A woman in a red sweater sits on the wooden steps leading up to a warm, illuminated A-frame cabin at night. The cabin's interior is visible through the open doorway, showing a staircase and a small table with a bottle and glass. The cabin's roofline is decorated with string lights. The background is a dark blue night sky with some clouds and silhouettes of trees and mountains.

When energy
hits home, will
providers be left
out in the cold?

Energy transition consumer insights



The better the question. The better the answer.
The better the world works.



Building a better
working world



Introduction



Greg Guthridge

EY Global Energy & Resources Customer Experience Transformation Leader

Energy providers take note. Passive energy consumers are no more. The energy omniscuser – a person or business that participates in a dynamic energy ecosystem across multiple places, solutions and providers – is becoming more prominent. And as consumers transform, the energy experience itself is taking a new shape, expanding across homes, work and transportation. Omni-experiences are shattering traditional barriers between industries, providers, products and services, and straining today’s operating approaches.

Often taken for granted, energy propels our modern society. And now more than ever, it has moved from the edges of people’s lives to the center. Rising costs, security of supply concerns and the growing realization of just how much must be done to achieve decarbonization targets are prompting households, communities, businesses, energy providers and governments to find new ways to navigate the energy transition.

I write this as many parts of the world face market disruption that is stretching the energy system and consumers like never before. Market volatility and the war in Ukraine have brought into sharp focus the need to make radical changes to our energy market structures, operations and our own lifestyles. Infrastructure investments, including in renewable generation, energy storage, hydrogen technologies, power grids and transportation electrification, are accelerating. But it is clearer than ever that it is the consumer who will play the most critical role in creating a sustainable energy future. Changes they make to how they live will be a significant driver of the energy transition.

“

Energy providers cannot go back, stand still or even slow down. Transforming the customer experience is now an imperative for survival.

And consumers are already leading the way, according to our survey of 70,000 energy consumers across 18 markets. They are increasingly interested in cutting energy costs and managing consumption while also reducing their environmental impact. And they are more digital, with a rising interest in experiential and value-led purchasing. But, while consumer engagement in energy has never been higher, there is much more they will need to personally do, even as their confidence in energy providers, and in the industry itself, has been shaken.

For providers, this is an urgent call to be part of the solution. The energy transition and consumer transformation are gathering speed, and this, combined with global events, is accelerating change. Providers cannot go back, stand still or even slow down. Since 2021, more than 80 energy providers have gone out of business in competitive markets and, across the world, US\$550 billion has been spent in government intervention to support consumers and providers.¹ Transforming the customer experience is now an imperative for survival.

The no-regrets capabilities to support the consumer of the future are clear. Providers must invest to reinvent the energy omni-experience engagement path from awareness through to action, and support consumers to become powerful energy advocates among their friends and communities. Creating a culture of agility and innovation can build effortless energy experiences that span industries, providers, products and channels. By creating the building blocks today, together providers and consumers can drive an equitable, affordable energy transition that delivers value for consumers and society as a whole.

About the research

As the energy transition accelerates, disruption is growing exponentially. Consumers are increasingly feeling the impact of change while also forging a new path forward. To understand their shifting needs, values and expectations, as well as their engagement with new energy products and services, EY has embarked upon a multiyear global research project. Over two years, we have surveyed a diverse demographic sample of 70,000 residential energy consumers aged 18 years or older across 18 markets. We surveyed bill payers and non-bill payers across all ages and income levels.

This research is designed to enable energy providers to make smarter decisions about strategy, operational priorities and their approaches to the energy transition. With the right insight, providers can unlock the next generation of customer experiences, enable growth and deliver sustainable long-term value.



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01

Energy at the center of everything

Energy has always been integral to our lives. Refineries, power plants, and networks of wires and pipelines built over nearly two centuries traverse our land and sea, and form a complex system that enables our lifestyles, businesses and economies. But for many years, energy's invisible presence in consumers' lives belied its importance. It was an afterthought to how we lived and worked.

Much like during the industrial revolution, energy has been revealed at the center of everything again. Energy is now a prominent topic of discussion around dinner tables and boardrooms, and a priority issue for governments. Energy is powering a new revolution and everyone, everywhere, will feel the impacts.

Economics of energy at a glance:

6%-8%

current contribution to global GDP in 2021²

11%-13%

anticipated contribution to global GDP as prices increase through 2023³

65 million

people employed in energy and related sectors worldwide⁴

50%

of energy employees work in renewables⁵

The **energy transition** and electrification make the world even more dependent on low-cost, reliable energy. The International Energy Agency estimates there will be a tripling of annual clean energy investment to US\$5 trillion by 2030 – this will grow the global economy by 4% in GDP and create 14 million new jobs.⁶

The **digitization** of our world means energy-consuming sensors, servers and distributed computing control everything from our coffee makers to our cars and are part of factories, farms and offices.

For energy providers, "transition" hardly captures the change underway and ahead. It is an era of immense opportunity that is also filled with disruption and volatility. **Sector convergence** is quickly dissolving traditional barriers. And nontraditional competitors are moving into energy – carmakers are selling electricity, and real estate developers are offering energy storage and virtual power plants.

Businesses are also focusing on energy. At least one-fifth of the world's 2,000 largest public companies (21%) have made **net-zero commitments**.⁷ And many large companies are driving the growth in clean energy – Amazon was the biggest purchaser of renewable energy globally in 2021.

Energy is also now top of mind for **consumers**, and it has become personal as it increasingly impacts lifestyles and the wallet. Our research shows two-thirds are more interested today in reducing energy costs and taking actions to reduce consumption than they were a year ago. And shifts in consumer behaviors seen through the COVID-19 pandemic, such as an increased focus on digital and sustainable lifestyles, are here to stay. Consumers also want low-cost solutions but will consider paying a premium for some energy solutions while staying loyal to providers that align with their values. As a result, today's consumers have fundamentally reset expectations for providers.

An energy-centric world creates an urgent need for transformation

The scale and pace of the energy transition is accelerating. More governments at a national and regional level are committed to **decarbonization**. National net-zero commitments now apply to 61% of emissions, 68% of global GDP and 56% of the global population.⁸

Energy providers must therefore fundamentally **reinvent themselves** – within just years rather than decades or a century. Already, we see dramatic changes to energy infrastructure. Now providers must transform retail and customer operations, and inspire businesses and consumers to change their own relationship with energy.

Energy Consumer Confidence Index

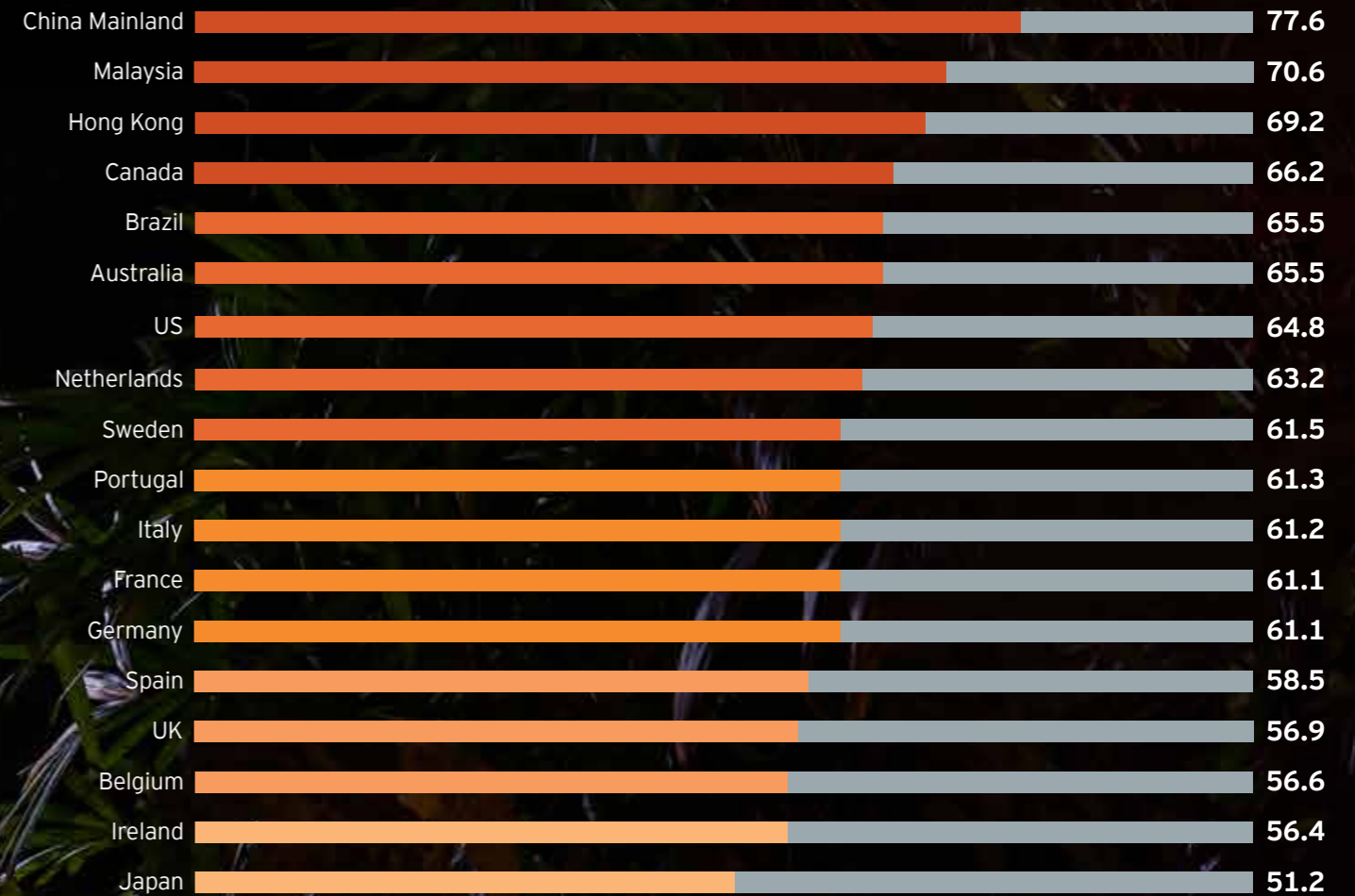
The EY Energy Consumer Confidence Index (ECCI) is designed to better understand and compare consumer confidence in the energy market and the energy transition. Modeled after a similar economic measure (the consumer confidence index),⁹ the ECCI assesses confidence today and three years from now across five factors: the stability of energy providers' business; value created by providers for consumers and their community; ability to access clean energy options; access to affordable energy; and regulator/government support for an equitable energy transition. A normalized Index score is created to enable comparison across markets and demographics.



