Customer Energy

Findings from A.T. Kearney’s International Research Study

presented by Dr. Daniel F. Oriesek at

CAS A E-Leaders Conference

Singapore, January 2010
The Customer Energy research witnesses consumers’ movement to step up from the end of the value chain

Executive Summary

Customer Energy Impact
- Customer Energy is not the same as Web 2.0 – it is rather the underlying driver
- Companies estimate 16% of revenues are at risk in 2015 due to “hostile” consumer activities – or insufficient use of positive Customer Energy
- Significant revenue increase (average 4-7%) and cost reduction potential (average 5-7%) through effective use of Customer Energy along the entire value chain, strongly varying by industry
- Based on their own estimations, companies only use about 55% of the Customer Energy they could

Energetic Customers
- Segmentation must distinguish energy levels: 11% Creators – 36% Contributors – 53% Viewers
- Most industries underestimate the share of Contributors with latent energy who turn Creators’ activities (e.g. UGC)1) into a mass phenomenon (e.g. through rating and recommending)
- Creators can be found across all social grades, 56% of them are early adopters, and they are more often highly satisfied and loyal customers
- About 5% of consumers state they are willing to invest more than 1 hour per day into “their” brand, driven by curiosity and fun as their main motives

Customer Energy Realization
- Depending on the industry, up to 80% of companies don’t know their high-energy customers
- About 50% of the companies do neither offer a channel nor a process to interact with Creators
- 60% of consumers do not know how to contribute to a company’s value chain
- Especially for low-involvement, non-emotional industries like utilities, discounts or money are the most important incentives to unleash Customer Energy
- Unfamiliarity and difficulties in quantifying benefits prevent companies from using Customer Energy

1) UGC = user-generated content
Source: A.T. Kearney Customer Energy Company and Consumer Survey
Content

- The Customer Energy Phenomenon
  - Impact of Customer Energy
  - Insights into Customers’ Energy
  - Realization of Customer Energy
Customer Energy describes the phenomenon of the “educated, digitally empowered consumer”

Implications of Customer Energy-based User Behavior

Ever more consumers are no longer accepting a position at the end of the value chain but intervene or even substitute ... 

- Who are the energetic customers? 
  - What kind of profile do they have? 
  - How to identify and approach them? 
  - What motivates them?

- How can companies benefit from Customer Energy? 
  - Which use cases matter most to creators and viewers? 
  - What is best for the company?

- How to trigger Customer Energy? 
  - Which Web 2.0 tools work best? 
  - How to incentivize creators?

- Which risks need to be managed to avoid negative Customer Energy? 

### Creators
- Minimal customer share (0-5%) 
- Likes to create, seeks for change

### Contributors
- Lower share (1-20%)  
- Interested in company or brand  
- Wants close dialogue, gives feedback

### Viewers
- Majority of the customers (75 - 99%) 
- Low emotional relation to brand/product  
- Value for money clearly main interests  
- Considers intensive CRM as annoying  
- Likes watching others create or interact

Source: Wikipedia Germany (Status 01/2007), A.T. Kearney Analysis
Customer Energy is an ever-existing, manifold phenomenon – now accelerated through digitization

Customer Energy Framework

Customer Energy is …

- described as people’s commercial activities impacting other people, organizations, companies or even industries
- an ever-existing phenomenon already prior to digitization, e.g. volunteers at sports clubs
- positive or negative depending on the activity and viewpoint
- often triggered through digitization
- the main driver behind Web 2.0

Customer Energy is about the relationship between consumers and companies (i.e. C2B) – inside but also outside the world wide web
Some companies already use Customer Energy successfully for their own as well as their customers’ benefit

Customer Energy Best Practices – Cross-Industry

- **P&G** makes use of external networks like NineSigma and InnoCentive, where consumers develop and submit suggestions for technical and scientific problems. R&D investments have been reduced and innovation success rate significantly increased.

- **DANONE** Consumers vote for the targeted flavor of a new pudding per SMS or on a website. 1.1 mln consumers voted within 3 1/2 months and in turn were already familiar with the product before it went to market.

- **D-Link** improves after-sales support for customers by providing a forum for mutual support among D-Link customers and experts to D-Link products. The platform is operated by users and reduces call center costs.

