving information during an outage – Elasticity

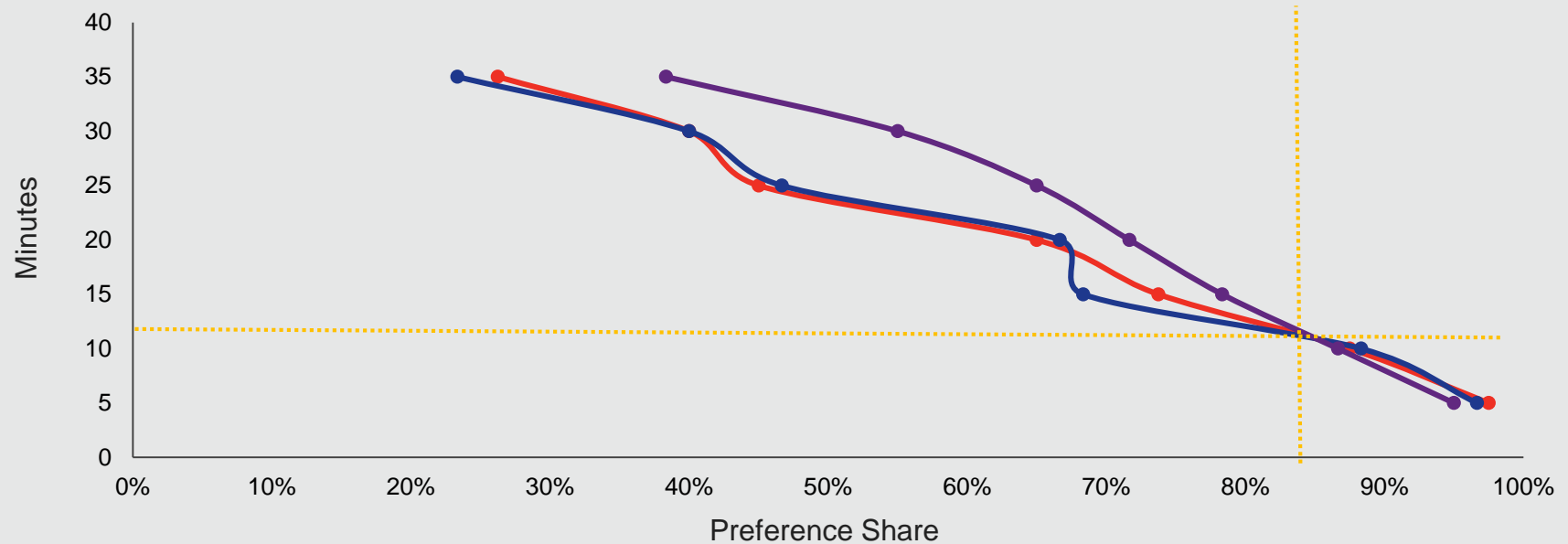


Wait Time in minutes	Powercor		CitiPower		United Energy	
35	16.0%	ELASTIC	13.3%	ELASTIC	15.1%	ELASTIC
30	27.3%	ELASTIC	27.6%	ELASTIC	30.9%	NON ELASTIC
25	37.0%	ELASTIC	38.2%	ELASTIC	36.2%	ELASTIC
20	56.9%	NON ELASTIC	54.3%	NON ELASTIC	55.9%	NON ELASTIC
15	66.4%	NON ELASTIC	63.2%	NON ELASTIC	60.1%	NON ELASTIC
10	90.1%	NON ELASTIC	83.4%	NON ELASTIC	82.2%	NON ELASTIC
5	99.6%		94.7%		95.3%	

And this was consistent with SMB customers...

SMB

Acceptable wait times before receiving information during an outage – Elasticity



Wait Time in minutes	Powercor		CitiPower		United Energy	
35	26.3%	ELASTIC	23.3%	ELASTIC	38.3%	ELASTIC
30	40.0%	NON ELASTIC	40.0%	NON ELASTIC	55.0%	NON ELASTIC
25	45.0%	ELASTIC	46.7%	ELASTIC	65.0%	NON ELASTIC
20	65.0%	NON ELASTIC	66.7%	NON ELASTIC	71.7%	NON ELASTIC
15	73.8%	NON ELASTIC	68.3%	NON ELASTIC	78.3%	NON ELASTIC
10	87.5%	NON ELASTIC	88.3%	NON ELASTIC	86.7%	NON ELASTIC
5	97.5%		96.7%		95.0%	



