



# **DIGITAL MAGIC**

NEW CUSTOMER  
INTERACTION FOR  
ENERGY RETAIL



*HOW CAN  
I HELP YOU?*

*TURN ON  
THE LIGHT,  
PLEASE.*



# DIGITAL ENERGY RETAIL INDEX HIGHLIGHTS POTENTIAL

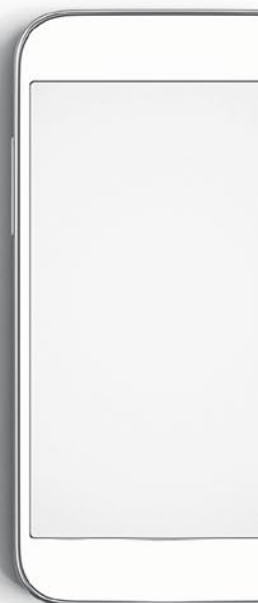
For energy retailers, digital tools have the potential to turn all aspects of customer interaction into digital magic. Leads can be generated through social media, targeted marketing campaigns, and search engine advertising. These can be converted to sales more easily if apps and websites are effective and features such as live chat are available. And customer engagement can be enhanced with portals that provide services such as digital meter reading and flexible billing.

In Germany and the United Kingdom, however, energy retailers have not yet made the most of these opportunities. Oliver Wyman's Digital Energy Retail Index gives German energy retailers an average score of 51 out of 100 in digital marketing, and their UK peers 52. The index breaks down in detail which retailers are performing best in a range of categories and subcategories, making clear where improvements can be made relatively easily. The retailers are grouped into four types, based on their business model, so that each type can be assessed for its level of digital advancement.



# CUSTOMERS DEMAND MORE

The digitization of customers' interaction with all kinds of retailers has created savvy consumers. They are sensitive to product information, product sourcing, and service quality. This evolution has been fast in energy retail, where incumbent utilities are being challenged by newer market entrants as well as by innovations in digital marketing and sales. Digitization provides many opportunities for companies dynamic enough to innovate quickly to improve their marketing and customer experience. Oliver Wyman created the Digital Energy Retail Index to assess the status of digitization in the industry in two of its most competitive markets, Germany and the UK. Overall, the research finds that digitization is not used to its full potential by companies in neither Germany nor the UK, though there are differences in the results between the two markets. There is a huge opportunity for development.



# THINKING AND APPROACH

The study and resulting index were based on an assessment of 57 companies in three fundamental aspects of digitization:

1. **Digital marketing**
2. **Digital sales**
3. **Customer portals**

The index was based on the results of a questionnaire that assessed the sophistication of each company's digital offering against 81 criteria, such as how good the company's sign-up process or how advanced its social media marketing is. To evaluate the criteria, a total of 141 detailed data points were collected per company (e.g. can a customer sign up via web, app or both? How many followers does a company have on Facebook?). The results were then split by country and type of company.

The index splits energy companies into four types. The companies are listed in alphabetical order on the right.

---

**Utilities:** Large, incumbent corporations that tend to be national, though are sometimes present in more than one market.

---

**Discounters:** Mostly between 10 and 20 years old, these emerged after the industry was deregulated. They compete primarily on price.

---

**Digital attackers:** These are technology-driven, only available online, and tend to emphasize their technology-related benefits rather than competing on price.

---

**Green and ethical:** They primarily market themselves on their 100-percent renewable energy products.

## CLASSIFICATION OF B2C ENERGY PROVIDERS BY TYPE. IN TOTAL, WE ANALYZED 32 RETAILERS IN GERMANY AND 25 IN THE UK.



EnBW, entega, E.ON, ESWE Versorgung, EVM, EWE, GASAG, Hamburg Energie, innogy, Leipziger Stadtwerke 21, Mainova, MVV Energie, N-ERGIE, Rhein Energie, Stadtwerke Düsseldorf, Süwag, Stadtwerke München, Vattenfall

E WIE EINFACH, eprimo, Extraenergie, Fuxx Die Sparenergie, Stromio, Yello

enercity<sup>1</sup>, enpure, fresh energy, 4hundred, MOONSHOT

DB Strom, Grünwelt ENERGIE, LichtBlick



Centrica, EDF Energy, E.ON, Npower, ScottishPower, SSE

affect ENERGY, AVRO ENERGY, economy energy, extra energy, ZOG ENERGY

first:utility, Iresa Limited, Octopus Energy, Utility Warehouse

bulb, coop energy, ecotricity, engie, good energy, green energy uk, Green Star Energy, iSupplyenergy, Ovo Energy, SO ENERGY

<sup>1</sup> For this company the new digital offer was assessed

LEADING  
COMPANIES  
IN THE  
DIGITAL  
RETAIL  
INDEX

TOP 5  
PLAYERS  
IN GERMANY  
AND UK<sup>2</sup>

*enercity*  
*enpure*  
*E.ON*  
*innogy*  
*Yello*

51

OUT OF 100



GERMANY AND THE UK ARE AT  
A SIMILAR STAGE OF DIGITIZATION.  
THERE IS SIGNIFICANT POTENTIAL  
IN BOTH MARKETS TO EXPLOIT  
NEW OPPORTUNITIES.

52

OUT OF 100

EDF Energy  
E.ON  
Npower  
Ovo Energy  
ScottishPower

# THE STATUS QUO BY MARKET AND CATEGORY

The Digital Energy Retail Index shows there is significant potential for energy companies to evolve their customer experience by using and developing their online channels.

