

The Engagement Opportunity for Utilities

A global study of Utility customers' concerns,
behaviours and needs

November 2017




HomeServe®

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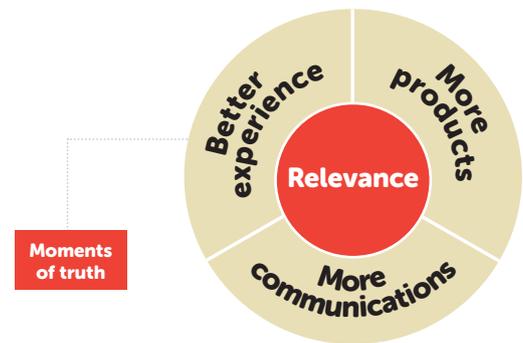
HomeServe

Founded in 1993, HomeServe has become a global leader in Home Services solutions with 7.8 million customers worldwide. Working closely with Utility providers in many markets, HomeServe delivers a range of Home Services to homeowners that include monitoring and repairing plumbing, drainage, electrics, and heating.

HomeServe's propositions help Utility companies acquire and retain more valuable customer relationships by extending their relevance within their customers' homes. For more details on the findings in this study or for more information about Home Services opportunities, get in touch!

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Foreword



Homeowners are looking for Utilities to play a more relevant role in their lives.

Today's consumers lead busy lives and are looking to their providers of products and services for extra help in managing their day-to-day activities and responsibilities. Whilst customers are generally satisfied with their Utility providers, accustomed to superior experiences in other areas of their lives, they demand much more from their Utilities today. They want more flexibility to explore new forms of energy and storage. They want more real-time information to manage their consumption. They want their provider to be proactive in developing new technology that will improve their quality of life.

Customers want their Utilities to play a more relevant role in their lives. They don't want to have to worry everyday about an unexpected electrical breakdown, a gas leak, or a blocked drain. They don't want to have to put their life on hold to try and find a trustworthy tradesperson able to do the repair for a reasonable price.

Changing expectations clearly create opportunities for Utilities willing to adopt new business models. This is especially true in a rapidly evolving industry where deregulation, fast changing technology, and new disrupting entrants are putting pressure on traditional companies in the sector.

This survey points to possible steps Utilities can take to improve customer perceptions related to their engagement, care, and communication. The low results obtained across the board in this area, especially when compared with the higher satisfaction scores, highlight a key opportunity for Utilities.

Providing customers with propositions which help the home run smoothly presents an opportunity to become truly relevant in customers' lives.

Richard Harpin, CEO and Founder

Highlights

Key themes

- **Customers need help**

Utility customers are often at a loss to deal with breakdowns in the home. They are also concerned with the poor quality of workmanship for home emergencies and repairs.

- **Perception matters**

Utility customers care about more than simply quality products and services. Utility companies are not always viewed favourably, particularly when it comes to how caring and trustworthy they are. Perception matters.

Why Utilities should consider Home Services

- **Improving relevance**

Providing Home Services presents a key opportunity for Utilities to increase engagement and improve their relevance in customers' homes and lives.

- **Services customers want**

Customers show great interest in Home Services propositions - over 50% are interested in purchasing tradespeople services from an online market place, purchasing a heating/cooling system, or taking out Home Assistance cover.

- **Customers ready to pay**

Customers are ready to pay a substantial amount for Home Assistance cover and more than 60% on average feel their Utility company would be a suitable provider. This demonstrates the value of the proposition to the market and the relevance to Utilities.

- **Market is wide open**

Despite the high level of interest in the proposed Home Assistance solutions, awareness that such services exist is low. This means Utilities who can own the space in the market and have the opportunity to positively differentiate themselves could gain an advantage.

Meet today's Utility customer

Our research took a snapshot of homeowners in different markets around the world that might help Utilities better understand their needs.

Generally, customers are satisfied with their Utility company. That said, survey results show a significant level of disapproval when it comes to engagement and the ability to care and communicate effectively.

Customers are concerned with getting the help they need when things go wrong. They want to trust their providers to respond quickly and efficiently when something breaks in their home because they don't want to open their door to just anybody.



I'm not a handyman, so household technical needs are always a concern.



I like having peace of mind that if something goes wrong, it will be fixed.



It's a problem finding someone who can fit in with my family schedule but also do the job as quickly as possible.



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Our respondents in numbers

Average age: **39**

57% **43%**

2.6 adults
1 child per household

40% detached **13%** terraced
8% semi-detached **37%** apartment

52% +20 yrs in home **21%** 11-20 yrs in home

Job type **73%** full time **12%** part time
7% retired **3%** students **3%** carer

Generally affluent
46% AB **27%** C1
12% C2 **14%** DE



Customers want the peace of mind that someone will take care of things to keep their home running smoothly.

What customers worry about

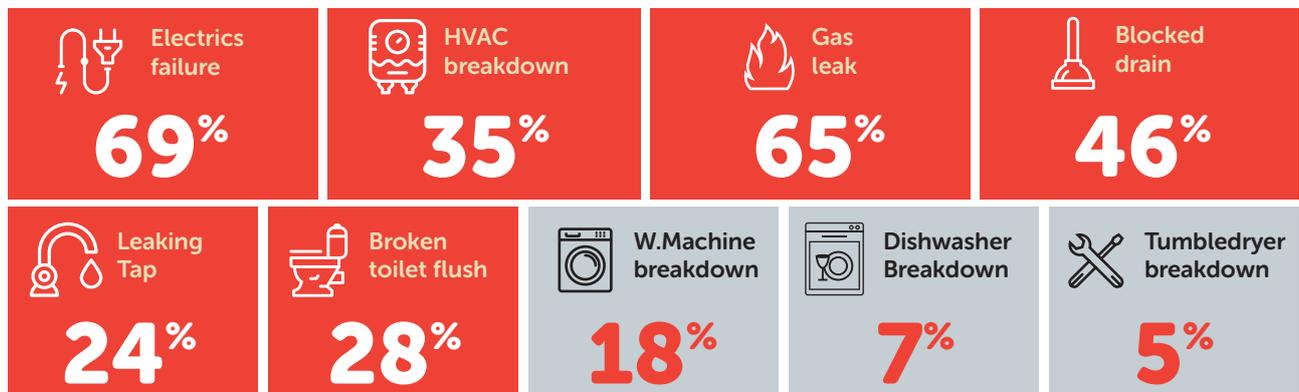
The big things

More than anything else, homeowners across the world worry about major emergencies and issues that would prevent their homes from running smoothly. In comparison, they're a lot less concerned about the breakdown of appliances.