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- **Consumer Energy can be triggered along the entire value chain**

- **Research/Development**

- **Purchasing/Production/Quality Management**

- **Marketing/Communications**

- **Sales/Distribution**

- **Customer Care/After Sales**

- **Ebay** set up an online community which is a free of charge, optional offer with discussion forums, news, tips for all eBay members. Users of the eBay community bid twice as much in auctions, pay up to 24% higher prices, and spend 54% more than eBay members who are not part of the community.
“Customer Energy” is the real driver behind Web 2.0 – it explains why (only few) applications are successful

Examples of Web 2.0 Applications

**Increasing use for the majority of the customers**

**Customer Energy**

**Diminishing degree of control for the company**

**Benefits**

<table>
<thead>
<tr>
<th>Customer</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>User generated contents</td>
<td>User-help-user forums and FAQs</td>
</tr>
<tr>
<td>User generated advertising videos</td>
<td>Product votings and evaluations</td>
</tr>
<tr>
<td>Company internal Wikis for innovation mgmt.</td>
<td>RSS feeds on new product launches</td>
</tr>
<tr>
<td>CEO blog for internal communications</td>
<td>Product configurator</td>
</tr>
</tbody>
</table>

Selective
Especially in customer service, Web 2.0 mass applications need to be designed around high-energy customers.

User Activity in User-Help-User Forums

- 480,000 viewers
- 10,000 registered members
- Only ≈15 members (0.15%) with more than 100 contributions

Customer service forums will only be attractive for mass customers if a few Creators are willing to contribute their Customer Energy.
Customer Energy imposes critical success factors on companies when defining a viable Web 2.0 strategy

Web 2.0 Critical Success Factors and Risks

**Imperatives**

- Deep understanding of the educated & digitally empowered consumer
- IT concept follows comprehensive Customer Energy strategy
- Differentiated user dialogue according to Customer Energy level

**Critical Success Factors**

- Customer segmentation
  - Web offerings relevant to (different) customers?
  - Avoidance of corporate arrogance ("mass market")?
- Strategy definition
  - Web 2.0 initiative derived from consumer strategy?
  - Tool selection based on use and benefit cases?
- Channel design
  - User dialogue adapted to Customer Energy level?
  - Readiness to "let loose", i.e. not control the audience?

**Risks**

- Churn
- Competitive disadvantages
- Non-used IT tools
- Sunk investments
- Brand damages
- Customer disappointment after censorship
A.T. Kearney conducted an international research study to examine how our clients can benefit from Customer Energy

Customer Energy Research Initiative

**Company CAWI Survey**
- Cross-industry view (Telco, Auto, FMCG, Retail, Travel, …)
- Self-assessment of Customer Energy readiness and SWOTs
- Benchmarks & Best Practices

**Consumer CAWI Survey**
- Performed by research institute IPSOS
- Research in Germany, Italy, France
- Consumer attitudes and brand perception
- N=3,000

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**Comprehensive Gap Analyses**
- Company view vs. industry average
- Company performance vs. best practices
- Company view vs. consumer perspective

**In-depth Customer Profiling**
- Consumer habits and preferences
- Profile of highly energetic customers
- Motives and effective incentives

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1) CAWI = computer-aided web interview; selected brands and industries
Content

- The Customer Energy Phenomenon
- Impact of Customer Energy
- Insights into Customers’ Energy
- Realization of Customer Energy
Companies have been grouped into eight different industry segments

<table>
<thead>
<tr>
<th>Industry codes</th>
<th>Image 1</th>
<th>Image 2</th>
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<td>CG = Consumer Goods</td>
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<td>Cons. Electr. = Consumer Electronics</td>
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<td>Fin. Inst. = Financial Institutions</td>
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<td>Media = Media</td>
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<tr>
<td>Retail = Retail</td>
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<tr>
<td>T&amp;T = Travel &amp; Transportation</td>
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<td>Telco = Telecommunications</td>
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<td>Util. = Utilities</td>
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All industries foresee a rising criticality of Customer Energy for their business – strongest in Retail, lowest in Utilities

