



From Customer Satisfaction to Customer Engagement and the “Smart” Future...

A discussion by Market Strategies International

For more information contact: andrew.morrison@marketstrategies.com

2010: Customer Relationship Management

1. Energy utilities know a great deal about managing today's relationships with customers
2. Our custom-designed models of those relationships for each utility are reasonably inclusive and rich, with a good deal of similarity across utilities but also some uniqueness with each utility dictated by such things as:
 - Location, demography and regional economics
 - Relationships with regulatory authorities
 - Management decisions and investments
 - Operational performance
 - Organizational structure, mission and goals

2010 Model for Customer Relationships With Their Electric Utility

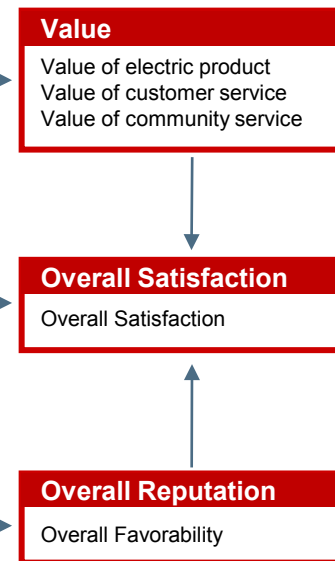
Performance Sub-Drivers

Customer Safety	(M)
• 2-3 components	
Outage Management	(M)
• 2-3 components	
Accessibility	(M)
• 2-3 components	
Front-Line Employee Performance	(S)
• 2-4 components	
Billing Interactions	(S)
• 2-4 components	
Energy Efficiency Solutions	(S)
• 2-4 components	
Customer Service Solutions	(S)
• 2-4 components	
Corporate Citizenship	(M)
• 2-3 components	
Environmental Performance	(M)
• 1-2 components	
Customer Communications	(S)
• 1-2 components	

Performance Key Drivers

Reliability & Restoration	(VS)
• 3-5 questions	
Service Reputation	(S)
• 3-5 questions	
Management Reputation	(S)
• 3-5 questions	
Electric Rates	(VS)
• 2 questions	

Outcomes



2010 Impacts: (M) = Medium (S) = Strong (VS) = Very Strong

The Competition Era

- Raised the issue of choice and offered customers alternatives
- Raised the issues of competition, differentiation, customer needs and motivations, revitalized marketing activities, communications strategies, brand positioning, etc.
- Created significant price disruptions that the industry has had to work through for the last several years
- Added the concepts of “loyalty” and “recommendation” to our customer models

2010 Model for an Electric Utility

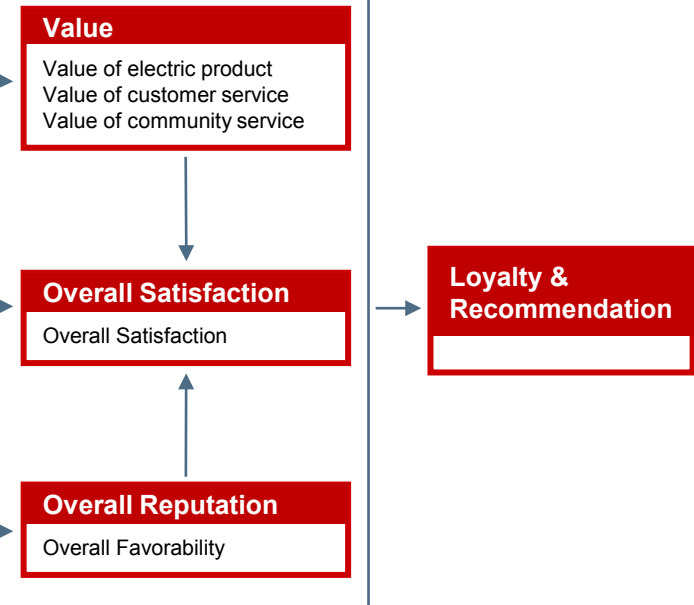
Performance Sub-Drivers

Customer Safety • 2-3 components	(M)
Outage Management • 2-3 components	(M)
Accessibility • 2-3 components	(M)
Front-Line Employee Performance • 2-4 components	(S)
Billing Interactions • 2-4 components	(S)
Energy Efficiency Solutions • 2-4 components	(S)
Customer Service Solutions • 2-4 components	(S)
Corporate Citizenship • 2-3 components	(M)
Environmental Performance • 1-2 components	(M)
Customer Communications • 1-2 components	(S)

Performance Key Drivers

Reliability & Restoration • 3-5 questions	(VS)
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2010: A New Start

- Technology-driven change in the new “smart” era
- Economic disruption
- Consumer control and choice
- A multi-channel, 7/24, on-demand world
- A new look at managing customer relationships



