

Digital Enablers for New Decision Journeys: Creating and Adopting Digital Touch Points – Sorgenia

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Introduction

We are the first non-incumbent Italian company in the energy free market. We aim to leverage on digital disruption to make energy personal, shared and sustainable. Finally, simple!

Gianfilippo Mancini, Sorgenia's CEO, 2018

Milan, 2016.

Gianfilippo Mancini, Sorgenia's CEO, was looking out of the window of his office in the new sustainable and digital headquarter of the company: he was incredibly proud of Sorgenia's achievements after the crisis period.

Sorgenia had gone far in only three years, but it wasn't still enough. The goal was to stand out in the market. The CEO was trying to figure out which would be the ideal direction to steer the company in the next years, which actions were needed to impose Sorgenia on the Italian market as the first non-incumbent energy company, and if new trends (production of cleaner energy, long-term sustainability, digital) should be among his priority going forward. A constant thought was also recurring in the management's agenda: how to transform the perception of energy from being a mere commodity to something that customers consider as a relevant part of their ordinary life.

The enhanced-protection regime, in the overcrowded Italian energy retail market, was about to be abolished – as of July 1st, 2020 -, and energy retailers need to develop their strategy to capture the new opportunity. In addition, approximately 25 million energy meters would have to rely on new suppliers in ways not yet codified by the regulation.

The goal was radically changing the perception customers have about energy. The keyword was “choice”: let customer have the chance to actively choose an energy offer suitable for their needs. By blending its new positioning with its pioneering attitude in exploiting technology, Sorgenia re-thought all the customer experience in order to give them exactly that: the chance of comparing offers and evaluating the most suitable.

A new era was starting: an energy sustainable, shared, easy and full digital.

The Italian energy market

The electricity retail sector in Italy¹ is at the heart of a complex reform, aimed at the complete opening of the market and the overcoming of price protections, with the purpose of promoting free competition and making available to the final consumer a plurality of alternatives.

Brief history of the evolution in the Italian market

Following the so-called “Decreto Bersani” - the legislative decree 16 March 1999, n. 79, named after its inspirer - the Italian energy retail market, formerly monopolistic after the nationalization occurred in the early Sixties, was progressively opened to competition through the process of *market liberalization* both in the electricity and in gas sector. The normative act of the Italian Republic - transposing the EU directive 96/92 of the European Parliament and Council (1996) - introduced as main effect the opening of *energy generation and retail activities*, whereas the more strategic ones (i.e. the network related activities) were defined “*activities subject to regulation*”: by this meaning that the same company is not allowed to operate on both network and generation/retail activities with reference to both electricity and gas sectors.

The energy industry has been historically concentrated, on all steps of the value-chain, in the hands of a single Italian integrated operator, Enel. “Decreto Bersani” radically changed the scenario, as it ordered the separation of each phase in the value-chain and provided guidelines to reorganize the sector while guaranteeing the effective opening of the market. The process also favored the entry of private capital and the encouragement of competition between multiple operators, with the ultimate goal of lower rates for the end-users if compared to the ones of a monopolistic situation. Furthermore, the decree defined institutional actors with the main task of optimizing the functioning of the newly-free market.

The first necessary step in this process was the *obligation for the former monopolist to set up several different companies* that could carry out the various activities:

- As for the **electricity generation/production** phase, the decree imposed a percentage threshold on the former incumbent electricity production equal to the 50% of the total energy produced in Italy. As a result, new operators could enter the electricity generation market.
- **Transmission** remained a monopoly. In this case, a full liberalization would have been economically disadvantageous and given rise to potential discrimination regarding access to the network. Terna² is today the company managing transmission.
- **Distribution** was considered a local monopoly: with regards to a geographical area defined by a municipality, only one electricity distributor handles this service, and distribution tariffs are determined by law.

1. SOURCE: <https://greennetwork.it/gruppo/per-saperne-di-piu/la-filiera-del-mercato-energetico-italiano/>

2. The company has been created in 1999 within ENEL and then is listed in Milan Stock Exchange as of 2004

- **Energy Retail**, i.e., the **end-sale to eligible customers**, has been gradually opened to competition. The initial discriminating factor was the annual electricity consumption: those who consumed more – such as large industrial users – were the first eligible customers enabled to decide the operator where to purchase electricity. The market was then progressively opened and the last barrier to liberalization fell when, in 2007, domestic users were allowed to purchase electricity on the free market. Vendors can either be *electricity companies* or *trading companies* that, despite not having generating capacity, sell energy bought from other operators or imported from abroad.

In the Italian Energy market framework, two different services were then coexisting:

- The **enhanced protection service**⁴ was the option guaranteeing to consumers the supply of electricity and natural gas at economic and contractual conditions established by ARERA - the Regulatory Authority for the Energy, the Networks and the Environment. The exact amount of the energy fees payable by the end-user varies according to the price fluctuations and is set by the Authority itself.
- The **free market rates**,⁵ where energy retailers develop specific pricing plans/offers. Free market rates may result both in an advantage for the consumer when the ARERA tariffs rise, or in a disadvantage when the opposite situation occurs. At the beginning, most home users and small companies, generally connected at low voltage nodes, opted for the **enhanced protection service**.

The coexistence of these two patterns will end, as a turning point is about to occur: on July 1st, 2020, the energy market will be completely open and liberalized, so that the enhanced protection service will disappear.

3. Terna became fully independent following the listing on the Milan Stock Exchange on June 23, 2004 of 50% of Terna's share package and with the subsequent sale by ENEL of an additional 13.86% of the share capital held by Terna to institutional investors. Terna's full independence from ENEL has eliminated the need for third-party management of the network.

4. In Italian, "Servizio di maggior tutela"

5. In Italian, "Tariffe del mercato libero"

Sorgenia: history and position in the market

Sorgenia S.p.A. can be considered the first non-incumbent company in the free electricity and natural gas market in the Italian energy industry. It runs electricity generation plants for approximately 5.400 MW of installed power with direct and indirect control, and it is one of the most relevant Italian operators in the end-sale of energy. Throughout its history, Sorgenia has invested around 3 billion euros and implemented some of the most modern Italian infrastructures in the field of electricity production from natural gas, to wind and photovoltaic sources.

Founded in 1999, at its very beginning the company was called *Energia S.p.A.* and was considered a major asset by the CIR-De Benedetti Group.⁶ The former corporation held allowances by the 73,4% of the capital through *Energia Holding*, while the remaining percentage – 26,6% – was in the hands of the Austrian energy group *Verbund*, in turn controlled by the Austrian state itself. Since 2000, the company started supplying electricity to its first Italian industrial customers, while in 2003 it also began providing natural gas from Libya exploiting the Green Stream Pipeline. On the same year, it participated to the acquisition of the former *Genco*⁷ “*Tirreno Power*” – powered by Enel – a company owning 75 hydroelectric plants and three natural gas power plants in Italy, for about 2,500 total MW.

Through numerous investments carried out in *greenfield* projects – such as the combined-cycle power plants fueled by natural gas established in four Italian regions⁸ – the company progressively grew and started exploring the promising renewable sources’ sector: in 2005, for instance, the company successfully began its activity in the wind energy sector. This interest in providing clean energy to its customers will be one of the focal points in Sorgenia’s positioning year after year.

