

# Wiser™

## BRIDGING THE GREAT COMMUNICATION DIVIDE

Closing the gap between the utility and consumer



Understanding residential consumer behavior and how to work with consumers for mutually beneficial outcomes.

Make the most of your energy<sup>SM</sup>

**Schneider**  
Electric™

# Consumers and utilities want the same thing

Among the many issues facing utilities today – grid reliability, aging infrastructure, cost recovery, implementing energy efficiency and demand management programs – the most disruptive force of all may well be the consumer. Meeting consumer expectations, achieving consumer acceptance and satisfaction and engaging the consumer in two-way communication are all issues utilities are facing, many for the first time. In addition, the way consumers interact with the grid is changing as they adopt new, renewable energy sources and technology, such as solar generation and electric vehicles. Utilities are quickly realizing the impact residential consumers have on the grid and struggle to effectively engage consumers in energy management. Ironically, both utility and consumer have similar wants and needs. Similar to the utility, consumers want grid reliability and access to information to better manage and control their energy. This paper will offer insight into consumer behaviors and attitudes that directly affect their engagement with their utility.

*"We want to help consumers learn more about their power usage. The more they know, the more they participate."*

*"We want to improve customer relations and satisfaction with end users, mitigating high bill complaints, making customers more comfortable in homes, providing opportunities to reduce costs."*

*"We want to keep rates down by not having to build more power generation, only use the most efficient generators and give clear pricing signals to customers that allow them to reduce their energy."*

*"We want more information from our electricity provider. Then we can think of what we used and actually be a smarter consumer."*

*"I want the ability to control my own electricity's fate, so I'm more than just along for the ride."*

*"I would prefer to have a lower rate but at the same time I would trade a higher rate for dependability."*



## The reality is that consumers are just not that into you.

The problem is that while utilities are no doubt thinking about consumers and how to engage them on a deeper level, consumers aren't thinking that much about them. Except when the power goes out. (Nothing seems to get a customer's attention like a power outage.) Or, when they get a higher than normal electric bill, or a significant rate increase.

For the most part, consumers find their utilities dependable. It's just that they don't have a need to communicate or interact with them often. Electricity is simply not top of mind most days. Consumers perceive it as any commodity product: it requires low involvement and they take it for granted that it will be there when they need it.



According to McKinsey and Company, there is a significant potential in consumer behavioral nudging that would build on utility programs already shown to be effective.



# But, you're the one they trust.

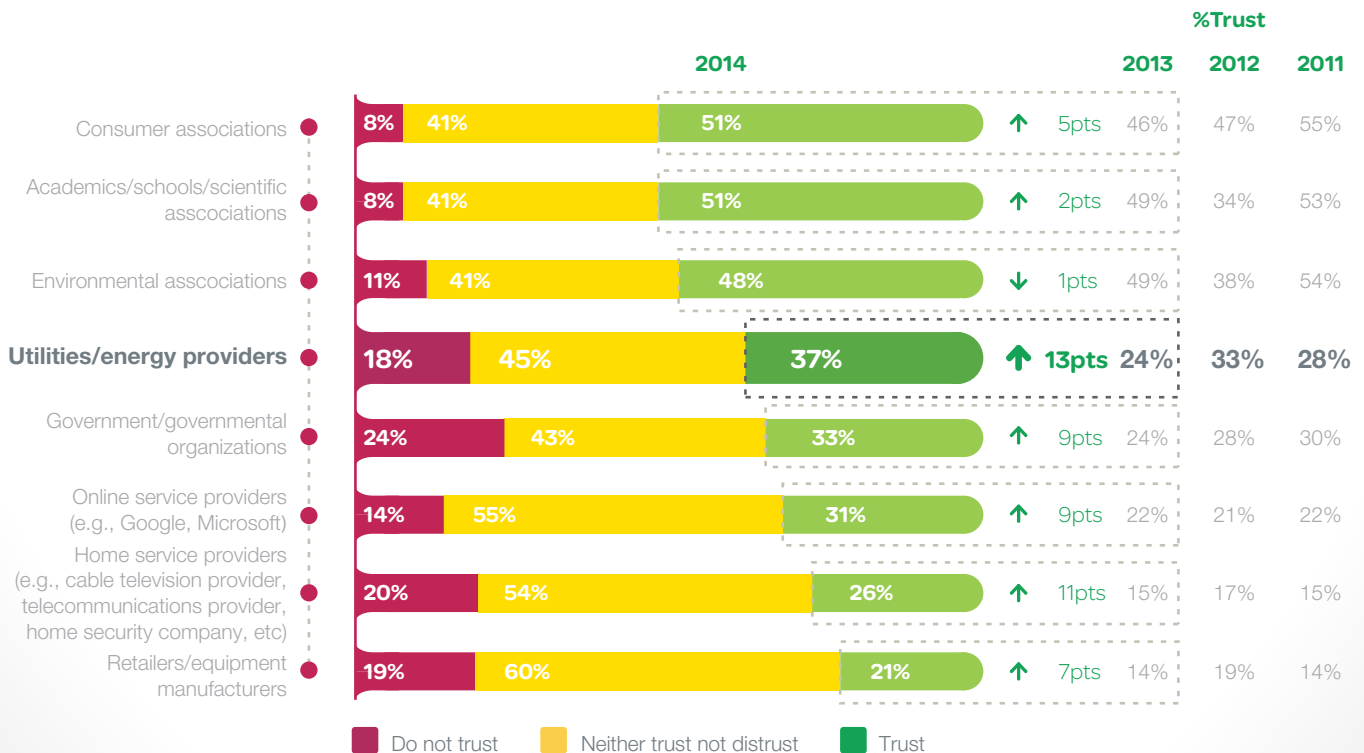
No question, consumers need more information and a better grasp of the benefits of energy management programs and products. In a recent industry study conducted by Accenture, when asked who they most trusted to provide them with energy management programs and products, utilities and power companies were a top choice (other than non-profit associations), though security companies, cable and telecom companies, HVAC companies and DIY home retailers were not far behind. But only utilities have an ability to speak to consumers from a unique perspective of knowledge and experience on energy issues, as well as provide integrated energy efficiency and demand management solutions and tech support.