- Choice
- Commitment
- Emotion/Love



- Contract for services
- Specific assignment with milestones
- Deliverables

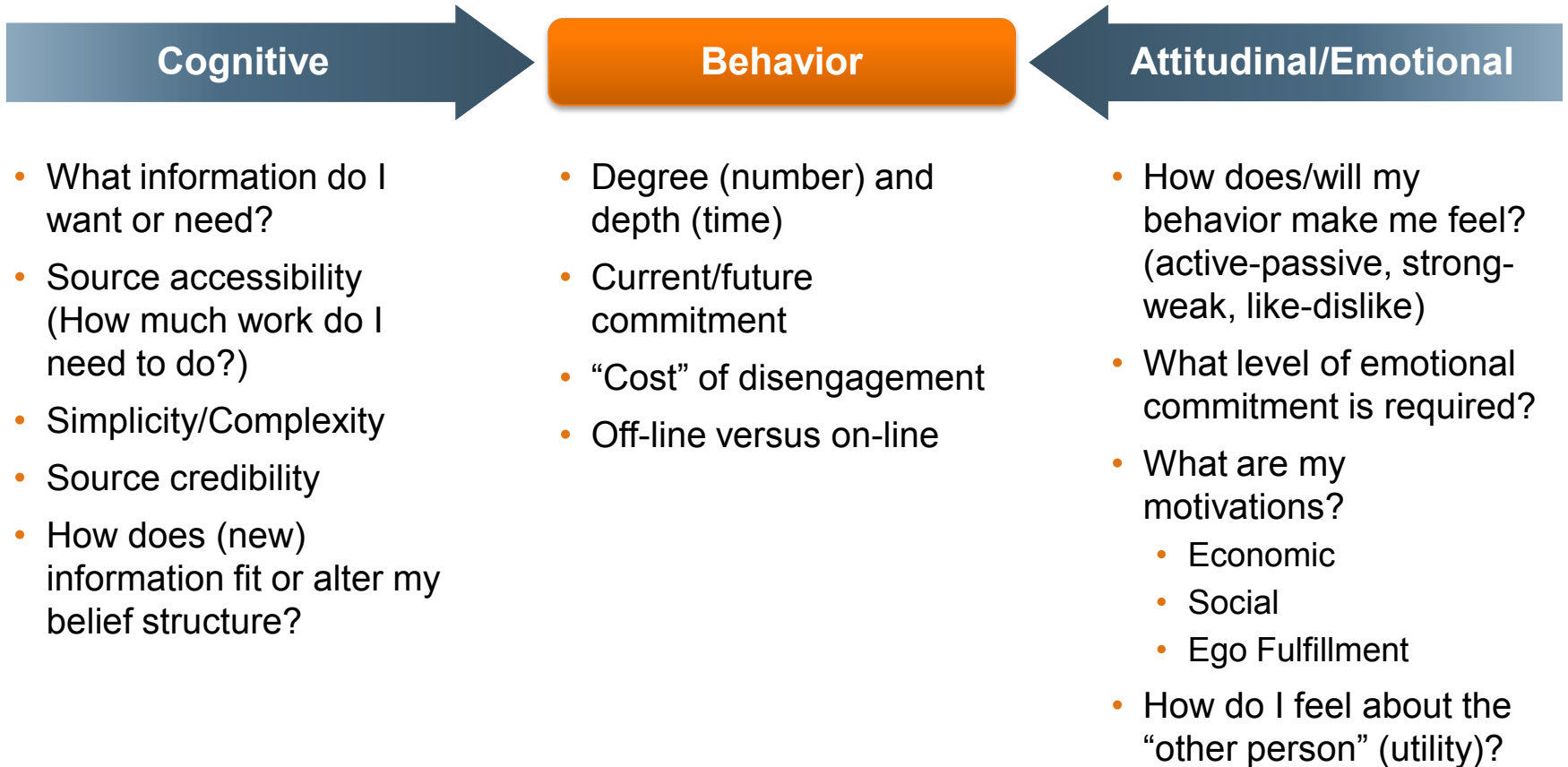
Customer Engagement

- Focus and concentration
- Communication and feedback
- Direct emotional benefits

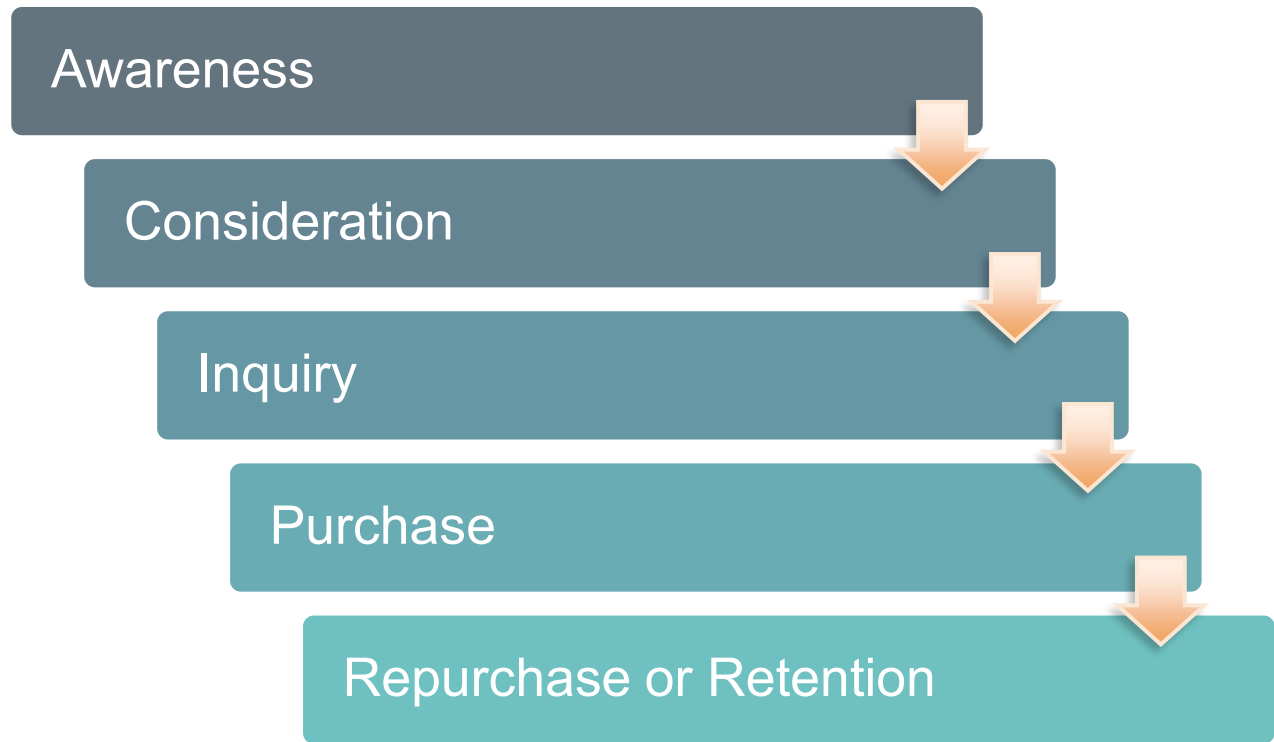
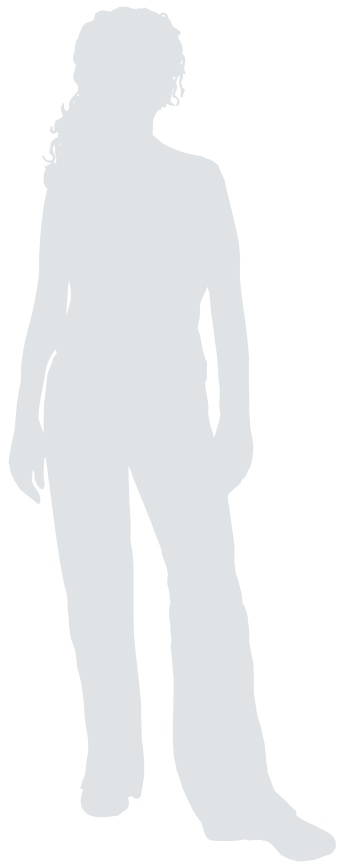