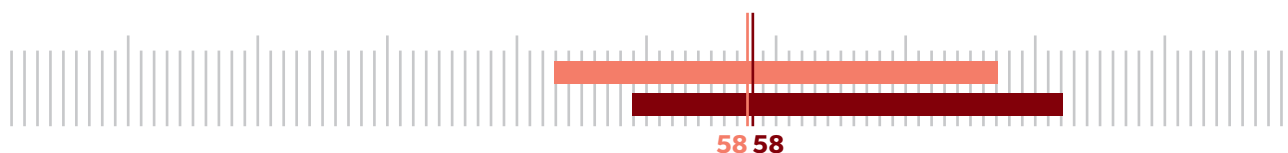
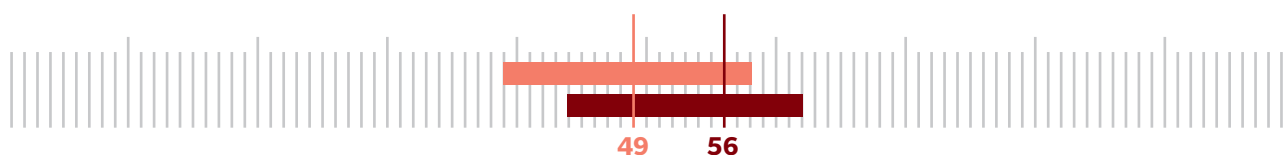
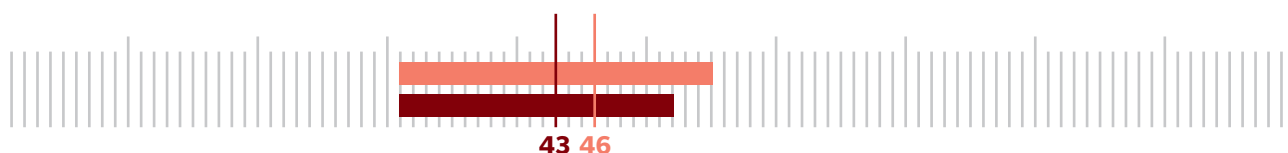
- Germany and the UK show similar pattern
- Significant improvement potential in both markets and all categories
- Digital marketing is the weakest category
- Digital sales with improvement potential, particularly regarding sign-up
- Customer portals most advanced in both countries

**Digital Marketing:** proficiency in employing online marketing, incl. search engine optimization/advertising and social media presence; website and app performance; tracking tools and lead generation; marketing communication, incl. newsletters

**Digital Sales:** online product information, portfolio diversity and cross selling; user friendliness of web/app sign-up process, incl. payment methods; product pricing sophistication

**Customer Portals:** digital communication channels (e.g. chat) and FAQs; personal data, payment, billing and contract management; meter readings, consumption visualization and down payment adjustments

## OVERVIEW OF RESULTS: CUSTOMER PORTALS MORE ADVANCED THAN DIGITAL MARKETING AND DIGITAL SALES IN BOTH GERMANY AND UK IN 2018.



Germany UK

Average from 0 to 100 (basic to advanced), horizontal bars show the range between the 25% and 75% percentile (a measure of the bandwidth of results around the average, e.g. a wide bar indicates a more widely scattered performance around the average across companies)



## DIGITAL MARKETING

This is the category with the largest room for improvement for both countries, UK scoring even lower than their German counterparts. Search engine optimization (SEO), search engine advertising (SEA), and website performance were particularly behind compared to best practices: for example, pages tend to take longer to load than in other industries.

In the UK, Ovo scored 48 for web performance, compared to a country average of 27 in this subcategory. Search engine optimization (SEO) also offers room for improvement. Here, German discounter Yello scored 56 out of 100 in compared to a country average of 37.

### Top 5 in Germany<sup>2</sup>

E.ON  
Eprimo  
E WIE EINFACH  
innogy  
Yello

### Top 5 in UK<sup>2</sup>

Centrica  
EDF Energy  
Npower  
Ovo Energy  
ScottishPower

## DIGITAL SALES

UK companies scored slightly higher than Germany in sales capabilities, in part thanks to a better sign-up journey, which is a crucial element in converting visitors to customers: The average UK score was 48 out of 100 in this subcategory, compared to 30 in Germany. It is also important to offer customers a variety of payment methods, a subcategory in which the UK scored 52 and Germany 39. Mobile app sign-ups are rare. The two most successful examples of these were enercity and enpure in Germany: Their apps feature scans of meter numbers and credit and debit cards, as well as live chat to answer sign-up questions in real time, decreasing the dropout rate.

### Top 5 in Germany<sup>2</sup>

enercity  
enpure  
E.ON  
innogy  
MVV Energie

### Top 5 in UK<sup>2</sup>

EDF Energy  
E.ON  
First utility  
Npower  
SSE

## CUSTOMER PORTALS

Driven by the integration of user-friendly features and the availability of helpful information, this is the most advanced category in our Digital Energy Retail Index. At the same time there is room for improvement in both Germany and the UK in important online functionalities such as billing, meter reading, and consumption tracking. The enpure app and the Yello website stand out for their simple meter-reading functionalities. enercity's online customer portal is best in class in digital billing, offering options for changing payment methods and real-time digital billing.

