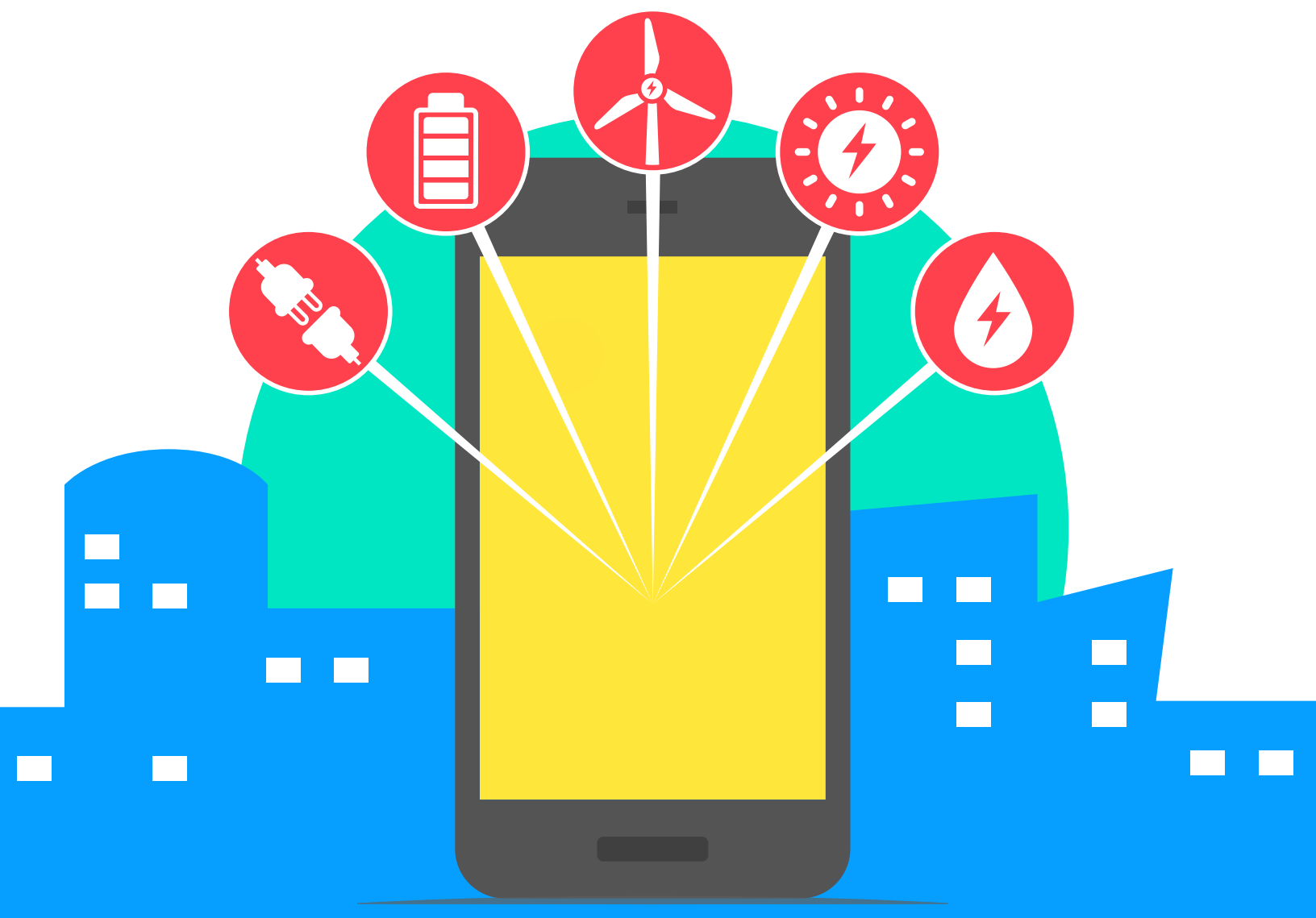


Making the most out of mobile

Energy Supplier Mobile Experience Barometer 2020

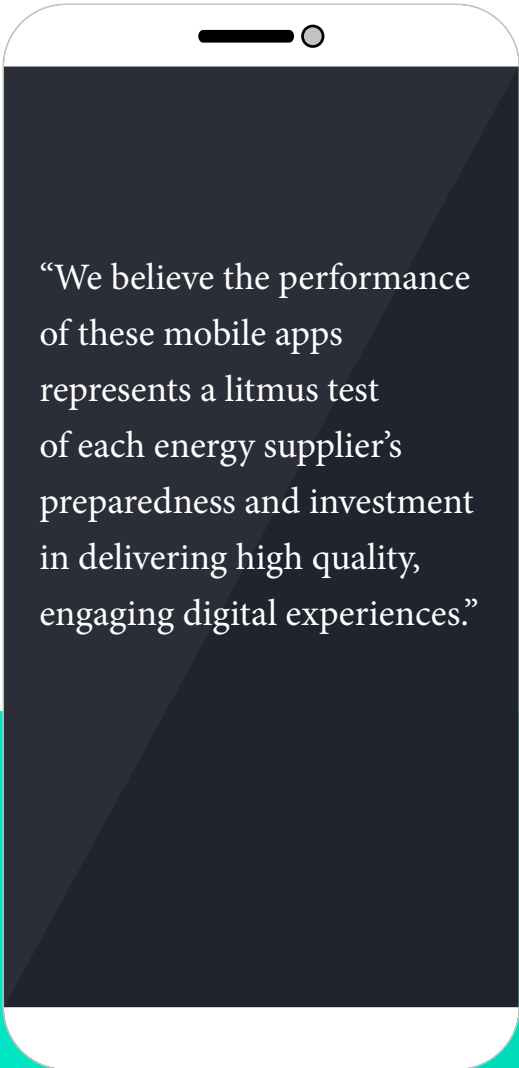


In brief

Energy suppliers are in the early stages of their digital transformation. The sector’s current approach to mobile apps seeks to provide a branded sign-up and self-serve capability, but while many apps offer the features customers want, the experience customers receive is not always optimal.

People want their relationship with their energy supplier to be seamless, transparent, cost-effective and smart in whatever ways their lifestyles dictate.

The most important requirements are convenience and speed in, for instance, resolving problems or answering questions. The supplier whose mobile app performs best on these measures will be the long-term winner.



