

BBDO KNOWS

**GET CONSUMER
SMART**

A New Age of Energy

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Historically, energy and utilities have been low-interest categories for consumers – it was assumed that energy would always remain accessible. Brand differentiation was found elsewhere: in renewable sources or customer experiences.

We have entered a new age of energy. Both businesses and consumers face a harsh new reality: energy supply is no longer a given. Long-term trends have coalesced with the immediate impacts of the war in Ukraine, and the energy crisis we now face is unique in both its complexity and seriousness; previously unimaginable scenarios are materialising across the globe. It seems energy price and security are the only thing consumers can talk about now.¹

A CATEGORY IN CRISIS

Typically, energy prices have remained constant. In turn, whilst profits have undergone longer-term changes, they have fundamentally remained stable. But this current crisis is demonstrating the vulnerability of product: supply is uncertain, but demand increased by 6% last year (the largest annual increase since 2010).² Demand looks set to increase in the long term: grids will experience an increase in users (electricity generation is estimated to increase by 48% by 2040), a growth in usage (as our lives become ever ‘smarter’), and growth in vulnerabilities (in the forms of extreme weather and security concerns).³

“The most striking finding of this year’s Global Energy Issues Map is the enormous degree of uncertainty ascribed to almost all the issues energy leaders were asked to assess.”⁴

- World Energy Council,
2022 World Energy Issues Monitor

The harsh reality is that renewables are simply not ready to plug the gap between energy supply and demand.⁵ We will need to rely on fossil fuels and alternative sources for some years to come. Against this backdrop of uncertainty and fear, brands need to demonstrate they are fighting in consumers’ corners.

¹ Google trends, May 2022, [Link](#).

² IEA, January 2022, [Link](#).

³ WION, November 2021, [Link](#).

⁴ World Energy Issues Monitor, 2022, [Link](#).

⁵ City AM, March 2022, [Link](#).

ELEVATE YOUR VALUE OFFERING

The importance of showing up with a position or purpose has never mattered more. Consumers are looking for more value, values, and personalisation when choosing energy products and services. They need to know that they matter.

Consumers want value for money, the crisis is already having an immeasurable impact on their standards of living- 50% of global consumers say the cost of living and other issues are having an impact on their big life plans.⁶

Consumers are deferring, reducing, and downgrading across all categories, but it's the unavoidable costs, such as energy, which have the potential to create the most friction. If consumers feel they lack control, a negative narrative will be imposed on energy providers. Providers cannot always control energy costs, but they can persuade consumers that they are getting value for money. 42% of UK energy customers are not satisfied with their billing experience and many are unsure of the technicalities of a price cap rise.⁷ How can your brand clearly and effectively communicate the value you provide consumers in uncertain times?

Consumers who are feeling the pinch, but aren't necessarily so price cautious, will be looking for value in other areas: namely, values and personalisation. 65% of global consumers say that sustainability is important to them when selecting a water or energy provider, yet only 54% are satisfied with their current providers' sustainability offering.⁸ Consumers also want more flexible and a personalised service:

“Consumers’ desire for energy options that offer greater personalization, choice and control will reshape the foundations of the energy experience.”⁹

- EY, *As consumers lead the way, how can energy providers light the path?*

One way to approach both concerns is through bundled services - take inspiration from the success telcos have had in this area. The future of the energy bundle will include diversified services (such as home management) and purpose considerations (such as ESG). The diversification of value for consumers is key to long-term success.

⁶ Kantar, May 2022 [link](#)

⁷ Livework Studios, [link](#)

⁸ EY, 2021 [link](#).

⁹ EY, 2021 [link](#).

HELP CONSUMERS RESOLVE THEIR TENSIONS

But nothing is straightforward – especially in times of a crisis; customer experiences are disparate and individual consumers are confused and scared. Demonstrating an authentic understanding of consumer needs will be the core of an effective communications strategy.