### Top 5 in Germany<sup>2</sup>

enercity  
enpure  
E.ON  
innogy  
Yello

### Top 5 in UK<sup>2</sup>

Bulb  
EDF Energy  
E.ON  
Ovo Energy  
ScottishPower

<sup>2</sup> Companies in alphabetical order

# TYPES OF ENERGY RETAILERS

## IN GERMANY

Digital attackers outperform the rest of the German market in customer portals thanks to a more comprehensive range of functionalities. Their digitization is integral to their strategy and is sophisticated. Relatively few utilities provide apps with a mobile sign-up option. Utilities, led by E.ON and innogy, are the strongest in digital marketing, closely followed by digital attackers. Discounters and green-and-ethical retailers provide basic functionalities and products, but they tend not to integrate extra features.

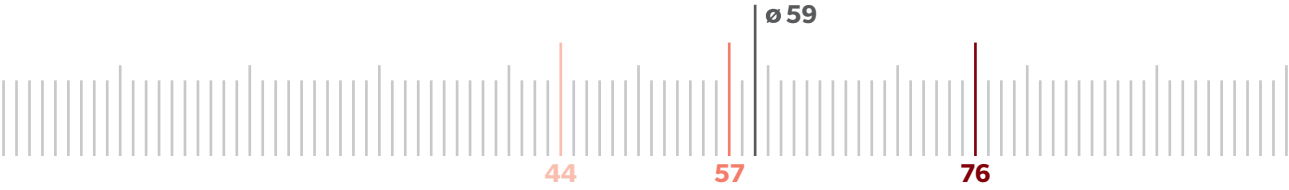
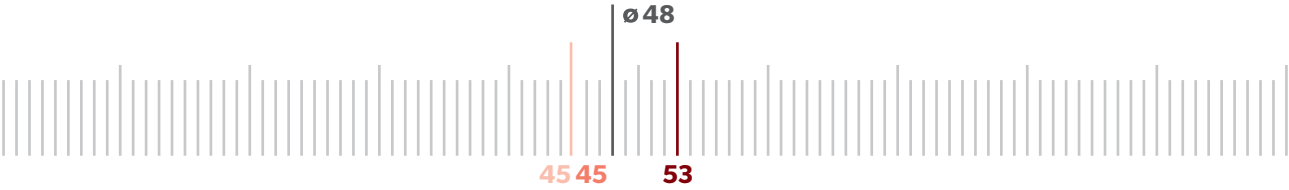
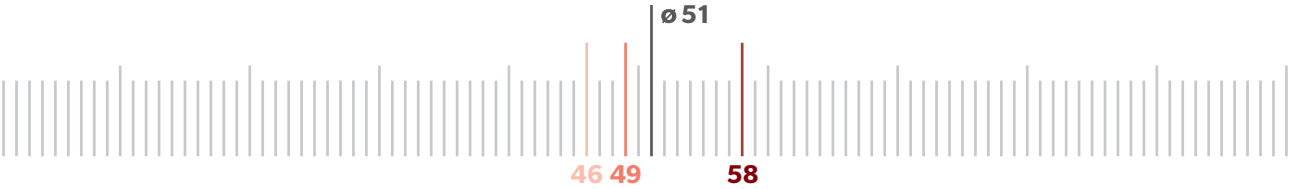
**Utilities:** Large, incumbent corporations that tend to be national, though are sometimes present in more than one market.

**Discounters:** Mostly between 10 and 20 years old, these emerged after the industry was deregulated. They compete primarily on price.

**Digital attackers:** These are technology-driven, only available online, and tend to emphasize their technology-related benefits rather than competing on price.

**Green and ethical:** They primarily market themselves on their 100-percent renewable energy products.

GERMAN RESULTS IN DETAIL: DIGITAL ATTACKERS ARE STRONG IN CUSTOMER PORTALS AND SALES; UTILITIES ACHIEVE SCORES OF AROUND 50 ACROSS CATEGORIES; DISCOUNTERS WITH LOWER SCORES.



Average from 0 to 100 (basic to advanced)   Digital Marketing   Digital Sales Capabilities   Customer Portal

# TYPES OF ENERGY RETAILERS

## IN THE UK

In the UK utilities generally outperform other companies in every category. In digital sales capabilities they dominate other players due to intuitive sign-up processes that offer helpful information and multiple payment methods. Digital attackers perform better than discounters in all categories. They are strong in customer portals and digital sales thanks to apps and a diverse range of functionalities. Discounters have limited functionalities in customer portals and digital sales, but some stand out in digital marketing. Green-and-ethical retailers offer excellent customer portals, which include data on estimated future consumption.