When it comes to the type of issues that concern them, 69% of respondents put electric failures at the top of their list followed by gas leaks with 65%. Overall, homeowners in Latin America are the most concerned with these two potential problems.

Blocked drains came in third place causing concern for almost 46% of Utility consumers globally. Understandably, heating/cooling breakdowns are particularly worrying for Utility customers who live in colder climates such as Northern Europe.

Percentage of customers listing in top 3 concerns

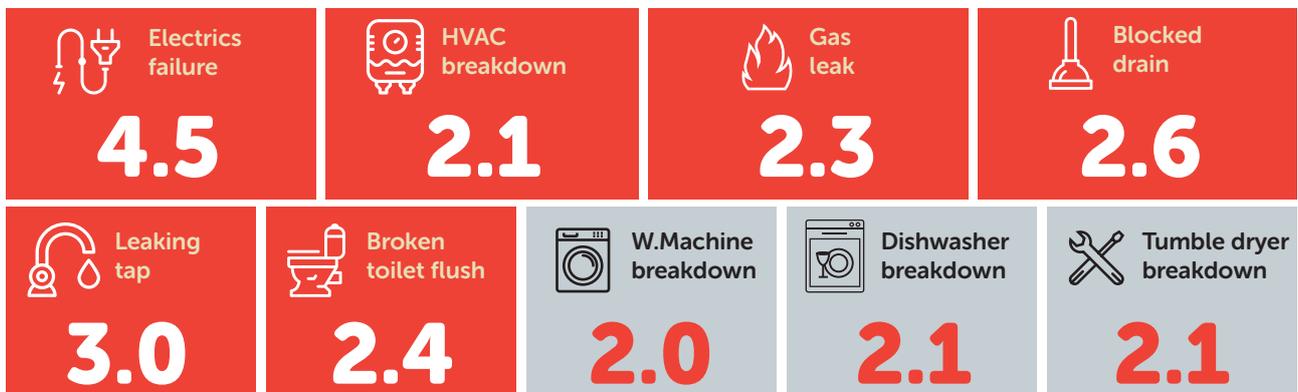


Frequent breakdowns

The frequency with which household repairs occur varies from country to country. Romania, Taiwan, and India show the highest incidence per year on average, and Japan the lowest.

Overall, breakdowns which prevent the home from running smoothly occur twice per year on average. The higher incidence of electric failures could be due to power cuts, which can be more frequent in some countries.

Frequency of breakdowns occurring (number of times per year)



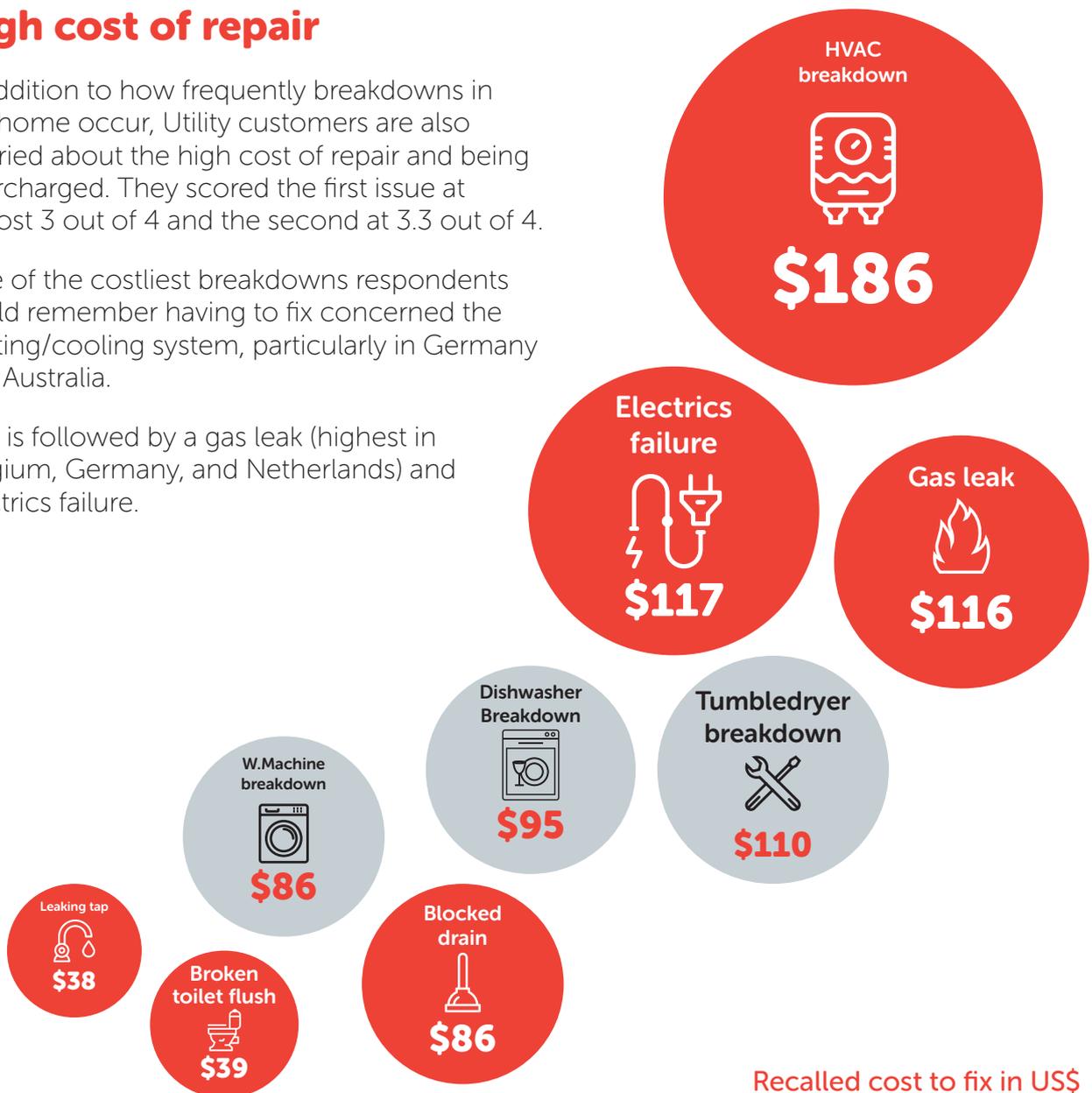
What customers worry about

High cost of repair

In addition to how frequently breakdowns in the home occur, Utility customers are also worried about the high cost of repair and being overcharged. They scored the first issue at almost 3 out of 4 and the second at 3.3 out of 4.