Introduction

We believe that mobile will be the new battleground as energy suppliers and the wider utilities industry players seek to reposition themselves in the eyes of their customers and bring new digital-first propositions to market.

As a first step, our study compares and contrasts the mobile offerings of energy suppliers in the highly competitive residential market – encompassing large suppliers (e.g., British Gas, EON UK, etc.) and challengers (e.g., Octopus, Bulb, etc.). It’s divided into four sections:

1 The state of mobile experience: An independent heuristic study, assessing the mobile apps currently provided by large and challenger suppliers. The study, undertaken by experts from Publicis Sapient’s Customer Experience, Product Management and Technology teams, examines the customer experiences these mobile apps provide and the range of features, functions and services they enable. We believe the performance of these mobile apps represents a litmus test of each energy supplier’s preparedness and investment in delivering high quality and engaging digital experiences.

2 The results: We look at where large and challenger suppliers’ current efforts overlap and where they differ.

3 Retail banking comparison: This provides an outside-in comparison to the retail energy sector. Retail banking and the wider consumer retail banking sector are often seen as a benchmark for digital innovation – leading the way in delivering digital customer experiences and providing an example that retail energy often seeks to follow.

4 Key takeaways: We set out our conclusions and offer a call to action for the UK retail energy sector.

This report has been produced by Publicis Sapient using input from Energy UK and Citizens Advice. The approach and preliminary feedback were shared with a selection of Energy UK’s members at their Retail Energy Mobile Experience workshop on January 14th, 2020.

Executive Summary

The Energy Supplier Mobile Experience Barometer assesses the mobile app offerings of two key groups within the residential energy market: large incumbent suppliers and more recently established challengers. Mobile is steadily becoming the channel of choice for consumers across most areas of their lives. In retail banking, challenger brands have opened a significant lead over the incumbents, in terms of mobile app functionality and user experience.

We were somewhat surprised to see that this pattern has not been repeated in the retail energy sector. Instead, our research finds that the large, established suppliers are leading the way in providing mobile customer experiences, while the challenger apps do not stand out from the pack and provide a point of competitive differentiation. The research we undertook highlights several reasons for this divergence with other sectors:



“our research finds that the large, established suppliers are leading the way in providing mobile customer experiences”

We conclude that energy suppliers are providing only basic customer experiences through their apps and are therefore missing opportunities to adopt a mobile-first approach that reflects their customers’ shifting expectations and would allow suppliers to launch new, personalised propositions.

We believe that energy suppliers need to align their internal capabilities around mobile to deliver the range and quality of experiences their customers increasingly expect.

Today's mobile apps: The state of play

What makes a good app experience?

This section focuses on mobile apps and the customer experiences they deliver. We believe this is a litmus test for the digital maturity of the retail energy sector and individual suppliers. How do you judge a good mobile app experience? What does success look like?

During Q4 2019, we undertook an independent analysis of existing energy supplier apps to understand the current state of the sector. We examined the main app offering from a selection of suppliers and reviewed the experience provided and the app's features and functions.

“suppliers need to align their internal capabilities around mobile to deliver the range and quality of experiences their customers increasingly expect”



The feel vs. the what

The experience dimensions are a way of assessing how customers feel about their engagement with the supplier through its mobile app. Customers experience this feeling through various touchpoints, such as the supplier's marketing messages and the extent to which they chime with customers' overall experience of the brand.

The features and functions dimensions are focused on what a supplier delivers to customers through an app, i.e., the various features that form part of the relationship between them.

There is a clear distinction in delivery across these two dimensions: a company may offer a comprehensive set of features, but the customer may not feel that these are delivered, or experienced well if, for example, the navigation and information architectures are so complex that the features are difficult to find within the app.

Who we looked at

The energy suppliers included in the study were split into two categories:

LARGE ENERGY SUPPLIERS



CHALLENGER ENERGY SUPPLIERS



FIG 1 The energy suppliers included in the study. The categories follow OFGEM's definitions where the Challenger (Medium) Suppliers have market shares between 1% and 5%. Source: State of the Energy Market Report, 2019.

Experience Criteria

Our expert Experience Designers have identified five criteria to score mobile experience across all consumer-facing markets.

Each criteria is scored out of 5, where a score of 0 means the experience does not exist, through to a score of 5 where the experience is as good as the best experiences demonstrated by the 'experience champions' outside of the energy retail sector, shown below:

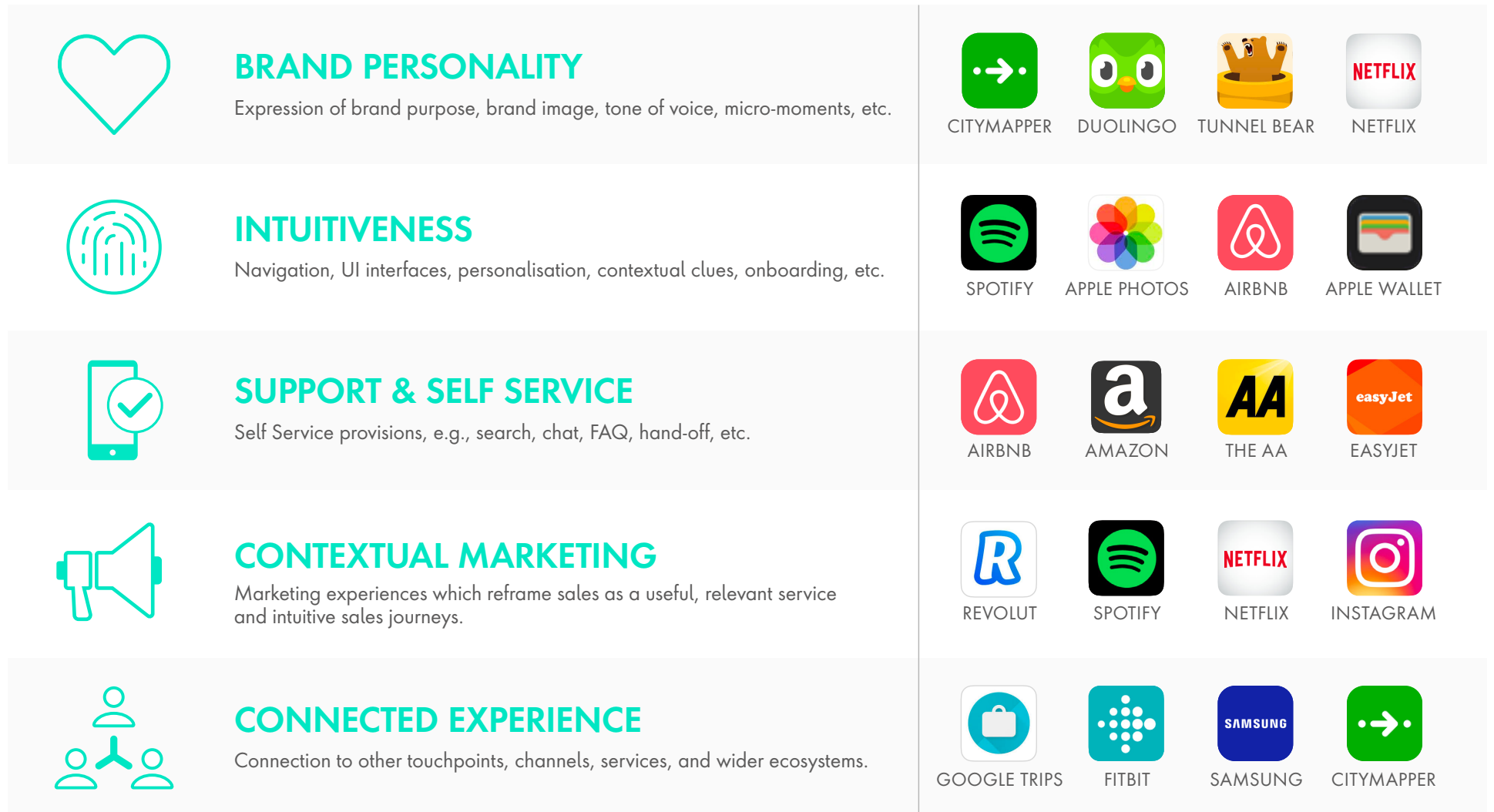


FIG 2 Mobile experience champions

Feature and Function Criteria

Our Product Management experts mapped the retail energy market to establish the features and functions to benchmark. To assess and compare the apps we used the categories Fundamentals, Expectations, and Exciters as set out by Professor Noriaki Kano in the 1980s for his theory of product development and customer satisfaction, commonly known as the Kano model. Each of the features groupings is scored out of 25.

- **Fundamentals** provide the basic, essential features that often go unmentioned by customers.
- **Expectations** provide a level of performance-based differentiation and are conscious comparators for customers, enabling them to compare and contrast competitor performance.
- **Exciters** provide the unexpected “delighters” for customers – they shape and shift perceptions of a company’s products and services and tend not to be mentioned in customer research.

	FEATURE	DEFINITION
FUNDAMENTALS	Tariff	The ability to view current tariff, update or switch to a new tariff, or suggest a suitable tariff.
	Meter reading	Ability to submit a meter reading and the different methods of capturing a meter read.
	View / pay bill (including PAYG top up)	Ability to pay bills through the App and the different methods of payment.
	Account details	Ability to manage your Account through the App, view, change and update account details.
	Registration / activation	Ability to register for digital services through the App, natively or through web views.
EXPECTATIONS	Apply for products	Ability to apply for and purchase products through the App.
	Support / Chat	Provision of support functionality in the app, FAQs, service desk links, chat, etc.
	Visualise historic usage	Ability to show and view historical energy usage through the App, and to what level of granularity.
	Notifications (e.g., payment overdue, spike alert)	Ability to provide notifications for key event through mobile and in-app messaging, emails, texts, etc.
	Usage insights and tips	Provision of tips and advice generically or based on actual usage.
EXCITERS	Real-time energy advice	Provision of real-time usage data and any advice or recommendations based on that.
	Dynamic pricing / automatic switching	Ability to provide dynamic pricing or automatic switching through the App.
	Electric vehicles	Features connecting to Electric vehicles either directly through the App or linking to EV apps.
	Smart Home Services	Ability to link to, connect or directly manage Smart Home devices and systems through the App.
	Prosumer	Ability to manage micro generation storage systems and connect to the grid / energy market.

FIG 3 Feature definitions

Today's mobile apps: **The results**



On Experience

The experience results shown are for both large and challenger suppliers, and incorporate:

- the minimum score out of 5
- the average score out of 5
- the maximum score out of 5