### Criticality of Customer Energy for business activities

<table>
<thead>
<tr>
<th>Industry</th>
<th>Today</th>
<th>2010</th>
<th>2015</th>
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<tbody>
<tr>
<td>Auto</td>
<td>17%</td>
<td>17%</td>
<td>0%</td>
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<tr>
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<td>43%</td>
<td>43%</td>
<td>0%</td>
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<tr>
<td>Cons. Electr.</td>
<td>67%</td>
<td>33%</td>
<td>0%</td>
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<tr>
<td>Fin. Inst.</td>
<td>60%</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>Media</td>
<td>56%</td>
<td>33%</td>
<td>10%</td>
</tr>
<tr>
<td>Retail</td>
<td>100%</td>
<td>100%</td>
<td>89%</td>
</tr>
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<td>T&amp;T</td>
<td>67%</td>
<td>44%</td>
<td>17%</td>
</tr>
<tr>
<td>Telco</td>
<td>56%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Util.</td>
<td>56%</td>
<td>22%</td>
<td>0%</td>
</tr>
</tbody>
</table>

1) Percentage of companies assuming strong criticality (scoring $\geq 4$)

**Question 3.13 to companies: How critical is Customer Energy for your company’s business activities? Scale: 0 (low) – 6 (high)**

**Source:** A.T. Kearney Customer Energy Survey
Already, Customer Energy is being used along the value chain, e.g. for viral marketing or user-help-user platforms

Current usage of Customer Energy along value chain

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<td>1.9</td>
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<tr>
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<td>1.1</td>
<td>2.3</td>
<td>2.7</td>
<td>1.6</td>
<td>1.0</td>
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</tbody>
</table>

Real-life examples insufficient to prove CG’s self-perception!

Question 3.2 to companies: Along which value-added stages does your company currently use Customer Energy? Scale: 0 (low) – 6 (high)
Source: A.T. Kearney Customer Energy Survey
MarCom and Customer Care/After Sales will remain important functions where to benefit from Customer Energy

Potential usage of Customer Energy along value chain

Current use at only 55% of potential use!

Question 3.3 to companies: Along which value-added stages could your company potentially use Customer Energy? Scale: 0 (low) – 6 (high)
Source: A.T. Kearney Customer Energy Survey
Most industries make not full use of their customers’ willingness to get involved into the value chain

Customer willingness vs. feeling to be involved

Some customers seem more involved (= bothered?) than they would like to!

1) Percentage of consumers scoring >=4
Question 10 to consumers: How willing are you to get involved with <brand> and to take over activities for <brand>? Scale: 0 (low) – 6 (high)
Question 12 to consumers: How strongly involved in <brand> do you currently feel? Scale: 0 (low) – 6 (high)
Source: A.T. Kearney Customer Energy Survey; N=3,000
5-7% cost improvement potential through using Customer Energy is expected across the value chain

Customer Energy cost improvement potential along value chain

Question 3.8 to companies: Along which value-added stages could the greatest Customer Energy potential be tapped in your company by 2010 by taking appropriate measures? Please try to estimate the direct and indirect effects.

1) In % of costs of value-added stage

Source: A.T. Kearney Customer Energy Survey
On average, companies aim at 4-7% revenue increase through Customer Energy driven sales and loyalty effects

Customer Energy revenue increase potential

User based recommendations have a growing impact on revenues!

Question 3.8 to companies: Along which value-added stages could the greatest Customer Energy potential be tapped in your company by 2010 by taking appropriate measures? Please try to estimate the direct and indirect effects.

Source: A.T. Kearney Customer Energy Survey
Do nothing is not an option: 16% of revenues will be at risk in year 2015 through Customer Energy effects

Revenue at risk through Customer Energy

Which lessons can be learnt from the music industry where customers started using their energy to rip, mix, burn CDs (instead of buying these)?

Question 3.7 to companies: How high do you estimate the share of revenue at risk in your company by 2010/ 2015?
Source: A.T. Kearney Customer Energy Survey
Indirect Customer Energy effects are almost equally distributed with highest expectations on loyalty increase.