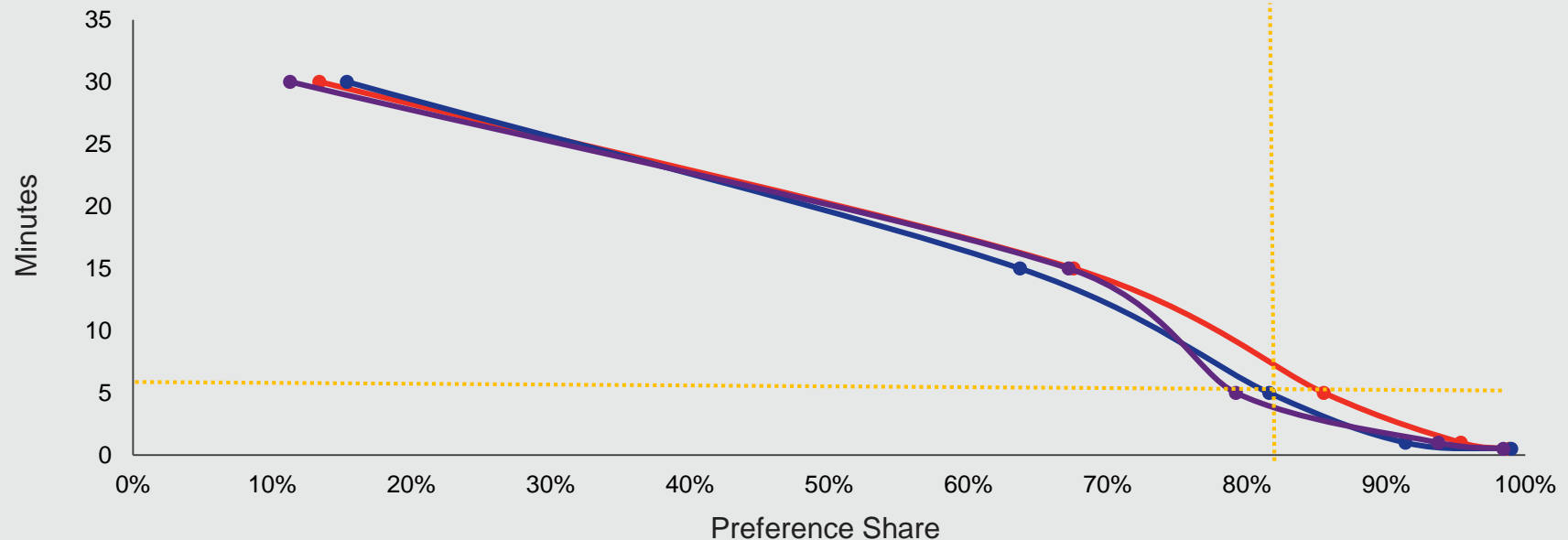
Acceptable wait times before speaking to a representative during an emergency



Approximately 80% of customers saw wait times of up to 5 minutes as acceptable to speak to a representative

