



HomeServe  
**ENERGY  
VIEWS**

Winter 2019

# Engaging with the New **Energy Consumer**

**T**here's a major trend happening in energy that is not measured in barrels or BTUs. Utilities are becoming much more focused on deepening their customer relationships. As state after state deregulates electricity, forcing utilities to compete with retail providers, and more efficient homes and emerging green technology flatten load growth, energy utilities have had to look within and figure out strategies to better connect with customers.

And this customer base is changing. By 2025, Millennials will make up to 75 percent of the work force, as the next largest generation, the Baby Boomers, retires in droves. This means their buying power will only increase in the next decade. The 80 million Millennials in the U.S. currently spend \$600 billion per year, a figure expected to increase to \$1.4 trillion by 2020.<sup>1</sup>

A Brookings Institute study identified key values of this generation<sup>2</sup> that must be considered by companies wishing to successfully engage with them. These include an emphasis on corporate social responsibility, ethical causes, and stronger brand loyalty for companies offering solutions to specific social problems; a greater reverence for the environment, even in the absence of major environmental disaster; and higher worth placed on experiences over acquisition of material things.

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*Millennials spend 90 hours a month using smartphone apps, and they have the greatest interest in smart homes.*

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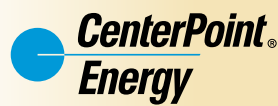
The first truly "digital generation," Millennials spend 90 hours a month using smartphone apps, and they have the

greatest interest in smart homes, with 86 percent willing to pay up to 20 percent more in mortgage or rental payments for smart home technology, such as smart thermostats, according to a Wakefield Research study.<sup>3</sup> They are also interested in green energy, with 56 percent indicating a desire to incorporate solar panels, according to an Accenture consumer survey.<sup>4</sup>

Utilities are benefitting from offering tools for digital engagement, including smartphone apps for bill paying and usage management, text and email messages, and a secure and accessible website experience. For example, offering an app that enables residential customers to track energy consumption in their homes results in better informed and more engaged customers who can help make grid operations more efficient.

As a utility's core business of delivering power and maintaining infrastructure requires vast resources, partnerships with third-party providers are enabling utilities to offer value-added services and new products to help strengthen customer relationships.

*(Continued on back cover.)*



In this Issue:  
Welcome new partner,  
**CenterPoint Energy!**

# Solutions to the Skilled Labor Gap

by Sylvester Criscone, VP, Contractor Management

*A combination of Baby Boomers reaching retirement age and lack of vocational programs for young adults has caused an unprecedented labor shortage in the skilled trades. HomeServe has launched a new program to recruit military veterans for skilled trade jobs to address both the urgent need for skilled labor and the underemployment of veterans.*

In its 2016-2017 U.S. talent shortage survey, the staffing firm Manpower Group found that skilled trade jobs are the hardest jobs to fill in the U.S. – highlighting a large and growing labor shortage that the industry will only solve by working together.

According to the National Association of Home Builders (NAHB), the problem started during the economic and housing downturn in 2007, when the construction industry alone lost 1.5 million workers. Half of those skilled workers never came back. Further exacerbating the problem today are stricter immigration laws and retiring Baby Boomers who are permanently leaving the workforce.

NAHB's 2014 survey of contractors shows that skilled subcontractor labor shortages are more widespread than previously measured – electricians, carpenters, plumbers, bricklayers and HVAC technicians are in more demand than ever. Go Build America says that the average age of a skilled worker is over 50, and for every skilled worker entering the workforce, five are leaving.

The problem is further compounded by a perceived stigma against a career in the trades. Young people are

often told a professional career path is the only option for a stable future – despite many students coming out of four-year programs with significant debt. The average student in the class of 2017 has nearly \$40,000 in student loan debt. We simply aren't encouraging young people to pursue the skilled trades, despite the fact that the U.S. Bureau of Labor Statistics expects the industry to continue growing, and many workers in the skilled trades earn average or above-average wages.

The opportunity for a successful career exists not only for skilled workers, but for those who also aspire to run their own businesses in the industry. Many of the business owners in the HomeServe contractor network got their start as a tradesperson and then developed very successful small businesses, including women and minority owned enterprises.

To close the skills gap, partnerships should be developed between the construction and service industry and nonprofit or staffing partners to raise awareness, change attitudes and provide training that can lead to successful careers in trades. Below are some examples of programs that are finding solutions through creative partnerships.

mikeroweWORKS Foundation - You may know Mike Rowe as the "Dirtiest Man on TV." Mike is the creator, executive producer and host of TV's Dirty Jobs. The 10-year-old mikeroweWORKS Foundation launched on Labor Day of 2008. Since then, the Foundation and sponsors such as Wolverine Boots have awarded more than \$3 million in Work Ethic Scholarships to help young people pay for training to become plumbers, carpenters, electricians, welders, etc. Furthermore, their efforts promote the idea that if you have a strong work ethic, you will be happy at the end of the day, no matter what job you do.

Go Build – This educational program focuses on changing

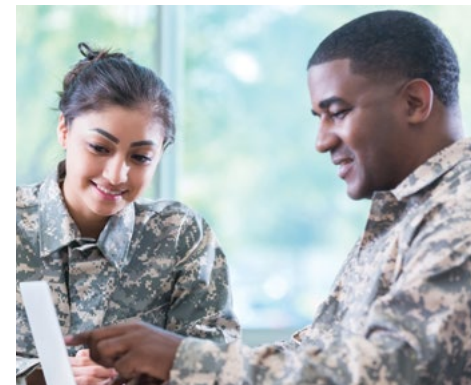


the perception about careers in the skilled trades by talking to students, parents and teachers. It was started by several contractors' associations and regularly partners with other skilled trades groups to show young people the benefits of jobs in every field in the industry through online content and extensive data analytics.