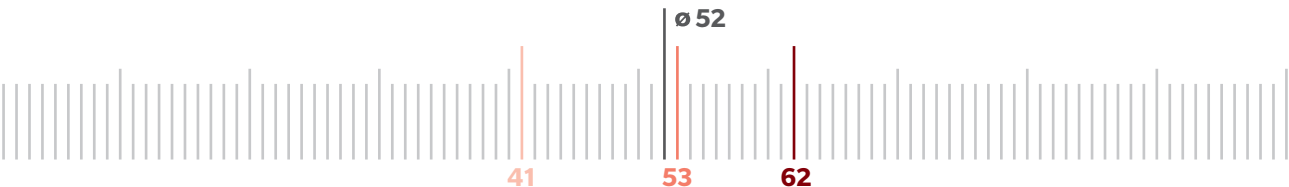
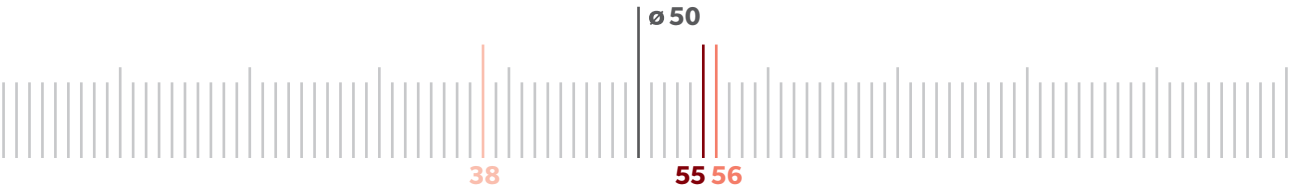
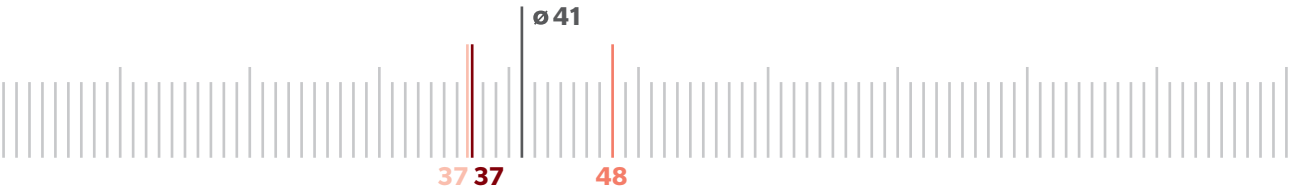
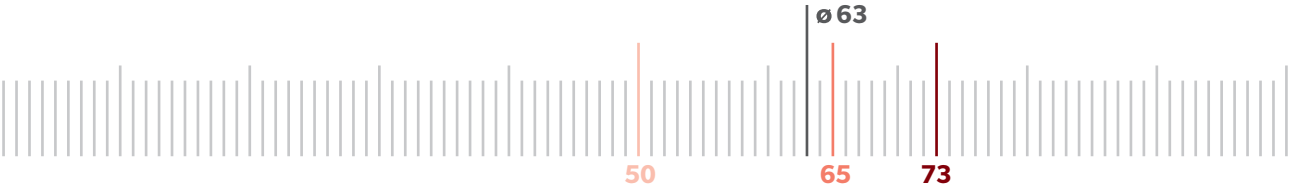
**Utilities:** Large, incumbent corporations that tend to be national, though are sometimes present in more than one market.

**Discounters:** Mostly between 10 and 20 years old, these emerged after the industry was deregulated. They compete primarily on price.

**Digital attackers:** These are technology-driven, only available online, and tend to emphasize their technology-related benefits rather than competing on price.

**Green and ethical:** They primarily market themselves on their 100-percent renewable energy products.

UK RESULTS IN DETAIL: UK UTILITIES  
ARE DOMINANT IN ALL CATEGORIES;  
DIGITAL ATTACKERS ARE STRONG  
IN CUSTOMER PORTALS AND SALES.

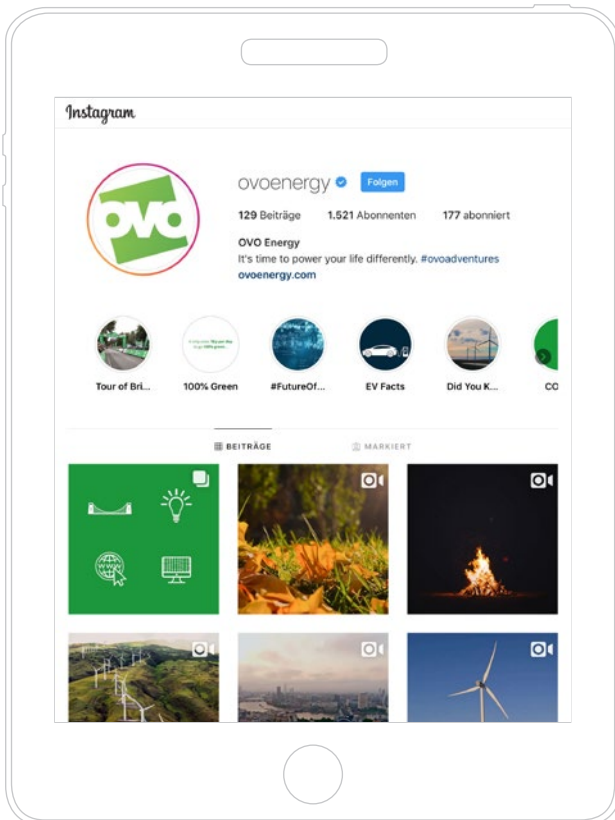


Average from 0 to 100 (basic to advanced) Digital Marketing Digital Sales Capabilities Customer Portal

# POSSIBLE DIGITAL SHIFTS

The study found there are three aspects of their businesses that retail energy companies could especially improve by using digital tools more effectively.

**1.521** Followers



Instagram

**24.700** Followers



Twitter

## LEAD GENERATION

Digital marketing can be leveraged to increase awareness, generate leads, and increase the conversion rate of followers to customers. Awareness can be increased through social media, while branding and value proposition can be strengthened through targeted campaigns with clear messaging, which in turn generate more leads.

Websites and apps with excellent technical performance will decrease bounce rates and support search engine visibility (web and mobile). Finally, click rates can be raised through the consistent optimization of advertising and search engine performance.