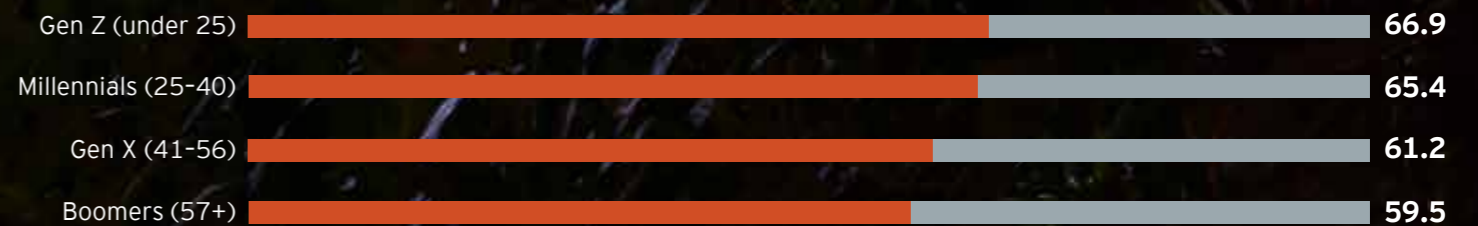
Findings show that consumers are somewhat pessimistic about their energy future. And those in markets further along their energy transition journey, and more impacted by the energy crisis, have more negative views. Overall, Gen Z and Millennials are more positive.

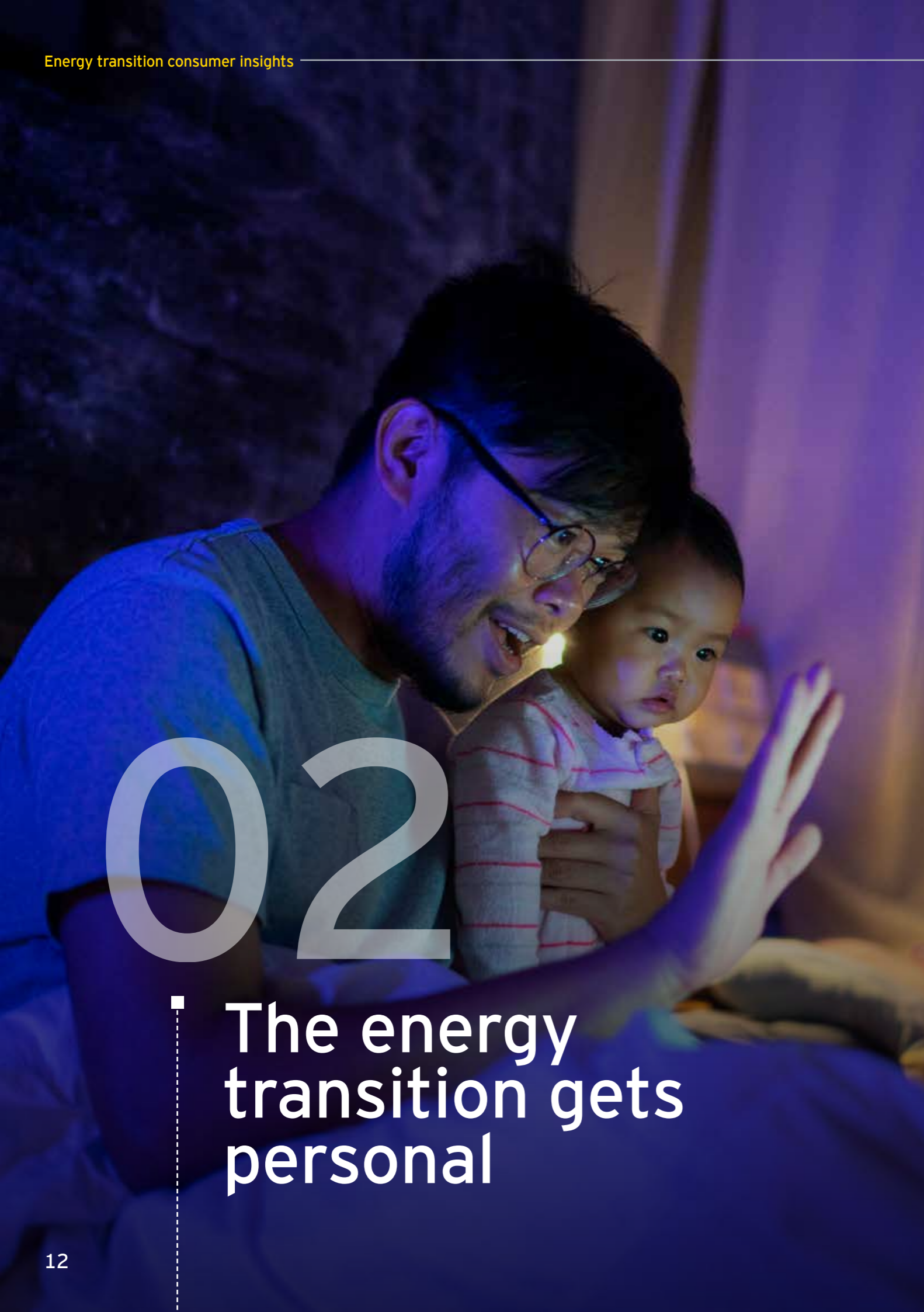
While our research shows consumer engagement in energy is on the rise, the ECCI highlights the need in many markets for energy providers and regulators to address consumers' perceptions of the market. They must act now to stabilize the industry and rebuild consumers' trust in their ability to supply affordable, secure, equitable, clean energy in the future.

ECCI by market



ECCI by age





02

The energy transition gets personal

Will consumers delay, disrupt or accelerate decarbonization?

The emergence of a new energy world is occurring faster than anyone predicted. In 2021, global investment in the energy transition topped US\$755 billion, a 21% increase over 2020, and accelerating the pace of change. But the path of the energy transition has become more complex because of geopolitical shifts and the war in Ukraine. An energy crisis felt most acutely in Europe is prompting many governments, energy providers and consumers to rethink their plans. Drastic short-term measures can feel like a step backward as providers look to balance considerations of safety, security, environment, pace and cost. Far from slowing the energy transition, however, the global response is accelerating the move to a cleaner, more affordable and more secure energy system.¹⁰

Meanwhile, for consumers, energy has become more personal. Around the world, energy affordability and equity have eroded. Only 15% of the consumers we surveyed are satisfied with the cost of their energy. Half have spent more on electricity over the past year, and 37% have had higher gas bills. Energy bills in the UK have climbed by over 50% in just one year, and other markets, including Australia, Japan and Germany, have seen significant increases. US price rises have been less steep but 20 million American families are behind on their utility bills.¹¹ Our research shows that globally, one-third of consumers live in energy poverty, reporting that they spend 10% or more of their income on electricity and gas.

In competitive markets, volatility has exposed structural risks and a lack of readiness of some providers to adapt. In the last year, more than 30 energy retailers went out of business in the UK, seven in the Netherlands, seven in Germany, 14 in Japan, seven in Singapore and another seven in North America. Only

45% of consumers are confident in the stability of their energy provider's business over the next three years.

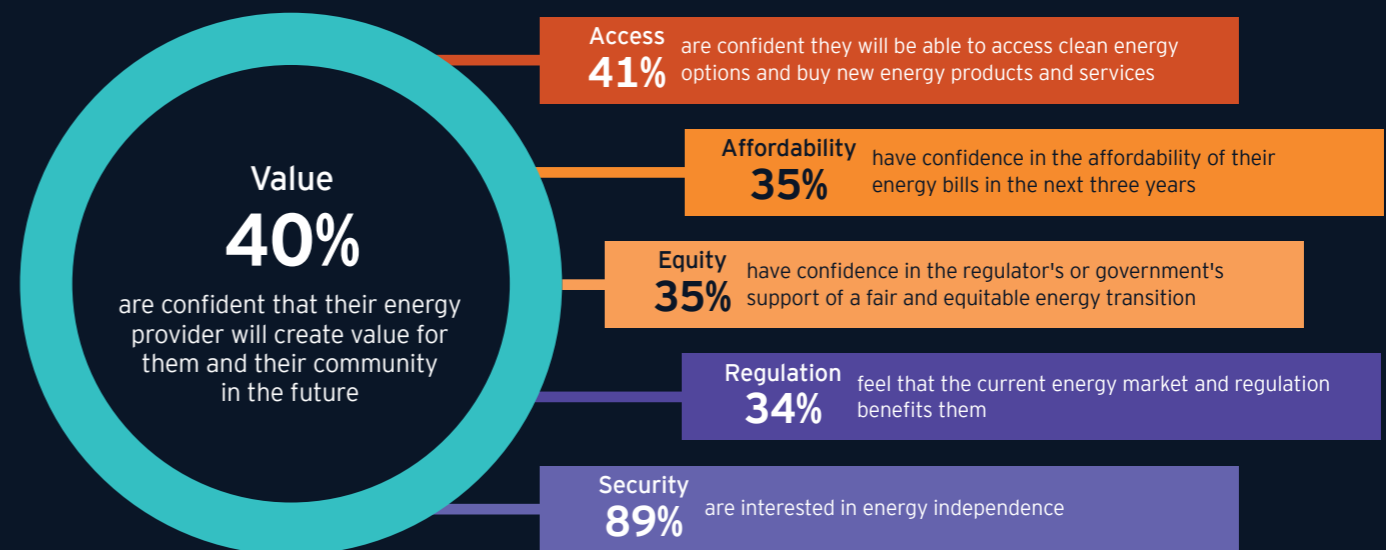
Amid disruption, consumers leap forward

Fortunately, despite lower confidence in the energy market, consumer interest in energy engagement remains resilient. Over half of consumers say their interest in monitoring energy usage, reducing environmental impact and purchasing new energy products and services has increased in the past year. The number of consumers considering purchasing rooftop solar nearly doubled in the same period, as did those considering an electric vehicle (EV).

