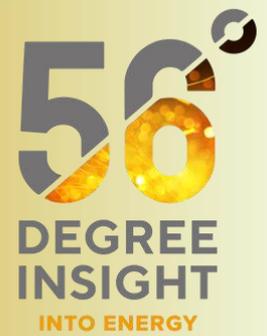


# The challenges of operating in a low engagement sector



**At 56 Degree Insight we bring a passion and expertise developed over many years working with clients across a range of sectors. As we approach our launch in June we will be sharing some details on our offer, our points of view and our recent experiences working in each of these areas. Let's look at Energy – a sector which we have a great deal of experience in, working with a range of energy suppliers, large and small.**

Given our experiences working in the sector, at 56 Degree Insight we care about where our energy comes from and the nuances of the different offers from the energy retailers. However the reality is that the general population don't. Indeed a study undertaken a few years ago suggested that the average consumer only spends around 6 minutes a year thinking about their energy bill. So long as the lights go on when you flick the switch, that's as much interest most people have!

This creates an obvious difficulty to energy suppliers, trying to differentiate and appeal to potential customers – how do they stand out from the crowd to make people consider switching?

Some have tried incentivising by offering lower tariffs – but this is rarely sustainable, and indeed it has led to some of the 'new kids on the block' subsequently going out of business.

A longer term approach which is sustainable is to differentiate by providing a level of customer experience which stands out and turns customers into advocates for the brand. However, the 'Big 6' energy companies don't have a great track record in this area. The Directors at 56 Degree Insight have led a number of studies which illustrate that the Big 6 cluster together and are rated significantly poorer in terms of the customer experience than many of the challenger brands.

Furthermore, research suggests that customers who have more direct personal dealings and interactions with their energy supplier tend to rate them even lower! In complete contrast to most other sectors, where personal interactions represent an opportunity to build loyalty, in energy, more often than not, they have the opposite effect. Of course, this reflects both the low engagement nature of the sector AND the fact that many interactions happen when customers call to report faults, issues with bills, etc.

So how have some of the challenger energy companies managed to achieve higher customer ratings? Well of course, as they are smaller, it is easier to provide more tailored attention to their customers. But there are other lessons the Big 6 could apply: often, the new players have kept their offer simple and transparent rather than incorporating ancillary services, and crucially, more emphasis has been placed on digital infrastructures. Digital allows customers to 'self-serve' more efficiently (reducing the need for telephone support which tends to be one of the biggest irritants) and creates new ways to engage – for example personalised energy saving advice or access to connected devices.

Even in such a low engagement sector, good customer experience is achievable!



**Please get in touch to find out more about how we can support you in this area – from bespoke analyses to setting up your own monitors or a more in depth qualitative view:**

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