Sorgenia’s development started to slow down: in 2013, its bank accounts were nearly in overdraft status and, during a press conference taking place in that year, Rodolfo De Benedetti – at the time President of CIR-De Benedetti Group and son of its founder, Carlo – stated that “*in spite of its first ten years of success and a corporate history revolving around growth and value creation*”, Sorgenia had been “progressively and violently invested from an unheard-of crisis”, until the company nearly collapsed and, for this reason, started a difficult negotiation with the major credit institutions in Italy. The strategic decision for the survival of the company has been the stipulation of a standstill agreement with the financial institutions,⁹ and the launch of a restructuring process. During the difficult recovery from the crisis, Sorgenia started shifting its approach to the customer – centrism that, nowadays, characterizes its essence. For instance, in 2011, through the cooperation with some consumers’ associations, the company released its own Consumers’ guide, then in October 2012 it released the first edition of its Service Quality Charter, and in December

6. CIR – Compagnie Industriali Riunite S.p.A. is an Italian holding listed on the FTSE Italia Mid Cap Index of the Milan Stock Exchange and controlled by the 46% by COFIDE, founded and held by De Benedetti family. CIR is at the head of an industrial group mainly active in three sectors: media, automotive components, healthcare.

7. Generation Company

8. Molise, Puglia, Lazio and Lombardia

9. Suspension agreement between a bank and a financed subject as a result of which the bank undertakes not to take legal actions to recover the credit for a well-defined period of time.

of the same year signed a self-regulation protocol with Edison and some Italian consumers' associations to prevent the phenomenon of non-activations requests.¹⁰ In 2014, Sorgenia's Sales & Marketing Department launched a *new positioning* based on real entrepreneurs in their work context when struggling with real challenges of their professional life. A differentiating factor was the identification of a series of *contact-moments* that are foreseen for the client during the activation and the development of a solution that could cut the historically long time required for the activation of business customers after the signing of the contract.

In 2016, the company shifted its commercial focus from B2B companies, to B2C/residential market, with digital solutions as a backbone of this transformation. Sorgenia was then awarded as the first Italian **Digital Energy Company**, witnessing its capability of leveraging innovative technologies. As the CEO of the company, Gianfilippo Mancini, in 2018 stated "*Sorgenia quickly became the first digital energy company in Italy as a result of a fully interactive online offering in B2B and in B2C market, which was pleasantly welcomed by our customers as they evidently needed to be in charge when choosing their energy supply contract*". Sorgenia's solutions come with "*a clear warranty of employing renewable energy sources, with no pressure, fully digital, paper-less*".

Innovation, pioneering solutions, sharing and sustainability have been the keywords guiding the company's vision in implementing its challenging development plans both in low-environmental-impact production and in offering brand new solutions for families and businesses. As a result, the company, in 2019, owned a portfolio of around 350,000 customers in Italy.

Main elements of its success were the clarity and the convenience of its products, the customer experience's quality, the company's environmental attention and the innovative services provided. In a nutshell, it is a way of re-thinking the historical managerial practices in the energy field and re-orienting them from a **customer point of view**. As Mancini clearly expressed in an interview in 2018, "*the growth of a satisfying online customer experience is our main goal; this is why we are about to launch on the market many developments dealing with the offering's contents, based on the great effort that people in Sorgenia are putting in the exploitation of Artificial Intelligence technologies and on innovation process that can improve our customers' lives*".

10. Since the free electricity and natural gas market has existed, in fact, every competing supplier tries to push its own offer to the consumers, aiming to the acquisition of new ones: therefore, they tend to use many different means to pursue this objective, as traditional media or more recent ones such as the Internet advertisement. Non-activation requests tend to pursue the above-mentioned objective by exploiting an unfair commercial practice: they consist in the contract that customers believe they have never stipulated with an energy supplier, or that they believe have been stipulated without their consent either by telephone or in person in a place other than an end-sale office.

Energy retail sector: a framework

The electricity supply chain typically consists in several phases:¹¹

- *Energy generation/procurement*
- *Energy transmission*
- *Energy distribution*
- *Measurement*
- *End-sale to customers* (also defined *Energy retail*)¹²

Competitive structure in the energy retail market

On the supply side, the number of sellers on the retail market grew strongly in 2018: 73 more if compared to the previous year, for a total of 638 operators. The dominant operator remains Enel, with a slightly increasing share of 37.8% of volumes sold, followed by Edison (4.9%) and Eni (~4.3%).

Sorgenia's main competitors can be considered:

- **Enel.** A multinational power company, historical incumbent in the market and today a leading integrated player in the energy sector. Enel's main focus is Europe and Latin America, despite the group producing and distributing energy in more than 30 countries. It owns a network of ~ 1.9 million kilometers, serving 73 million end-users (households, business consumers) all around the world, and owning the largest customer base within its European competitors. Historically, the company stood out as a state-owned monopoly, but in the 21st Century it had become partially private, with the Italian Ministry of Economics and Finance still as is its major shareholder.
- **Edison.** The most ancient energy provider in Italy, today active in the field of energy procurement, production and end-sale, Edison is entirely controlled by the French group *Électricité de France (EdF)*. The company is one of the main electricity producers in the Italian territory, as it owns the 6,7% of national production, combining cycle gas power plants, hydroelectric, wind, solar and biomass plants. In the hydrocarbons sector, Edison is the second Italian operator, covering 21.2% of the national gas requirement. The company carries hydrocarbon exploration and production activities in the Middle East and Africa.
- **Eni.** Eni is the largest Italian industrial company, serves several million customers in 73 countries with approximately 33.000 employees (in 2016), and is one of the leading listed European companies. The Italian state, through the Ministry of Economics and Finance and the Ministry of Economic Development, owns ~ 30% of the company's shares, as well as the so-called "golden share", a series of special powers that the State could deploy in peculiar circumstances. Eni operates in the areas of oil and gas production, electricity generation and petrochemicals; together with this, its interest revolve also around the exploration of oil and gas fields worldwide and in the electricity sale to end-consumers. This business generates annual sales of almost 90 billion euros.

11. Data related to 2018/2019

12. Further details are to be found in the Annex section

- **Acea.** A multiutility operating in the management and development of networks and services in water, energy and environmental sector and historically the main provider in the Italian capital city, Rome. Through the years, ACEA became the main national operator in the water sector with a catchment area of 9 million people, and it's able to manage integrated water services such as aqueducts, sewerages and purifications plans across the territories of Rome and its province. Acea is present in four Italian regions – Lazio, Tuscany, Umbria and Campania -, spanning the Centre and the South of the Italian peninsula. As an S.p.A., the company is listed on Milan Stock Exchange, part of the FTSE Italia Mid Cap Index.
- **A2A.** Italian utility company formed at the beginning of 2008 from the merger of independent Italian companies active in the territory of Lombardy, in the area of Milan and Brescia. Also present in Spain, France, England and Montenegro, the company is the first Italian operator in the private urban waste sector, and through consolidation, it has become the third Italian largest company in the electricity production and distribution. Listed on Milan Stock Exchange, part of the FTSE MIB index; a peculiarity of its offering is the purchase electricity at the whole-sale cost, plus a monthly fixed contribution.