- Audience control – random or directed
- Interactivity with multi-media
- Social networking with others similarly engaged

The Bases for Customer Engagement



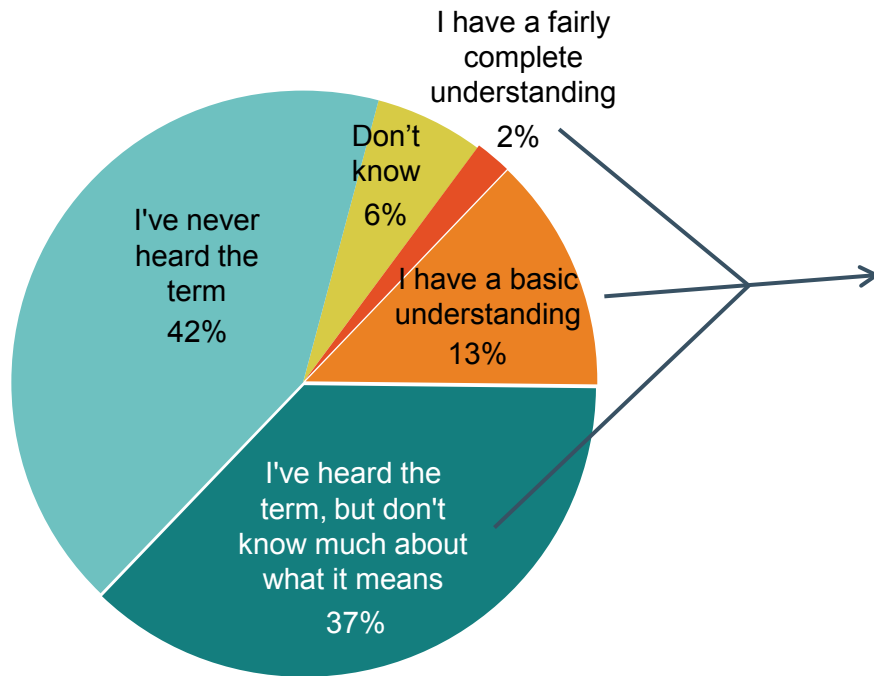
Customer Engagement is more than the classic “customer journey” to purchase



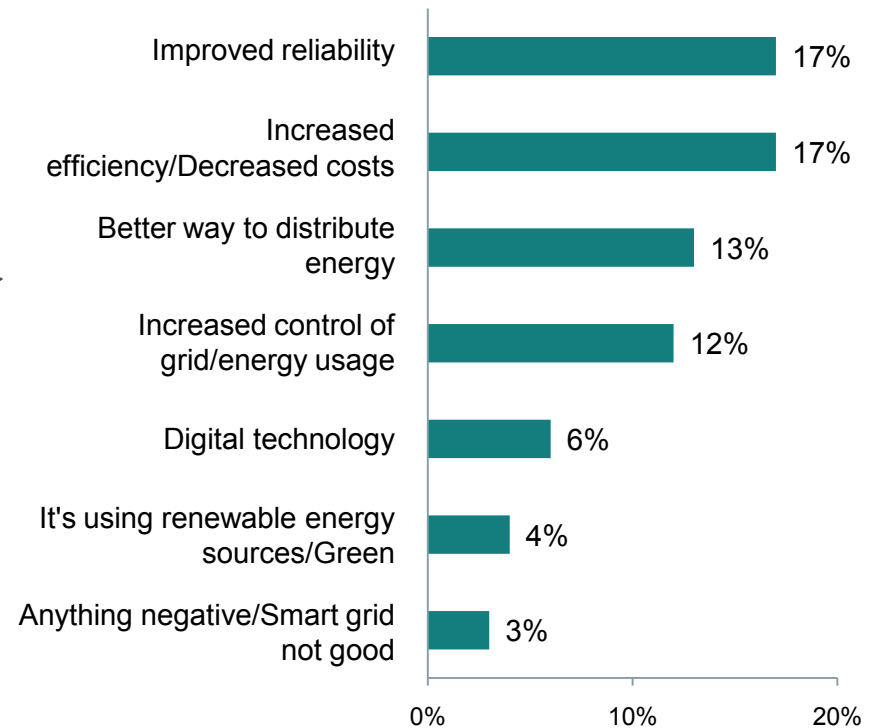
Customer Knowledge and Attitudes about Smart Meters

Americans remain under-informed about Smart Grid: almost eight-in-ten know nothing or very little about the concept.