Similarly, the proportion of consumers willing to pay a premium for sustainable products and services has grown in the past year from 36% to 39%. And energy independence has emerged as a key driver, with 89% saying they are interested in renewables and self-generation to reduce reliance on other markets, fossil fuels and energy providers.

Our research shows that, amid disruption, consumers are no longer taking energy for granted. The impact of the energy transition, the current energy crisis and the overall disruption of the energy system is prompting many to question the stability of the industry and their energy providers. But it has also awakened a renewed engagement with energy and an accelerated interest in new products and services. Energy is impacting how consumer think about their behaviors, homes, values and lifestyles. This presents providers with an opportunity to put consumers at the center of the energy transition.

Consumer confidence has been shaken across the energy experience



The continued rise of the energy omnibuser

Last year, our research identified the emergence of the energy “omnibuser,” who participates in a dynamic energy ecosystem across a multitude of places, solutions and providers. This year’s findings reveal that a critical mass of consumers has joined the omnibuser segment – this new consumer is becoming pervasive.

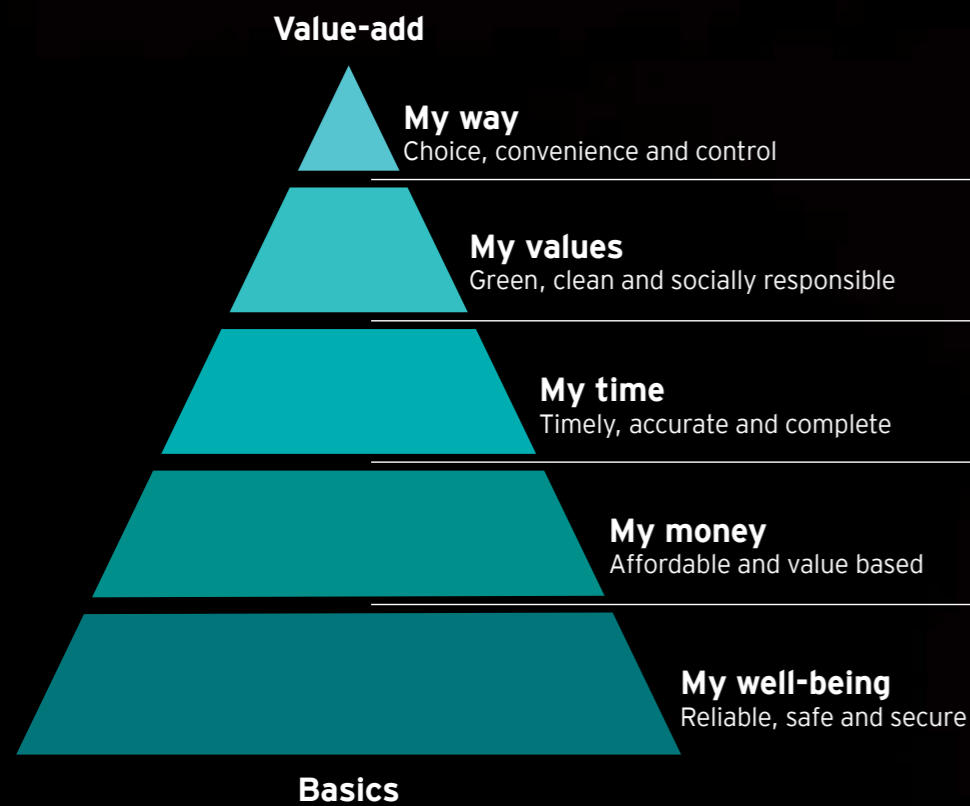
Nearly half of consumers (42%) say they would prefer multiple energy solution providers over a single provider, and more than 25% would turn to a company such as an online retailer, solar provider or home improvement retailer over their energy provider for solutions. Meanwhile, the majority of consumers are investing in and taking actions that change their energy lifestyles. Eighty-two percent have purchased or intend to purchase more energy-efficient appliances, 67% have invested or are interested in energy-efficient windows, doors

and insulation, 60% have bought or are considering smart thermostats, and more than half (59%) own or are interested in some form of new energy vehicle.

These results signal that we are past the tipping point. Consumers have a new frame of reference for how energy fits into their lives, encompassing the home, transport, overall lifestyle and a wide array of different providers. And while they remain focused on the basics of safety, reliability and affordability of energy, consumers are increasingly also driven by aspects of time, values and personalization. In fact, when analyzing drivers of consumers’ satisfaction (CSAT) with their energy provider, an alignment on values was significant. For energy providers, this demonstrates that delivering the basics is table stakes and consumers are expecting more to win their hearts and minds.



The basics are still key, but consumers also want more from energy providers, particularly alignment with values



Consumer expectation

57% Personalized energy products and services

64% Sustainable products

71% Responsive energy providers

74% Affordable energy rates and programs

75% Reliable energy products and services

Influence on CSAT

13%

31%

16%

19%

21%



03

Lighting the omniumer engagement path – from awareness to advocacy

Almost all consumers are making some changes to their lifestyles to reduce energy and save money, time and the planet. And going forward, they will change even more dramatically. But are energy experiences keeping pace with consumer transformation?

The design of the energy industry, including providers, simply does not enable experiences to flow seamlessly across the workplace, the home and the consumer devices in between. Nearly three-quarters (72%) of consumers are not satisfied or only partially satisfied with the performance of their energy provider when it comes to new energy product and service experiences.

We believe that energy omniumers require omnium-experiences. Seamless and effortless energy experiences that are orchestrated across multiple channels, providers and solutions. Creating omnium-experiences requires energy providers to address the full engagement path from awareness to advocacy, resolving points of dissatisfaction and removing barriers. It calls for a dramatic tilt toward horizontal thinking across the full experience, not limited by the lens of a single service provider or an operational silo.

Awareness: closing the gap in understanding

Consumers are more interested than ever in reducing their energy costs and adopting new energy programs, products and services. However, the challenge for many is knowing where to start. Only about half (51%) say they understand the actions and investments they can make to be more sustainable.

Energy efficiency awareness campaigns by providers, governments and other stakeholders simply aren't getting through. Less than one-third of consumers have a good understanding of terms such as renewable energy, sustainability, carbon neutral and net zero. This level of understanding has not changed in the past year, despite media attention on the energy crisis and climate change.

However, consumers are working to educate themselves on topics that matter to them. In the past two years, Online searches for terms such as "solar panels" and "heat pump" have increased nearly 50% worldwide. In the UK, where energy prices have risen dramatically, these searches have nearly tripled.¹²

Consumers want relevant energy information, and more than half (59%) of those surveyed want this to come from providers. But only 18% of consumers who recently bought a new energy product or service received support or information from their provider on the purchase. This gap between consumers' desire for information and providers' ability to offer it presents an opportunity for companies to use energy education and

awareness to strengthen relationships, create new revenue streams and meet sustainability goals.

Doing so will require providers to understand the varying levels of energy awareness among consumers. Our research has shown that different profiles shape consumer awareness, choices, actions and investments. We developed the My ecoEnergy Profile to better evaluate the spectrum of consumer engagement that is emerging, finding five distinct energy mindsets:

- ▶ **ecoEnergy Champion:** These consumers are active and astute about energy alternatives, have adopted clean energy solutions, and are focused on building and advocating for a sustainable lifestyle.
- ▶ **ecoEnergy Enthusiast:** Aware of energy alternatives, these consumers are making energy-efficient changes and are open to sustainability-oriented investments.
- ▶ **ecoEnergy Ally:** These consumers require more interactions with providers; they are interested in reducing their energy usage and bill, but need advice and support.
- ▶ **ecoEnergy Novice:** These consumers aren't really interested in energy, don't want to spend time on it and don't interact much with providers. They are open to easy solutions that help them be more sustainable.
- ▶ **ecoEnergy Bystander:** These consumers have a skeptical approach to sustainability and energy providers, but could be engaged through other values such as convenience and independence.