One of the costliest breakdowns respondents could remember having to fix concerned the heating/cooling system, particularly in Germany and Australia.

This is followed by a gas leak (highest in Belgium, Germany, and Netherlands) and electrics failure.



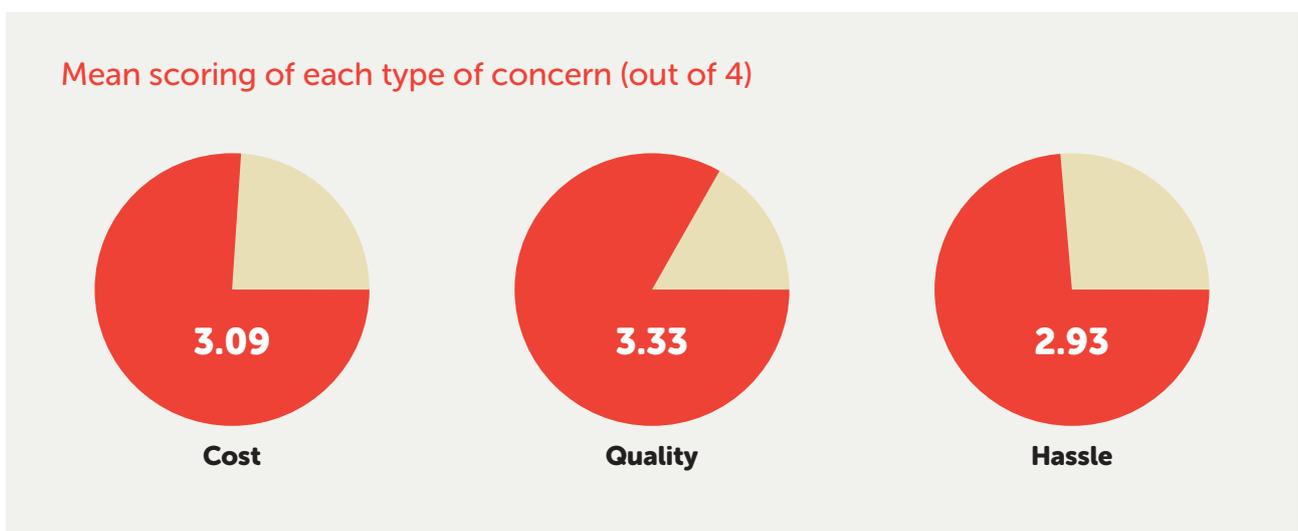
Recalled cost to fix in US\$

Poor interactions with tradespeople

The survey highlighted many worries surrounding interactions with tradespeople. Poor quality of workmanship is the most concerning aspect for homeowners in almost every single market with an average score of 3.33 out of 4. This seems to be a particularly thorny issue in Latin American countries where respondents scored it even higher (3.52 out of 4).

Quality however, is not the only issue homeowners worry about when having to deal with tradespeople. Being let down when a supplier doesn't turn up, not being able to predict the cost, and having to stay for the supplier to arrive are also high on their list.

It's clear that finding a suitable tradesperson for household repairs can be problematic with concerns related to quality, hassle, and cost. This presents an opportunity for those Utilities who aim to excel at quality control and customer service.

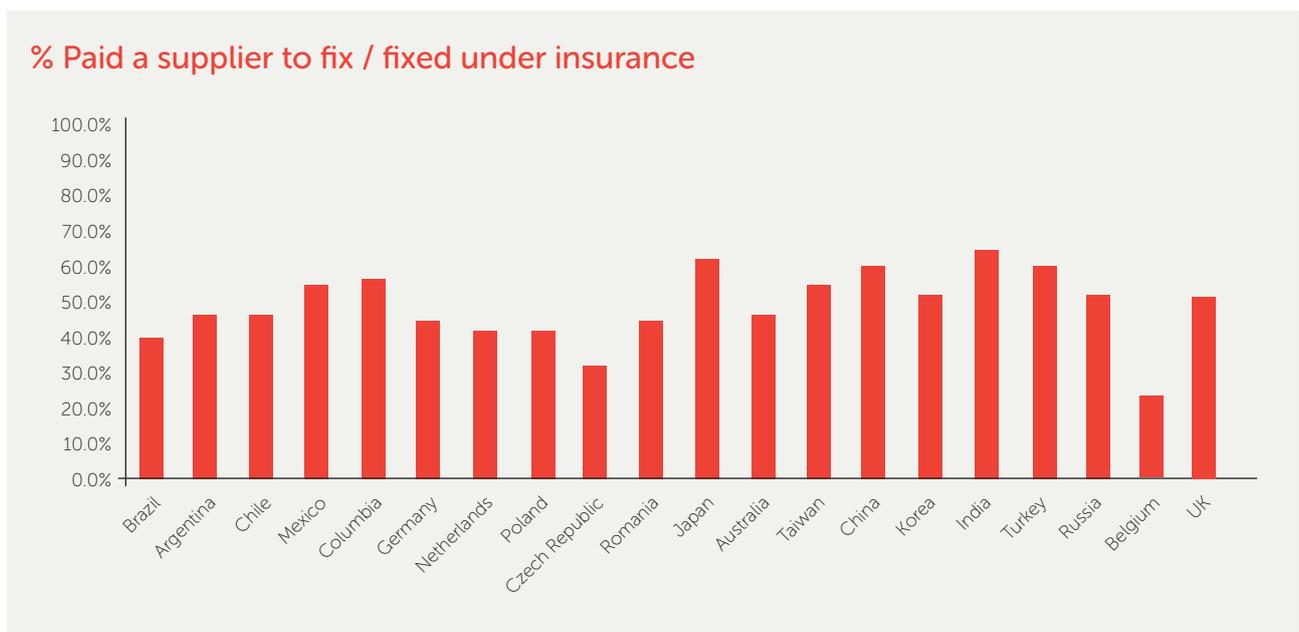


When things go wrong

DIY versus outsource mindset

Overall, there is an equal split between Utility customers who prefer to manage a repair in the home by themselves or with the help of friends/family ('DIY' minded) and those who 'outsource' a repair either through sourcing a supplier or by making an insurance claim.