Which of the following statements comes closest to describing your current knowledge about Smart Grid?



How would you describe Smart Grid, and how is it different from the electrical grid that serves most of America today? (n=521)



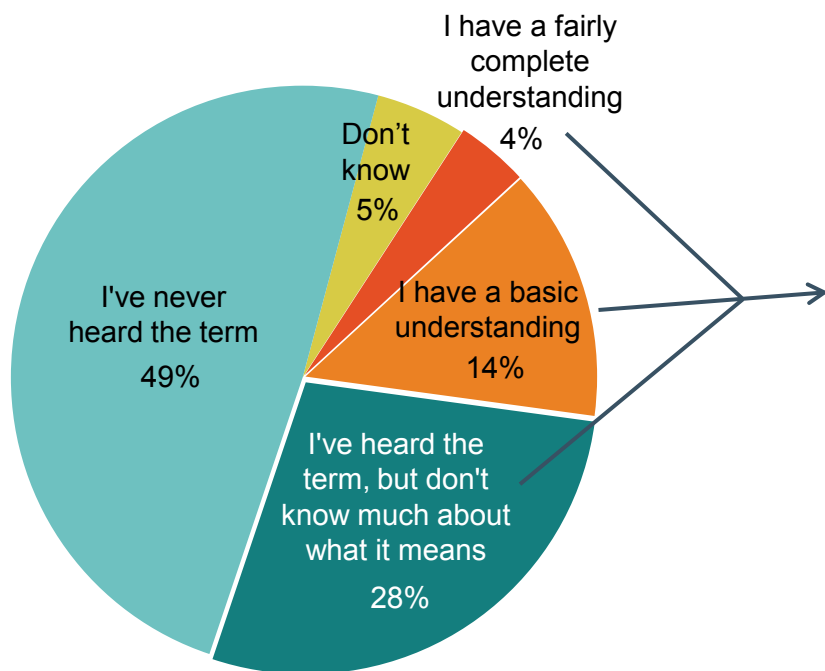
(n=1002)

QSG2. Which of the following statements comes closest to describing your current knowledge about Smart Grid?

QSG3. How would you describe Smart Grid, and how is it different from the electrical grid that serves most of America today?

Almost 50% of Americans have never heard the term “Smart Meter.” Only 18% say they understand the concept.

Which of the following statements comes closest to describing your current knowledge about Smart Meter?

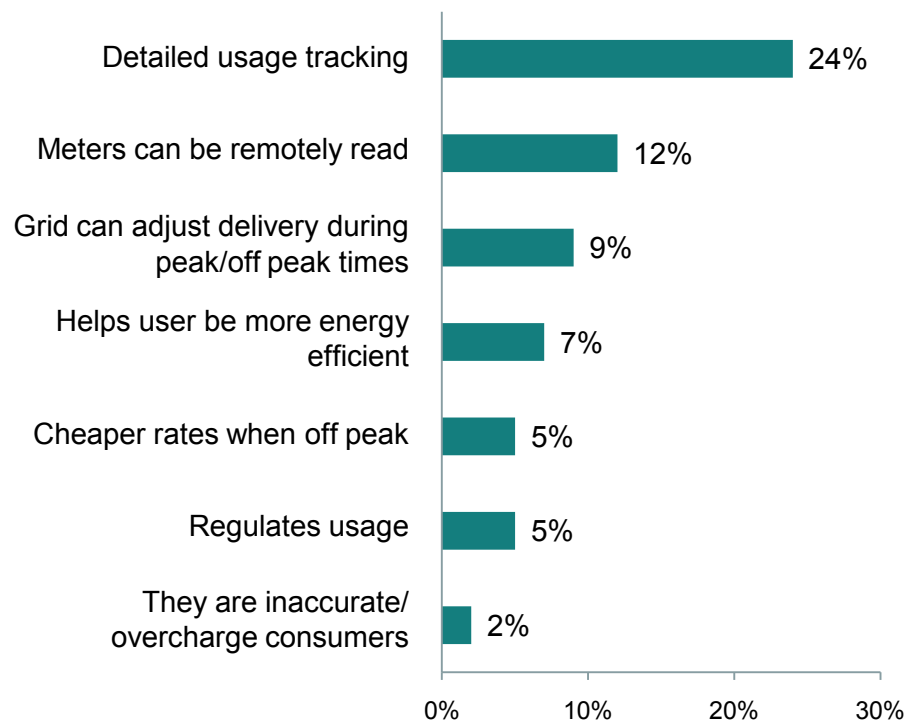


(n=1002)

QSG5. Which of the following statements comes closest to describing your current knowledge about Smart Meters?