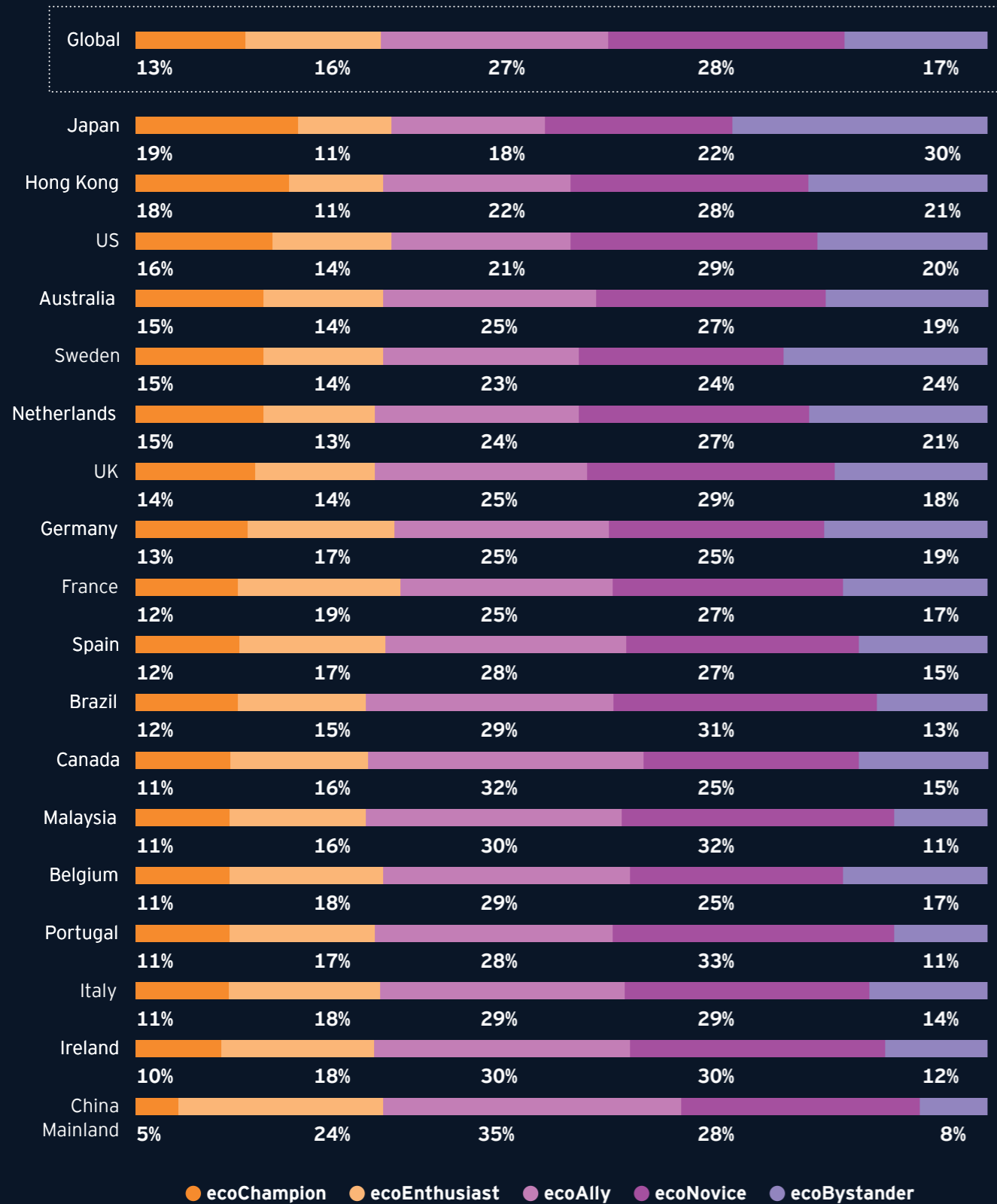
Within each mindset, consumers differ by region, age and circumstance. For example, nearly half of Gen Z consumers and 35% of those who work from home are either Champions or Enthusiasts.

For energy providers, these profiles highlight that there is much to be done to engage consumers around the energy transition. In most regions, about 50% of consumers are Bystanders or Novices. To achieve the goals of the energy transition, providers will need to find ways to engage all consumers and inspire change.

Moving consumers along the spectrum to greater engagement means meeting them on their terms. For example, Bystanders are generally less aware of energy topics but interested in independence from the grid and their energy provider in the case of emergency situations and outages. For this group, highlighting the value of energy storage and EVs as backup power sources can be a way to catch their attention – and automotive companies are already taking this approach. The electric Ford F-150 was positioned as a powerful truck that could seamlessly provide backup power to the home in case of emergencies. The truck is now sold out – Ford stopped taking orders after the first 200,000 reservations for it, and plans are underway to triple production.¹³

Omnisumers are approaching the energy transition with different mindsets across markets

ecoEnergy profiles by market



Key takeaways

Awareness is the first step of the energy consumer journey. Providers need to take a broad view of where, when and how different consumers want to learn about energy-related topics. This will require:

- ▶ **Data-driven consumer insights** that can help personalize messaging for consumers, proactively engage them at key moments and continuously refine value propositions. This also means moving beyond the bill payer to engage others in the household who influence decision-making.
- ▶ **Orchestrated engagement** to intelligently deliver information to consumers. This includes ensuring digital channels, field personnel and contact center agents all have the relevant information needed to spark a conversation.
- ▶ **Engagement across the ecosystem** to work with diverse organizations that can open doors that energy providers alone may not be able to. Community groups, influencers, contractors, builders and other service providers are key partners in raising consumer awareness.

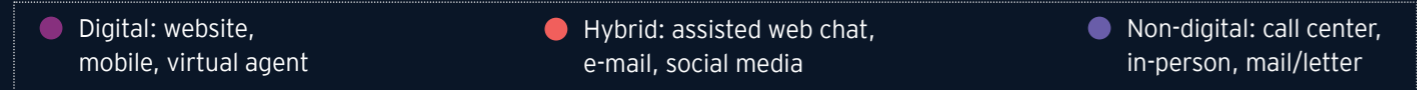
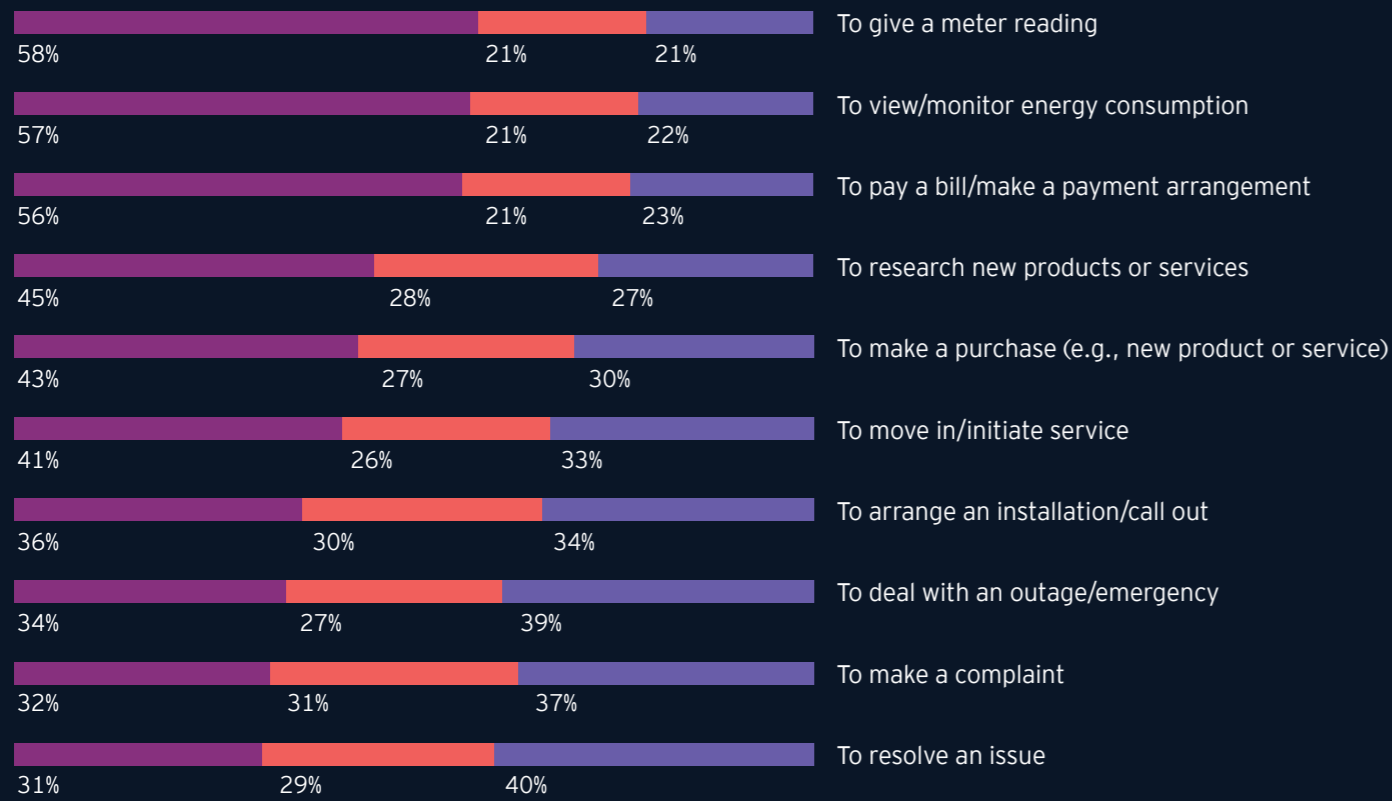
Interest: engaging consumers digitally and beyond

Converting awareness to interest is about engaging consumers in the right channel at the right time. Last year's research showed that consumers had become decidedly digital – this year's findings show that preferences for interacting with energy providers are becoming more complex.

Together, digital self-serve and hybrid digital channels – including email, social media and assisted chat – are preferred by more than 60% of consumers. Hybrid interactions combine the ease of digital with the human touch that many consumers want.

Consumers also prefer digital or hybrid digital channels when researching (73%) or purchasing (70%) new products and services. But they still call the contact center sometimes, with almost half (46%) saying it is still the easiest way to get questions answered. This finding reveals providers must do more to enable digital platforms that effortlessly resolve consumers' queries. It also highlights the increasingly critical importance of enabling seamless handoffs across channels. Consumers want to move effortlessly from the web to a virtual agent, through agent-assisted chat to speaking with an agent.

Consumers increasingly prefer digital and hybrid digital channels particularly when researching and purchasing new products and services



The energy bill is still the primary point of interaction for most consumers and a missed opportunity for providers. Only 33% of consumers find it very easy to understand and pay their energy bills, a score which is one of the lowest across a range of service providers. Nearly all consumers (92%) want new digital bill capabilities. Over one-third would like their bill to include tools to understand and analyze usage, recommendations for tariffs or programs available, and information on actions to help lower the cost.