Among the countries surveyed, customers in Belgium were the most likely to go-it-alone, with only 25% 'outsourcing' a repair. At the other end of the spectrum, homeowners in India were the least DIY-minded with 60% preferring to let someone else handle the repairs.



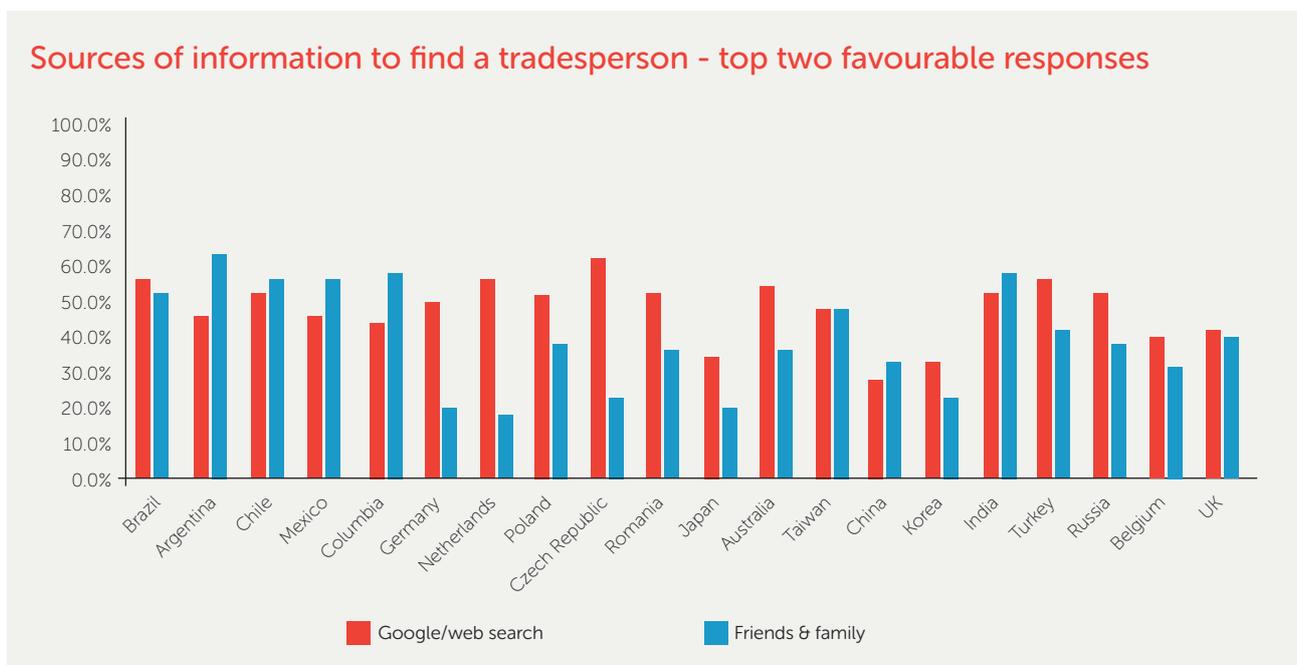
Where to find help

When dealing with home emergency repairs, most respondents use two main sources of information to find a tradesperson: the internet and word of mouth (friends and family).

Overall, almost 49% of customers perform a web search to solve their problem while more than 44% turn to friends and family for advice. Results show that Internet use is high across all markets with the exception of Japan, China, and Korea where it hovers between 28 and 37%. The same cannot be said of word of mouth, which varies wildly from a high of 62% in Argentina to a low of 20% in Japan.

Advice from friends and family and web searches also topped the list of channels that led to a purchase with 31 and 28% respectively globally. Results were more consistent across the board but with some notable exceptions.

In Germany (20%), Japan (11.5%), and Korea (14.5%), advice from friends and family was much less likely to lead to a purchase when compared to the global average. In China, only 18% of web enquiries led to a purchase, which is well below the 28% average.



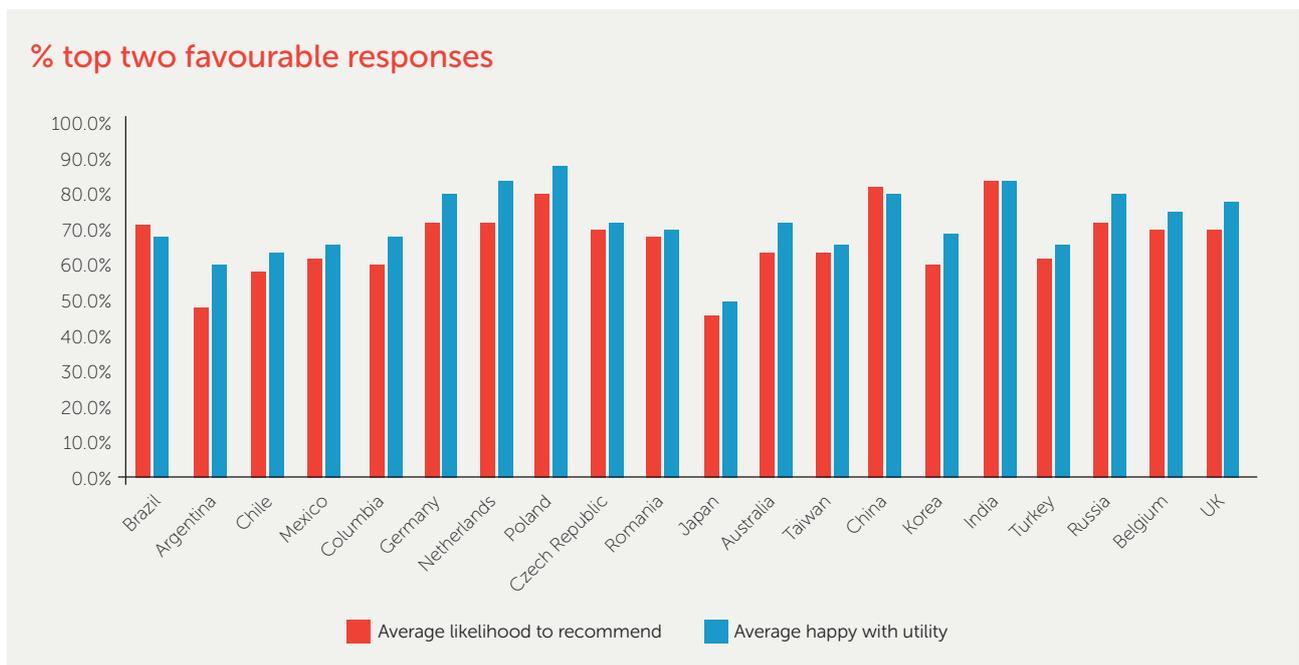
What customers say about Utilities

Satisfied customers

When asked if they're happy with their Utility company, 71% of homeowners globally say they're satisfied. The number of those who would be willing to recommend drops slightly in comparison at 67% overall.