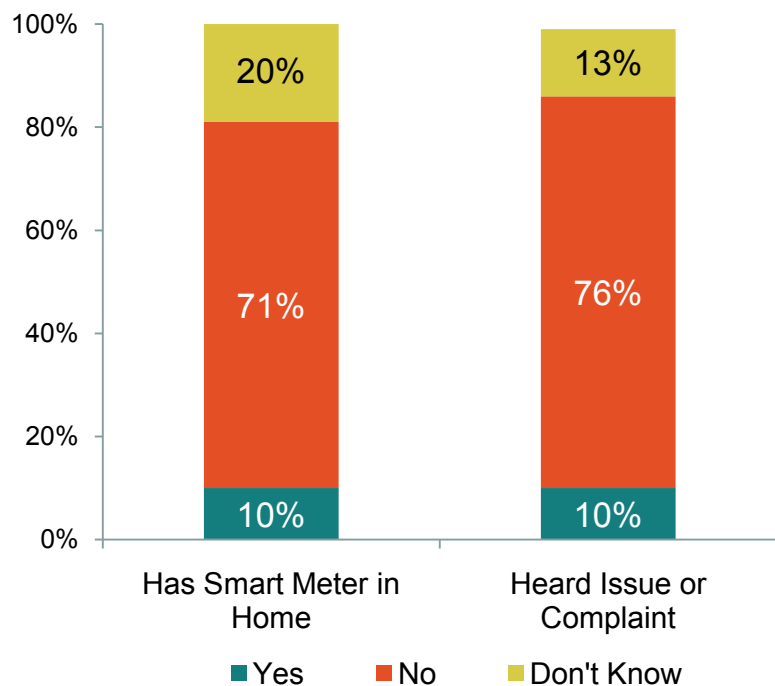
QSG3Y. How would you describe a Smart Meter, and how is it different from the electric meters in most American homes today?

How would you describe a Smart Meter, and how is it different from the electric meters in most American homes today? (n=464)

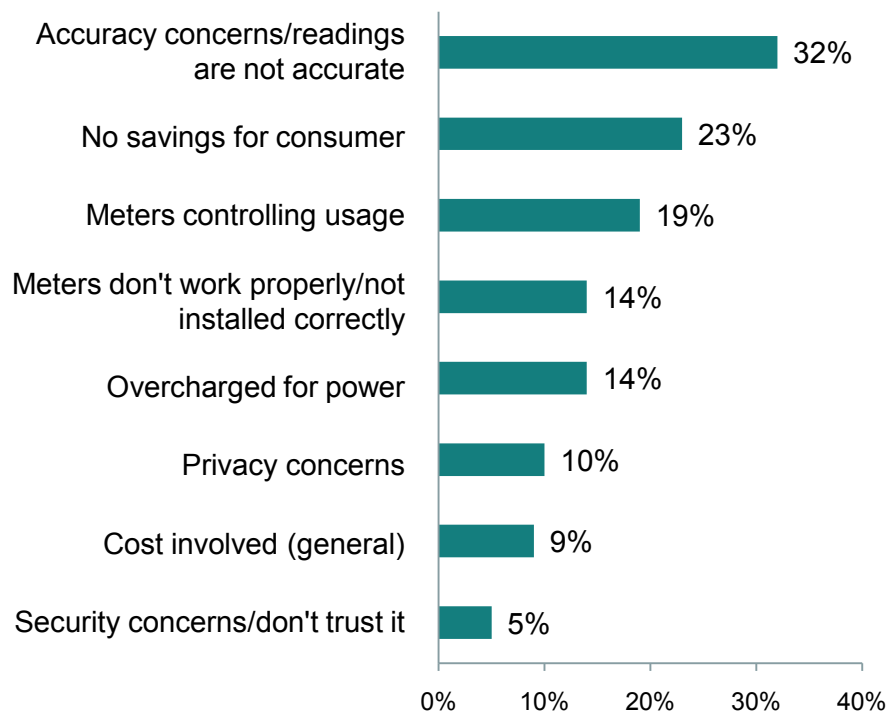


Approximately 10% of Americans report having a Smart Meter in their home. The same proportion reports hearing something negative about the technology.

10% = approximately 11M households. Smart Grid Watch claims over 16M meters have been installed.




What were the specific issues or complaints?
(n=104)



(n=1002)

QSG3C. Do you currently have a Smart Meter installed in your home?

QSG3a. In the past year, have you read seen or heard about any issues or complaints being raised about Smart Meters?



The Public was asked to evaluate their support of Smart Grid/Meter Technologies at various price points (after definition read to the respondents).

“The costs of implementing these new Smart Grid/Smart Meter technologies would be paid through an additional charge on each customer’s monthly electric bill. For residential customers, the new charge is estimated to be:

\$2.00 - \$5.00 per month (n=250)

\$6.00 - \$10.00 per month (n=250)

\$11.00 - \$15.00 per month (n=250)

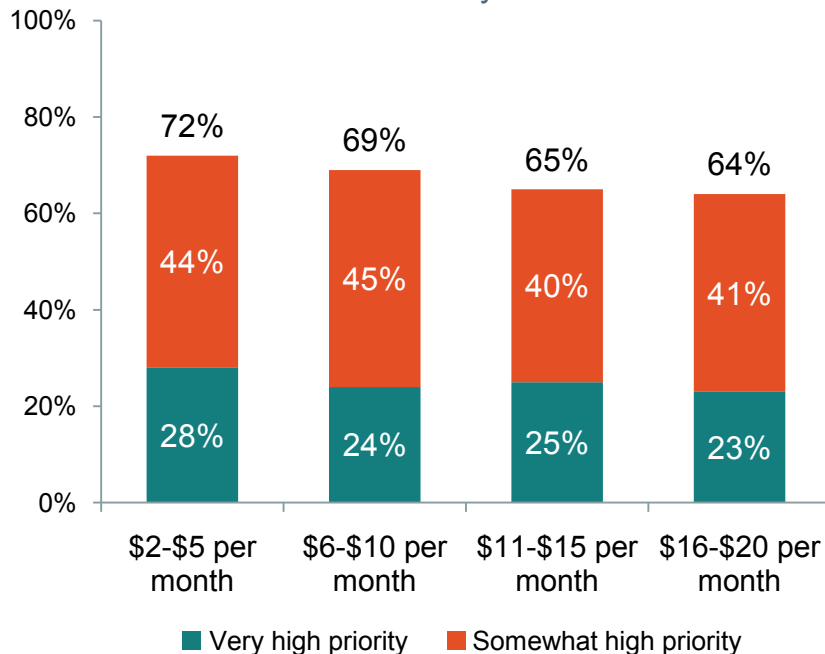
\$16.00 - \$20.00 per month (n=250)

Customers who use the new information and options to help them make smart energy-use choices will be able to save more than that on their electricity costs – so, overall, they will have the opportunity to pay less for electricity.”