### Potential for indirect effects

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<td>Stronger customer retention</td>
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<td>3.4</td>
<td>3.3</td>
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<td>2.5</td>
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<td>Higher brand recognition</td>
<td>2.8</td>
<td>3.2</td>
<td>2.4</td>
<td>3.0</td>
<td>2.8</td>
<td>2.9</td>
<td>4.3</td>
<td>3.0</td>
<td>2.7</td>
<td>2.2</td>
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<tr>
<td>Enhanced products</td>
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<td>3.0</td>
<td>2.8</td>
<td>2.8</td>
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<td>3.1</td>
<td>2.9</td>
<td>2.8</td>
<td>2.8</td>
<td>2.2</td>
</tr>
</tbody>
</table>

**High expectations in the retail industry – driven by shift to eCommerce?**

Question 3.8 to companies: Along which value-added stages could the greatest Customer Energy potential be tapped in your company by 2010 by taking appropriate measures? Please try to estimate the direct and indirect effects. Scale: 0: no effect, 5: very strong effect.

Source: A.T. Kearney Customer Energy Survey
Retailers anticipate strongest indirect effects of all companies in the survey

<table>
<thead>
<tr>
<th></th>
<th>Research &amp; Development</th>
<th>Production &amp; Quality Management</th>
<th>Marketing &amp; Communications</th>
<th>Sales &amp; Distribution</th>
<th>Customer Care &amp; After Sales</th>
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<tr>
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<td>1.5 3.0 3.5 2.5 3.5</td>
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<td>2.3 2.7 3.4 3.5 3.3</td>
<td>2.5 2.6 3.6 3.7 3.4</td>
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<tr>
<td>Util.</td>
<td>1.7 1.1 1.7 2.0 2.6</td>
<td>1.6 1.3 1.6 1.9 1.6</td>
<td>2.4 2.9 2.6 2.1 2.9</td>
<td>2.9 3.3 3.3 3.1 3.1</td>
<td>2.4 2.6 3.1 3.3 3.1</td>
</tr>
</tbody>
</table>

Abbreviations: EP: Enhanced products; BR: Higher <brand> recognition; BI: Better image; IS: Improved service; CR: Stronger customer retention

Question 3.8 to companies: Along which value-added stages could the greatest Customer Energy potential be tapped in your company by 2010 by taking appropriate measures? Please try to estimate the direct and indirect effects. Scale: 0: no effect, 5: very strong effect

Source: A.T. Kearney Customer Energy Survey
Quality and Innovation are customers’ preferred areas for involvement along the value chain

Consumer preferences for stages in the value chain

Question 11 to consumers: Along which value-added stages would you like to contribute to <brand>? (Multiple responses possible)
Source: A.T. Kearney Customer Energy Survey; N=3,000
Content

- The Customer Energy Phenomenon
- Impact of Customer Energy
- Insights into Customers’ Energy
- Realization of Customer Energy
Most industries underestimate the “contributors” segment with latent energy – but those make it a mass phenomenon!

Customer Energy segmentation

<table>
<thead>
<tr>
<th>Company view</th>
<th>Consumer view</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Creators</strong></td>
<td><strong>Contributors</strong></td>
</tr>
<tr>
<td>9% 19% 73%</td>
<td>11% 36% 53%</td>
</tr>
<tr>
<td>9% 18% 74%</td>
<td>4% 10% 87%</td>
</tr>
<tr>
<td>7% 23% 72%</td>
<td>7% 17% 76%</td>
</tr>
<tr>
<td>13% 14% 73%</td>
<td>20% 20% 65%</td>
</tr>
<tr>
<td>15% 20% 65%</td>
<td>15% 32% 53%</td>
</tr>
<tr>
<td>7% 17% 76%</td>
<td>9% 35% 56%</td>
</tr>
<tr>
<td>3% 16% 81%</td>
<td>8% 31% 60%</td>
</tr>
</tbody>
</table>

Question 2.6 to companies: How high do you estimate the share of your customers in the following segments?
Question 16 to consumers: In which of the following segments would you personally classify yourself with regard to <brand>?
Source: A.T. Kearney Customer Energy Survey; N=3,000
Highly energetic customers are not elite people – they can be found across all social grades