However, satisfaction rates vary from one market to the next. Northern European and Indian respondents top the satisfaction chart, while South Americans are the least enthusiastic about their providers.

When comparing results for electricity, gas, and water providers, gas comes out on top in almost every single market with 75% of customers saying they're satisfied and 70% ready to recommend on average. In comparison, electricity Utility companies get the lowest scores almost everywhere with 69% and 65% on average.



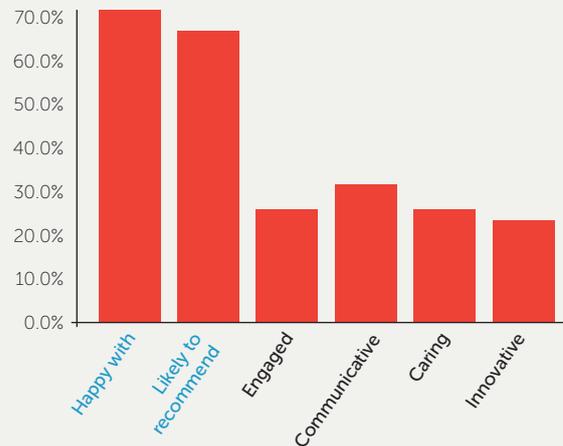
Problem of perception

Although a high majority of customers are satisfied with their Utility company and would recommend them, providers didn't fare so well when it comes to perceptions. Homeowners were asked to evaluate the level of engagement, care, innovation and communication demonstrated by their utilities.

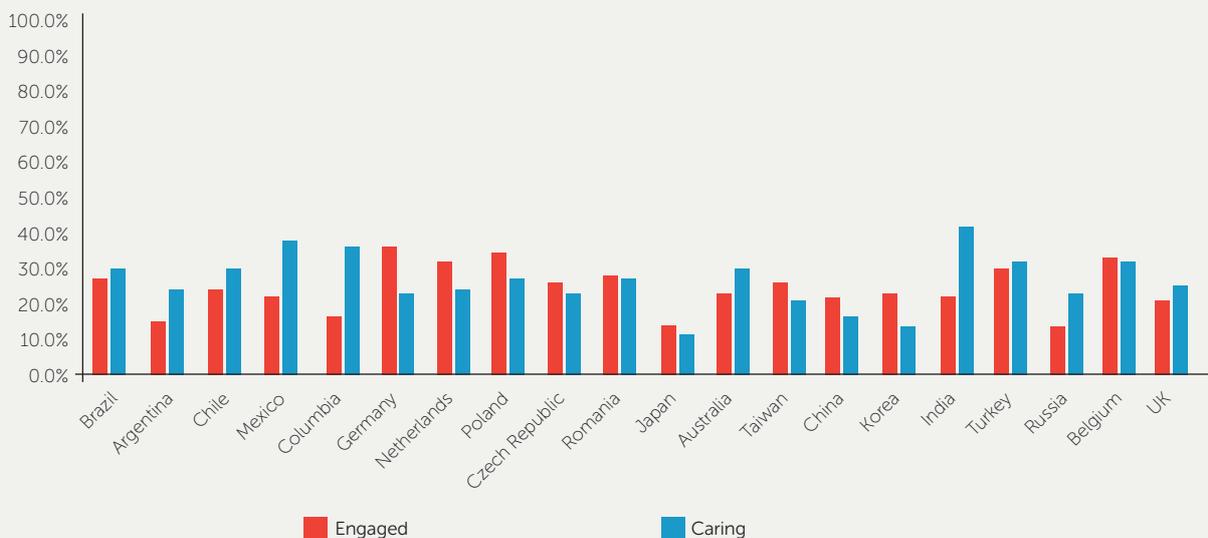
Gas providers perform best in terms of perception and water companies the worst. Gas providers are viewed as slightly more engaged (27%), communicative (33%), and innovative (25%) than other utilities.

Whilst there are regional variances, overall, results across the board are low, especially when compared with satisfaction scores. This highlights a key opportunity for Utilities – to improve their engagement with their customers and relevance in their homes.

% agreeing with sentiment (top 2 boxes)



% agreeing with statement with regard to their Utility company (top 2 boxes)



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Providing solutions

The survey clearly shows a majority of homeowners don't view Utilities as engaged and caring. It also shows that customers have many concerns surrounding breakdowns in their home, how much it will cost them to repair, and finding suitable tradespeople.

What if Utilities could offer their customers a variety of Home Services? Should they seize the opportunity to become a more relevant part of their customers' lives and delight them when they need it the most?



Home Assistance Cover concept

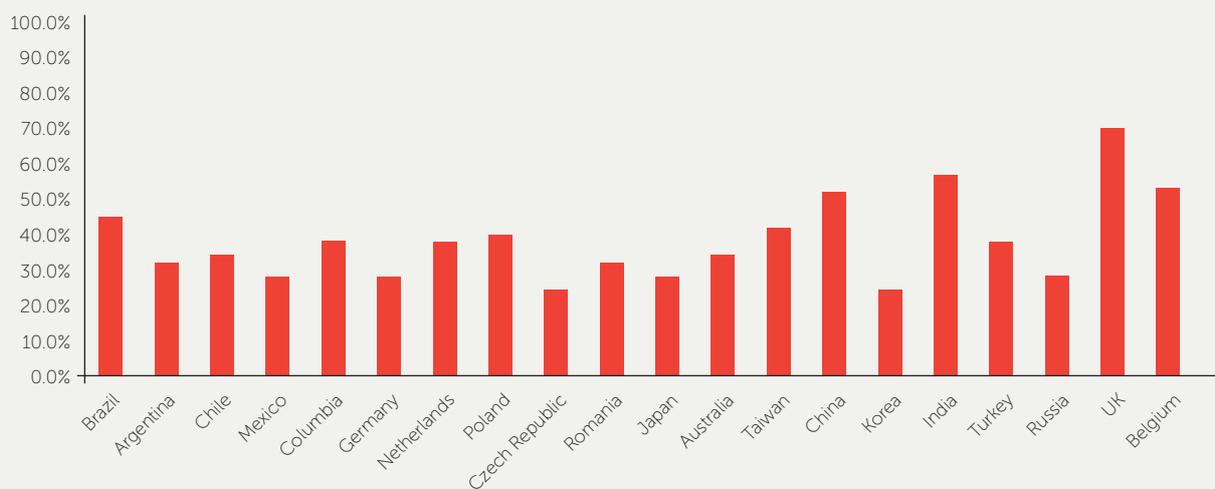
Awareness of the concept

Respondents were shown a general description of a Home Assistance Cover product:

“A service that you pay for monthly or annually, that covers unexpected Utility malfunctions such as water leaks and blockages, gas faults, and power failures, giving you peace of mind against sudden and unforeseen costs”.