Electricity demand in the Italian market

Following the market liberalization, customers on the free market for electricity kept increasing overtime. In 2018, the Italian electricity demand increased by 0,5% - equating to 303.4 TWh - after a former, greater increase in the previous year (2%), driven by the agricultural sector (+ 1.8%), with domestic ones more or less stable.

Domestic electricity suppliers fulfil national demand for the 87,1% of the need, with the remaining part derived from the balance with foreign countries; the imported electric energy increased by 10% if compared to the import data of 2017, while the exported one decreased by 36,3%.

In 2018, the gross national production, derived from renewable ones, increased by 10,4% pushed by the widespread use of the hydroelectric sources.

Typical offering/contractual methods and Sorgenia's Points of Difference (PoDs)

In 2018, customers on the free market for electricity increased: topping 43.4% of domestic customers (vs. 38.8% in 2017) - with an average consumption equal to 2'073 kWh/year if compared to the 1'840 kWh/year purchased by the families belonging to the protected market.

The preferred contractual method in the free market was the one-line/single light tariff,¹³ chosen by 63.32% of customers in 2018, contrary to what happened in the enhanced protection service

13. Tariff including the same energy cost per kWh for all days of the week (including holidays, Saturdays and Sundays) and for all time slots. It doesn't matter if your energy consumption increases during the day, as the cost of the energy component will always be the same. A single tariff is convenient especially for customers consuming energy during the whole day, without any consumption peaks

where the *dual-rate tariff*¹⁴ was largely prevalent. The average number of commercial proposals – by this meaning the amount of products/offers’ alternatives - amounted to 16.7 for domestic customers and 39.2 for non-domestic, foreign customers. The online offers in 2018 were still limited: *in 86% of cases, in fact, the number of contracts available through this sales channel was lower than the overall offers put in by sellers on the traditional push channels*. Also, the Authority specifies, at that moment, the web option did not arouse great interest on the families’ side, as it turned out that only 3.4% of customers signed an online contract in 2018.

In 2018, the number of customers who changed supplier (*switching*) slightly increased to 10.7% of the total (in 2017 the percentage was of 10.3%). With this phenomenon potentially increasing year after year, the utility sector shifted the attention to improving not only customer attraction but also retention, driven by the fact that customers can change their supplier as many times they want.

In terms of prices, on the other hand, ~ 86% of domestic customers in the free market signed a contract at a fixed price for at least one year from the date of subscription, while 42% chose a contract that provides for a rebate/a discount with one or more free periods, or a fixed amount in cash/in volume, which in turn can be a one-off or permanent fee, possibly provided upon the occurrence of a given condition.

With regard to the presence of additional services, among customers who selected a *fixed-price* contract there was a clear preference for the purchase of electricity produced from *renewable sources* (39% has signed a contract that provides for it). Among those who, on turn, signed a *variable price* contract, more than half chose an offer without additional services.

Within this context, and in the perspective of the imminent full liberalization of the energy market in 2020, a strong need of differentiation was arising in the overcrowded energy retail market. Sorgenia focal points were:

- **Digital transformation and innovation.** Gianfilippo Mancini, Sorgenia’s CEO, clearly stated during a series of meetings taking place in 2019 that Digital Transformation is a crucial differentiating factor. In this framework, *artificial intelligence* played a central role, not only focusing on mere algorithms: in Sorgenia, the attempt is to develop artificial intelligence systems more human-centric and less focused on mere algorithms. Through to the cooperation with Accenture, Microsoft and Avanade, for instance, Sorgenia supported its positioning as the first Italian *Digital Energy Company* and the first to be “*fully on Cloud*”. The company focused on building and managing the relationship with its residential customers through an extensive use of the digital channels. In 2019, Sorgenia turned out to be the Italian energy company with greater growth-rate of customers acquired with the digital channel, around 100 thousand¹⁵ in that year.

14. For users of the Enhanced Protected Service provided with a remote-controlled meter, the application of the dual-rate tariff is instead mandatory. The purpose of the provision is to guarantee savings opportunities thanks to the possibility of concentrating consumption in the most advantageous time slots: in fact, the tariff instead provides different prices depending on days and time slots

15. Data extracted by a report published by Accenture – SOURCE: <https://www.accenture.com/it-it/case-studies/cloud/success-sorgenia>

To better exploit this new positioning, build relevant moments of truth in the evolving Customer Decision Journey and, at the same time, pursue cost rationalization, Sorgenia oriented its operations to innovative solutions, first by undertaking an internal - and complex - project for the design and implementation of the "Journey To Cloud". Cloud migration has involved all mission-critical areas: channel management; digital and process efficiency; Big Data analysis and management; communication to improve productivity.

- **Easiness to use (both internal and external):** the future is not made of physical interactions or contacts established in person or by phone: through the use of sophisticated technological instruments, Sorgenia's objective is to simplify the customers' lives so that it's easier, for them, to choose us instead of our competitors. In order to leverage the internal processes' transformation into a better customer service, Sorgenia structured its offering in a simple way, by allowing its customers to choose their energy supply in a click, and to obtain a provisional economic assessment in a few minutes together with an estimation of saving. Sorgenia's intention was to engage its prospects with a *price policy*, the *easiness of use* of the products offered and of the activation procedures. "*We wanted to insist on simplicity. In a minute, a real minute, we can obtain an esteem of our customers' energy consumption and know the exact amount of money required for a service this-tailored*", explained Chicco Testa, President of Sorgenia.
- **Customization:** Microsoft's cloud platform Dynamics 365 has optimized the acquisition of new customers and the management of the relationship with existing ones by responding to specific needs, such as small customizations or CRM interactions with credit-check systems to check creditworthiness of new customers.

Moreover, another key element of Sorgenia's digital transformation project was the creation of a Data Hub residing on the Microsoft Azure platform, offering computational and analytical capabilities with the aim of getting more and more personalized communication with its customers. Sorgenia's digital customers, as stated in several press releases, could be advantaged by its products' digitalized offering, decreasing bills by eliminating intermediation costs. Also, for its business customers, Sorgenia developed completely customized digital services as part of the offering, such as energy efficiency check-ups, tools for consumption's optimization and new services like the *electric mobility* with intelligent and flexible charging systems.

- **Sustainability and its blend with digital transformation:** sustainability is one of the most relevant aspects of the new positioning; for instance, Sorgenia reported that in 2017 this sector in the energy market was able to employ 10 million people and to attract investments for more than 300 billion US dollars. The blend between sustainability and digitalization is made clear in the agile selection path available on the company's website through which customers can experience Sorgenia's best-selling product called Next Energy.

Specifically, **Next Energy** allows customers to choose renewable energy sources, within the many managed by Sorgenia throughout Italy. The company, on its side, certify the source through a formal mechanism of *certificates of origin*.¹⁶ Together with this purpose, Sorgenia accompanies the

16. These certificates are documents stating that Sorgenia purchased its energy from a specific supplier through the geo-localization service via GPS

efficiency and flexibility of a technologically advanced combined-cycle park, with reduced emissions and complementary to renewables, fundamental to guarantee continuity to the Italian electricity system when sun, wind and water cannot guarantee the required production.¹⁷ This product makes clearly perceivable savings to customers, if compared to other suppliers in the market, with regards to their money, time and clean energy utilization. A supporting tool allowing customers to calculate their monetary savings when choosing a particular energy package has also been made available to customers.