Social grade and education of Customer Energy segments

Employment status

<table>
<thead>
<tr>
<th></th>
<th>Creators</th>
<th>Contributors</th>
<th>Viewers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>9%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Office worker</td>
<td>39%</td>
<td>43%</td>
<td>39%</td>
</tr>
<tr>
<td>Worker</td>
<td>25%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>16%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Retired/</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>unemployed</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Degree of education

<table>
<thead>
<tr>
<th></th>
<th>Creators</th>
<th>Contributors</th>
<th>Viewers</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>11%</td>
<td>36%</td>
<td>53%</td>
</tr>
<tr>
<td>High-School</td>
<td>39%</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Junior High-/</td>
<td>6%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Secondary School</td>
<td>44%</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>Main Graduation</td>
<td>11%</td>
<td>14%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Question D3 to consumers (onliners only!): What is the occupation of the principal earner in your household?
Question D10 to consumers (onliners only!): What school do you attend currently or have you attended last?
Source: A.T. Kearney Customer Energy Survey; N=3,000
Creators use their high Customer Energy level to adopt new products early or be a smarter shopper

Consumer behavior of Customer Energy segments

Question 1 to consumers (onliners only!): Into which of the following segments would you classify yourself?
Question 5 to consumers (onliners only!): To which segment would you allocate your product of <brand>?
Source: A.T. Kearney Customer Energy Survey; N=3,000
Creators are in fact satisfied and loyal customers – using their Customer Energy should be less risky

Relationships with Customer Energy segments

Question 7 to consumers (onliners only!): How satisfied are you as a customer of <brand>? Scale: 0 (low) – 6 (high)
Question 6 to consumers (onliners only!): How long have you already been a customer of <brand>? 
Source: A.T. Kearney Customer Energy Survey; N=3,000
Creators perform more advanced web activities like blogging to express themselves

Internet activities of Customer Energy segments

**Time spent online/day (h)**

- Creators: 7.2
- Contributors: 7.5
- Viewers: 7.1

**Relevant Internet activity (selection)**

- **Active member of forum**
  - Creators: 11%
  - Contributors: 29%
  - Viewers: 46%

- **Evaluation & commenting of products**
  - Creators: 29%
  - Contributors: 40%
  - Viewers: 64%

- **Ebay/online actions**
  - Creators: 57%
  - Contributors: 57%
  - Viewers: 34%

- **Reading of blogs**
  - Creators: 33%
  - Contributors: 33%
  - Viewers: 53%

- **Own blog**
  - Creators: 18%
  - Contributors: 10%
  - Viewers: 7%

Question 2 to consumers (onliners only): How much time do you spend on the Internet per day?
Question 3 to consumers (onliners only): What type of activities do you conduct on the Internet?
Source: A.T. Kearney Customer Energy Survey; N=3,000
Many consumers state to be willing to contribute a large share of their time to a brand – several hours a week

Stated intended customer effort per week without incentives

On average, about 5% of consumers are indicating (or: pretending?) to be willing to spend at least an hour per day for “their” brand

Question 20 to consumers: How much time would you be willing to spend without any monetary compensation or other incentives to take over activities for <brand>?
Source: A.T. Kearney Customer Energy Survey; N=3,000
Creators (and Contributors) show a significantly higher willingness to contribute personal time to a brand

Stated intended customer effort per week without incentives

<table>
<thead>
<tr>
<th>Time Per Week</th>
<th>Creators</th>
<th>Contributors</th>
<th>Viewers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;12 hours/week</td>
<td>5%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>6-12 hours/week</td>
<td>6%</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>3-6 hours/week</td>
<td>23%</td>
<td>28%</td>
<td>10%</td>
</tr>
<tr>
<td>1-3 hours/week</td>
<td>31%</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>&lt;1 hour/week</td>
<td>13%</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>No time at all</td>
<td>23%</td>
<td>20%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Every third (!) Creator is willing to invest more than half an hour per day

Question 20 to consumers: How much time would you be willing to spend without any monetary compensation or other incentives to take over activities for <brand>?
Source: A.T. Kearney Customer Energy Survey; N=3,000
“Curiosity” and “fun” are stated to be consumers’ main motives – however, companies’ view differs

Motives for Customer Energy

<table>
<thead>
<tr>
<th>Company view</th>
<th>Consumer view</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Curiosity</strong></td>
<td><strong>Fun</strong></td>
</tr>
<tr>
<td><strong>Identification with brand</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Social relationship</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Social Status</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Financial motive</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Convenience</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Good citizenship</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Self-fulfillment</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Revenge</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Must involve</strong></td>
<td></td>
</tr>
</tbody>
</table>

Min △ Max — Cross-Industry Avg.