This Old House's Generation Next – This program has created a visual association between young people from diverse backgrounds to the skilled trades. Last year, three young apprentices were chosen from a nationwide casting call to work alongside the This Old House PBS-

TV crew to shed light on the opportunities that careers in skilled trades can provide. The stories of their 10-week summer apprenticeship were featured on the show, which is paid for through industry sponsors.

HomeServe Veterans Hiring Initiative - At its annual contractors'



conference in Chattanooga, Tennessee, in September, HomeServe announced an initiative to promote skilled trade jobs and apprenticeships for veterans. This program directly connects HomeServe's network of contractors in various skilled trades from around the country with existing staffing organizations such as VIQTORY's military network GIJobs.com to find qualified veterans without a fee. HomeServe is also targeting active duty service men and women who will soon be leaving the service with a "transition to trade" marketing effort featuring a dedicated Facebook site and targeted digital communications that will give them information about how to find good trade jobs.

Additionally, through HomeServe's partnership with This Old House, the company is becoming a sponsor of the TOH Apprenticeship program, which will create additional opportunities. 

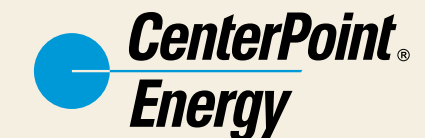
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For more information, visit [www.homeserveutility.com/veterans](http://www.homeserveutility.com/veterans)

*The average age of a skilled worker is over 50, and for every skilled worker entering the workforce, five are leaving.*



## New Partnership —



CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company serving more than five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas.

In June of 2018, CenterPoint partnered with HomeServe to offer its 1.6 million natural gas customers in Texas a suite of service plans covering repairs to several energy-consuming and other home systems, including customer-owned natural gas lines, heating and cooling systems, interior electric wiring, water heaters, and exterior water and sewer lines. The launch demonstrated high demand for the plans. "Thousands of natural gas customers in Texas have responded positively to the program by enrolling in the protection plans," said Gregg Knight, senior vice president and chief customer officer of CenterPoint Energy.

*"CenterPoint Energy provides high-quality, highly rated energy delivery to our customers."*

**Gregg Knight, CenterPoint Energy**  
Senior Vice President and Chief Customer Officer

According to Knight, the company prides itself on being a trusted energy advisor to its customers. "CenterPoint Energy provides high-quality, highly rated energy delivery to our customers. These new service plans are a natural extension and will provide homeowners with a low-cost, peace-of-mind option for unexpected repairs to covered systems."

## Engaging with the New Energy Consumer (Continued from front cover.)

Value-added services can fall under three main categories: energy services, home services and information services. Energy services can include items as simple as surge protection, lighting and weatherproofing or as complex as energy storage and electric vehicle charging.

Information services include home energy management systems, energy reports and real-time usage information that enable customers to manage consumption and costs through real-time data. Millennials, in particular, want their utilities to increase smart technology and renewable energy options. The aforementioned Accenture study also indicates that over 60 percent of millennials within the next five years want to sign up for a digital application to track energy usage and control home elements.

Home services is a developing market that includes home inspection, landscaping, emergency home repair plans and bundled services, such as home security systems. According to research conducted by HomeServe, those customers who received an emergency home repair plan through their utility rated their provider higher than those who didn't have policies. In addition, 59% of utility customers surveyed who don't currently have a policy responded that their opinion of the utility would be improved if they offered repair plans.

The time for utilities to raise the bar on engaging with Millennials is now. As technology continues to evolve and customers are looking for more than power, utilities have a great opportunity to deeply connect with this generation. 🔥

<sup>1</sup> <https://www.accenture.com/us-en/insight-outlook-who-are-millennial-shoppers-what-do-they-really-want-retail>

<sup>2</sup> <https://www.brookings.edu/research/how-millennials-could-upend-wall-street-and-corporate-america/>

<sup>3</sup> <https://www.prnewswire.com/news-releases/results-of-schlagles-industry-insight-survey-reveals-what-millennial-renters-want-in-2017-300369197.html>

<sup>4</sup> [https://www.accenture.com/t20150523T035714\\_\\_w\\_\\_\\_/us-en/\\_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Dualpub3/Accenture-New-Energy-Consumer-Architecting-Future.pdf#zoom=50](https://www.accenture.com/t20150523T035714__w___/us-en/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Dualpub3/Accenture-New-Energy-Consumer-Architecting-Future.pdf#zoom=50)



## A Message from **John Kitzie, CEO**

In this issue we are looking at trends that can affect the utility industry and its customers in various ways. One trend is the changing utility customer base which will soon be dominated by a new generation of energy consumers, Millennials, who are digitally focused and environmentally and socially conscious. Better engagement with these customers is the highest priority for many utilities today.

Additionally, US consumers are financially unprepared for home repair emergencies which, according to our research and experience, are prevalent and can be expensive. At HomeServe, we perform a home emergency repair every 75 seconds. We offer some details on our latest State of the Home survey pertaining to the preparedness of homeowners.

Another topic we explore is the growing shortage of workers in the skilled trades. Contractors are crucial to the service we provide and, to this end, HomeServe is partnering with veterans organizations to help bring former servicemen and women into the skilled trades field and match them up with contractors in our network.

I hope you find this edition of our newsletter informative and interesting. On behalf of HomeServe, I wish you a healthy, happy and prosperous 2019!

**John Kitzie, CEO**