17. This service is called Green Life

Adoption of a customer decision journey approach in the energy retail sector

Customer engagement is emerging as a core element to business success in the retail world, both in private and public sector and including utilities. In the age of digital shopping – where the competitor is a click, swipe, or tap away – the way consumers make purchase decisions has dramatically changed: therefore, marketers have focused on understanding what drives consumer decisions.

The aim of a specific customer decision journey in the energy sector, together with calibrated and well-defined moments of truth for the customers, would ideally be to lower the company's switching rates while containing costs and increasing profitability. When dealing with the creation of Decision Journeys, a plurality of challenges exist, such as the rise of customers' expectations or the fact that the majority of moments of truth are likely to occur *online*.

Theory defines a Customer Decision Journey as “*the decision-making process and the way consumers research, interact, buy and engage with products and brands*”;¹⁸ the Journey allows to analyze consumer behavior and, so, to create products and experiences that are tailored to each individual's specific preferences. The Journey reflects the complex reality of customers' shifting choices, decision criteria, and triggers.

Traditionally, the Customer Decision Journey is made up by five phases (Annex 10):

- **(Aided) Awareness:** Consumer is aware and knows different Brands and product alternatives
- **Familiarity.** Consumer knows in detail the product offering
- **Consideration.** Consumer include a specific product/brand in the list of potential alternatives. In this phase, the consumer intensifies searches for information and benchmark to complete his decision-making
- **Purchase:** Consumers buy the product
- **Loyalty:** Consumers remain loyal to the brand and are willing to generate positive Word of Mouth.

In 2009, McKinsey introduced a more sophisticated description of the purchasing process model, iterative and circular, that replaces the traditional linear funnel (Annex 11). From a company's point of view, modern customer decision journeys offer, through an active data-management, an increased level of consumers' knowledge and, as a consequence, of possibility to customize product offering. Objectives for the company are multiple: to be into the Initial Consideration Set (ICS) in order to increase the likeability to be purchased, to intercept customers during their active evaluation (AE) phase to avoid brand-switch, while keeping them up to the purchase moment, and finally to nurture the relationship during the loyalty loop (LL) to avoid churn: long-term customers with old contracts can be many times more valuable than newer customers, and winning new customers might be a costly alternative.

A support might derive from automated algorithm-driven processes that help companies to tailor specific needs of individual customers based on their (online and offline) behavior and manage the customer base more effectively in order to prevent churn. Energy companies have started ex-

18. Source: McKinsey (2009)

perimenting initial simple forms of personalization: however, the majority still send out identical messages to all their customers. Through the support of Artificial Intelligence, a more customized variety of product offering can be made available to customers, and customer experience might be increased.

Example of customer journey in the utility sector might start from a first phase where the customer is intrigued by a Facebook ad. In this phase, a potential customer might not be immediately looking for that specific information, and possibly not yet ready to change energy supplier. Further exposed to the company's media mix (both traditional and online, conventional or unconventional), the consumer could then land on company's website. After the customer enters in active contact with the company, remarketing activities could be used to support micro-conversions as subscription to newsletter. At this point, the customer would receive an email and access to the website to deepen the knowledge of the company's offering. In this example of a purchasing process, several different tools and devices play a role in triggering the customer: each one has its role in accompanying the potential customer to a greater familiarity of the solution that a specific branded product or service could provide. By comparing on the Web the various energy products and their prices, the targeted customer would be able to finalize an informed choice.

Thanks to the digital transformation process investing the entire structure of the group, Sorgenia started preparing a series of communication channels - from the electronic bill to the website, via live chat and online campaigns - transforming the way customers are engaged. The Web portal, revised in function, provides an increasingly intuitive user experience and oriented to the expectations and behavior of customers, regardless of whether it is used from desktop or mobile. The company introduced other digital touchpoint as an advanced chatbot built on the Vivocha platform, refined in terms of usability. The site thus becomes a dynamic support tool for all other marketing activities, starting from direct ones. In addition, the app "My Sorgenia" support an easy access to service, to changes of tariff plans, to reading of invoices. The entire ecosystem is constantly monitored, tracking customers' actions and deriving insights.

The return of these efforts is an increase in the number of customers, the strengthening of relationships, and a better service offered.

The bill has been revolutionized as well: it became a lean document pursuing transparency on all the information that a customer typically requires. The idea was also to reduce operating costs, making the traditional telephone contact center - which Sorgenia continue to offer free of charge - less used by customers.

Alternative scenario

When Gianfilippo Mancini and Chicco Testa took over as, respectively, CEO and President of Sorgenia, the company was recovering from a period of severe crisis. The perspective of the full liberalization of the highly competitive energy retail market as well as the aggressiveness of some competitors in their customers' acquisition campaigns were apparently obstacles to the development of the utility.

The question is how to turn obstacles into opportunities and become successful overtime. Core is then to exploit the potential derived from fully integrating digital into the business system, utilizing technology as a backbone and as a differentiating factor for different customer segments.

A core challenge for the management would be to provide a more precise answer on:

- What are the different target group/“Personas” in the Energy sector?
- For each “Persona”, what is the more appropriate Customer Decision Journey (CDJ)?
- What makes Sorgenia unique and different from competitors along those CDJ?
- What would then be an appropriate set of offering?

Subsequently, the Group must understand how to properly follow the wave of digital disruption and which are the main enablers for a new Customer Decision Journey in the energy sector. The following questions should be then addressed:

- What are the main reasons driving Sorgenia to approach to digital transformation?
- How to develop an engaging communication, able to activate users and convert them into clients?
- How to balance market traction and growth with profitability and the need of introducing new digital touchpoints?
- Which are the best digital touchpoints that Sorgenia should use, considering the specific market and the Decision Journeys developed?
- How to develop an advertising strategy able to involve people along the Customer Journey?
- What is the role of Artificial Intelligence in this process?
- What are the next steps that the company should take?

