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May 2017

Transform and grow the core. Develop the new.

From commodity providers to trusted energy advisors.

Becoming an energy advisor means helping customers make better decisions, including helping them buy more energy-efficient products.

Make Your Customers Feel Good And Become a Truly "Trusted Energy Advisor"

It's Time for a Change

Growing the top line by finding new business models and revenue streams, while carving efficiencies out of the operations of the traditional commodity business, continues to top European utilities' agendas. The good news for utilities is that they have a customer base to work on. The bad news is that their customers and, more generally, consumers do not have a great opinion about utilities. Several studies, including IDC research, reveal that consumers believe utilities do not understand their needs, find them difficult to deal with, and do not feel supported when they need their advice. So, it comes as no surprise that most European energy suppliers have a negative Net Promoter Score (NPS), and that many incumbent players have lost market share in favor of new digital and more demand-centric entrants. In the UK, for instance, as of March 2016 new energy retailers have captured 14% of the market ⁽¹⁾, by effectively engaging customers in an unexciting but vital product: electricity.

Across Europe, energy retailers are seeking to transform themselves from commodity providers into *energy advisors*, capable of supporting a consumer's connected lifestyle and delivering value-added services and products. Towards the end of 2016, IDC predicted that "by 2020, 50% of competitive-market energy providers will drive their revenues by transforming into *convenient lifestyle providers*." However, IDC also stated that in "failing to deliver superior customer experiences, only 1 in 5 utilities will raise customer satisfaction scores by 10% or reach positive NPS by 2018."

To successfully transform, energy retailers need to engage their customers in a truly effortless experience that is meaningful to the customer as an individual, available when it matters, and delivered through the most convenient channel in a continuous, consistent and relevant manner.

But what if energy retailers do not know their customers? How can they provide them with relevant advice or suggest relevant products or services? And, if consumers do not trust their energy supplier, what chance does it have of cross-selling or influencing broader consumer behavior, such as buying behavior?

Becoming an energy advisor relies on helping customers make better decisions in a broader, more holistic context. This can, and should, include advising consumers on buying decisions for energy efficient products for the home.

¹ Source: Ofgem, Retail Energy Markets in 2016

About **80%** of consumers start product searches online ⁽³⁾.

Research shows that households make up to 19 such purchases a year, and a typical home may have up to 50 energy consuming products at any one time ⁽²⁾. In this instance, it's well documented how dramatic the savings can be, from both an energy and cost standpoint. Helping consumers buy more energy efficient products for their homes should deliver benefits on multiple levels, resulting in the consumer feeling good about their decision, and thanking their trusted energy advisor. But this in turn requires energy retailers to move beyond the traditional transactional approach to a relational approach. It requires trust.

Could online product and appliance marketplaces provide a foundation for utilities to build the consumer relationship, and help them transform into truly trusted energy advisors?

Product and Appliances Marketplaces: A Way to Get There

What is an Online Marketplace?

A marketplace is a website where visitors can find multiple brands/sellers products and services. Since marketplaces aggregate products from a wide array of providers, selection is usually wider than on a vendor-specific online retail store. In many cases, the marketplace operator may process sale transactions. In many others, it allows visitors to directly access the seller's own e-commerce portal.

In the past few years, online marketplaces have boomed, since they provide value to buyers, making their product search and choice easier. Some marketplaces have a wide variety of general interest products that cater to almost all the needs of the consumers. Others are specific to some product categories or customer segments.

The marketplace operator business model is typically multi-faceted: from affiliate marketing fees, through to advertising and lead generation, and data capture and monetization.

Why Utilities Should Have a Marketplace

To transform their relationships with customers, utilities are looking for opportunities to provide valuable and relevant information. They want to advise their customers on how to become more energy efficient; they want to provide value-added services and products. Marketplaces are an acquisition and engagement platform, a way to generate new revenues, win new customers, and reduce churn. They enrich the relationship and make it easier for consumers to search, filter and ultimately decide.

² Source: NRDC Issue Brief April 2015 ib:15-02-D

³ Source: Enverve, 2017

*More than **70%** of electronics shoppers want to **consider energy-efficiency** in their buying decision ⁽³⁾.*

Transform the customer's buying experience while learning more about that customer.

Marketplaces are a source of new revenues for utilities. Affiliate fee programs (and cost per click programs) from sellers generate payments for each customer that purchases from having used a marketplace. If the platform is credible and engaging for the consumer (resulting in high traffic figures) there are also opportunities for advertising and brand sponsorship revenues.

Marketplaces enable energy retailers to become advisors. By suggesting energy efficient home appliances, for instance, energy retailers enable consumers to make sustainable choices, transform their relationship and prove their value as advisors. It is not easy, in fact, for consumers to buy energy efficient products. Most products now score A+ and better, but these labels can be confusing and most importantly they do not make it easy for consumers to understand the financial impact of their choice. Current labelling does not provide accessible and relevant information for the consumer on the cost of ownership, and at best restricts the consumer to making a good choice, rather than the best choice.