Results show the level of awareness of the home assistance concept is relatively low, with a global average of 39%. The UK (HomeServe’s most mature market) has the highest awareness of all at 70%, whilst Korea, the Czech Republic, and Germany are amongst the lowest.

% awareness of Home Assistance concept by country



Home Assistance Cover

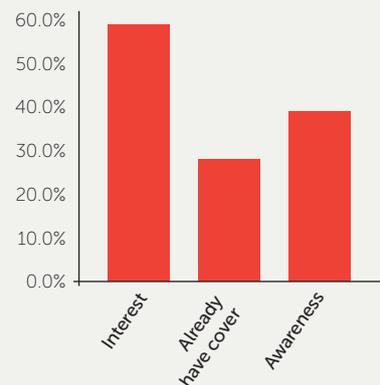
Interest in the concept

Despite the low level of awareness, 58% of homeowners are interested in the concept of Home Assistance, while 28% say they already have cover (including via an insurance policy).

This is a healthy level of interest given the UK, HomeServe's most mature market (with proven success of selling Home Assistance), has an in interest level of 50%.

58% Interested in Home Assistance concept

Interest in the concept



Utilities are suitable providers

This is great news for Utilities because 64% of customers on average view them as a suitable provider of Home Assistance Cover, which is a natural extension to their brand. India (87%), Poland (74%), and Romania (72%) have particularly favourable attitudes in this regard.

64% Feel a Utility company would be a **suitable provider** of home assistance.

Interest in the proposition

Building on the high level of interest in the Home Assistance concept, homeowners were also shown a specific level of Home Assistance proposition.

Pay a monthly subscription to cover you for unexpected plumbing, drainage, heating/cooling issues and major electrics failure, as well as an annual service for your heating/cooling system. We will repair free of charge up to 4 times per year. Included in the cover is:

- Heating/air con annual service, and repair in the event of breakdown
- Mains electrics/wiring/switch failure (not including appliances)
- Leaking tap/water pipes/toilet/radiator/air con unit
- Blocked drain, toilet or sink

65%

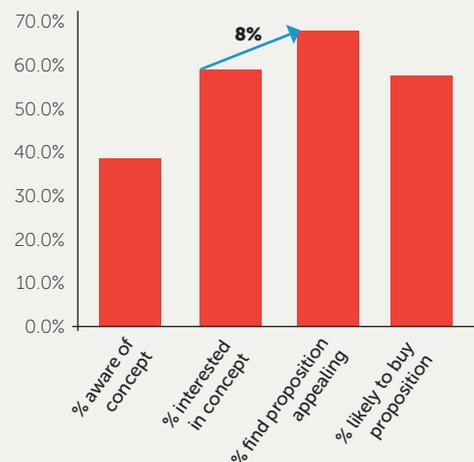
Find Home Assistance proposition appealing

57%

Likely to buy the Home Assistance proposition

Not only did the level of interest **rise by 8% in comparison** to the concept but more importantly, almost **57% of respondents** said they would be likely to buy the home assistance proposition clearly showing the appeal.

Interest in the proposition

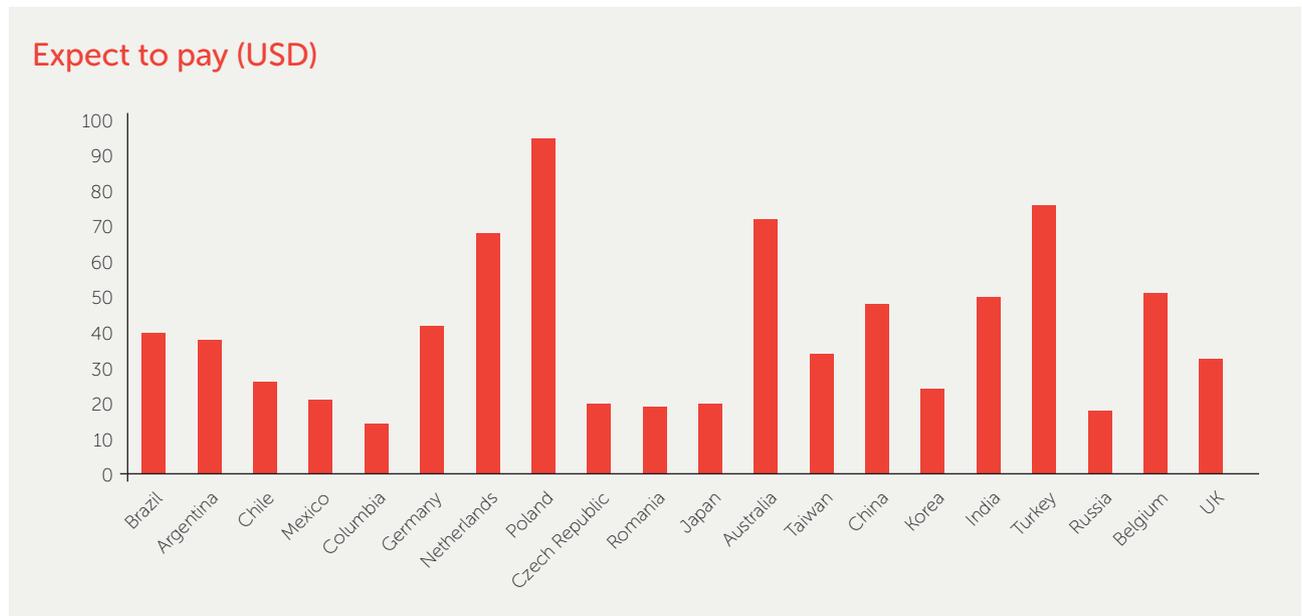


Home Assistance Cover

Cost expectations

Not only are most customers interested in purchasing Home Assistance, but they expect to pay a substantial amount for it. The perceived value is greater than the actual cost, as the average value placed on the cover (\$40 per month) is generally higher than a typical selling price for this level of cover.