Annex

Annex 1 – Sorgenia's Headquarter, Milan

SOURCE: Sorgenia's data



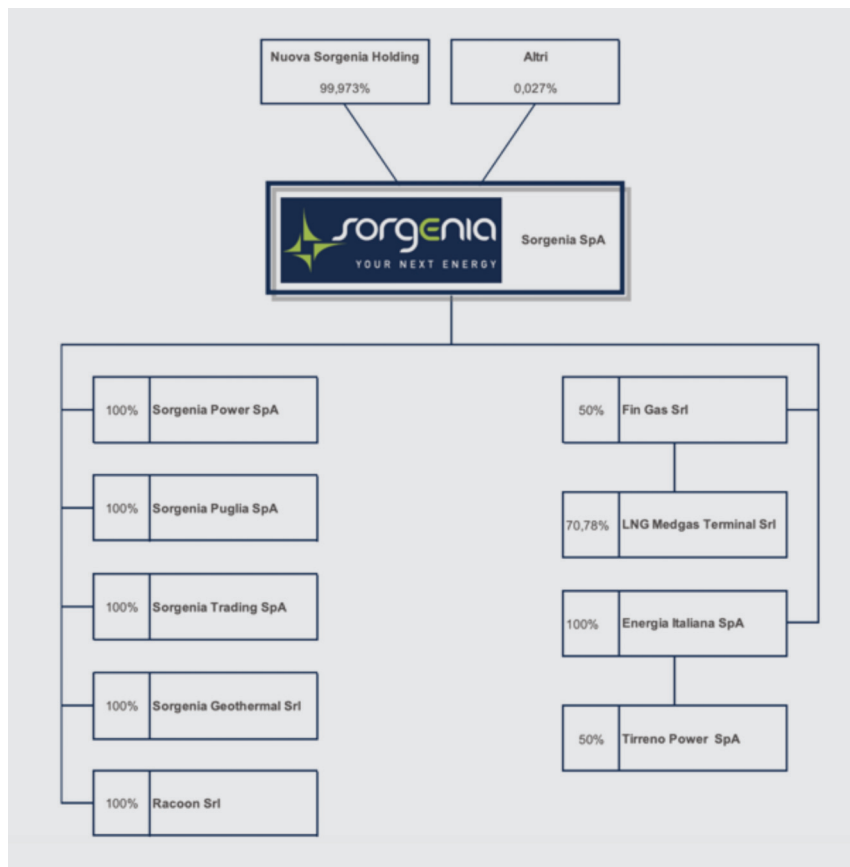
Annex 2 – Snapshots of Sorgenia's Headquarter interiors, Milan – Focus on the new claim “Your Next Energy”

SOURCE: Sorgenia's data



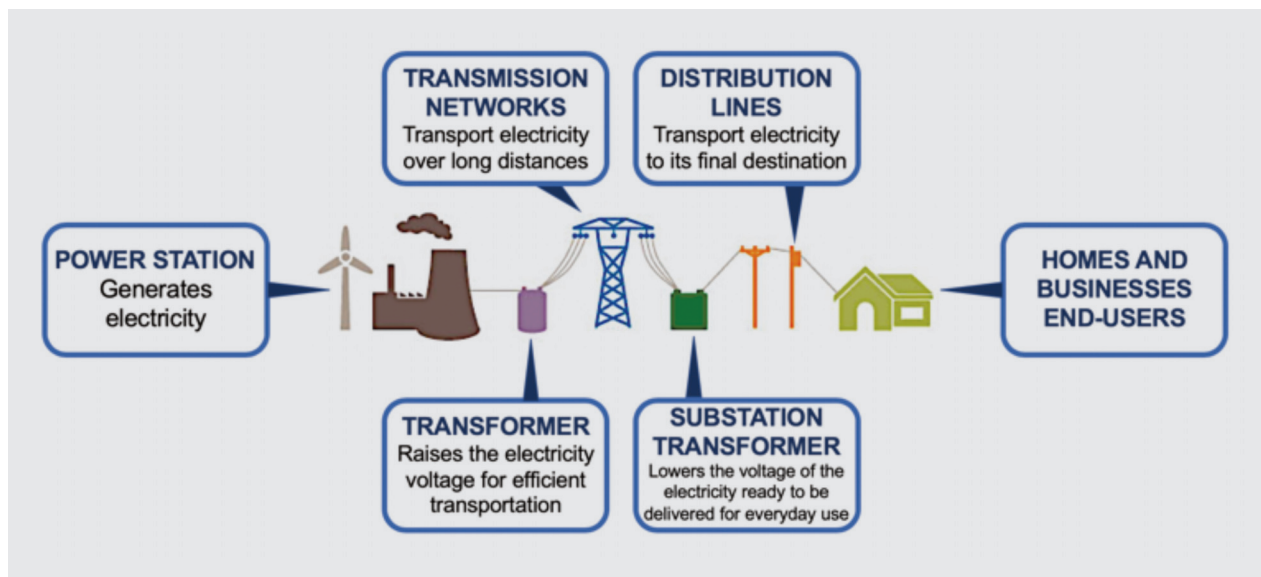
Annex 3 – Sorgenia Group and its shareholders – present

SOURCE: https://www.sorgenia.it/application/files/7215/2543/3394/Gruppo_Sorgenia_Annual_Report_2017.pdf



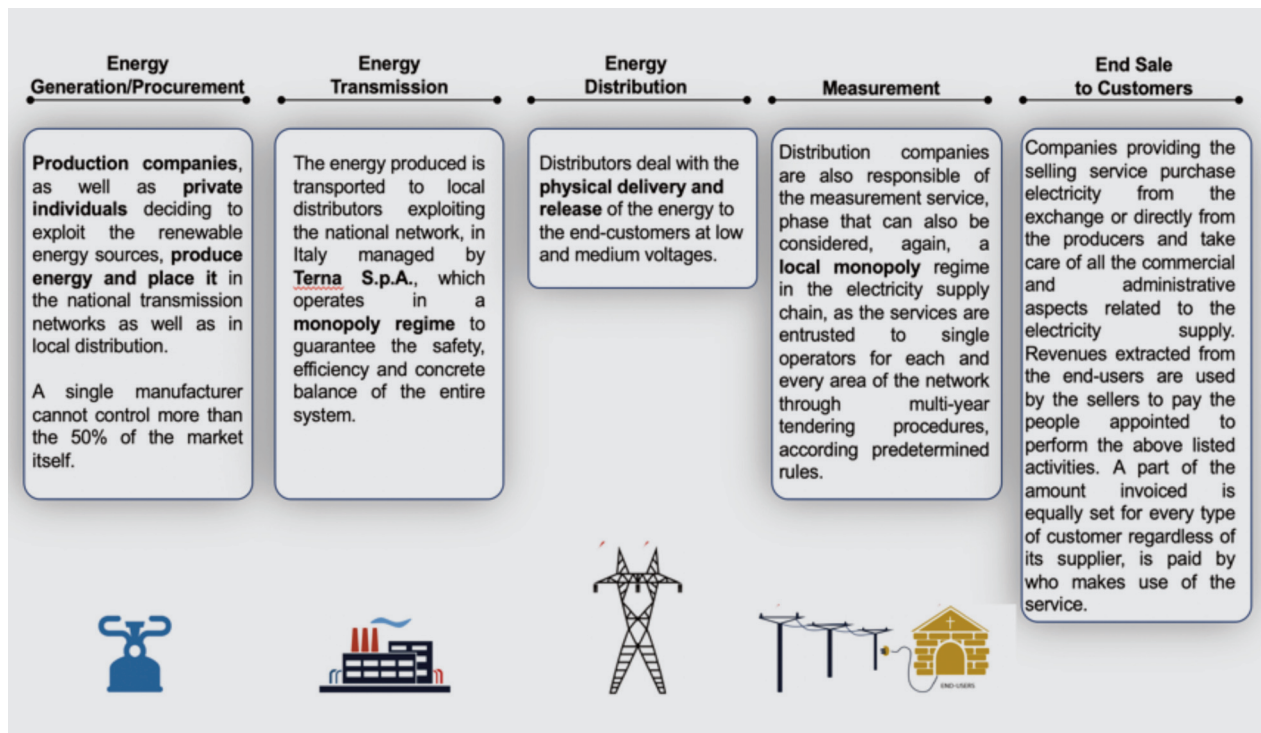
Annex 4 – Infographic about the overall value-chain in the electricity retail sector