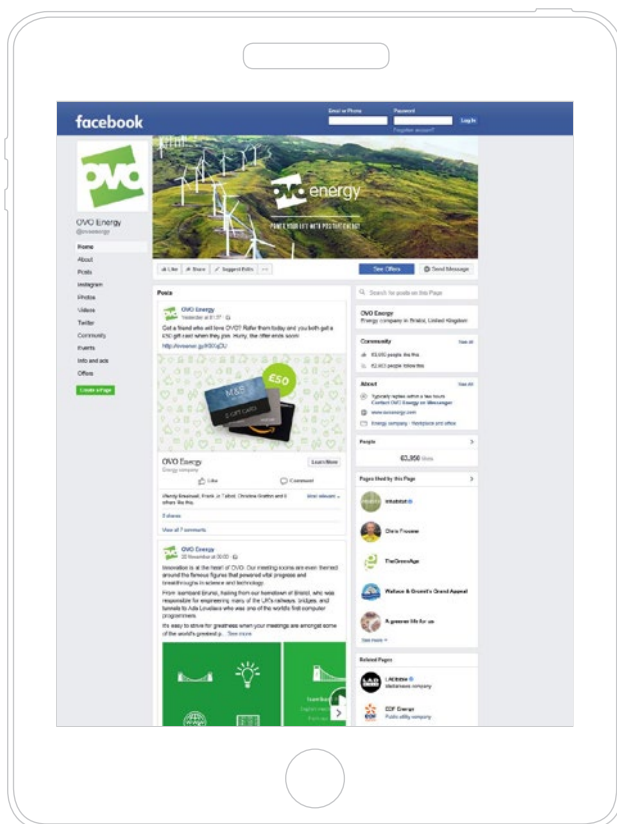
## OVO ENERGY

Digital marketing – best practice example

Ovo Energy is present and active on multiple well known social media channels.

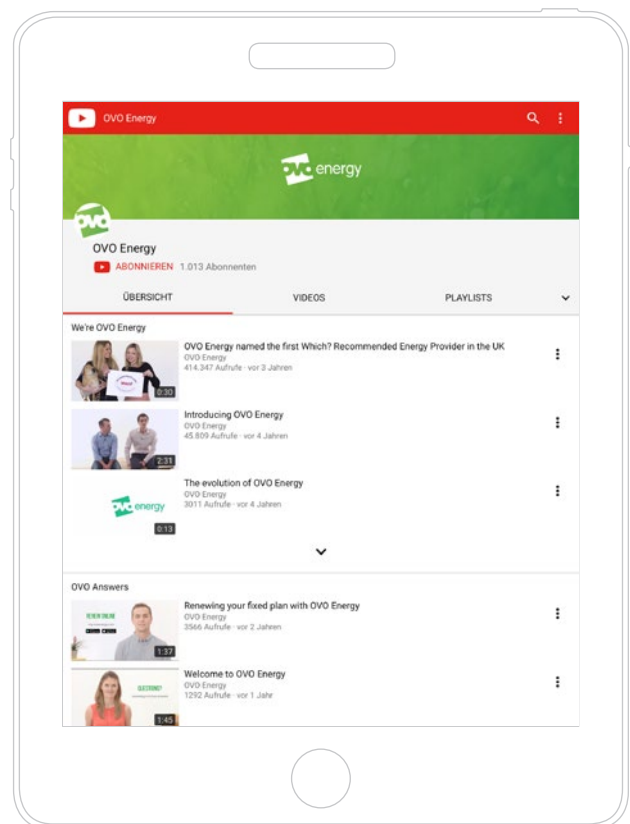
They collaborate with a social agency to evolve their media content and campaign strategy.

**62.903** Followers



Facebook

**1.013** Subscribers



YouTube

## CONVERSION RATE

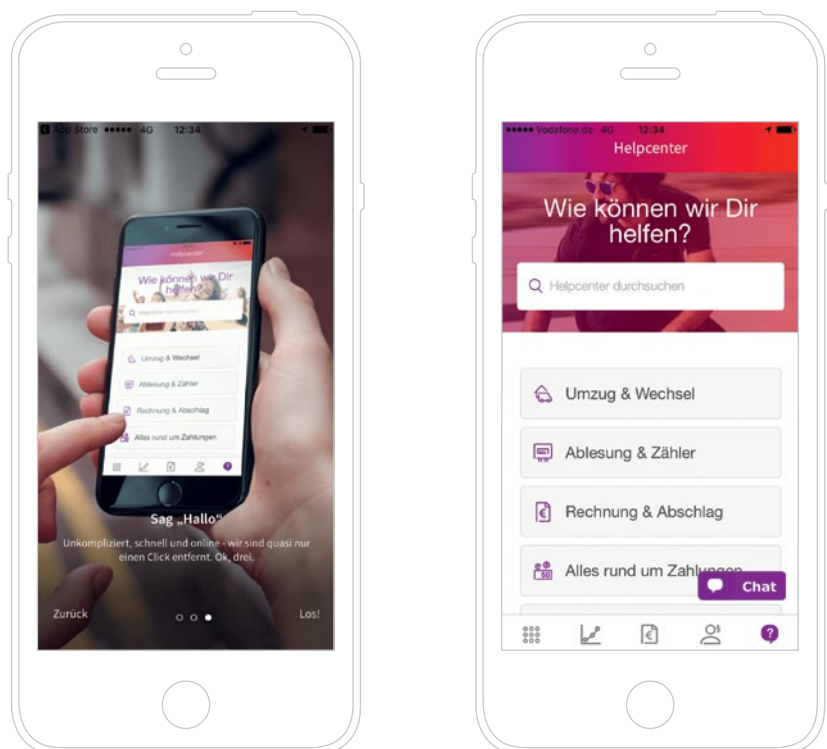
Digital sales capabilities should be used to convert website and app users into customers by tailoring the landing page, products, prices, and contract conditions to different personas. Features that generally help include easy-to-use tariff calculators on the

landing page and simple sign-up processes with a low number of inputs, steps, and clicks. Dropouts can be reduced at this stage by live chat functionality, by featuring key information in customer-centric frequently asked question pages and through tracking of user behaviour.