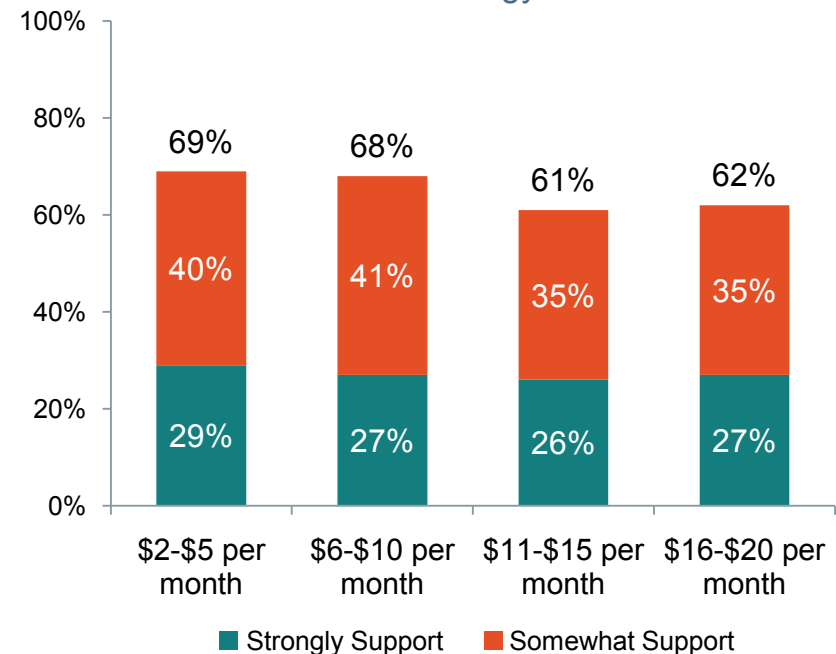
*Customers were evenly split into four groups, with each group being read a different price-point.

A majority feel Smart Grid/Meter is a high priority and would support their utility to implement this technology; with price having a minimal impact on support.

How high a priority is *implementing Smart Grid/Smart Meter technology* over the course of the next 1-5 years?



Do you support the idea that your *electric utility should start now and work quickly to implement this technology?*



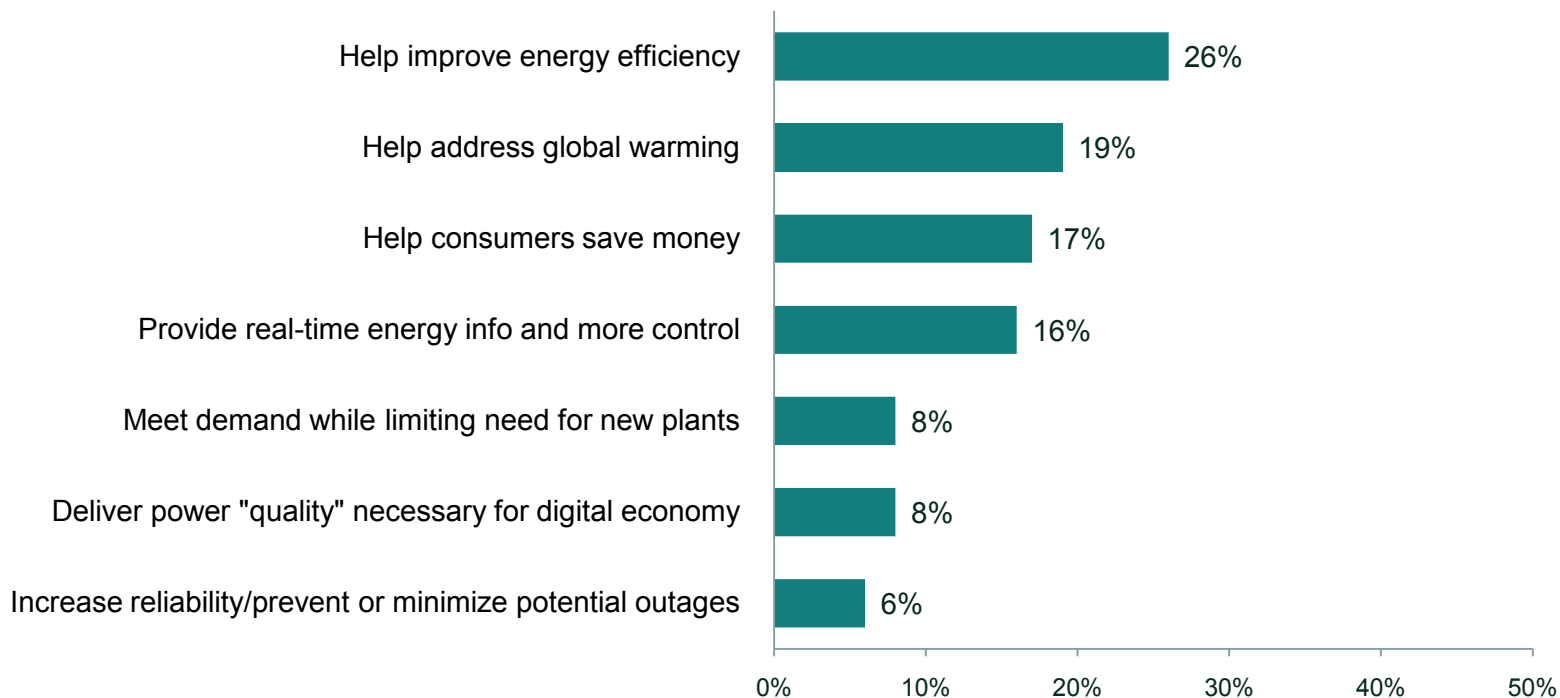
(n=250)

QSG7. Based on the information provided, how high a priority do you think it should be for local, state, and Federal governments, along with electricity providers, to begin implementing Smart Grid/Smart Meter technology over the next one to five years?