Marketplaces are a way to transform the traditional transactional relationship that utilities have with their customers ('you consume, we bill you') into a meaningful relationship beyond the commodity ('we understand your life, let us advise you'). Innovative and personalized content along with a unique shopping experience creates an opportunity to engage previously hard-to-reach customers. Marketplace users appreciate the service, reporting high satisfaction scores (average 4.8/5). Meanwhile, utilities that have a marketplace see improvements in their brand perception: 75% of marketplace users report improved perceptions of their utility ⁽³⁾.

Marketplaces attract customers to utilities' websites and accustom customers to consider them as a source of value. This also helps costumers move towards digital interactions, and in doing so, reducing the cost of service. Additionally, increasing levels of traffic and interaction on the marketplace make it easier – and cheaper – for energy retailers to reach out to their customers.

Marketplaces are also a powerful tool for energy retailers to get to know their customers better. Gathering visitors' data and understanding their online behavior opens up new opportunities to improve and predict consumer choice, and to design, adopt and refine myriad suitable and effective initiatives.

Considering Enervee

Enervee is a platform-as-a-service company that combines data science, behavioral science, and digital marketing to drive consumer engagement and energy savings by transforming the way consumers buy. Enervee products include Marketplace, Charge, Home and Insight. The company is headquartered in Venice, CA, with offices in Germany and the UK.

The Enervee Marketplace Solution

Enervee developed an as-a-service platform that utilities can integrate into their websites to offer a marketplace where consumers can browse a vast range of

³ Source: Enervee, 2017

*For each product, Enervee Marketplace **quantifies energy efficiency** in terms of money, and allows consumers to **personalize the estimate.***

*Enervee Score: a **simple number** which **changes the way consumers buy.***

products, typically for their homes, including televisions, refrigerators and freezers, projectors, washing machines and dryers, dishwashers, air conditioners, lightbulbs, monitors, tablets, and video games consoles.

The Enervee Marketplace, which is not an e-commerce portal, provides product information, consumer reviews aggregated from retailer websites, expert reviews, and a price tracker to see how the price of a selected product has moved over the past 60 days. It also advises where the product can be bought, in local shops versus online, giving pricing options and allowing customers to click directly to the chosen seller's website. Everything is dynamically refreshed and banners are updated daily.

A couple of additional and distinctive features make the Enervee Marketplace different and interesting both for consumers and specifically for utilities that want to play the role of energy advisor and encourage more energy-efficient buying choices. First, it allows visitors to see a quantification of the projected financial savings over the lifetime of the product they are looking at. This translates energy efficiency in terms of money, making the concept concrete. Visitors can also personalize this estimate with a simulator that allows them to confirm their actual electricity price and to specify just how much they'll likely use the appliance. When the visitor enters these details, the energy savings figure updates in real time, providing concrete and personalized feedback for the individual user.

Second, every product that appears on the marketplace has an "Enervee Score."

The Enervee Score

The Enervee Score is an index (on a zero to 100 scale) of the energy efficiency of a given product model relative to all new products of the same size or capacity currently offered for sale. The Enervee Score is updated daily.

As a 0-100 number, the Enervee Score instantly tells consumers how that product compares on energy efficiency to other products in its category; the higher the score, the more energy efficient that choice. The rationale behind the Enervee Score is provide a simple and intuitive metric to support customers in choosing the product that is most efficient and least expensive to run.

The Enervee Score is updated daily for all products tracked on the Enervee Marketplace, meaning any product launches in a category are reported within 24 hours. Compare this dynamism and granularity to EU label updates, which may occur once every couple of years.

The score, developed in conjunction with the Lawrence Berkeley Lab, is rigorously and dynamically calculated across more than 20 product categories. More recently, the score has also been applied to cars, in recognition not only of the benefits to the consumer of a more efficient purchase, but also of the different decision-making style used by consumers when buying. Enervee follows the appropriate and accepted standards on performance and energy efficiency ratings in each country where products are used. For categories that are not regulated by standards (e.g., video games consoles), Enervee collaborates with stakeholders to develop its own energy efficiency rating methodologies.

Consumers spend 2.5 mins on a marketplace visit, generating 200 events. These events can be used to evaluate customer engagement.

The positive impact of this score, combined with the quantification of savings, in terms of concretely influencing buyer decisions toward more efficient purchases has been verified across a series of controlled trials, proving its effectiveness. Consumers consistently buy significantly more efficient products when using Enervee Marketplace ⁽⁴⁾.

The Customer Engagement Score

Enervee's experience reveals that on average, consumers spend 2 minutes and 30 seconds on a visit to a marketplace. So, it is possible for Enervee to pick up a wealth of behavioral data — how they sorted, which products they looked at, categories, energy calculator customizations, and much more. Enervee calculated that it collects data from over 200 events on the site, from each visit. These data can be used to create a customer engagement score for the energy retailer.