Overall

Acceptable wait times before speaking to a representative – Elasticity

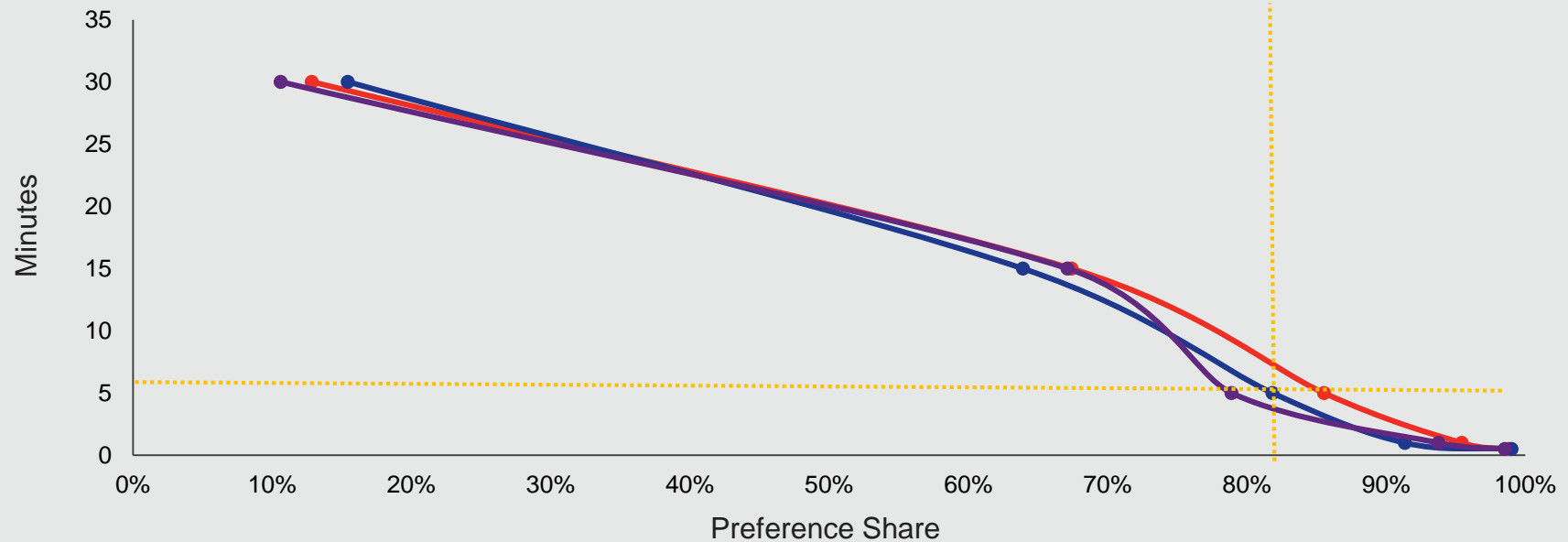


Wait Time in minutes	Powercor	CitiPower	United Energy
30	13.4%	15.4%	11.3%
15	67.6%	63.7%	67.2%
5	85.5%	81.6%	79.2%
1	95.4%	91.4%	93.8%
0.5	98.9%	99.0%	98.4%

Approximately 80% of residential customers saw wait times of up to 5 minutes as acceptable to speak to a representative

Residential

Acceptable wait times before speaking to a representative – Elasticity

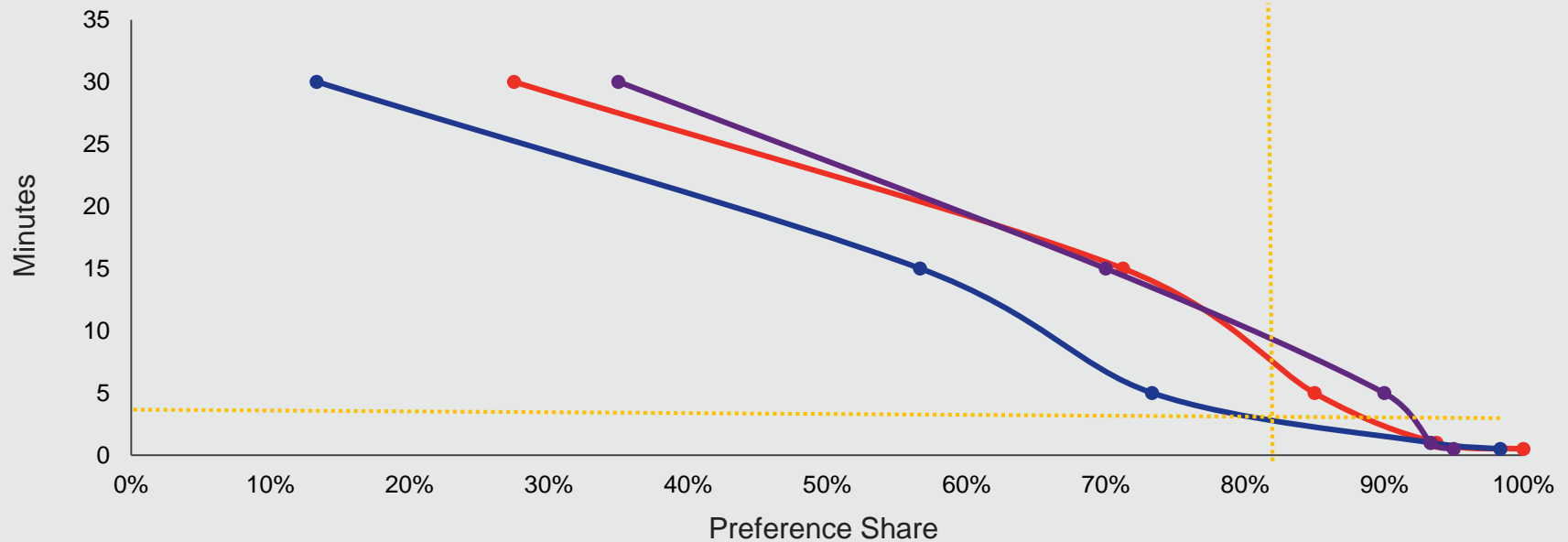


Wait Time in minutes	Powercor		CitiPower		United Energy	
30	12.8%	ELASTIC	15.4%	ELASTIC	10.6%	ELASTIC
15	67.4%	NON ELASTIC	63.9%	NON ELASTIC	67.1%	NON ELASTIC
5	85.5%	NON ELASTIC	81.9%	NON ELASTIC	78.9%	NON ELASTIC
1	95.4%	NON ELASTIC	91.4%	NON ELASTIC	93.8%	NON ELASTIC
0.5	98.8%		99.0%		98.5%	