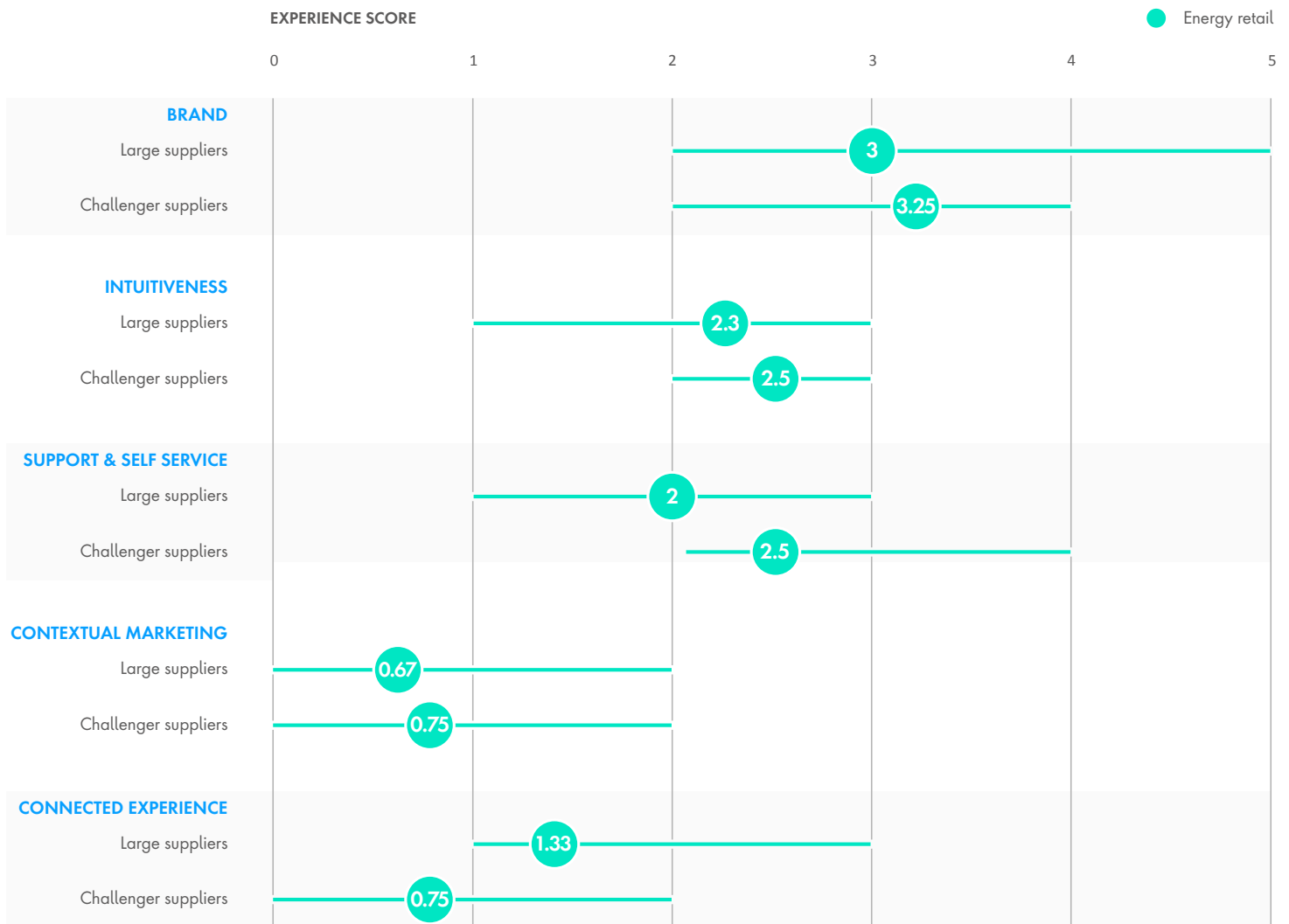


FIG 4 Competitor analysis: Experience dimensions

“large suppliers have a well-established understanding of how their brand should be presented through digital channels”

Brand

Large and challenger suppliers scored highly in the Brand dimension, with very similar average scores at 3.0 and 3.25 respectively. We can see that suppliers are working hard to bring their brands to life through brand palettes, tone of voice and brand expression.

Surprisingly, it was a large supplier rather than a challenger that gained the highest score. This might be because large suppliers are trying to shift their brand perception from energy companies to customer-centric service companies. It might also be because large suppliers have a well-established understanding of how their brand should be presented through digital channels and have engaged their brand teams to support their experience design teams.

We also found that while challenger suppliers have developed very distinctive brands, in some cases they have not utilised all their brand assets and principles when developing their app, giving the impression that their brand still has further to go and hard work to fully realise its potential.

Intuitiveness

All suppliers scored relatively poorly on intuitiveness. None scored higher than 3.0 – larger suppliers averaged 2.3 and challengers 2.5. The challenger suppliers had a tighter range between 2.0 and 3.0, whilst one of the large suppliers lacked an intuitive experience and scored just 1.0.

This implies that important customer-centric aspects of the user experience such as navigation, user interface (UI) design and contextual clues are undervalued or have been overlooked in the app design process. For instance, some suppliers provide a comprehensive set of features within their apps that have grown over successive releases. However, the information architecture and core navigation has not kept pace with the feature set, compromising ease of use and intuitiveness.

Other suppliers use “call outs” to web journeys that may present a different, inconsistent and disconnected navigation and therefore affect the app’s end-to-end intuitiveness and ease of use.

Finally, and perhaps more worryingly, we find some apps mirroring the functional designs of the supplier’s website. This requires the customer to draw on prior knowledge to navigate to the chosen destination, rather than taking a more conversational UI approach or even presenting dynamic choices to the customer based upon their personal needs and status.

“We see this as an opportunity to provide personalised and curated experiences that can showcase new products and services as well as nudging customers into buying or sales journeys – reframing sales experiences as useful and relevant services.”

Support & Self-Service

Here we see a divergence between the large and challenger suppliers, with one of the challengers scoring 4.0 and the challengers’ average score being 0.5 higher than the large suppliers.

This should not be a surprise given that the challenger suppliers have a “digital-first” mindset. They support their low-cost business models with branded and frictionless self-service, live chat FAQs and community support, enabling them to reduce or even avoid the need for costly contact centres.

However, the large suppliers are investing heavily, both to catch up with the challengers’ high-quality self-serve experience and to drive down their own cost-to-serve.

Contextual Marketing

This is by far the weakest area for both large and challenger suppliers, who appear to have underestimated the importance and value of contextual, app-driven marketing. Both groups have almost identical ranges and average scores.

We believe contextual marketing is weak because both sets of suppliers see their apps primarily as a low-cost service channel, rather than an opportunity to provide personalised and curated experiences that can showcase new products and services as well as nudging customers into buying / sales journeys – reframing sales experiences as useful and relevant services. We see this as a missed opportunity to deliver both customer and business value. It should serve as a wake-up call for the industry and signpost an area for huge improvement.

Connected Experience

Again, we see a divergence between the large and challenger suppliers – but this time in favour of the large suppliers, whose range runs from 1.0 to 3.0 albeit with an average score of just 1.33. Some challenger suppliers have made extensive use of web journeys within the mobile app experience rather than building journeys specifically for the app. The hand-off between the native and web channels can be inconsistent and jarring, providing a disconnected experience.

Also, other touchpoints across the Supplier’s portfolio such as a connected home offering or electric vehicle charging seem to have been prioritised by the Large Suppliers as opposed to the challenger.

In summary, while energy suppliers are able to provide branded self-service app experiences for their customers, they are all failing to deliver a positive experience across growth-related dimensions, under-investing in contextual marketing and connected experiences.