37%

"Consumers' trust in utilities has increased to 37%, while trust in third parties is also gaining momentum."

"73% of consumers would consider a provider other than a utility/electricity provider."

73%



Base: All respondents. Source: Accenture New Energy Consumer Report 2014

# Now, the ball is in your court.

In order for utilities to take advantage of their unique position to educate and empower consumers, they must first gain a deeper understanding of what consumers want. The utility must then deliver what consumers want in a way that promotes active, ongoing engagement.

## The Research

A new research study from Schneider Electric consisting of focus groups in three distinctly different markets featuring a cross section of energy consumer segments, was conducted to explore consumer perceptions, residential energy management acceptance and adoption on an in-depth level. Questions concerning energy management and the ability to control one's home energy usage were posed to participants who identified themselves as willing to engage in energy management\*.

Based on the research, consumers identified convenience as a huge benefit. Being able to control their energy remotely from anywhere anytime was perceived to be a great value. The biggest motivational drivers for participating in an energy management program were:

- control over energy usage through increased knowledge
- convenience of remote access to monitoring energy
- saving money
- conserving energy

\*Schneider Electric conducted qualitative focus group research on consumer attitudes concerning utilities, saving energy and demand response in Columbus, OH, Austin, TX and Los Angeles, CA. Participants of varied ages and incomes identifying themselves as likely participants in an energy management program were included.



Comfort & Convenience

Conserve energy

Savings

Control



### Finding: Consumers want control

Through our research we learned that empowerment, or having control, may be the biggest appeal for consumers. Consumers are tired of not having control in so many areas of their lives that the idea of gaining a degree of control over something as fundamental as their own environment and electrical bill is very appealing.

#### Control trumps savings

Putting power in their own hands appeared to be the number one common reason for homeowners to participate in energy management programs. Once they were educated and informed of the energy management benefits, including the savings they can achieve through monitoring and managing their own energy usage, they believed the value and return on their investment far outweighed any cost. The ability to choose and adjust their usage behavior and habits was empowering. It was also empowering to know they could play a part in preventing outages and improving the environment. Having the power and control to make those choices was paramount.

*"I like having that control when I'm on the go."*

*"When you control it, you don't have to think about it. You can control what your house is going to feel like when you walk in."*

*"If my electric company can tell me which section of the house is consuming more electricity, that would be great."*



## Finding: One size does not fit all

When it comes to engaging consumers in energy management and usage behavior, it's clear that a one-size-fits-all message just doesn't work. In order to engage a consumer in a meaningful way, it's critical to know who the consumer really is. This requires looking at the world from their point of view – what do they want, need, struggle with, care about, or dislike?

Taking a page from the advertising industry, utilities can begin by breaking consumers into segments that relate to their unique perspectives, values and attitudes. From early adopters of technology or those concerned about the environment to cost-conscious DIYers or those seeking comfort and convenience at all cost, identifying the unique consumer segments concerning energy management program adoption can make all the difference. The Smart Grid Consumer Collaborative has identified unique consumer segments that utilities can employ.

The next step is to use the principal of mass customization to communicate the right customized message on an individualized basis. Because each segment is motivated by the benefits that most fit their interests, having an in-depth understanding of their priorities makes it possible for utilities to use data analytics to design custom solutions and communications that specifically address them. Utilities can use data readily available, such as energy usage combined with public information to further refine segments and create custom messaging for individual customers.