SOURCE: https://www.sorgenia.it/application/files/7215/2543/3394/Gruppo_Sorgenia_Annual_Report_2017.pdf



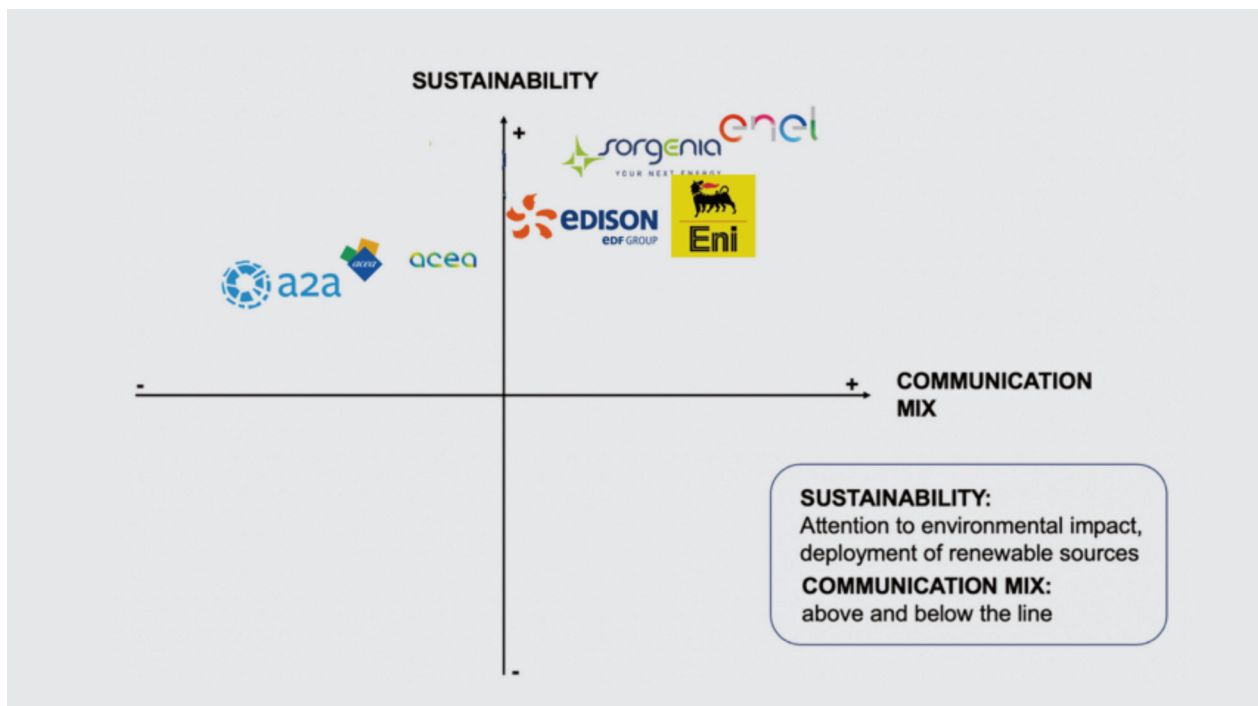
Annex 5 – Overview on the steps of the electricity retail value-chain

SOURCE: Outside-in elaboration



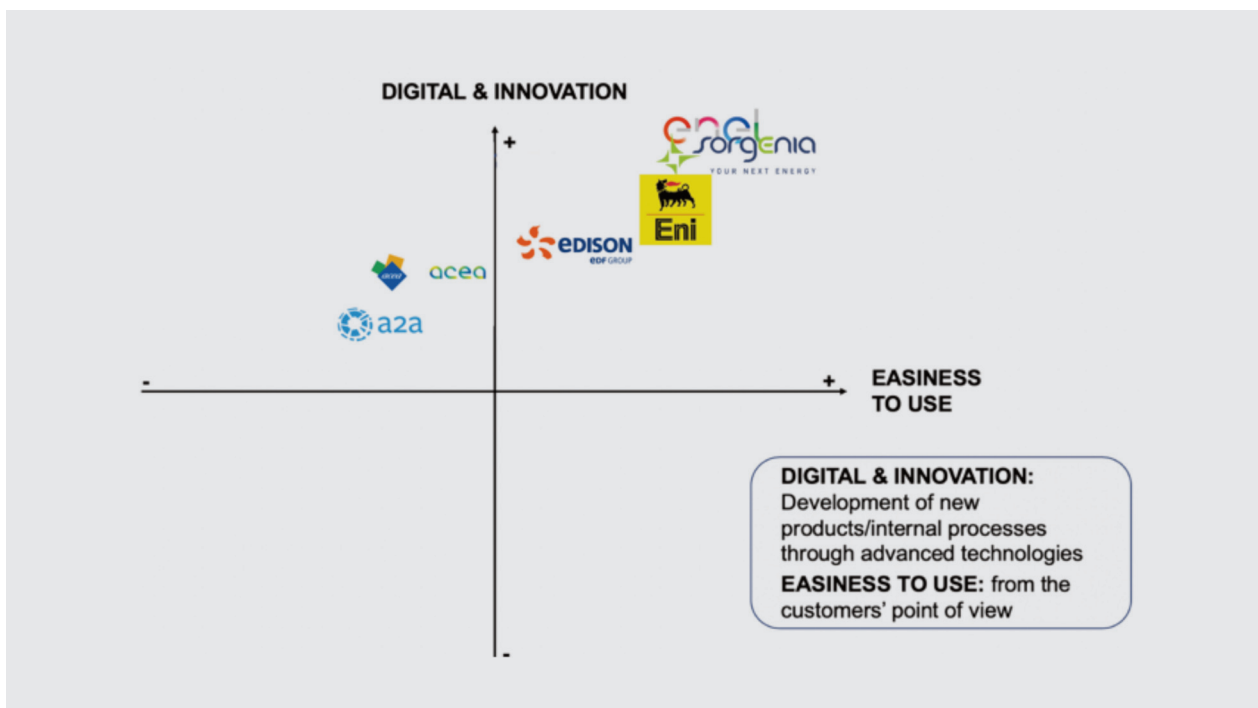
Annex 6 – Sorgenia and its main competitors' positioning on the Italian market according to sustainability and communication mix