**Question 2.5 to companies:** How is Customer Energy motivated with regard to your company? Scale: 0 (low) – 6 (high), (Multiple responses possible)

**Question 15 to consumers:** What motivates your willingness to get involved with <brand>? (Multiple responses possible)

Source: A.T. Kearney Customer Energy Survey; N=3,000
Content

- The Customer Energy Phenomenon
- Impact of Customer Energy
- Insights into Customers’ Energy
- Realization of Customer Energy
More than half of all companies does not know their highly energetic customers and hence cannot approach them.

Identification of highly energetic customers

<table>
<thead>
<tr>
<th>Industry</th>
<th>Highly energetic customers known</th>
<th>Highly energetic customers unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>Auto</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>CG</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Cons. Electr.</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Fin. Inst.</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Media</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Retail</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>T&amp;T</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Telco</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Util.</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Industries with contractual relationships (Fin. Inst. Telco, T&T, Util.) have natural advantages in CRM – but seem not to make use of it!

Question 2.8 to companies: Do you personally know your customers with a high energy level, i.e. are you able to contact them directly?
Source: A.T. Kearney Customer Energy Survey; N=3,000
More than 80% of customers question whether “their” brands understand their energy level

Company’s awareness of customers’ energy level

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>43%</td>
<td>46%</td>
<td>47%</td>
<td>61%</td>
<td>31%</td>
<td>42%</td>
<td>41%</td>
<td>47%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>I don’t think so</td>
<td>38%</td>
<td>36%</td>
<td>32%</td>
<td>29%</td>
<td>44%</td>
<td>38%</td>
<td>41%</td>
<td>35%</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>Not so sure</td>
<td>14%</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
<td>17%</td>
<td>14%</td>
<td>10%</td>
<td>13%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Sure</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
<td>2%</td>
<td>9%</td>
<td>3%</td>
<td>3%</td>
<td>8%</td>
<td>4%</td>
<td>7%</td>
</tr>
</tbody>
</table>

How to make use of Customer Energy if energy levels are unknown and Creators are not flagged in the CRM system?

Question 17 to consumers: Does <brand> know what your personal energy level is with regard to <brand>?
Source: A.T. Kearney Customer Energy Survey; N=3,000
More than 50% of companies state they neither provide a process nor a channel for interaction with their Creators.

Interaction with high-energy customers

18% of the companies believe to be “prepared” for their Creators.

Question 2.7 to companies: What happens, when a high energy customer approaches your company and wants to get involved? Are defined processes implemented to identify and interact with high energy customers?

Source: A.T. Kearney Customer Energy Survey
60% of the customers cannot unfold their energy since they just do not know how which channel to use

Customer experience when trying to involve

<table>
<thead>
<tr>
<th>Table: Contribution Received</th>
<th>Average</th>
<th>Auto</th>
<th>CG</th>
<th>Cons. Electr.</th>
<th>Fin. Inst.</th>
<th>Media</th>
<th>Retail</th>
<th>T&amp;T</th>
<th>Telco</th>
<th>Util.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received and considered</td>
<td>11%</td>
<td>14%</td>
<td>8%</td>
<td>11%</td>
<td>20%</td>
<td>6%</td>
<td>13%</td>
<td>20%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Received but unknown if</td>
<td>16%</td>
<td>16%</td>
<td>8%</td>
<td>33%</td>
<td>19%</td>
<td>8%</td>
<td>12%</td>
<td>13%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Ignored</td>
<td>60%</td>
<td>54%</td>
<td>68%</td>
<td>44%</td>
<td>46%</td>
<td>80%</td>
<td>66%</td>
<td>33%</td>
<td>53%</td>
<td>67%</td>
</tr>
<tr>
<td>Didn’t know whom to contact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Especially the media industry seems not yet prepared for a peer-level dialogue with its energetic customers

Question 13 to consumers: If you wanted to contribute to <brand> in the past, what experience did you have?  
Source: A.T. Kearney Customer Energy Survey; N=3,000
Low-involvement, non-emotional industries like utilities need to attract their customers through financial incentives.