Source: The Smart Grid Consumer Collaborative





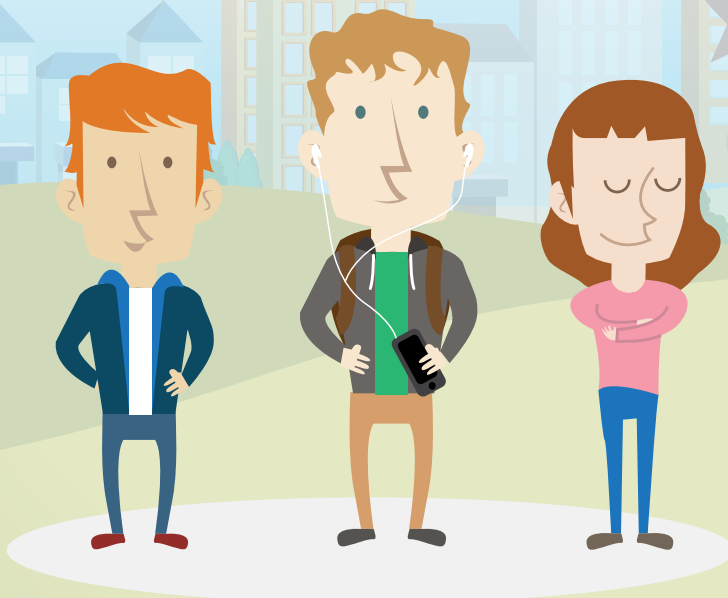
### Finding: Use messages that resonate

As consumers are more willing to make the change and participate in demand management and energy efficiency programs, the real key to broad acceptance may be simplicity. Simplicity begins with how the energy management message is communicated so that it's relevant and understood. Consumers may not know what you're talking about when you talk about smart grid, meters and demand response. But, they do understand smartphone technology, mobile communication and connectivity.

Many consumers don't know they need an energy management solution, because they don't recognize they even have a problem. They're not likely to call up their utility right now and say, "I sure wish I had a meter that could tell me what's going on with my electricity in the middle of the day." But, they are likely to respond to having more control and choice. They already see the benefits of being empowered in areas ranging from travel to healthcare. Communicating the empowerment that comes with being in control of their home's energy usage is a message that resonates and matters to them.

*"The convenience of being at work and lowering the temperature if you're coming home to your kids. Having control, not letting it control itself. You have the smart phone controls, the forecasting tools - just basically the technology aspect tied into your energy usage is what appeals to me."*

*"We all want to save money. I would hope, or assume, that we believe in our families understand the importance of energy conservation. Having control over energy usage and participating in home energy efficiency and upgrade recommendations is important and beneficial."*





## Finding: Engaging technology makes energy management second nature



When given timely, consistent and easy access to their energy usage via already familiar platforms, such as mobile apps or tablets, consumers are more likely to be engaged and compelled to modify energy usage behavior. Based on the Schneider Electric research, they particularly felt their energy consumption behavior could change if they were to employ features such as remote monitoring of their energy use. They cited the convenience of an app that allowed them to manage their home's energy from anywhere at anytime. Initial concerns about understanding and learning the technology were allayed when they realized the ease with which they could access their home's energy usage data through smartphone apps or tablets they already use every day.

The two biggest perceived behavioral changes for consumers were getting used to monitoring their energy use and adopting remote access features, though neither felt like difficult tasks to do. When they thought of energy usage feedback as empowering, many felt they would get into the habit of doing it, and it would eventually become second nature. They believed having an energy management system would encourage them to interact with their home's energy usage frequently on a regular basis.

*"The concept of the app is amazing because you don't have to be present, which is great since I forget all the time."*

*"It's an app that automatically tells me, 'This is what's happening in your home; this is what's consuming more energy.' I can use the app to just shut things off if I want."*

*"I receive weekly emails showing how I did this week versus last and an estimate of what my bill will be at the end of the month. I can even see peaks and valleys."*

*"I can use smart technology like my smartphone or iPad to track my energy usage."*



# Utilities have the power to empower

Consumers need to understand that energy management behaviors on their part combined with technology makes it easy for them to save energy with little or no impact on their comfort, convenience or lifestyles. Numerous industry studies have shown that most consumers are supportive, engaged and increasingly motivated once informed of energy management benefits, such as:

- cost savings
- having control of their energy consumption
- convenient, familiar technology
- lessening environmental impact

But, first, they need to be informed. Fortunately, consumers want to trust utilities for energy management information, programs and solutions. Utilities are in a unique position to educate and empower consumers.

## Bridge the communication gap

Communicating in a way that is emotionally appealing, meaningful and important to each consumer is critical to encouraging adoption of energy management behaviors and programs. Effectively communicating the value of energy management requires understanding consumer perceptions and behaviors. Consumer segmentation and mass customization provide the insight and opportunity to target unique consumer energy needs with the right customized solution. The key to bridging the communication gap is deploying advanced technology that assists the utility in managing big data to develop customized messages and promote ongoing consumer engagement. By fully engaging consumers, utilities and consumers both win by:




- gaining control without sacrificing convenience and comfort
- managing and understanding energy usage
- balancing the grid and increasing grid stability and reliability
- increasing customer satisfaction and engagement



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