Reinventing the bill could be a starting point for energy providers to create effortless experiences that deliver broad benefits – from increasing customer satisfaction to reducing

late payments and encouraging awareness and adoption of new energy products and services. Intelligent energy bills that incorporate journey mapping, rapid prototyping and customer experience testing could be a valuable learning ground for the sophisticated capabilities that providers must develop at speed.

Consumers are also excited about the possibilities offered by new technology and, perhaps surprisingly, nearly three-quarters (73%) say they are ready for the energy metaverse. Consumers told us they are most interested in tangible experiences, such as exploring their energy usage in a virtual duplicate of their home or seeing how new products and services would work.



Key takeaways

Engaging more deeply with consumers and encouraging a greater interest in new energy products and services requires providers to master a complex mix of channels. Companies that embrace a technology-plus-people approach will strengthen customer engagement while reducing operational costs. Achieving this will require:

- **Digital and hybrid digital channels** that allow consumers to seamlessly move between them, with content optimized for each channel. This means re-examining common journeys that move across channels to create effortless experiences and incorporate a human touch when consumers want it.
- **Enhanced digital billing** that capitalizes on opportunities to engage more deeply with consumers in this critical moment. Intelligent invoicing can be a foundation to raise consumer awareness and interest, and inspire action.
- **Metaverse energy experiences** that inspire and excite consumers around new products and services. Innovation that allows consumers to explore digital twins of their homes, imagine solutions, and better understand how they impact their bills and lifestyle is the next frontier.

Intent: helping consumers save time, money and the planet

Saving money, saving time, saving the planet – these three core values continue to be the primary motivators driving consumers to change their energy behaviors and adopt new products and services.

The cost factor is increasingly important in many parts of the world where energy prices are rising. Half of the consumers we surveyed said the desire to reduce energy costs was the main reason behind their purchase of new products and services in the past year. But consumers' commitment to sustainability remains relatively resilient. This year's findings reveal that 38% of consumers surveyed have purchased new energy products and services specifically to reduce their environmental impact, down from 47% the previous year.

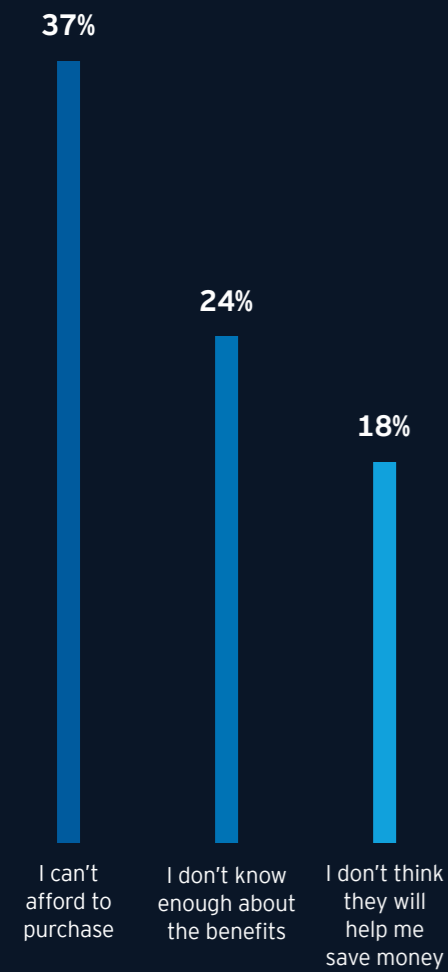
But three remaining barriers threaten wider adoption: affordability, accessibility and complexity.

Energy providers should address these barriers with an eye to equity. The inability to afford and access new energy products and services is a rising challenge that disproportionately impacts those with lower incomes. Providers will need to get creative, partnering with others to develop innovative solutions that include financing, bundling government and private support, and community programs.

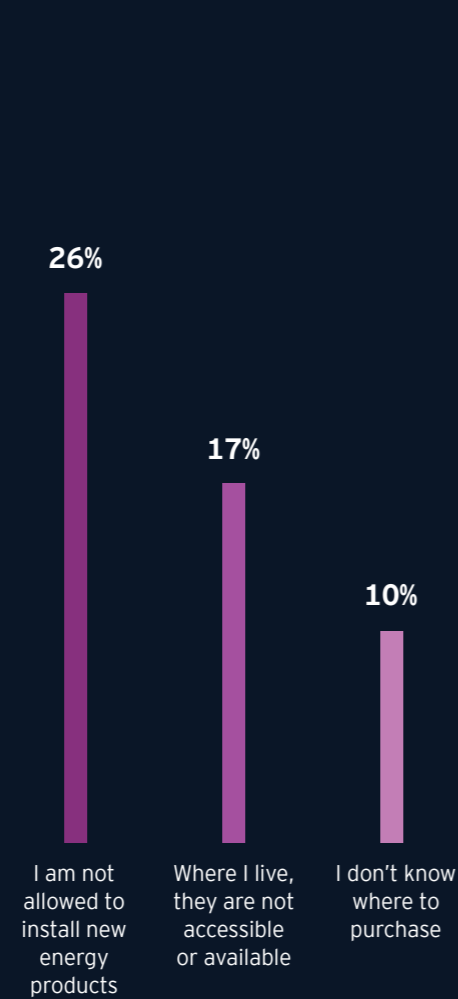
For energy providers, the ability to help consumers overcome barriers to adoption will help them win the battle in an increasingly competitive energy solutions market. While they remain the first choice for 61% of consumers when buying new products and solutions, solar companies, charities and community organizations are building a reputation as trusted providers. Gen Z and Millennials in particular are more willing to buy new energy products and services from a wide variety of organizations, not just their energy provider.

Barriers to consumers purchasing new energy products and services

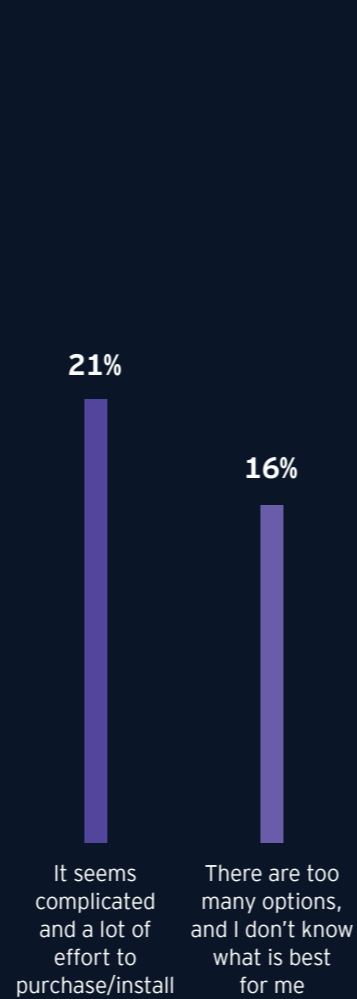
Affordability: investment and benefits



Accessibility: knowledge and capability



Complexity: effort and fit



Independence day for consumers?

We see a fresh focus on energy independence, with 89% of consumers (and 95% of Gen Z) expressing interest in some form of energy independence. Our research highlighted five types that are driving consumers' intent to change their behavior and adopt new energy products and services:

- ▶ **National energy independence:** 43% of consumers want to use more locally produced renewable energy to reduce reliance on other markets.
- ▶ **Energy cost independence:** 43% of consumers want to generate their own energy to reduce costs.
- ▶ **Fossil fuel independence:** 42% of consumers want to use more renewable energy to be less reliant on fossil fuels.
- ▶ **Institutional independence:** 36% of consumers want to generate their own energy to be more independent of providers and the government.
- ▶ **Grid independence:** 32% of consumers want to generate their own energy to be more self-reliant at home.

For energy providers, rising interest in independence is an opportunity to tailor branding and energy solutions that address this specific set of values. It also highlights the potential threat if consumer confidence is not restored in the industry and other providers look to fill the gap.

Key takeaways

The future energy marketplace will see many different players compete to meet consumers' complex needs for products and services that save money, time and the planet. Energy providers will need to become more competitive, but also more collaborative, if they are to encourage, and enable, all consumers to adopt more sustainable lifestyles. This will require:

- ▶ **Human-centered innovation** that brings together different stakeholders to develop creative new products and services, enabling a fair and equitable energy transition. This means energy providers may need to get more deeply involved in communities, and in homes, to get sharper insights around specific energy and sustainability needs and values.
- ▶ **Equity-driven continuous improvement** to identify groups of consumers left behind in the engagement journey and bring them along. This requires insights to pinpoint these groups, identify barriers to participation and remove them.
- ▶ **Sophisticated, integrated sales, marketing and customer service** that allows providers to keep pace with consumers' shifting attitudes around topics such as independence, quickly adapt value propositions and quantify the impact of converting intention into action.



Action: expanding into consumers' eco-lifestyles with energy and beyond

Are energy consumers converting their growing interest around sustainability into actions? The answer is complicated. Some energy providers will tell you consumers are not yet making real changes – adoption of EVs and distributed solar power remains relatively low. But our research tells a different story, showing that many consumers are making many everyday changes to how they use energy, in a way that aligns to their own core drivers (saving money, saving time, saving the planet):

- 82%** have purchased or are considering purchasing energy efficient appliances.
- 65%** wash in cold water.
- 65%** turn down their heating or cooling.
- 49%** consciously drive less.
- 43%** consolidate home deliveries.

Many of these actions go unnoticed by energy providers because they don't always have a significant impact on reducing energy use or emissions, managing peaks in usage or reducing bills. While the majority of consumers are taking small actions – i.e., turning off lights or only running the washing machine when it's full – only 15% have replaced window and door seals or shifted their use of electricity to different times of the day. Providers have a clear opportunity to influence these changes, which would have a bigger impact on sustainability goals and consumers' bills.