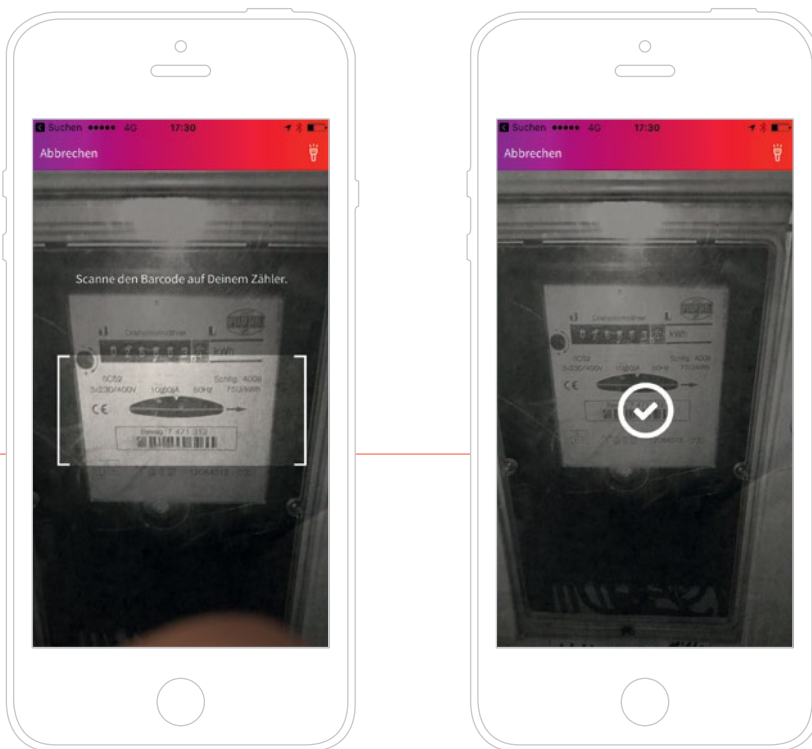
## ENERCITY

### Sales – best practice example

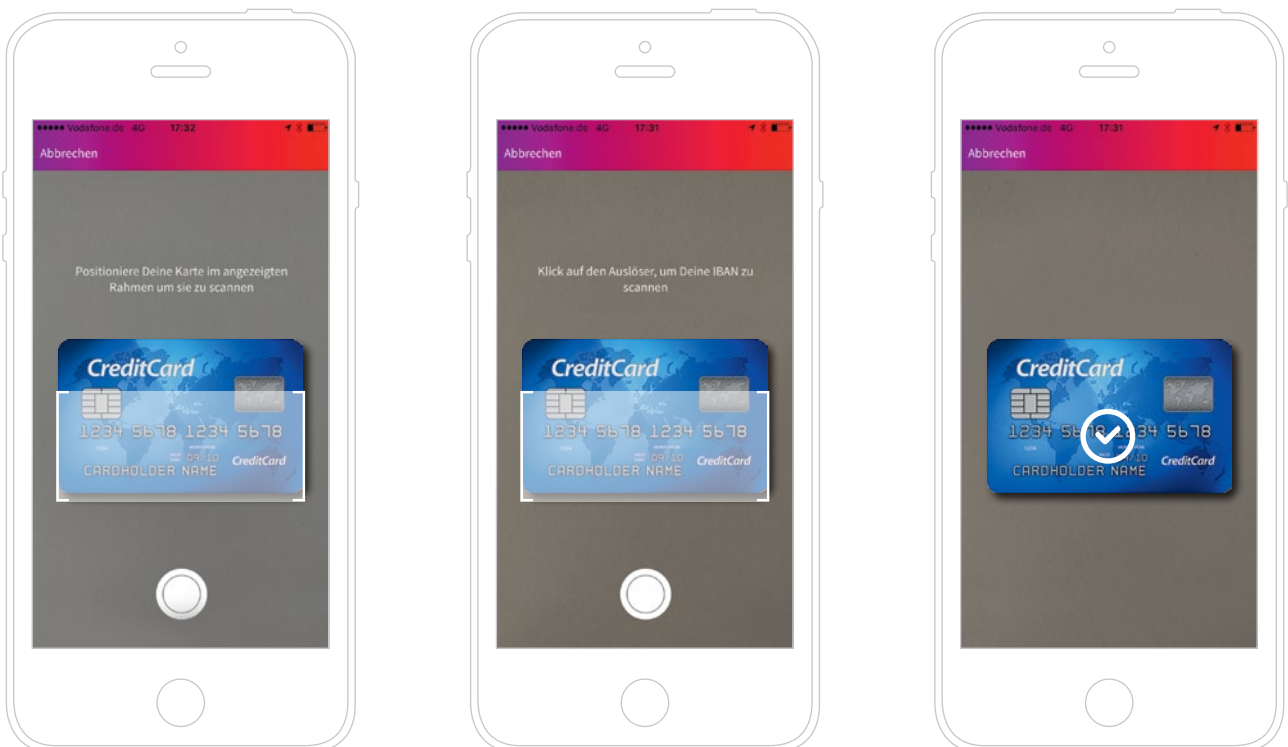
The app sign-up is highly automated e.g. using several scanning features. Signing up via the app only requires a few minutes to complete. An expert chat is available to assist in the process and provide information. A high degree of automatization reduces errors in the sign-up process.