On features and functions

The features and functions results shown are for both large and challenger suppliers, and incorporate:

- the minimum score out of 25
- the average score out of 25
- the maximum score out of 25

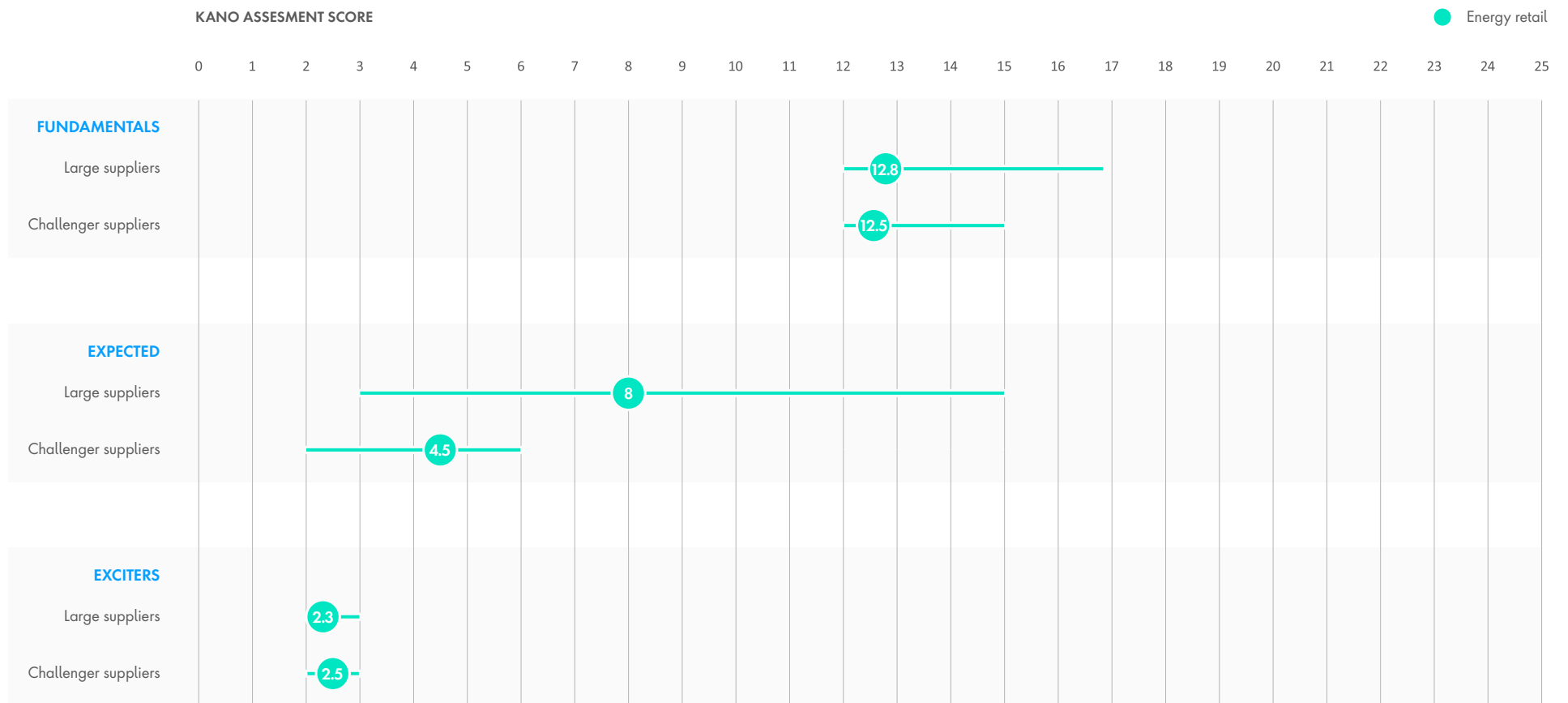


FIG 5 Competitor analysis: Kano assesment

“large suppliers have a well-established understanding of how their brand should be presented through digital channels”

Fundamentals

Energy suppliers strive to deliver basic functions such as authentication and login, registration, account management, bill viewing and submitting a meter reading. However, the range of scores among large suppliers (from 10.0 to 17.0) suggests some are delivering the minimum required whilst others have focused on the breadth of the basics and getting them right for their customers as a means of driving down cost-to-serve. The average scores for both large suppliers and challengers are very similar at 12.8 and 12.5 respectively.

This demonstrates that the challengers, in entering the market, did not and are not trying to differentiate themselves on the Fundamentals dimension.

Expected

Here we ask two questions – why do we see the widest range of scores, notably for the large suppliers, and why is there such a big gap between the large suppliers’ and challengers’ scores (both range and average)?

On the first question, we believe these results are due to some of the large suppliers focusing on delivering “conscious comparator” features that seek to provide performance-based differentiation and which enable customers to compare and contrast across competitors. These features include creative visualisation of near-real-time data from smart meters on energy consumption, personalised hints and tips for saving money and energy efficiency, the use of notifications to highlight key events, and the built-in use of chat and FAQs for service and support.

On the second question, we believe that the large gap in scores is a sign that the challenger suppliers are focusing more on the app as an enabler of a frictionless and branded sign-up journey and self-service.

Prioritising a set of “Expected” features may represent an easier investment decision for large suppliers, which are often driven by the perceived need to ensure consistency with their other digital and off-line channels, for example, on tariff changes. But this is rarely supported by clear customer research into what people want from their digital engagement with an energy supplier.

Customers take these “expected” features for granted. Delivering them does not necessarily move the dial for these suppliers, although delivering these features poorly could, of course, move the dial in the wrong direction.

Exciters

This has both the lowest scores and the narrowest ranges, with almost identical averages at 2.3 and 2.5. We believe this is because none of the energy suppliers have, as of today, chosen to use their own app to differentiate themselves with innovative connected products and services. Our research tells us that challenger suppliers are innovating with, for example, time-of-use tariffs, electric vehicles, micro generation and dynamic domestic balancing services but that these products and services are brought to life as web-only or separate app propositions, rather than in the primary core customer app. This signals that suppliers are innovating, testing and learning with customers outside their core app.

“challenger suppliers are innovating with, for example, time-of-use tariffs, electric vehicles, micro generation and dynamic domestic balancing services but that these products and services are brought to life as web-only or separate app propositions,”





A comparison with retail banks

Earlier in 2019, we undertook a similar analysis for established UK high street banks and challenger banks. This section presents the results of this analysis, with the energy supplier results for comparison.