Most importantly, consumers are demanding more, whilst being able to afford less. They want energy providers to demonstrate a commitment to long-term sustainability, even as the immediate crisis takes precedent. 66% of global consumers agree that they want to buy more environmentally sustainable products, but brands will have to make sure that their prices are still affordable.¹⁰ Green products and services shouldn't become a privilege during a cost-of-living crisis.

Secondly, many consumers are fundamentally reevaluating their relationship with energy providers – many are expressing interest in becoming prosumers (an individual who both consume and produce energy). The under 40s age group is the most interested averaging 92% compared to 68% for the 65+.¹¹ Providers must get ahead of the prosumer curve to entice a new generation to sign up – by lowering barriers for entry, providers can demonstrate that they have the needs and wants of consumers at their core.

Finally, the pandemic has fundamentally changed our relationship with our homes. 59% of US consumers who say they can work from home are choosing to.¹² But this new reality is also creating anxiety for many; 64% of global consumers who WFH check their energy consumption at least once a month, that's 12% higher than average.¹³ Energy providers would do well to help consumers manage their costs through smart tech and diversified products, including future proofing – the global market for smart home products will reach \$170bn by 2025.¹⁴

WHAT THIS MEANS FOR BRANDS: COMMUNICATE WITH EMPATHY

Demonstrating authenticity, transparency and empathy is a priority. Show your customers that you're on their side and that you recognise the struggles they face, the values they hold, and their day-to-day reality. Yonder consulting found that increasingly consumers care about the quality of "customer service" (52%) and "open communication" (51%).¹⁵ In times of price rises these factors become invaluable. Don't underestimate your consumers, instead communicate

¹⁰ EY, 2021 [link](#).

¹¹ EY, 2021 [link](#).

¹² Pew Research, February 2022, [Link](#).

¹³ EY, 2021 [link](#).

¹⁴ Statista, 2021, [Link](#).

¹⁵ Yonder Consulting, 2021 [link](#)

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your price hike effectively; don't be dubious, explain the reasons clearly, and place increased value at the core of your communications.¹⁶ Take inspiration from brands like Octopus who demonstrated clearly why and how prices were rising whilst announcing £50m in customer support, offering free electric blankets for the most vulnerable, and highlighting the customer service channels available.¹⁷

Beyond communicating price rises, all communications should be embedded with empathy. Take inspiration from spots like Stop the Silence by British Gas, an emotive campaign featuring a single dad that raises awareness around the support available for families.¹⁸ Beyond campaigns, consumers are looking for actions:

“Brands have to take the long-term view in moments like this. And its deeds, rather than words, that are going to really cut through now and over the months to come.”¹⁹

- The Drum, Brands need to show a ‘human face’ as the cost-of-living skyrockets

Take inspiration from other categories; show consumers you understand what they are going through by offering more. Krispy Kreme in the US has lunched ‘beat the pump’ where consumers can get a dozen donuts for the price of gallon, released during a specific time of the week. CMO Dave Skena comments “We know that despite the high gas prices people have to be out and about. So, we hope providing a little doughnut deflation will allow them to share some smiles during a difficult time”.²⁰ The offer proves that empathy doesn't just mean emotional campaigns but can simply be something that makes consumers smile.

The spotlight is now shining on energy providers – public, governmental, and regulatory scrutiny is at an all-time high. Consumers are expecting energy providers to step up in this new age of energy, doing so now will ensure the future strength of your brand.

¹⁶ Harvard Business Review, 2021 [link](#)

¹⁷ Octopus, April 2022, [Link](#).

¹⁸ YouTube, May 2022, [Link](#).

¹⁹ The Drum, 2022 [link](#)

²⁰ Business Wire, April 2022, [Link](#).

ABOUT BBDO KNOWS

BBDO KNOWS is a planning resource for the BBDO network.

BBDO KNOWS offers thinking, strategy, insights and inspiration on key categories, key themes and consumer segments.

If you are interested in learning more about the way BBDO thinks please contact BBDO Knows on bbdo@bbdoknows.com

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