Help-Center and expert chat provide information during the sign-up



User sign-up on the app integrates a meter-reading scanning function

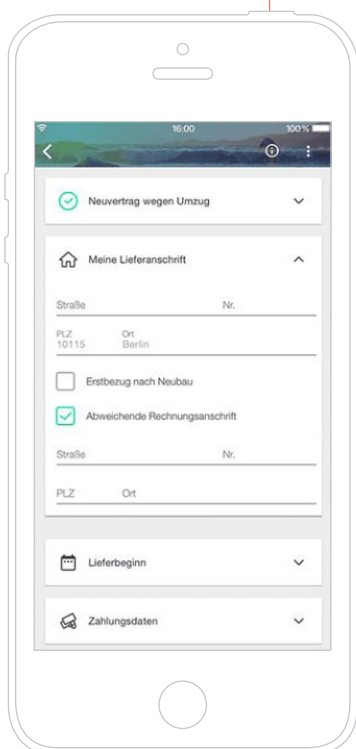


Scanning of bank cards enables user to add payment method with one click

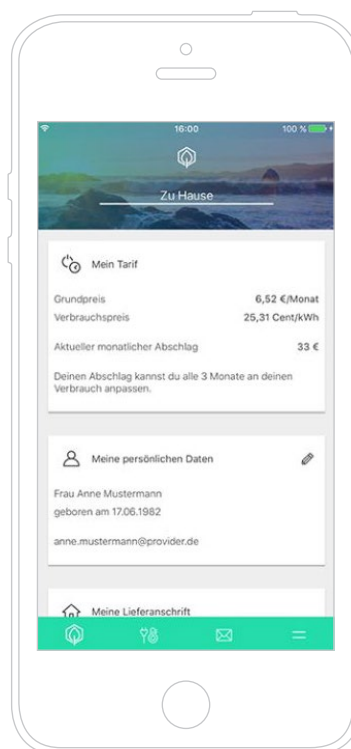
## CUSTOMER ENGAGEMENT

The customer portal can help to increase engagement, build loyalty, and create cross-selling opportunities. Ease of access to support is important to customers, and it can be facilitated by live-chat, email and push notifications, as well as offering

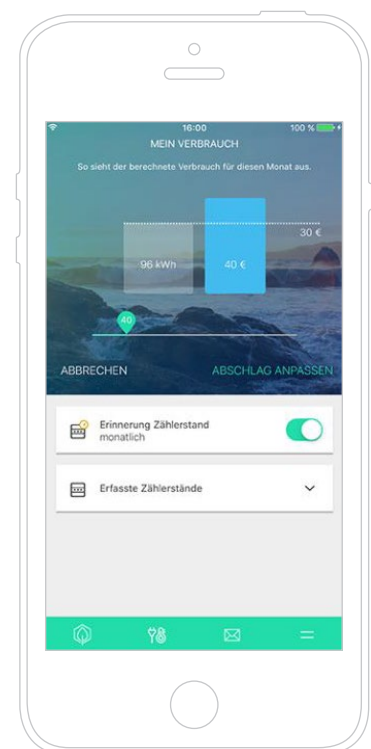
paperless document storage online. Portals can enable customers to interactively discover new products and services. Making the process of adding these to the existing account intuitive and simple is crucial for effectively driving engagement and cross-selling.



Moving house



Individual charges



Consumption

Accurate, up-to-date meter-readings can be carried out through easy-to-view usage and cost displays. The most forward-thinking companies offer flexible and immediate billing, are transparent about pricing, and allow users to add additional services to their

existing accounts. Newsletters and blogs are the right channels for cross-selling, while the website should provide assistance via live chat and help centers.

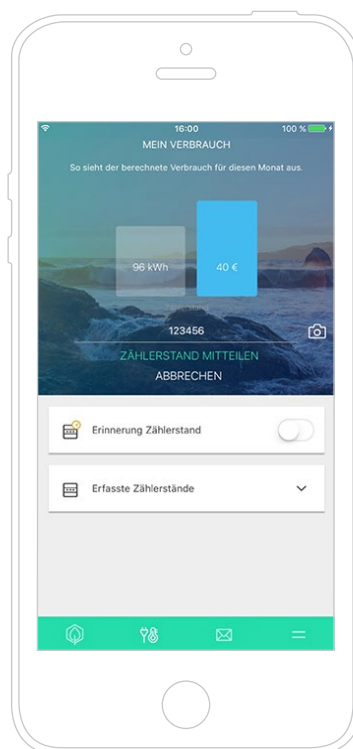
## ENPURE

### Customer portal – best practice example

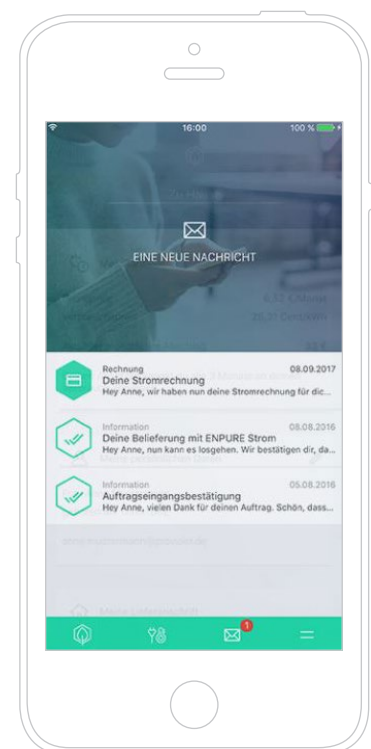
Both manual input and the scan of a meter-reading can be performed via the app. Users can activate push notifications as a reminder to update their meter-reading. All input meter-readings are saved on the application.