Poland, the Netherlands, Australia, and Turkey expect to pay even more – up to \$94 per month while Colombia and Russia expect to pay the least.



Payment preferences

Homeowners were given two payment options to choose from: monthly or annual. Opinions are mixed with monthly coming slightly on top with 42% compared to 34% for an annual plan.

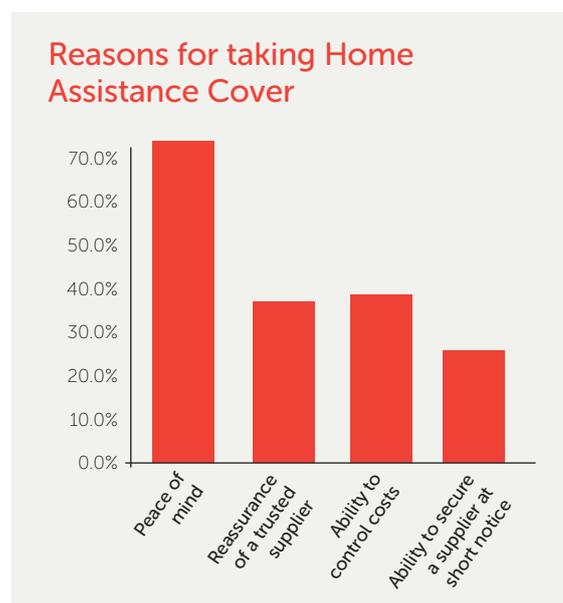
When looking at results by market, Latin American countries show a preference for monthly payments (51%) contrary to China who strongly favours a single payment (65%).



Considering Home Assistance cover

There are many reasons why homeowners are interested in the proposition but peace of mind is by far the most important factor across all markets with 71% of respondents placing it at the top of their list.

The ability to control costs and having access to a trusted supplier are the next two reasons customers would seek Home Assistance cover almost everywhere with 38% of interest each on average. China (86%), Belgium (85%), Japan (83%) and UK (80%) are the most concerned with peace of mind. India (63%), Turkey (55%) and Germany (50%) are the countries most concerned with controlling cost.



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Home Expert Portal

Respondents were also shown a concept for an online 'Home Expert' portal where they could find trusted tradespeople, for repairs and renovations.

"A website for finding and selecting a plumber, heating or cooling engineer, or electrician you can trust. Simply enter your repair needs and we will show you a selection of suitable tradesman from our network of reliable experts. You can ask for a quote or book an appointment online. Simple jobs have a fixed price and we guarantee the quality of the work of anything you book through us".

This would be a natural extension of the way Utility consumers already shop for other products and services, with results showing they use the internet at least 20 times per year to buy groceries and 11 times to purchase household goods and clothes.

Other purchases



Interest in the Portal

The Home Expert Portal was very well-received with 68% of homeowners finding it appealing on average, and 63% saying they would likely use it. It was particularly popular in Latin American countries, where on average 74% found it appealing and 72% stated they would be likely to buy from it.

For almost 80% of homeowners on average, the most appealing aspect of the proposition is the guarantee of quality workmanship, which as we saw, is one of their main concerns. India, Latin America, Poland, and Romania are particularly interested in this advantage.

But other factors are almost as popular including the ability to request a quote (71%) and ask for a fixed price (72%), as well as having access to customer reviews and ratings (71%).

78% Guarantee of quality workmanship

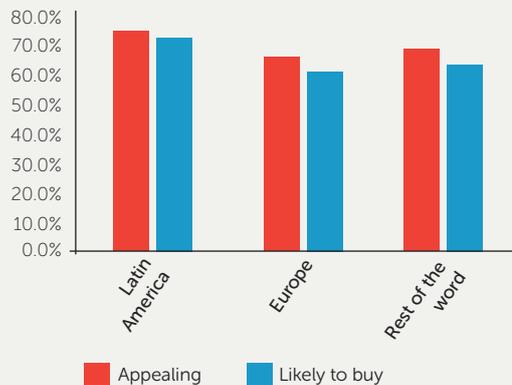
71% Quote requests

72% Fixed price

68% Find Home Expert Portal appealing

63% Likely to buy from Home Expert Portal

Interest in the Portal



68% Hourly appointment slots

71% Customer reviews and ratings

Installation and smart home services

Purchase intentions regarding heating and cooling systems highlighted the potential for a third proposition around installation services and smart home products controlled via an app.

Heating and cooling

Results show that more than half of homeowners (58%) are interested in purchasing a new heating/cooling system with 28% likely to replace within the next two years.