QSG7A. Please indicate whether you support the idea that your electric utility should start now and work quickly to begin implementing Smart Grid and Smart Meter technology.

Energy efficiency and curbing global warming are top reasons for support.

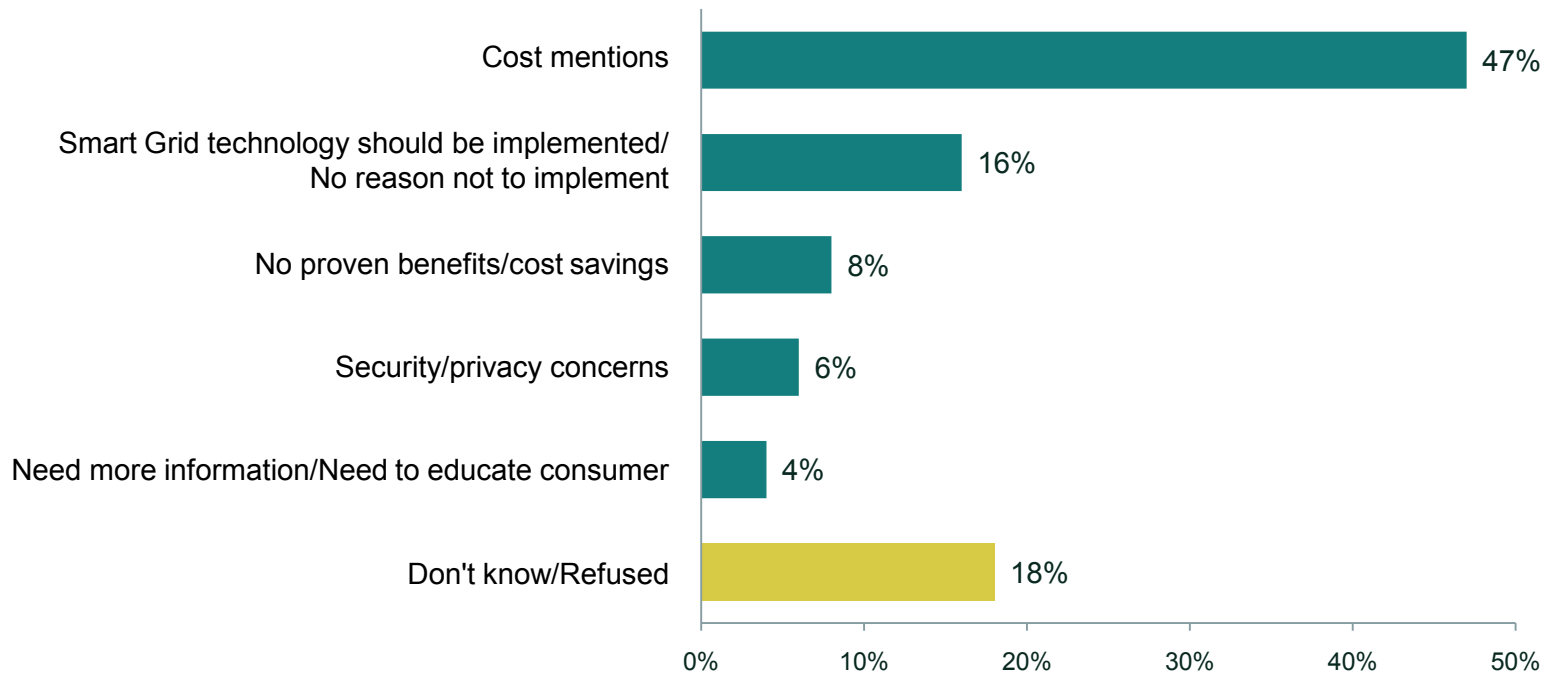
Reasons for implementing Smart Grid/Smart Meter technology
Support the technology (n=649)



QSG7B2. Which of the following would you say is the most convincing reason to begin implementing Smart Grid/Smart Meter technology?

The key concern is the cost.

Top reasons for NOT implementing Smart Grid/Smart Meter Technology



n=1002

QSG7C. And what would you say is the most important reason NOT to begin implementing Smart Grid/Smart Meter technology?

Customer Engagement and Smart Meters


Defining Customer Engagement in the Smart Meter World

Initial Definition:

Customer engagement represents the degree to which an individual customer **initiates** and **continues participation** in energy utility programs and services offered by and through the smart meter information stream, including energy end uses, customer service, energy efficiency, environmental programs, and rate alternatives.

Proposed Measures:

- **Participation** in a number of programs
- Tenure of participation
- Degree of activity
- Degree of positive (or negative) attitudes on number and type of opportunities, accessibility, usability, benefits received (tangible and intangible) and value derived



We know **participation** in energy utility programs relates to overall satisfaction with an electric utility, but is this really behavioral **engagement**?