Consumption scan



Counter reading



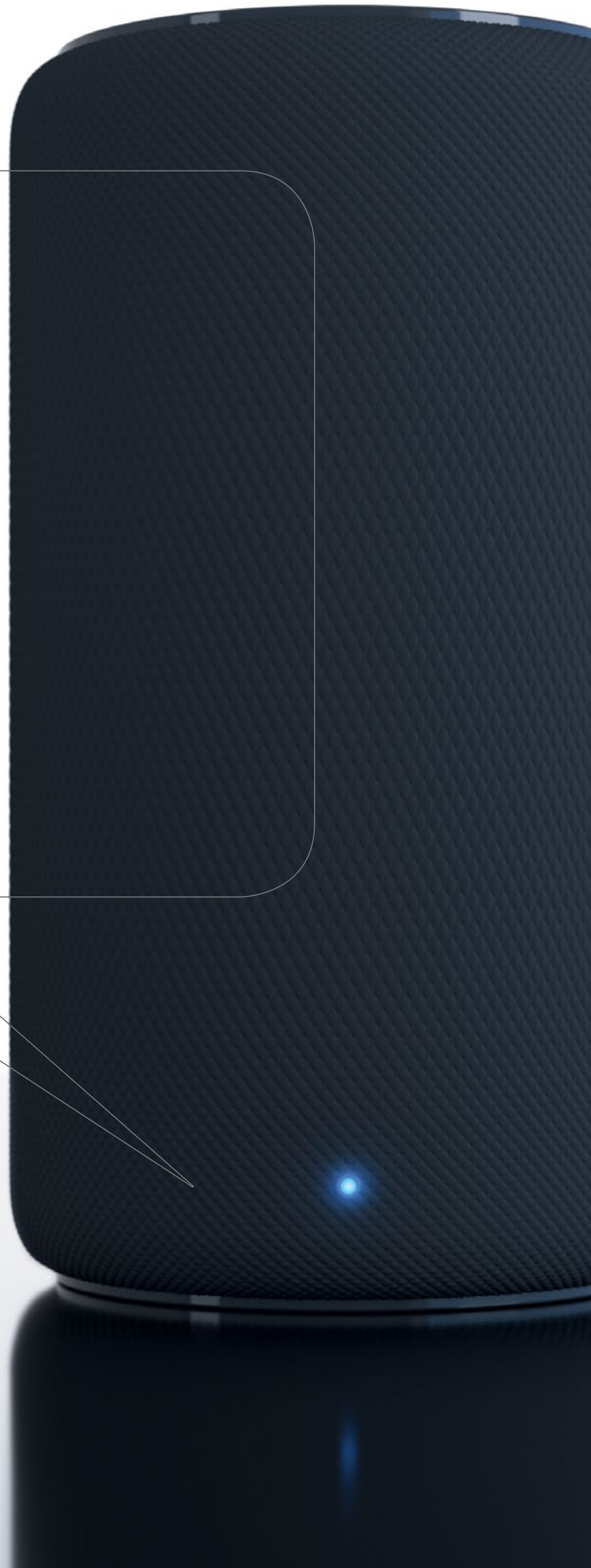
Digital invoice



*WHAT  
NEXT?*

Energy retailers in Germany and the UK have a huge opportunity to evolve their digital offerings and increase their market share. Strategic thinking about the central aspects of digital marketing and sales could help companies take a clear lead over both existing and new competitors. Given the dynamic nature of the market, timing is paramount.

For energy retailers with a technology infrastructure older than five years this will in many cases require building or implementing a more or less totally new technology basis in order to reach state of the art digital customer interactions. At the same time, they have to be aware that this is not only a question of technology. To perform at highest levels, the business model must be adapted to a customer-centric one and the working culture must shift towards a truly agile organization. As a consequence, only those retailers will succeed that drive this from the business side first, rather than from the IT side.





# AUTHORS

Jörg Stäglich  
Partner  
+49 (0) 89 939 49-606  
[Joerg.Staeglich@oliverwyman.com](mailto:Joerg.Staeglich@oliverwyman.com)

Dr. Thomas Fritz  
Partner  
+49 (0) 211 8987-663  
[Thomas.Fritz@oliverwyman.com](mailto:Thomas.Fritz@oliverwyman.com)

Matthias Klinger  
Partner  
+49 (0) 30 399 94-562  
[Matthias.Klinger@oliverwyman.com](mailto:Matthias.Klinger@oliverwyman.com)

Matthias Mohr  
Principal  
+49 (0) 89 939 49-662  
[Matthias.Mohr@oliverwyman.com](mailto:Matthias.Mohr@oliverwyman.com)

Andrew Perry  
Principal  
+44 (0) 20 785 27-081  
[Andrew.Perry@oliverwyman.com](mailto:Andrew.Perry@oliverwyman.com)

Luise von Tiedemann  
Engagement Manager  
+49 (0) 30 399 94-526  
[Luise.vonTiedemann@oliverwyman.com](mailto:Luise.vonTiedemann@oliverwyman.com)

Dr. Leopold Zangemeister  
Associate  
+49 (0) 30 399 94-538  
[Leopold.Zangemeister@oliverwyman.com](mailto:Leopold.Zangemeister@oliverwyman.com)



## ABOUT OLIVER WYMAN

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across nearly 30 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm has more than 5,000 professionals around the world who clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities.

Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. For more information, visit [www.oliverwyman.com](http://www.oliverwyman.com). Follow Oliver Wyman on Twitter @OliverWyman.