Retail banking is an important comparator for the UK's energy suppliers because retail banks are often seen as the exemplar for digital services – leading the way in delivering digital customer experiences and providing an example that retail energy suppliers often follow.

On Experience

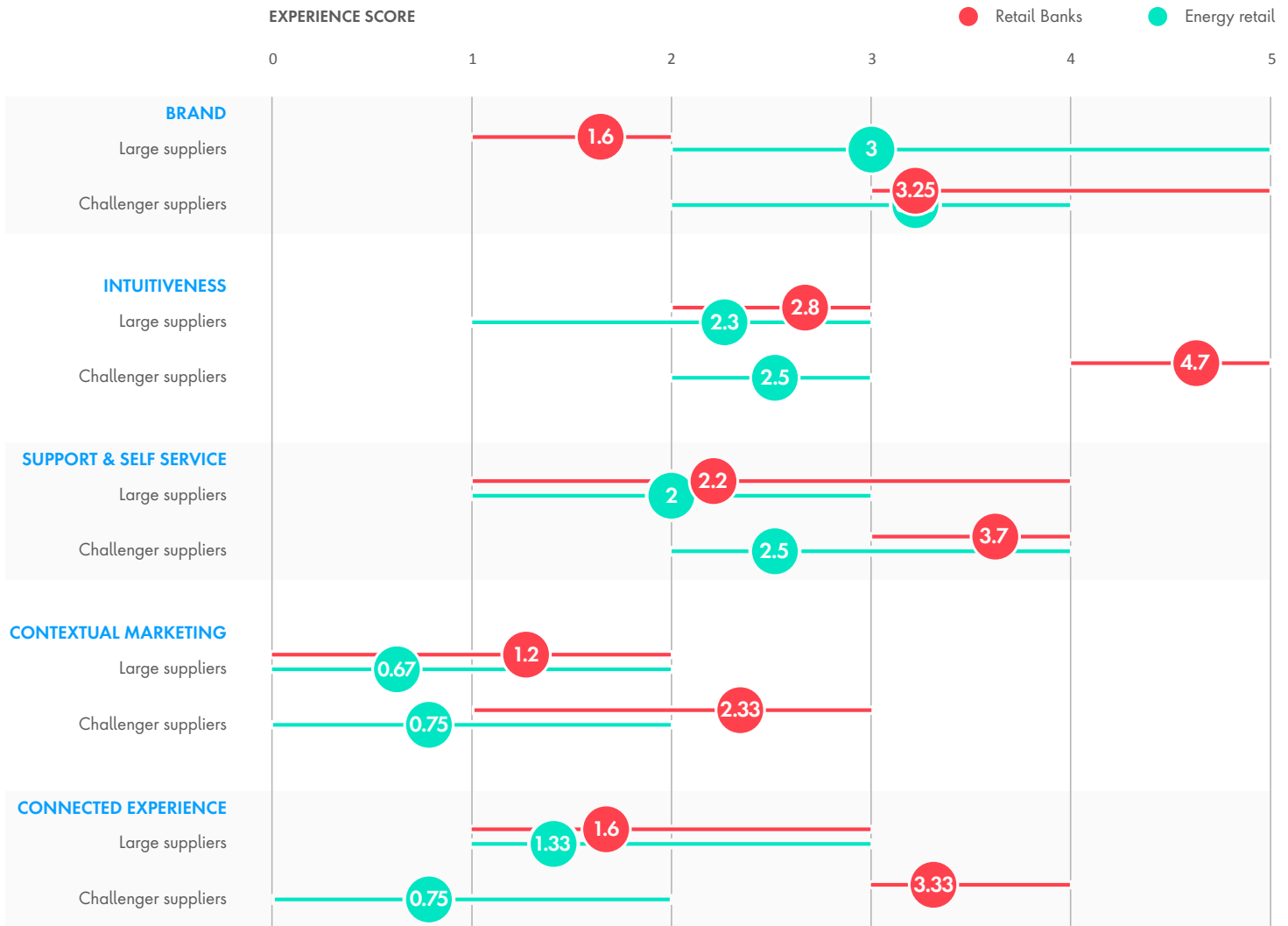


FIG 6 Competitor analysis: Experience dimensions

Brand

The most striking observation is how the fintech challengers have chosen to differentiate on branded experience, opening a clear gap between them and the high street banks. However, their average score is very similar to that of the energy suppliers, and specifically the challenger suppliers, implying that energy suppliers are choosing to focus on and reinforce their branded experience to their customers.

“The high street banks were taken “off guard” by the challenger banks and, since completing the research, we have noticed a significant step-up in performance by the high street banks.”

Intuitiveness

Here we see very little difference between the large and challenger suppliers and the high street banks. However, there is a large gap between them and the challenger banks, which have differentiated themselves very effectively, delivering intuitive self-service as part of their core proposition. The high street banks were taken “off guard” by the challenger banks and, since completing the research, we have noticed a significant step-up in performance by the high street banks.

Support & Self-Service

The results show that the Challenger banks are investing heavily in digital self-service experiences for their customers, and are well ahead of challenger energy suppliers in this area.

Contextual Marketing

Here, both sets of retail banks have higher average scores than the energy suppliers, with challenger banks setting the benchmark. Retail banking has the advantage of being able to offer bespoke products based on a user's wealth and behaviour, which provide clear, tangible benefits to many customers. Banks have a long record of doing this through historic channels and are now doing so, to some degree, through their apps. In the energy market, however, creating bespoke products poses more of a challenge.

Connected Experience

Once more, challenger banks set the benchmark as they seek to innovate around Open Banking and eco-system plays. We see smart loyalty scheme integrations by large suppliers and challenger banks reflecting the importance of partnerships. Challenger banks have made this area their *raison d'être* as they seek to lure customers away with ambitious offerings. Energy suppliers are only just emerging from the "price comparison" battlefield, but we already see better connected experiences being offered through features such as boiler servicing and smart meter data analysis, for example. The emergence of smart meters, electric vehicle charging, home energy production, and storage reveal a tantalising opportunity to provide more compelling propositions based on the user's behavior and engagement with various services.

“The emergence of smart meters, electric vehicle charging, home energy production, and storage reveal a tantalising opportunity to provide more compelling propositions based on the user's behaviour and engagement with various services.”