CitiPower SMB customers were more sensitive to wait times than Powercor and United Energy SMB customers

SMB

Acceptable wait times before speaking to a representative – Elasticity



Wait Time in minutes	Powercor		CitiPower		United Energy	
30	27.5%	ELASTIC	13.3%	ELASTIC	35.0%	PERFECTLY ELASTIC
15	71.3%	NON ELASTIC	56.7%	NON ELASTIC	70.0%	NON ELASTIC
5	85.0%	NON ELASTIC	73.3%	NON ELASTIC	90.0%	NON ELASTIC
1	93.8%	NON ELASTIC	93.3%	NON ELASTIC	93.3%	NON ELASTIC
0.5	100.0%		98.3%		95.0%	

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.”

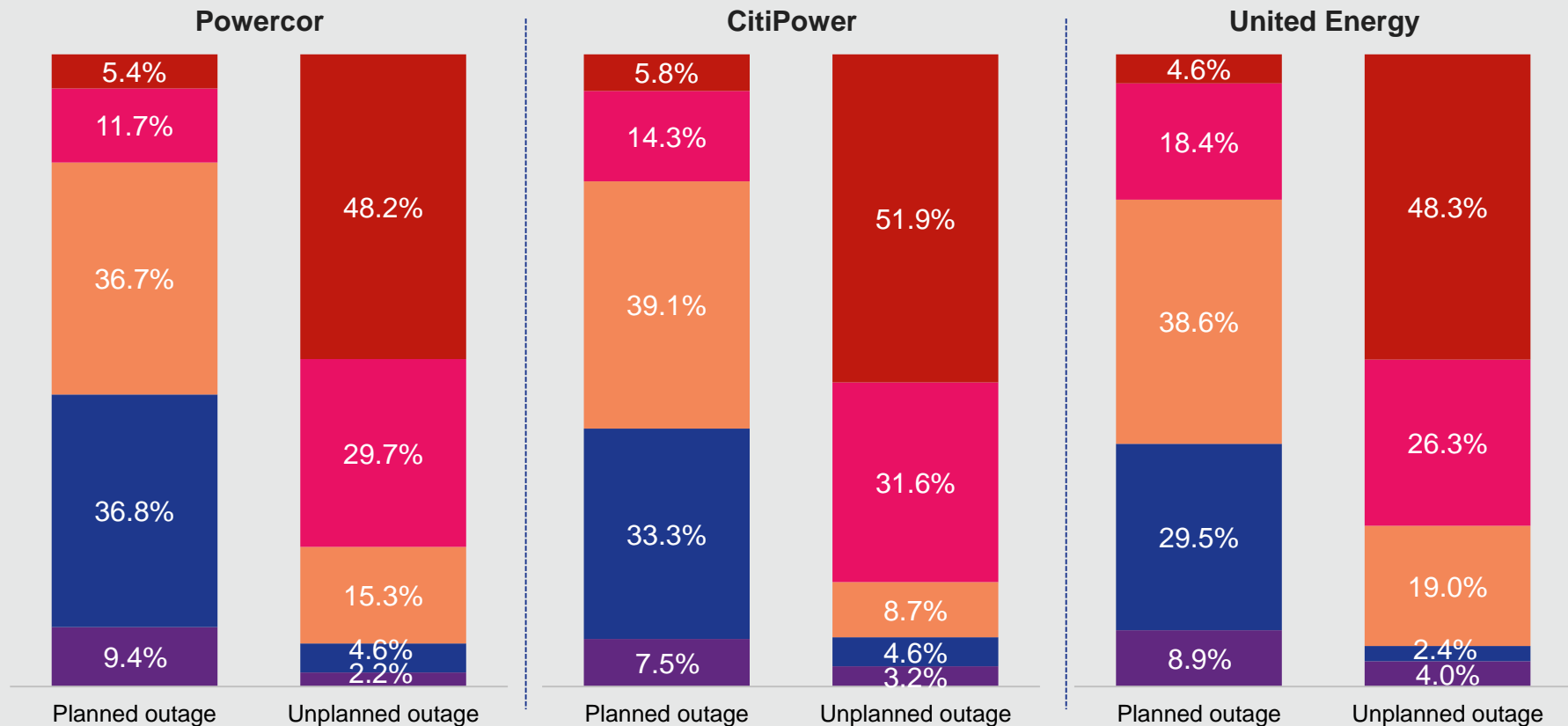
- CitiPower Customer

Almost half of customers from all networks saw unplanned outages as being extremely inconvenient, whilst only one in 20 see planned outages to be extremely inconvenient

Residential

Thinking about any disruption these two types of outages may cause to your business operations / life, how inconvenient would the following be?