SOURCE: Outside-in elaboration – comparison with competitors

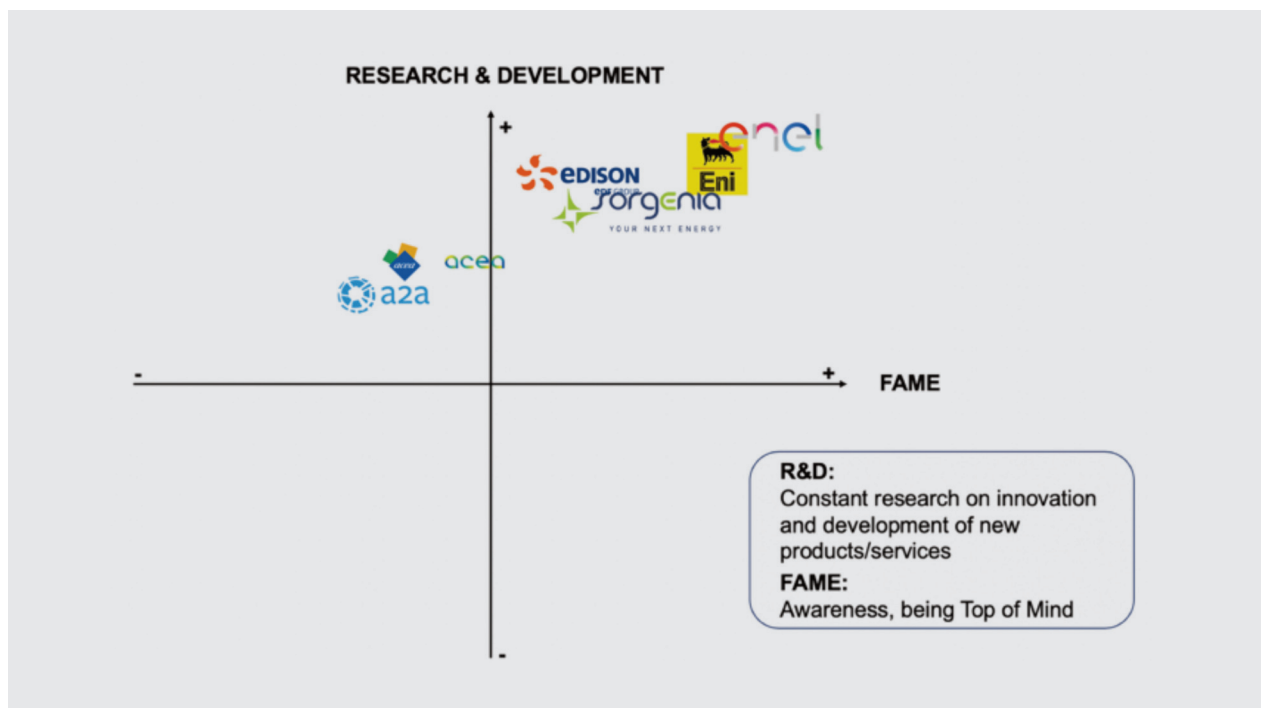


Annex 7 – Sorgenia and its main competitors’ positioning on the Italian market according to deployment of digital instruments and easiness to use of the offering (accessibility, variety, simplicity)

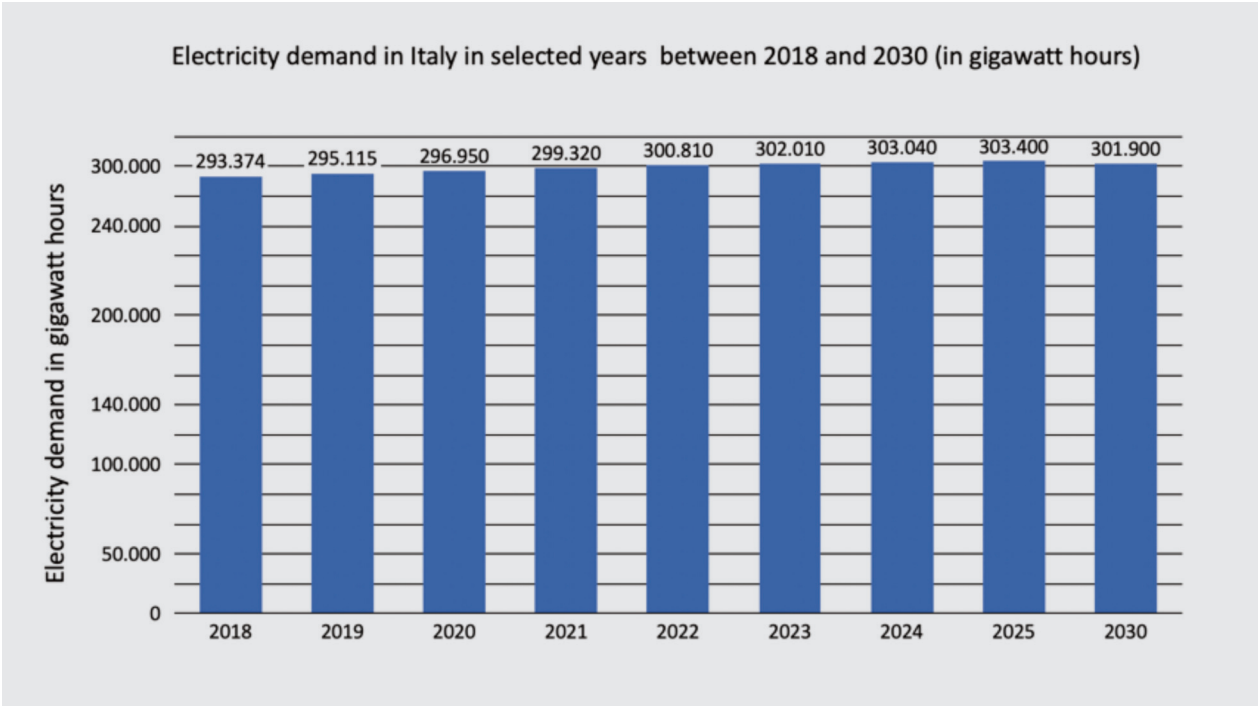
SOURCE: Outside-in elaboration – comparison with competitors



Annex 8 – Sorgenia and its main competitors' positioning on the Italian market according to Research and Development and Notoriety from the end-users' perception
SOURCE: Sorgenia's data