Features and Functions Comparison

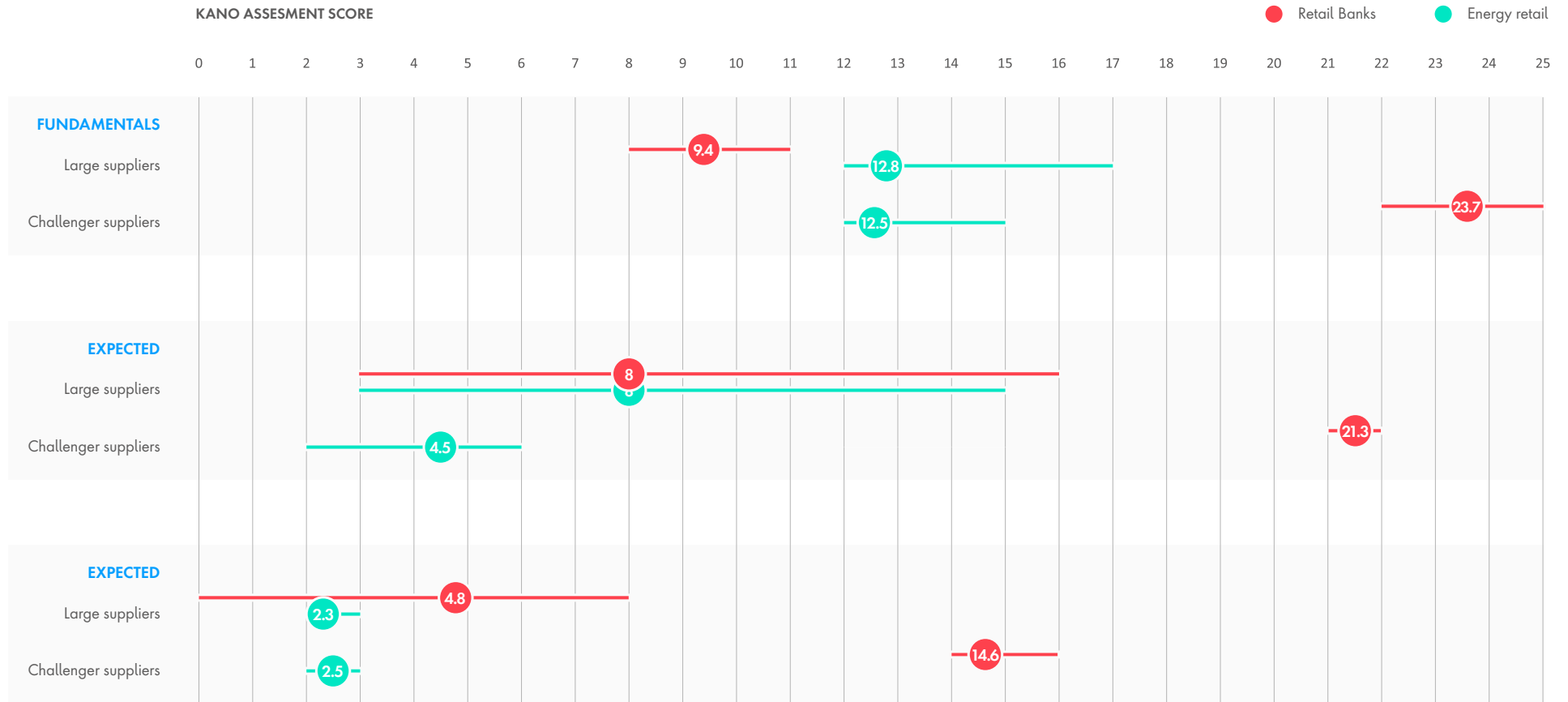


FIG 7 Competitor analysis: Kano assesment

Fundamentals

The challenger banks have almost uniform scores and average 23.7, showing that they are leading the way in offering a highly differentiated experience by getting the basics right. Fintechs are comprehensively meeting customers' basic expectations, such as solving the problem of providing real-time balances, and giving themselves a platform for building confidence, control and visibility. This enables them to progress to differentiating features such as spend projection and advanced budgeting tools.

Expected

Large energy suppliers and high street banks have identical averages at 8.0, some 13.3 points below the challenger banks. But overall, it is the challenger energy suppliers that lag behind, with an average score of 4.5. This demonstrates conclusively that challenger banks have chosen to differentiate themselves by addressing the expectations dimension, offering customers superior control and visibility over their money with spend categorisation, budgeting, money pots, and left-to-spend functionality.

Exciters

Challenger banks are clearly leading and seeking to differentiate on Exciters. They are blending personality and utility to define market and category expectations with playful personality, useful tools and expanded access to services and touchpoints. All the challenger banks are rapidly adding services including investment, insurance, rewards and assisted switching (ironically, between energy providers, for example). They are providing seamless native journeys that delight customers and define future expectations.