The customer engagement score is not a standard measure, but a customized one. It is an equation built to measure what a specific energy retailer defines as a successful engagement. For some, it is immediate revenues from product sales; others may want to focus on cross-sells and prompt interest in electric vehicles or photovoltaic products. Others still may just want consumers to engage in programs or energy efficiency initiatives. Some may have a rich mix of these.

Based on the desired outcomes, the equation is created and populated with the customer data captured from the marketplace. For instance, if a utility wants its consumers to engage in energy efficiency programs, events such as sorting by Enervee Score, or overriding the defaults in the energy saving calculator, are both proxies for this type of engagement. In this way, it is possible to track the quality of every person that comes to the platform, and it is possible to tailor campaigns and the Marketplace experience better.

Meeting the Challenges Ahead

For companies looking to engage their customer base, Enervee Marketplace opens new opportunities to engage with and know consumers better, to cross- and up-sell, to lower costs, and to increase revenues. Enervee Marketplace — with its Enervee Score depicting product-specific energy performance and its consumer-specific energy savings calculations — also presents the energy retailer with the opportunity not just to be there as an advisor when the consumer wants to buy, but to advise the consumer when to buy. With this level of product and customer data, the energy retailer has the potential to transform the buying experience, presenting the customer with a personalized projection as to when is the right

⁴ Neiderberger, A. & Champniss, G. 'Flip Sides Of The Same Coin? A Simple Efficiency Score versus Energy Bill Savings Information To Drive Consumers to Choose More Energy Efficient Products' Energy Efficiency
DOI: 10.1007/s12053-017-9535-2

*Marketing campaign to drive **first visits** and encourage **returning visitors**.*

moment to swap out an old appliance for a new one, with a custom cost-benefit analysis, not to mention targeted incentives to make the switch.

The Enervee Score has proven its effectiveness in influencing energy-efficient behavior and complements the EU Energy Label well. It would be interesting to see if the Enervee Score — as a particular measure of a behavioral outcome — will become an internationally-adopted score of reference, as other famous customer-related scores, like NPS, the customer effort score (CES), or the traditional customer satisfaction score (CSAT) have become.

Two key questions remain to be answered. First, how do you drive today's online shoppers to an energy retailer's marketplace; and how do you ensure they return? Second, how can an energy retailer encourage non-online customer to leverage its marketplace?

To be successful, the launch of a new marketplace needs to be complemented by a targeted marketing campaign. Display campaigns can be designed using products that are most trendy. It has been demonstrated that social media influences online shoppers. Email marketing is both a cheap and effective solution to attract customers. For instance, it is possible to send info about new products, sales, and promos. Mails can be sent to clients who haven't been active in a while with original content, such as editorial buying guides, price updates and saved searches to drive revisits. Paper bills are also an important moment to encourage consumers to start using digital channels, as a marketplace can represent a good reason to start visiting the energy retailer's website. In all cases, having access to rich product and market data allows the utility to leverage these channels in the most cost-effective and agile way.

What to Consider When Introducing a Marketplace

The availability of a products and appliances marketplace is an interesting opportunity for energy retailers to provide new value-adding services and transform the customer relationship. Utilities that plan to deploy a marketplace should consider the following:

- **Have a clear goal in mind.** Each company needs to understand what it wants to achieve with the deployment of a marketplace and plan accordingly. Is it to directly sell products and make money off sales? Is it to influence buying behavior as an energy advisor and make money from affiliated sellers' fees? Directly selling goods and being an advisor may not be compatible options in the eyes of consumers.
- **De-risk your choice.** If you choose to directly sell products and appliances, be ready to manage the positive, but also negative impact that other brands may have on yours, especially if your suggested suite of products is limited. What happens if the product you are selling breaks down? Additionally, be ready to manage the product sales cycle and related fulfillment in a consistent way, at least the same consistency of the competition.

- **Make your marketplace valuable and complete.** Regardless of your choice, your marketplace needs to be simple and provide relevant and actionable insights to consumers. If you want consumers to visit your marketplace and not others, it needs to have something highly distinctive and valuable that aids their decision-making process. You also need to offer a wide variety of choices for each product category, even better all available goods. If you decide to restrict the choice to some brands you need to consider the risk of consumers querying and judging your choice.
- **Make or buy.** This is the typical old dilemma. Should you develop your own custom marketplace or leverage an available platform as a service and the related capabilities it embeds? If you go for the make option, be sure to have the necessary data science, behavioral science, and digital marketing capabilities readily available in your organization.
- **Do not stop at the ecommerce gate.** Energy retailers should make the most of the data coming from the marketplace. Navigation and searches, as well as myriad other online behaviors around the purchase, if analyzed, can be used to paint a rich picture of each visitor's preferences and behaviors, and be used to predict future preferences and actions. Energy retailers should not lose this opportunity and leverage this new consumer knowledge while also building a new relationship with their customers and the market.

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