Incentives to stimulate Customer Energy

Company view

Consumer view

Question 3.10 to companies: Which incentives do you consider efficient to unleash Customer Energy for your company? (Multiple responses possible)
Question 22 to consumers: Which incentives do you consider attractive in order to motivate you to participate in <brand> or to boost the energy you’ve contributed? (Multiple responses possible)
Source: A.T. Kearney Customer Energy Survey; N=3,000
Unfamiliarity and difficulties in quantifying benefits seem to prevent most companies from realizing Customer Energy

Reasons for non-optimal realization of potential

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Realization too complex</td>
<td>2.5</td>
<td>1.9</td>
<td>3.5</td>
<td>3.7</td>
<td>1.9</td>
<td>2.3</td>
<td>1.3</td>
<td>1.7</td>
<td>2.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Fear of negative developments</td>
<td>1.9</td>
<td>2.0</td>
<td>3.8</td>
<td>0.5</td>
<td>2.1</td>
<td>3.9</td>
<td>3.0</td>
<td>2.8</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Difficult to quantify</td>
<td>3.5</td>
<td>1.0</td>
<td>1.1</td>
<td>4.7</td>
<td>0.2</td>
<td>3.5</td>
<td>2.3</td>
<td>1.1</td>
<td>2.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Identified too late</td>
<td>1.6</td>
<td>1.9</td>
<td>2.5</td>
<td>2.0</td>
<td>2.4</td>
<td>2.4</td>
<td>2.3</td>
<td>1.0</td>
<td>2.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Considered insignificant</td>
<td>2.8</td>
<td>0.8</td>
<td>1.8</td>
<td>2.0</td>
<td>2.6</td>
<td>3.0</td>
<td>3.2</td>
<td>3.0</td>
<td>2.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Topic unknown</td>
<td>3.6</td>
<td>3.8</td>
<td>3.3</td>
<td>4.0</td>
<td>4.4</td>
<td>3.1</td>
<td>3.5</td>
<td>4.2</td>
<td>3.2</td>
<td>3.6</td>
</tr>
</tbody>
</table>

With growing (dissatisfying?) experiences from Web 2.0 pilots, more companies will need to develop their own view on Customer Energy

Question 3.5 to companies: What are the reasons for an eventual non-optimal realization of Customer Energy potential in your company? Source: A.T. Kearney Customer Energy Survey
Companies might use the insights into Customer Energy to trigger various initiatives aiming at competitive advantages

Potential initiatives to benefit from Customer Energy

- Assess the company’s Customer Energy readiness as well as potential risks and benefits along the value chain.
- Define Customer Energy based strategy evaluating opportunities across customer segments and stages in the value chain to prioritize implementation.
- Review the company’s internet strategy to integrate customers through targeted Web 2.0 applications.

Source: A.T. Kearney
To harvest the benefits from Customer Energy, select modules can be applied out of a comprehensive approach.

Customer Energy strategy development and implementation

1. **Lead user identification**
   - Customer Energy segmentation
   - High-energy customer identification
   - Motivations and modes for collaboration
   - Selection and approach

2. **Cultural risk assessment & vision definition**
   - Readiness for shifting control to customers
   - Cross-industry best practices
   - Vision for specific Customer Energy utilization

3. **Identification of opportunities along the value chain**
   - Customer Energy uses cases along entire value chain
   - Map web tools and other levers against use cases
   - Profile of customer benefits, critical success factors, and company risks

4. **Prioritization & evaluation**
   - Benefit case per Customer Energy application incl.
     - Adoption rate
     - Impact (cost reduction, loyalty, …)
     - Investments
     - Internal hurdles
   - Target setting
   - Priorities along impact and ease of implementation

5. **Piloting & Roll-out**
   - Implementation plan
   - Pilot monitoring
   - Lessons learned
   - Concept and target adjustments
   - Roll-out

Source: A.T. Kearney