When we look at consumers' interest and take up of new energy solutions, it's clear that we have reached the tipping point of mass interest and growing adoption. Adoption increasingly looks less like a traditional bell curve and more like a shark fin. Sixty-two percent of consumers have purchased or are seriously considering rooftop solar, 50% have or are thinking about battery storage, and 50% have purchased or are considering purchasing a heat pump. In fact, in 2022, for the first time, we see that interest in EVs and rooftop solar, which require significant investment, is at the same level as that in lower-cost devices such as smart thermostats.

When it comes to new energy vehicles, including EVs, consumers have broad interest. Forty-eight percent are seriously considering an electric car, and 30% would consider a hydrogen car if available. And electrification of consumer transportation goes beyond cars. Forty percent of consumers have purchased or are considering

purchasing an electric bike, and about one-third have bought or are thinking about buying an electric motorbike or scooter.

Converting consumers from intent to action is a complex task, and focusing on the most likely consumers will help providers achieve the best results at the lowest cost. Early adopters, such as the ecoEnergy Champions, are not always the best place to start. They are a smaller segment and are far ahead of the masses. The ecoEnergy Enthusiasts and Allies are larger groups looking for advice and engagement from their energy provider.

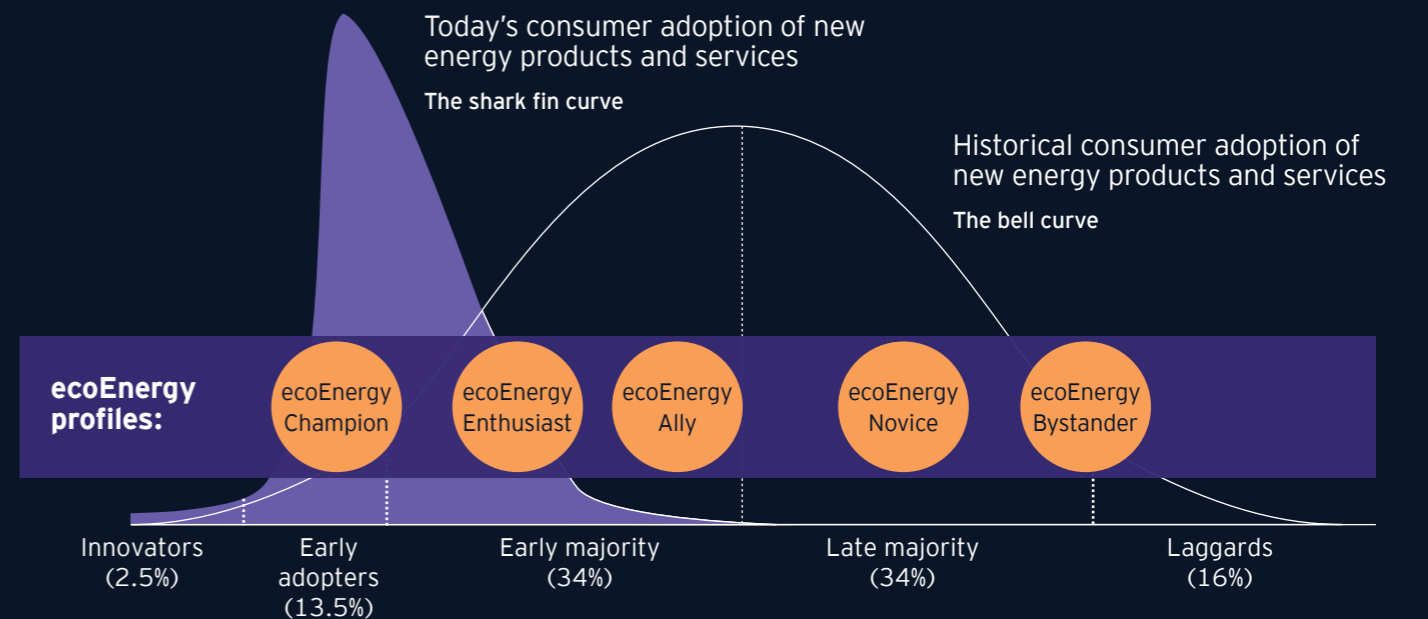
But consumers' behavior is complex. Paradoxically, about half say they offset sustainable actions with negative ones, a figure that rises to 60% for Gen Z and Millennials. For example, 38% of consumers say they feel comfortable increasing their energy

usage if they do their part for the environment in other ways.

This may seem benign, but it has real impact on sustainable outcomes. A recent review by the US National Bureau of Economic Research estimated that smart thermostats increase electricity and gas consumption by 2.3% and 4.2% respectively.¹⁴ It seems that, while consumers may use their thermostats to reduce temperatures at certain times of the day or during demand response events, they also use the greater control and convenience to make their homes more comfortable.

Often called the "rebound effect," this behavioral reality is one that energy providers will need to understand if they are to influence the consumer actions that achieve genuine sustainability benefits.

Consumer adoption is accelerating, and specific ecoEnergy profiles are leading the way



Key takeaways

Consumers view their energy lifestyles in the context of a broader sustainability paradigm. While they are taking many actions and have significant interest in new energy products and services, there is opportunity to help prioritize changes to have a bigger impact. Energy providers can guide consumers to actions that help reduce their bills, achieve the ambitions of the energy transition and potentially drive additional revenue by:

- ▶ **Adopting a broader view of consumers' eco-lifestyles** to understand their motivations and bigger ambitions around sustainable living. This can help providers more effectively engage consumers and guide their actions toward those that support societal and business objectives.
- ▶ **Developing behavioral science capabilities** to navigate the paradoxes of consumers' actions and intentions. Energy providers will increasingly be in the business of influencing everything from solution adoption to behavior change.
- ▶ **Capturing momentum in high-interest areas** to help convert consumers excitement into action. Rooftop solar, battery storage, heat pumps and electric mobility are top of mind. Now is the time to help turn intent into action.

Expectation: addressing the energy solution experience gap

Many energy providers are focused on encouraging consumers to adopt new energy programs, products and services – but what happens when they do? For many consumers, expectations are met with a disappointing reality, due to a disconnected, haphazard journey from learning through purchase to delivery and use. Adopting just one new product often requires consumers to deal with multiple parties, including a retail store or specialty provider to purchase it, a contractor or other organization to install it, and government departments or energy providers to permit, process rebates or inspect it. And what happens if something goes wrong? Knowing who to turn to for support is another challenge.

The current omni-experience is fragmented, painful and a missed opportunity for providers. Eighty-one percent of consumers tell us they want their energy providers to offer support and advice about new energy products and solutions, but say they struggle to get it, moving between call centers, different departments and websites. Only 55% of consumers say their energy provider was involved in some way in the engagement and purchase path for a new energy product or service. And unfortunately, when the energy provider was involved, only 28% of consumers were highly satisfied with the experience – Gen Z and Millennials were the least satisfied. This low level of satisfaction may slow consumer adoption of new energy products and services, and hinder the energy transition.

The challenges of this experience are only set to grow. As an example, in order to electrify appliances and introduce EVs, about three-quarters of US homes will also need to upgrade

their electrical panels¹⁵ – a costly investment that can involve multiple contractors and permitting groups.

But energy providers can turn this around. Consumers are still approaching energy providers first for new energy products and services, and Gen Z and Millennials are almost twice as likely to have engaged their provider when adopting these solutions.

Our research shows that consumers' biggest request is for providers to help them see the impact new products and services have on their bill and the environment. They also want providers to be a single trusted source for advice, help manage financial incentives and rebates, and coordinate installation and home updates. In a nutshell, consumers want an effortless experience and are inviting providers to be at its heart.

Some providers are stepping into this role. Consumers Energy in Michigan has created an energy concierge program to help navigate all the energy efficiency programs and offers available.¹⁶ Pushing the approach even further, electric truck manufacturer Rivian has created a Guides program, assigning a specific person to each truck ordered to help customize the vehicle, answer questions and make sure customers have the charging solutions they need.¹⁷

Consumer expectations for fulfillment are high, with the bar set by companies such as Amazon, where one-click purchase, transparent delivery processes and easy returns are now standard. Companies that seize this opportunity can inspire consumers to adopt sustainable energy solutions and win their loyalty too.

