



UTILITY CUSTOMERS WANT INNOVATION

In Germany, a survey finds consumers look for utilities with inventive products

Thomas Fritz, Dennis Manteuffel, and Joerg Staeglich

Traditional energy suppliers in Germany are under increasing pressure from energy efficiency measures. Unless energy suppliers and municipal utilities take action, their earnings could decline by as much as \$11 billion by 2025, according to our forecast. In order to explore potential new sources of income, Oliver Wyman surveyed 800 households and conducted 100 interviews to learn what new and innovative products energy customers might be interested in buying from utilities. The charts that follow illustrate our findings.

Nearly half of the respondents had a high or very high interest in purchasing half of the 20 products that were discussed. Fifty-two percent of households surveyed were interested in purchasing “Digital Home” products such as telephony, internet, entertainment, and power from a single

source. In addition, many were interested in products and services, such as electronic assistance systems for the elderly, professional advice about healthy living, household devices, aggregated information apps, and in-house solar plant plus battery pack solutions. Customers also indicated they would be willing to switch energy suppliers depending on the innovative products offered.

Energy suppliers have established a high level of credibility and trust with their customers. Those providers that can expand their offerings to include products that offer the latest technology or a way to simplify customers’ lives will be the most likely to continue to be in a position of strength in the future. Customers are open to a wide range of possibilities. Now, it’s up to the utilities to make those innovative products and services available to them.

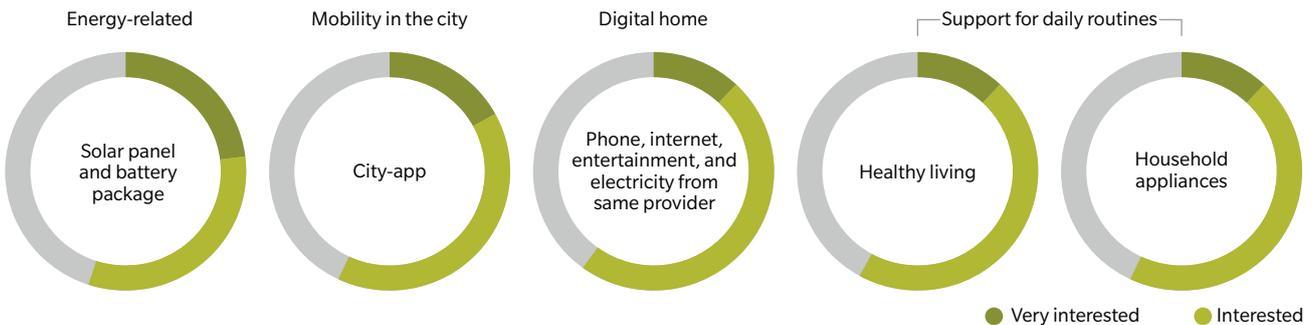
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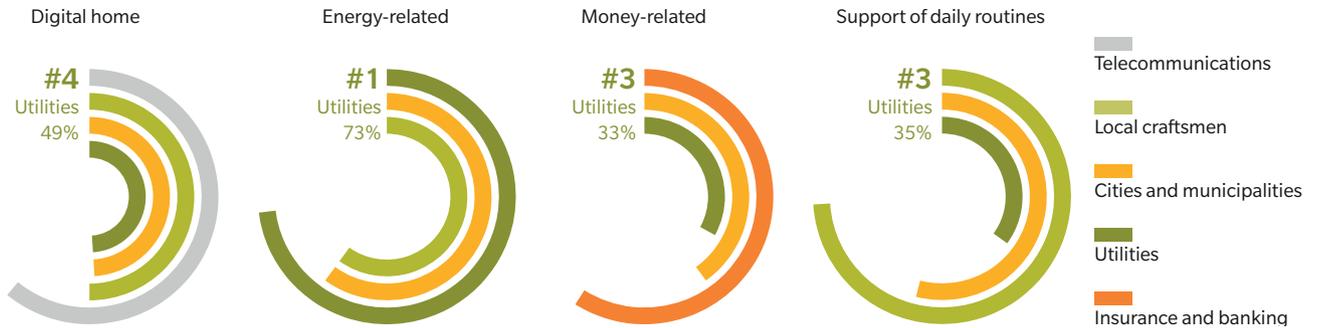
GERMAN CUSTOMERS ARE INTERESTED IN NEW PRODUCT OFFERINGS BY UTILITIES – ESPECIALLY THOSE RELATED TO THE DIGITAL HOME...

Top five products of interest in various areas (share of respondents who are interested in new products)



Source: Oliver Wyman analysis

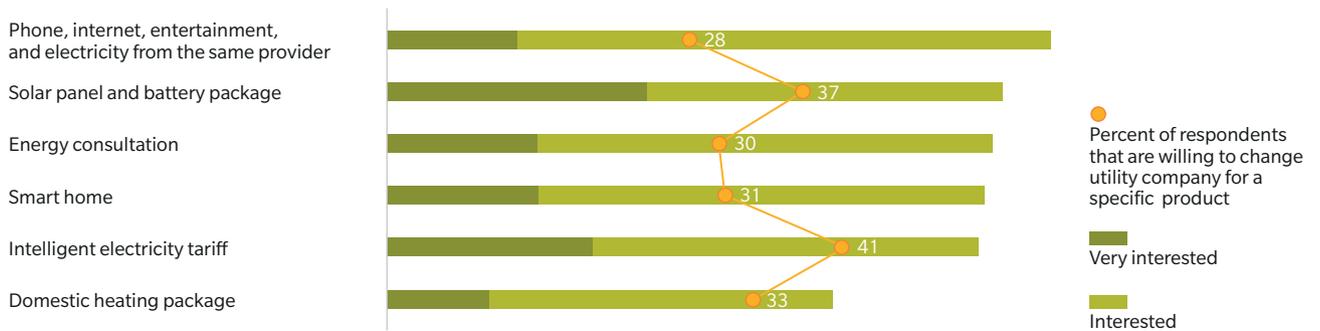
...THAT'S BECAUSE UTILITIES RANK AMONG THE MOST TRUSTED PROVIDERS OF NEW PRODUCTS.
Average credibility rank of a provider for each product category by percent



Source: Oliver Wyman analysis

THESE TOP SIX PRODUCTS AND SERVICES HAVE THE POTENTIAL TO PERSUADE CUSTOMERS TO SWITCH ENERGY SUPPLIERS...

Products and services in which customers show the most interest



Source: Oliver Wyman analysis

...BECAUSE THEY BELIEVE THE NEW PROVIDER WILL BE STATE OF THE ART AND EASIER TO USE.

Expected benefits that will cause above-average willingness to change their utility (percent share of respondents who perceive the respective criteria as significant or exceptional benefits)



Source: Oliver Wyman analysis