

Power to the people: data security and trust in the utilities sector

What did 3,000 UK consumers tell us about their trust in utility companies to keep their data safe?



It's been a tough couple of years for utility companies when it comes to public trust.

A 2012 study of 10,000 UK consumers carried out by the Reputation Institute found that utilities companies are the least trusted of all British businesses. Even in spite of a decade of discontent with the banking industry, UK consumers are still less likely to trust their energy providers than they are financial institutions.

Today, trust is intrinsically linked with personal information. As consumers, we place our faith in the numerous companies and organisations that we deal with on a daily basis. We trust them to handle, secure and use our data in a suitable manner.

Data security is an increasingly vital issue for utilities. While it may relate to North American firms, the thought that 76% of US energy companies suffered a least one data breach during 2012 is alarming. More telling still is the idea that a further 68% expect to see another before the end of 2013.

Like all sectors, consumer trust in utilities to secure data has tumbled over the past decade – though not as steeply as it has for others.

Asked to rate their trust on a scale of one to five (where five represents 'implicit trust'), consumers say that their confidence in utilities to keep their personal information secure has declined from an average of 3.18 points in 2003 to that of 2.84 today – a comparatively small reduction when compared to other sectors.

If consumers don't necessarily highlight utilities as being particularly 'good' or 'bad' at securing their data however, neither do they see those companies as delivering on the latent potential of that data.

Trading privacy for service?

One of the major areas that we wanted to explore when asking consumers to share their views on utilities and data was the issue of the service they receive in exchange for their personal information – essentially whether or not utilities deliver on the promise this data brings.

The overall view here is dim. 43% of consumers say they see no improvement in the services they receive as a result of sharing their data with their utility companies.

That's not all; asked to what degree they felt their personal information was used to their benefit by utilities:

- 39% disagreed with the idea that the experience of interacting with their utility provider was smoother
- 41% disagreed with the suggestion that they might receive targeted offers, promotions or discounts as a result of sharing information
- But 26% said they believe that their personal information is used as a way for their utility to extract more money from them

When it comes to 'trust', it feels as if many consumers struggle to separate their feelings towards utilities on issues like price and service availability from those around data privacy and security.

Pricing in particular – as we have seen recently – is an increasingly emotive issue. There's almost certainly an element of that emotion that carries over into any answers on whether consumers trust utilities to safeguard their personal information.

Does that make security any less important? I don't think it does.

While our research suggests that few consumers tend to treat utility companies relatively indifferently when it comes to data security, that could change – and quickly.

One of the factors at play here is the fact that most consumers don't tend to personally identify with their utilities data as much as they do with other kinds.

Would you care if someone stole or lost your entire online purchase history? Undoubtedly. Would you care quite so much if the same happened to your energy or water usage patterns? Unlikely.

That will change as the technology does. As smart meters provide greater accuracy on our usage, they'll also provide better insight into our daily lives.

Does it matter if a utility company loses data that tells someone not only where you live, but when you're out and what you might earn? That's something that many people would probably care a great deal about.

If trust is already an issue for utility companies, it begs the question as to what the result will be when the first full scale breach of customer data occurs.

Graeme Wright

Associate Director, Utilities, Fujitsu UK & Ireland

Key stats at a glance

32%

of consumers say they have 'little or no' confidence in utilities to manage their data securely.

Trust* in utilities to manage personal information securely:

2003

3.18

2013

↓ 2.84

*average points, where 5 is highest

SIX

the percentage of consumers who strongly believe their utility company gives them a better service by using their personal data.

ONE IN TEN

feel that their data is used by utilities to extract more money from them.

CONTACT FUJITSU

Tel: +44(0)870 242 7998

Email: AskFujitsu@uk.fujitsu.com

Ref: 3475

uk.fujitsu.com

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