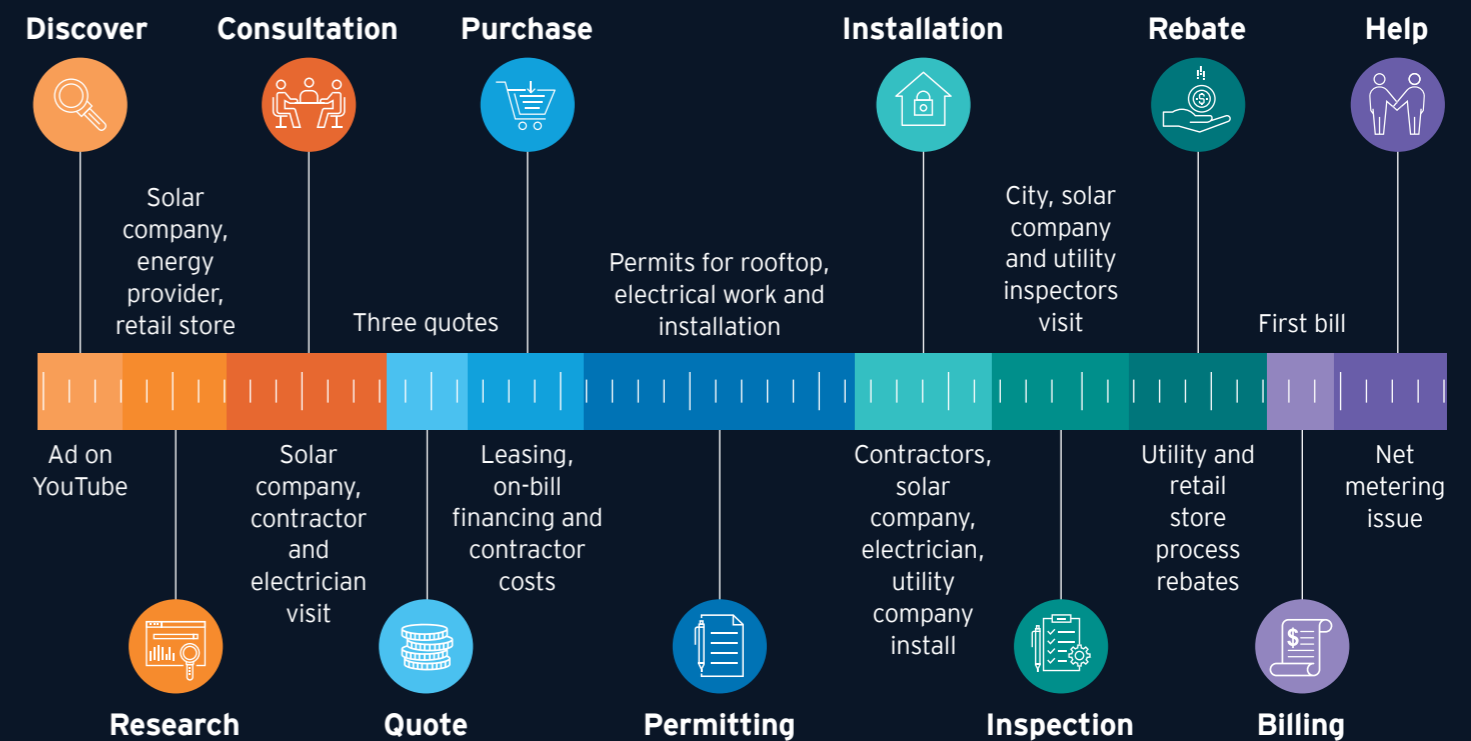
Today's energy omnibuser experience is complex and fragmented

Jodie decided she wanted to take advantage of a government grant program for a heat pump and rooftop solar to help lower her energy bills, which have been on the rise. As an energy omnibuser, this is her purchase journey:

4 months
to get through the process

8 parties
involved to deliver the solution

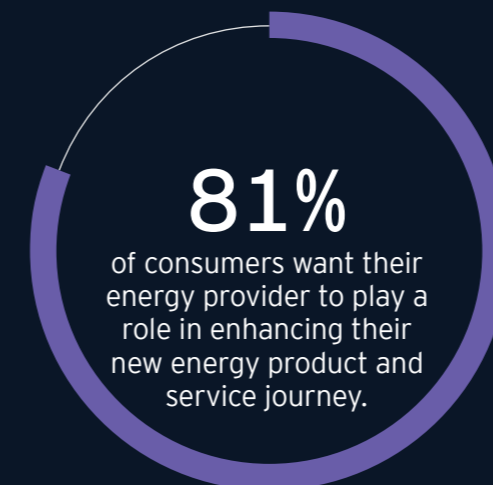
11 steps
across the entire journey



Key takeaways

Energy providers must close major gaps in delivery and fulfillment of new energy products and services. Meeting consumers' expectations requires:

- ▶ **Horizontal operations** that break down traditional barriers between internal operations and partners across the ecosystem. This means a fundamental rethink of customer journeys and operational support for new solutions supported by a true 360-degree view of the customer.
- ▶ **Integrated workflow solutions** that create extreme transparency, answering key questions before they are asked: What are the right solutions for me? What is the status of my request? When will it be installed? Who do I call for help? When will I get my rebate?
- ▶ **Seamless omni-experiences** enabled by providers partnering, bundling and collaborating with others to simplify the multi-provider, multi-solution and multi-channel energy world.



What consumers say they want:

- ▶ **Tools to see the impact** of new products and services on their energy bill and the environment
- ▶ A single **trusted source for advice** on what solutions would be right
- ▶ Help applying for **financial incentives** and rebates
- ▶ **Coordinated installation** and home updates needed (e.g., permits, inspections, install)
- ▶ A **single point of contact** for support and troubleshooting

Advocacy: delivering on energy values beyond the basics

What turns an energy consumer into an advocate for an energy provider, or a new energy program, product or service? Or, even more fundamentally, for the energy transition? Advocacy is the final destination of the energy consumer journey: the place where awareness, interest, intent, action and expectation combine to create a powerful force for change among families, communities and other stakeholders. But the path to advocacy is complex and will vary for different consumers.

Achieving customer satisfaction is the key to creating energy advocates. Traditionally, consumers' satisfaction with energy providers was linked to their ability to provide reliable, safe and affordable energy – the table stakes for providers. Our research found that reliability and affordability remain critically important. But it also found some of the most important drivers of satisfaction today are tied directly to alignment with an energy provider's values. An energy provider's trustworthiness, ability to provide fair and accessible energy solutions for all, commitment to a sustainable future, care for the local community and support for vulnerable customers are critical in shaping consumer satisfaction with the provider.

Despite their importance to consumers, many providers are relegating these issues to public relations efforts and an annual sustainability report. And many consumers are not confident that providers are addressing them well. Only 19% are highly satisfied with the values of their energy provider.

Converting consumers into advocates can help energy providers shift the dialogue with stakeholders and transform communications approaches. Advocates can be influencers, campaigners, marketers and partners. They can play a range of roles advocating and influencing other energy consumers, energy stakeholders and policymakers. To identify, cultivate and activate advocates, energy providers will need to understand who to engage and the channels to use, and be more sophisticated in tracking and managing the impact. This means mastering social channels including Facebook, Instagram, TikTok and beyond. It also means strategically planning and partnering with advocates in areas such as policy, product development and marketing.

Ten ways energy providers and consumers can work together as advocates



Key takeaways

There is no single way to satisfy energy consumers and convert them into advocates. They want reliability and affordability, but increasingly expect energy providers to also be trustworthy, equitable and sustainable. And, once they win over advocates, providers will have to continue to cultivate and leverage the relationship to deliver on sustainability and business objectives. This will require them to:

- ▶ **Walk the talk around sustainability and social responsibility** to create societal benefit beyond clean energy. Consumers want providers to understand and deliver on broader expectations to operate sustainably, create value for the community and support disadvantaged consumers.
- ▶ **Lead with purpose** by shaping a compelling brand proposition and clear values that are not just words on a page but are lived across the organization. Providers that can distill their purpose for consumers, communicate it and live it will create brand and energy advocates.
- ▶ **Strategically cultivate and leverage advocates** by understanding who they are and what their values are, and partnering with them in the areas they are passionate about to help support business and customer outcomes.



04

No-regrets strategic imperatives for the future

Start building tomorrow, today

The end point of the energy transition is clear: abundant clean energy, mass electrification, diversification of energy sources and storage, and mass adoption of distributed energy resources.

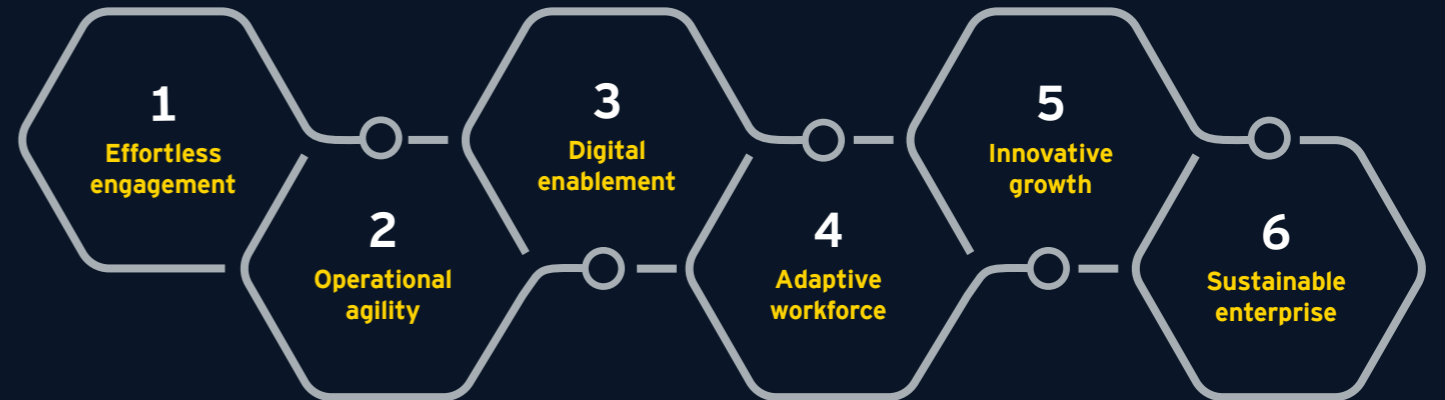
For energy providers, the key question is how to forge their own path toward this end point. There are no roadmaps to the future. Instead, today's disruption highlights that the agility and flexibility to respond to unexpected detours will be critical tools for the journey ahead.

What is clear is that energy consumers are the foundation of a successful energy transition. In the coming decade, no consumer will be left untouched. Infrastructure such as wind farms and transmission lines will appear in their backyard,

electric cars and bikes will appear in their garage, and new technologies such as heat pumps will be installed in their home. To create greater system flexibility and resilience, consumers will also face an exponential increase in requests from providers to shift when and how they use energy.

Rising prices have sharpened consumers' focus, and more consumers are making lifestyle changes and investments that save energy and reduce their bills. This creates an opportunity for providers to engage, support and move forward together with consumers – if they can win their trust and confidence. Now is the time for energy providers to reinvent the energy experience and the customer operations that enable it.