Key take-aways for Energy Suppliers

Low differentiation across the sector

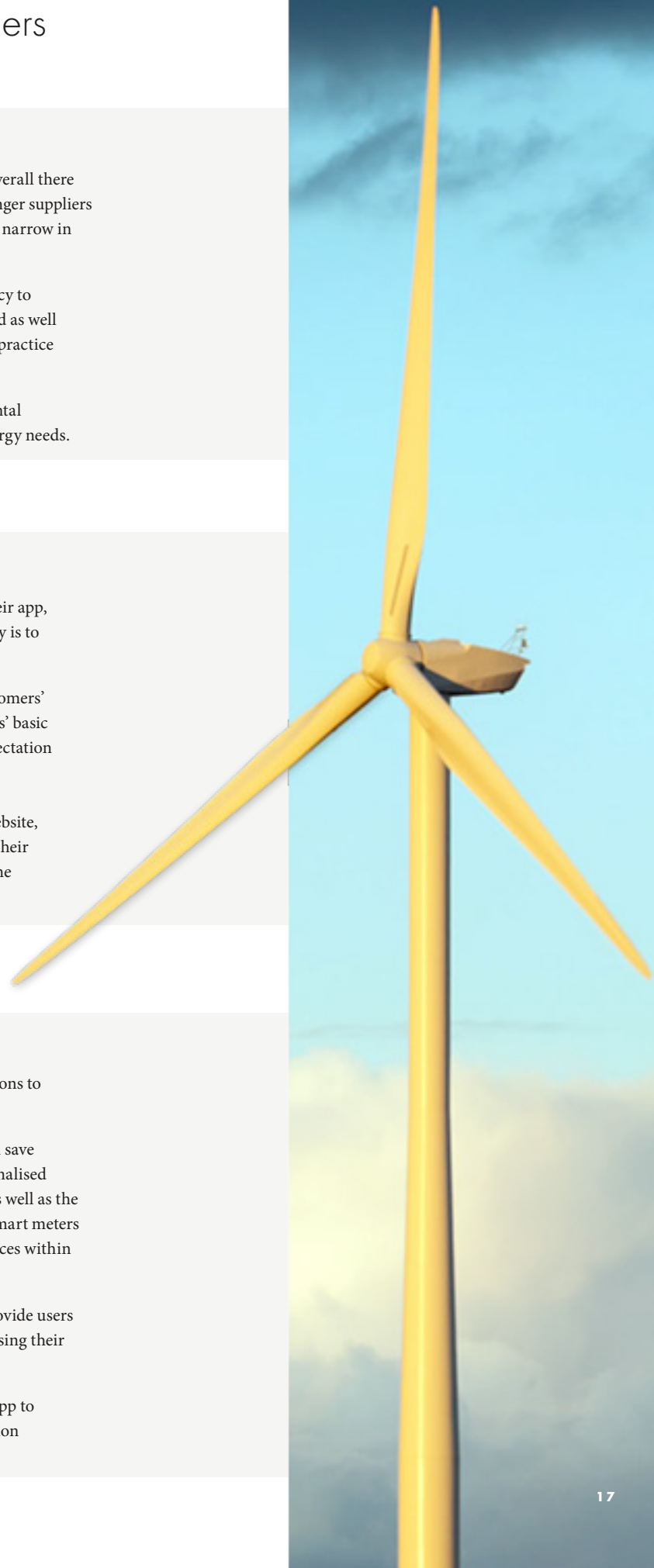
- 1** Large suppliers appear to lead the way in mobile experience, but overall there is limited differentiation across the sector. Surprisingly, the challenger suppliers do not stand out against the large suppliers. Instead, their apps are narrow in scope, focusing on simplicity and ease of use in the fundamentals.
- 2** The leading energy provider's apps have a monthly release frequency to ensure they are always relevant to customers and to their needs and as well as responding to competitor threats. This requires modern digital practice around agile delivery and mobile engineering.
- 3** Energy suppliers are currently focused on providing the fundamental self-service functionality to manage their customers' everyday energy needs.

Web remains the primary investment channel

- 1** Energy suppliers have primarily used their website, rather than their app, to meet the full range of their customers' basic needs. Their priority is to bring their app to the same level as their other digital offerings.
- 2** As a result, we see relatively low engagement and low usage of customers' mobile apps because the current experiences fail to meet customers' basic expectations. Little or no investment has gone into delivering Expectation or Exciter experiences.
- 3** Energy suppliers continue to over-invest in their core channels (website, contact centre) rather than regarding a 24/7 mobile experience as their customers' preferred choice – as is the case in retail banking and the digital offerings from other sectors.

Large suppliers lead in product innovation

- 1** The market leaders are applying usage analysis and recommendations to drive actionable insights for customers.
- 2** Customers expect energy suppliers to be proactive in helping them save money and optimise energy consumption. Many would like personalised usage insights and tips to help them improve their energy usage, as well as the ability to compare their usage to similar households. Those with smart meters are demanding a connected experience with additional smart devices within the home.
- 3** Challenger suppliers appear not to be using their mobile app to provide users with greater insight into their energy usage but are instead prioritising their self-service journeys and their websites.
- 4** Our analysis found little evidence of energy suppliers using their app to support customer-centric propositions and prepare for electrification and connected smart home services (Exciters).



The 'energy as service' proposition is all but non-existent in apps

- 1 With the exception of one supplier that allows customers to use its app to buy and manage home support services, we found only superficial evidence of app support for dynamic pricing, electric vehicles, smart home controls and distributed energy generation.
- 2 Energy providers have so far looked to pilot and test new market concepts that hint at the next wave of innovation and disruption outside their core energy app: Hive from British Gas, E.ON Home, Strava from BP, OVO's Kaluza and the Agile Octopus tariff. These secondary apps have shown early signs of promise, with higher engagement (active users) and customer satisfaction.

Retail banking leads in mobile-first experiences

- 1 Challengers have used mobile apps as their entry point into the market, choosing not to invest in web or mobile web.
- 2 Retail banking and telecommunications companies have developed mobile-first experiences with features exclusive to their app, rather than investing to build them across the entire digital estate.
- 3 They use mobile to provide more personalised sales and offers-led experiences beyond self service, tapping into real-time insights and action.

3 steps to take next

- 1 **Mobile-first approach:** To drive a greater shift to digital self-service, mobile can be used to deepen and broaden customer relationships through personalised experiences and recommendations.
- 2 **Digital native services:** The mobile app should be the default choice for launching and driving uptake of new products and services, such as digitally based energy-as-a-service and EV propositions.
- 3 **Use mobile apps to help align internal capabilities:** Delivering customer value through great app experiences is an excellent driver to help align the energy suppliers' internal capabilities. Put simply, great apps are underpinned by modern platforms, while poorly performing apps are often the consequence of monolithic technical architectures and their associated ways of working.



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If you would like to understand more about this report or how your company's app featured, please get in touch and we will be happy to present our results in more detail.

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Limitation of the report

Where possible, we have tried to cover all aspects of the energy market, but inevitably, there were some areas we couldn't cover, including:

- Pay-as-you-go functionality, such as the ability to provide Top Ups in the Bill View / Bill Payments feature, has been considered. However, the PAYG customer experience has not been a focus of this research, so specific PAYG functionality, or specific PAYG mobile apps have not been assessed.
- Price Comparison digital experience - Nearly all online price comparison services currently use a website as their sole point of interaction. As this report focused on energy suppliers' mobile experiences, we haven't covered this in our assessment.
- This research was undertaken by Publicis Sapient in H2 2019 and the initial results were tested with Energy UK members in January 2020.



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