■ Not at all inconvenient 1 ■ 2 ■ 3 ■ 4 ■ Extremely inconvenient 5

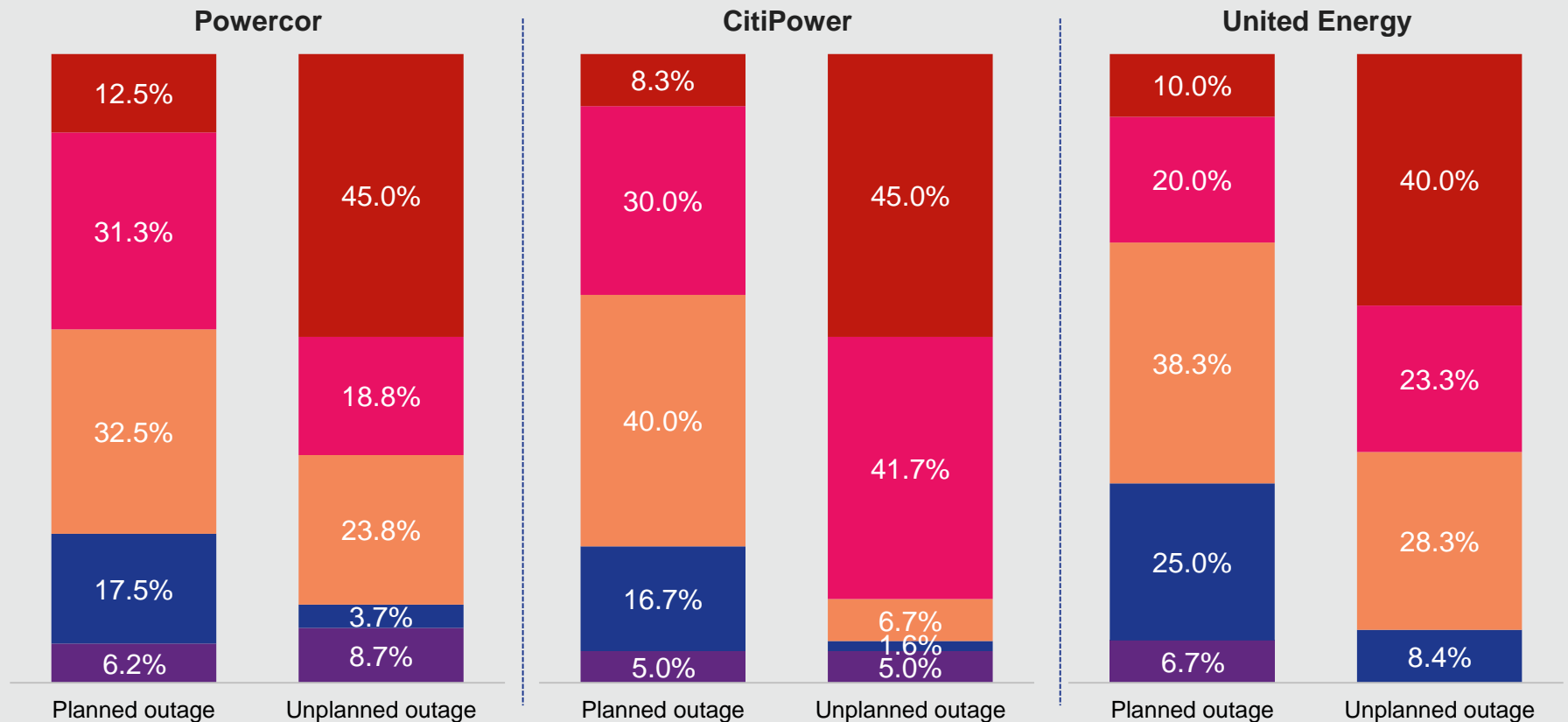


Over four in 10 SMB customers saw unplanned outages to be extremely inconvenient, however more saw planned outages to be inconvenient compared to residential customers

SMB

Thinking about any disruption these two types of outages may cause to your business operations / life, how inconvenient would the following be?

■ Not at all inconvenient 1 ■ 2 ■ 3 ■ 4 ■ Extremely inconvenient 5



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