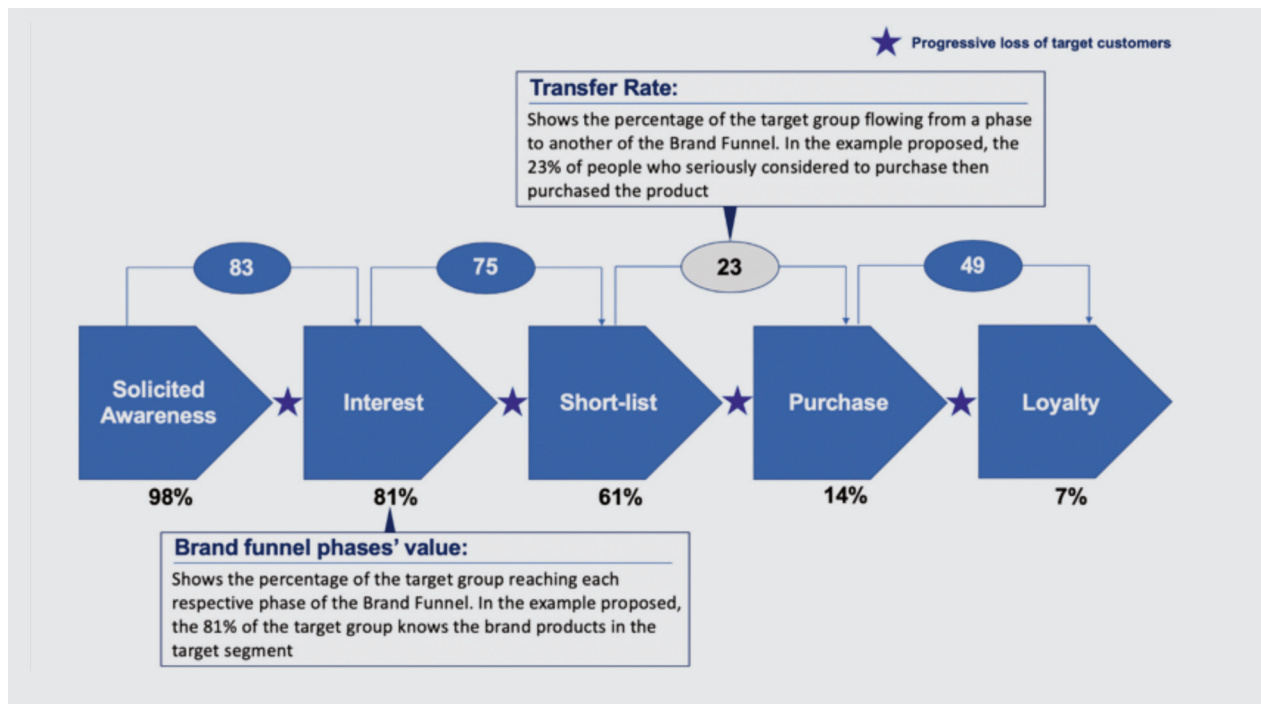


Annex 9 – Perspectival growth of electricity demand in Italy (years 2018 – 2030)
SOURCE: Statista, 2019



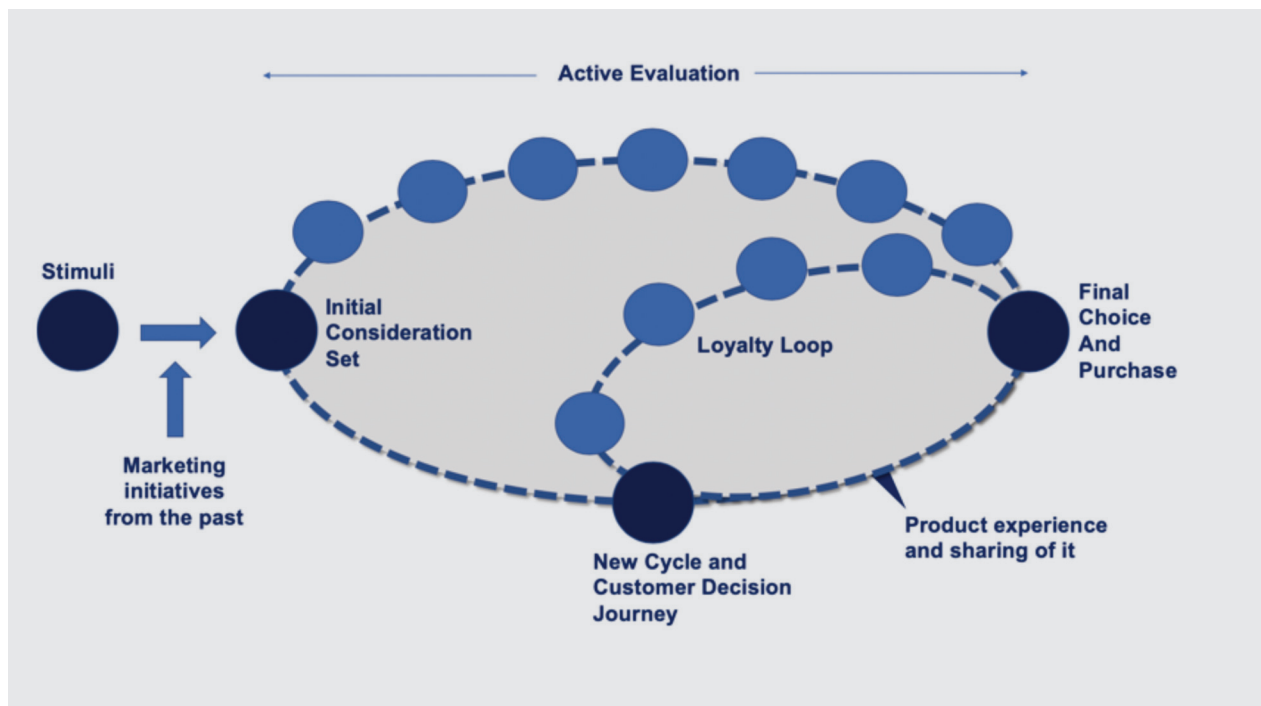
Annex 10 – Traditional Sales and Marketing Funnel approach

SOURCE: Adapted by Perrey, J., & Mazzù, M. (2013). *Power Brands: Creare, portare al successo e gestire i propri brand*. Etas.



Annex II – The new Customer Decision Journey (CDJ): the Loyalty Loop
(as theorized by McKinsey, 2009)

SOURCE: Adapted by Giorgino, F., & Mazzù, M. (2018). BrandTelling. EGEA spa.




Annex 12 – Motivations behind the success of renewable sources throughout time

The transition process from energy production systems based on traditional sources – such as coal or other fossil fuels – to renewable ones has already been starting at the beginning of the new Millennium, and it has been revolutionary for the energy sector itself, as the majority of the suppliers have been more than interested in expanding sites and in technological innovations to be included in their businesses. Several reasons are behind this phenomenon.

The unstoppable success of the renewable sources can be explained by the *growth of energy demand starting from the Twentieth Century*, leading to a rapid increase in the demand for fossil fuels, at first. This gave a push to the production - as the more energy was available, the more goods could be produced – but, on the other hand, it has caused an exponential increase in carbon dioxide emissions, directly linked to the climatic risk coming from the increase in temperatures on Earth. The fact in its whole resulted in a need to review energy supply policies by developed countries, as to make possible to use sources that cannot be subject to exhaustion at least in the medium term.

Directly linked to this purpose is the commitment of the developed countries – formalized in a series of international agreements – in reducing greenhouse gas emissions: from a practical point of view, this purpose is translated into the effort of promoting energy coming from clean sources, discouraging the exploitation of noxious ones.

Annex 13 – Case Study: Personalization in Scottish Power



The screenshot shows the Scottish Power website interface. At the top is the Scottish Power logo, which consists of three stylized leaves in green, blue, and orange, followed by the text "SCOTTISHPOWER". Below the logo is a banner with the text "Get The Best Energy Package For Your Business" and a photo of a man in a white shirt working at a desk. To the right of the banner is a "Your account" section with a "Log in" button. Below the banner are four promotional tiles: "Fix your prices & save", "Pay by Direct Debit and save 20%", "Visit our Web Shop today", and "Energy Efficiency for your business". Each tile has a small image and a "Learn more" button.

- Everyone agrees personalisation can be achieved, but does the technology required to achieve it exist? Scottish Power head of digital Craig Paterson says it does.
- Scottish Power – which supplies energy retail services to more than five million customers in the UK - to achieve personalisation of its offer has invested in real-time interaction management software. Before investing, it wrote a business case of between £1 million and £5 million, expecting to make this back over a three-year period.
- However, as well as seeing a 22 per cent uplift in retention, the company recovered all of its investment in just nine months.
- Unique customer journeys are not only feasible, but, despite what many believe customers expect to have things upfront, they don't require months of heavy-lifting and investment. "Many brands communicate with segments of one; connecting all available data, making sense of it all and through interpretation, injecting context into their customer conversations. This is 1-2-1 personalisation."