

STATE OF THE
CONSUMER

MARCH 2023



Executive Summary

In keeping with its mission, the Smart Energy Consumer Collaborative conducts research on consumers' attitudes and perceptions related to energy to help its members better understand and serve their customers. In collaboration with its members, SECC develops an annual research agenda that includes both qualitative and quantitative studies, as well as deeper analysis of data and trends uncovered in previous studies.

The *2023 State of the Consumer* report summarizes the findings of the SECC's 2022 research agenda and synthesizes the insights that emerged from these studies. It also considers research from other organizations that follow energy consumer trends, including the American Council for an Energy-Efficient Economy (ACEEE) and the National Energy Assistance Directors Association (NEADA).

SECC hopes the *2023 State of the Consumer* report provides actionable insights for industry stakeholders who are committed to helping their customers derive the greatest possible value from smart energy programs, products, and services. What follows is a brief glimpse of the full report, which is available exclusively to SECC's membership.

Research Overviews

The *2023 State of the Consumer* report begins with an overview of SECC's research projects from 2022, which include:

Consumer Pulse and Market Segmentation – Wave 8

In 2022, SECC refreshed its flagship *Consumer Pulse and Market Segmentation* report, the longest-running longitudinal survey of energy consumers' perceptions and needs in the United States. The eighth wave of the survey examines consumer attitudes considering the significant changes in energy technology over the past decade and concern over climate change. It also considers consumer interest in electric vehicles, renewables, and battery storage.

Through a series of 30-minute interviews, followed by a quantitative survey of 2,500 U.S. energy consumers, researchers explored a variety of topics, including attitudes toward smart energy technology and energy providers, how well they understand their bill, their awareness of how their actions affect the power grid, where they go for information about energy and what they are looking to find.

The findings led to the development of five consumer segments, primarily differentiated by the consideration they give to their electricity usage, their concern for the environment and reducing their carbon footprint, and their interest in and comfort with technology.

Electric Bills and Rate Plans: Consumer Awareness and Understanding

As the electric power sector evolves and grows more complex, consumers have more choices and opportunities than ever before: new technologies to consider, new products and programs to explore and new rate plans to evaluate. Many consumers are inexperienced when it comes to weighing the pros and cons of new rate plans, whether they relate to time-of-use (TOU), EV charging or prepay options. In fact, consumer knowledge and perception of rate plans is unclear, and it is difficult to gauge how prepared they are to act on the options presented to them.

This survey sought to help utilities:

- Understand how consumers believe they can benefit from various rate structures.
- Explore consumer attitudes towards electric bills.
- Craft strategies for developing new and alternative rate structures and outreach efforts.
- Develop messaging and communication to drive consumer consideration and adoption of alternative rate plans.

The survey synthesized responses from 2,013 American household energy decision-makers ages 18 and older and applied the SECC's new segmentation data to illuminate differences among the five segments identified in that study.

Segmentation in Action: Advancing the Customer Relationship

This white paper explores the attributes and characteristics that differentiate the five consumer segments defined in SECC's new segmentation study. It provides actionable insights and suggestions to help electricity providers better identify and connect with their customers, along with examples of best-practice utility programs.

What to Know About Today's Consumers

The next section of the full report provides insights on what we have learned over the past year about who today's consumers are. Several big-picture themes, like the example below, are examined.

Consumers' interest in technology has emerged as a major influence over energy engagement.

The SECC's new consumer segmentation research shows that concern over the environment is not the differentiator it once when consumers make energy-related decisions; it has been eclipsed by attitudes toward technology. The five new consumer segments provide clear insights into how different consumer groups view and use technology and how these preferences influence the ways in which they engage with energy.

How to Deepen the Customer Relationship

The final section of the *2023 State of the Consumer* report offers several suggestions for how electricity providers and other industry stakeholders can deepen the relationship with consumers in 2023 and beyond.

Build trust by segmenting your own customer base.

What it takes to foster trust varies widely across segments, so the first step is to ensure you are doing all you can to understand your customers. SECC members have access to the new segmentation study and can apply it to their customers to connect with them based on their values. In the absence of segmentation, one-size-fits-all messaging can erode trust by making customers feel like their energy provider is out of touch with their needs.

In addition to using SECC's segmentation data, consider customer needs based on other factors, such as income level and whether they own or rent their homes. In terms of energy efficiency programs, according to an ACEEE report, "Much more effort is needed to engage local communities about their needs and how best to serve them. Such engagement will build interest and trust, ultimately making programs more successful at reaching the households they target."

To spur electrification, ACEEE advises electricity providers to use segmentation to target their marketing and communication and educate consumers on how products work, how to evaluate if they are a good fit for the customer's home, and ways to estimate project costs.

To learn more, download the complete *2023 State of the Consumer* report with your member login at www.smartenergycc.org/research. If your organization is not yet a member, learn more about membership at www.smartenergycc.org/why-join.

Not a member? Consider joining SECC and get access to this full report and the complete library of research we have conducted in the smart energy space. Contact secc@smartenergycc.org for more information.



Working for consumer-friendly, consumer-safe smart energy

SECC's mission is to serve as a trusted source of information on consumer's views of grid modernization, energy delivery and usage, and to help consumers understand the benefits of smart energy.

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