We believe six no-regrets strategic imperatives can help energy providers chart the course ahead:



Effortless engagement

Making it easy for consumers to do what matters most to them and the planet

Making energy experiences easy seems simple enough, yet many providers struggle to create effortless engagement. As omnishoppers increase in number, creating frictionless experiences that span multiple products, channels and providers will become more complex. For example, ensuring smooth EV charging experiences, even during planned or

emergency outages, will require communications across multiple stakeholders, the ability to control charging devices in a proactive and predictive way, and a deep understanding of consumer charging preferences.

Creating truly effortless engagement will mean expanding the lens of consumer journeys across the omnishopper experience. Providers that rally under this new orientation can grow consumer satisfaction while simultaneously reducing costs and enabling exciting new experiences that consumers truly value.

Operational agility

Building customer operations that are flexible and customer-centric

Energy providers' customer operations are no longer fit for purpose as channels diversify, digitization advances, and energy products and services expand in number and complexity. Emerging technologies have created a curious paradox – self-service and process automation have enabled providers to downsize operations, but what is left behind is more complex interactions and exceptions. Meanwhile, the COVID-19 pandemic has resulted in a distributed workforce and encouraged greater use of digital customer interaction channels.

Together, these changes call on providers to reinvent operations with agility at their heart. Applying agile principles and approaches to areas such as digital experience enhancement, continuous improvement programs, and quality and performance measurement can trigger culture change and be the first step in building a new operating model that is more flexible and customer centric.

Digital enablement

Creating technology platforms that empower consumers and employees

As energy providers continue to develop their digital capabilities, focus shifts to the technology platforms that will enable new employee and customer experiences. Consumers want different billing, payment and interaction capabilities that may not be possible within the existing technology landscape. Employees want to focus on higher-value tasks with more automation, greater customer insight, simplified processes and less manual work. A cross-industry survey of US call center agents found that 90% wanted more call automation features, including knowledge search and call summaries.¹⁸

Delivering great experiences requires a longitudinal approach to customer relationship management (CRM) solutions. CRM that breaks down traditional operational silos, and delivers targeted insight and engagement, can enable seamless customer experiences. Energy providers that create digitally enabled seamless energy experiences, even as they become more complex, can capture new revenue opportunities while enhancing employee and customer satisfaction.

Adaptive workforce

Putting people at the center of the energy workforce of the future

Most organizations would agree there is a simple equation that drives customer operations: employee experience = customer

experience. And, in competitive markets, increased revenue can be added to the end of the equation.

Making the equation add up is a challenge for many energy providers. As the pandemic slowed and job markets heated up, a mix of uncertainty and a questioning of purpose meant many employees began to evaluate options.

Putting people at the center can help energy providers build the workforce of the future. Flexibility, including hybrid working, will be critical to retaining and attracting talent, particularly younger workers.¹⁹ And creating a workforce ready and able for change will also be important. As providers build an adaptive workforce, an employee experience management program fueled by a comprehensive voice of the employee approach will be key. Adaptive, flexible employees that effectively engage customers will be key to energy providers' ability to succeed through the energy transition. Investments in the employee experience today will pay dividends for years to come.

Innovative growth

Delivering seamless new energy programs, products and services at scale

The energy transition has accelerated sector convergence, making the ability to offer multiple products and services critical to energy providers' survival in many markets. Even vertically integrated utilities will need to expand programs, products and services to meet requirements from government and regulators around affordability and equity. And distribution organizations will face increasing responsibilities to support new energy vehicles and distributed solar, and engage more closely with builders and developers.

Our research shows consumers want providers to scale and industrialize products and services, while building a seamless fulfillment experience for both their own solutions and potentially those of other energy product and service providers.

Creating this experience will be critical to enabling innovative growth. Providers that bring together data, partners and multiple parts of the organization to develop and deliver seamless energy experiences can capture an accelerating customer and market opportunity.

Sustainable enterprise

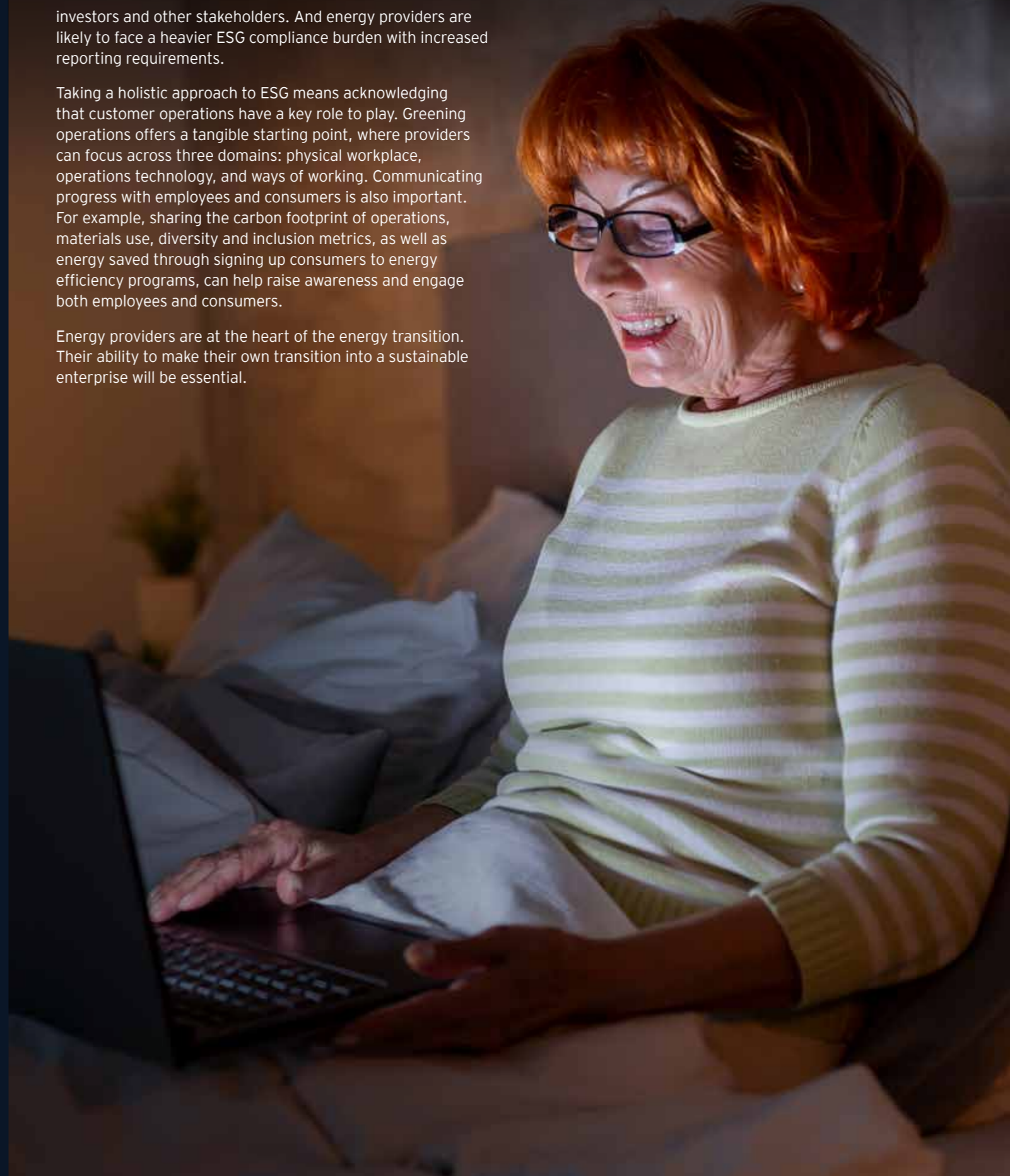
Showing consumers that operations are green inside and out

Our research found that energy providers' commitment to sustainability, equity and community is one of the largest drivers of overall customer satisfaction. Sustainability is also now a central component of the broader environmental, social and governance (ESG) metrics under scrutiny from boards,

investors and other stakeholders. And energy providers are likely to face a heavier ESG compliance burden with increased reporting requirements.

Taking a holistic approach to ESG means acknowledging that customer operations have a key role to play. Greening operations offers a tangible starting point, where providers can focus across three domains: physical workplace, operations technology, and ways of working. Communicating progress with employees and consumers is also important. For example, sharing the carbon footprint of operations, materials use, diversity and inclusion metrics, as well as energy saved through signing up consumers to energy efficiency programs, can help raise awareness and engage both employees and consumers.

Energy providers are at the heart of the energy transition. Their ability to make their own transition into a sustainable enterprise will be essential.



Turning roadblocks into a roadmap

For consumers, energy has become personal. The realities of the energy crisis are hitting home, and new energy opportunities have piqued their interest and engagement in this often forgotten but critical enabler of modern life. But this disruption has also shaken consumer confidence in a system that took over a century to build. Amid the energy transition, it's clear that consumers are the bridge from today to a clean energy future. But completing the journey requires them to make significant changes to their energy lifestyles, investing time and money in sustainability at a time when many people feel they are already doing all they can.

Energy providers must do more to support consumers, investing in the capabilities that will help them move forward on their energy journey, amid ongoing uncertainty and change. Our clear strategic imperatives are a starting point. Providers also have a role to play in reshaping the broader energy industry. Market structures, business models and customer operations must be transformed at speed to enable a new future. Those that succeed will reinvent the energy experience and the very definition of an energy provider.

So the question might be: when energy hits home, will providers be left out in the cold? But the answer is that, while consumers are ready to leap ahead, it is up to providers to light the path.

How EY can help?

EY's Customer Experience Transformation professionals have extensive experience in working with energy providers on customer experience strategy and design, digital transformation, customer engagement platform implementation, employee change management and sustainability growth strategies. We're focused on helping energy providers harness innovative technologies and agile ways of working to help empower their workforce, engage increasingly diverse customers and drive long-term value.



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