58% Interested in buying a heating/cooling system

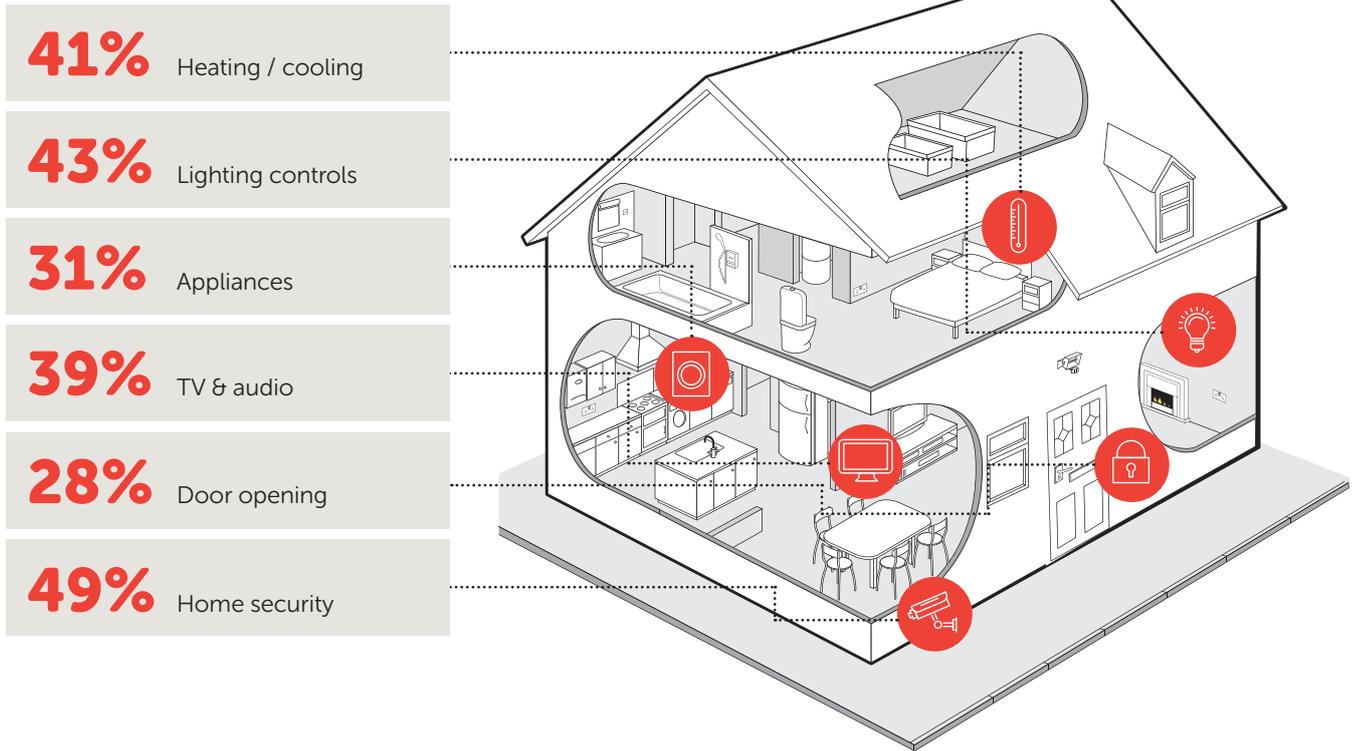
A significant minority (27%) would tackle the installation on their own or with the help of family and friends, especially in Belgium (54%), Chile (39%), Japan (34%), and India (33%). However, most people would prefer to trust professional services (70%) including local independent tradespeople (30%) and large installation companies (28%).

Smart home devices

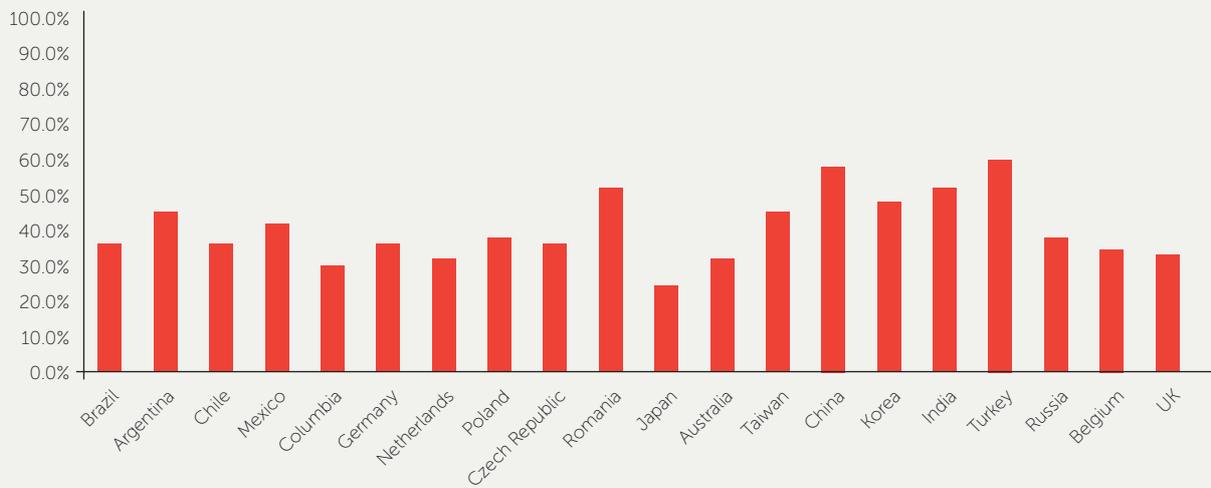
There's no denying the explosion of smart home devices available on the market in many countries around the world nowadays. To understand interest in such devices, the survey asked homeowners which home operations they would be interested in controlling via an app.

Among the utility-based options, home security topped the list, particularly in India and Latin American countries, followed by lighting controls, also quite popular in the same markets. Interest in using an app to control heating and cooling was appealing to 41% of homeowners on average globally with the highest regional interest recorded in Turkey (60%), China (59%), India (52%), and Romania (52%).

% of customers interested in having an app to control...



% wanting heating/cooling to be controlled via an app



Time for solutions

Giving customers peace of mind

Gaining an appreciation for the concerns of Utility consumers is the first step to being able to offer them the peace of mind they seek. This survey of 20,000 homeowners across 20 countries aimed to do just that.

The results show that homeowners are worried about emergencies and repairs, which can happen at any moment, and their potential cost. They're especially concerned about power failures, gas leaks, and blocked drains.

They also have many concerns related to their interactions with tradespeople such as poor quality workmanship, being let down or unable to predict the cost, and having to waste time waiting for the supplier to show up.

When shown a proposition for Home Assistance Coverage as a way to solve these issues, 65% of respondents on average globally found it appealing and 57% said they were likely to buy.

A second proposition presented a website where consumers could find and select tradespeople already vetted for various repair jobs. Here again, the interest is high with 63% on average saying they would be likely to use.

The main reason why Utility consumers haven't signed up to such propositions is a lack of awareness. Raising this level will be crucial to be able to tap into the great interest found worldwide.

The research also highlighted a gap between homeowners' relatively high satisfaction level toward their Utility provider and the much lower sense of engagement and caring they feel. If Utility companies were to offer home assistance propositions to their customers, they would have an opportunity to become much more relevant in their lives.

About the research

Methodology

This study was designed to better understand the worries of consumers when it comes to home repairs and their experiences with service providers. The ultimate goal was to evaluate the potential for launching a service in partnership with Utility companies worldwide. To that end, HomeServe commissioned a survey that was managed by international research agency 3Gem. The research was conducted in 20 countries across the world and was carried out in August and October 2017. The results were compiled based on the responses of a representative sample of 1,000 consumers in key urban areas in each market to quantitative online surveys.

The respondents had to:

- Be homeowners
- Have online access
- Be the joint or main decision-maker for maintaining the home
- Be connected to at least one Utility
- Be the joint or main person responsible for paying household bills.

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