



## Utilities Sector

### The value of revenue generation from non-core products and services

Collinson Latitude recently conducted a survey amongst representatives from the utilities industry to understand their thoughts on how they generate additional revenue through added value products and services outside their core product. From this research it is apparent non-core revenue is key to profitability in 2010. Utility companies have a very strong focus on retention of customers, and with a small number of key players in the market, offering a differentiated proposition could enable increased retention.

Unsurprisingly, when asked what the core business objective for 2010 was, retention was placed as the top priority, closely followed by acquisition. Brand differentiation was cited as very low on the scale of objectives, and with a very similar proposition across competitors, this is not unusual.

One third of respondents claim to not currently offer non-core added value products and services to their customer base. Of these, 50% claim to have never considered it, and a further 50% have considered it, but do not see how this can be bolted on to their brand while offering additional value to customers, or see how they can benefit.

Limitations in IT resourcing were identified as key perceived barriers to offering such product extensions. Utility brands are currently more interested in quick and 'easy to implement' customer value propositions, and up to one quarter of brands offer online tokens/coupons and vouchers to their customer base.

60% of the brands that responded have not considered offering annual packaged benefit bundles to customers – a similar product proposition to financial services brands offering added value accounts. Online scratch cards are the most popular extension within the industry, with 75% either currently running these, or interested in doing so.

**“Utility companies failing to maximise customer retention opportunities”**