- Among customers participating in **billing programs** (e.g., budget billing, automatic payments) satisfaction averages **four points higher** than among non-participants
- Among customers participating in **green rates or pricing** programs, satisfaction averages **six points higher** than among non-participants
- Among customers participating in **energy efficiency programs** (audits, rebates, discounts) satisfaction averages **four points higher** than among non-participants
- Those who participate in **three or more programs** of any type, satisfaction is **ten points higher** than among those who participate in no programs

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Environmental Performance	(M)
• 1-2 components	
Customer Communications	(S)
• 1-2 components	
Program Availability	(?)
• 1-2 components	
Rate Alternatives	(?)
• 1-2 components	
Customer – Company Interface	(?)
• 1-2 components	

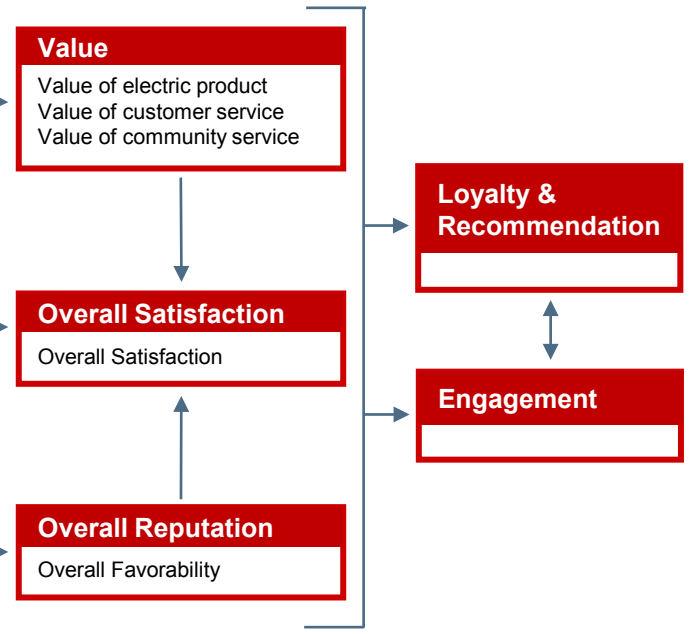
NEW

2010 Model for an Electric Utility

Performance Key Drivers

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Customer Control	(?)
• Utility allows me to do what I want to manage my energy use	
• Utility provides me with options I need to manage my energy use	
• Utility helps me accomplish my energy use objectives	

Outcomes



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Smart Meter Engagement Taxonomy

Customer Type	Definition	% of Customers
Fully Engaged Reliability active and optimizes energy efficiency	<ul style="list-style-type: none"> • Request outage information and updates • Reviews energy use information • Participates in 1-2 energy management opportunities • Participates in rate options 	?
Active Participant Reliability active and moderate energy efficiency	<ul style="list-style-type: none"> • Request outage information and updates • Reviews energy use information • Participates in 1-2 energy management opportunities 	?
Interested Observer Reliability active and minimum energy efficiency	<ul style="list-style-type: none"> • Request outage information and updates • Reviews energy use information; takes no action 	?
Event Driven Reliability active only	<ul style="list-style-type: none"> • Request outage information and updates • No other participation 	?
Passive Not engaged/passive	<ul style="list-style-type: none"> • Makes no use of Smart Grid-driven program opportunities • Passive recipient of outage information 	?

Observations on the Future

- With customer engagement comes increasing company responsibilities to make all parts of the relationship work successfully, 7/24.
- Communications support from first meter installed to full deployment will be critical: inform, educate, promote, facilitate, reward.
- What level of engagement should be expected when 25-30% do not have in-home Internet access; 25-30% are aging baby boomers; 25-30% have no discretionary income; 25-30% are “comfort” focused?
- Understanding and targeting customers will be central to improving engagement while increasing satisfaction and building a strong value story around the revolutionary investment in the Smart Grid and Smart Meters.
- Are we entering an era of “customized” or “personalized” energy use? A “commodity” relationship is turned into a personal relationship.

The Mission

Aggressively managing customer relationships and **creating customer engagement opportunities** will be the critical marketing and customer service activities for the “smart” energy utility of the future.

A Customized Home Energy Plan, Just for You

- Your local utility will come in and customize and personalize your energy use to:
 - Fit your lifestyle and energy needs
 - Save you money
- Your personal energy counselor will select the best combination of energy use and efficiency programs from your utility; recommend a specific plan to refine and upgrade your lighting, appliances, and end-uses to optimize how you use energy; and provide you with a calculated energy savings per year when you adopt those recommendations.
- The local utility will provide you with money savings coupons and rebates to help buy the products that will help you save energy.
- Your Smart Meter website will help you monitor your energy use on a daily or hourly basis to show you how you are saving energy and money.

The Mission

Aggressively managing customer relationships and **creating customer engagement** will be the critical marketing and customer service activities for the “smart” energy utility of the future.

Become the “Green” Family You Want to Be


- Your local utility will review your home and help you select a green energy use program to meet your family’s needs while being environmentally responsible.
- Your personalized “green” energy program will be designed so that when you follow the specific steps and recommendations from your utility expert, you will be able to calculate how much you can reduce your carbon footprint.
- The local utility will provide you with money savings coupons and rebates to help buy the products that will help you save energy.
- Your Smart Meter website will help you monitor your energy use on a daily or hourly basis to show you how you are saving energy and money and reducing your carbon footprint.

The Mission

Aggressively managing customer relationships and **creating customer engagement** will be the critical marketing and customer service activities for the “smart” energy utility of the future.

The Personalized DIY Special

- Your local utility will evaluate your home and provide you with a detailed list of DIY projects you can do to make your home more energy efficient and save you money.
- Your utility representative will identify the projects that you can undertake and prioritize them in terms of amount of energy savings.
- The personalized project list will provide step by step instructions, lists of materials, and identify local retailers who can help you with your projects.
- The local utility will provide you with money savings coupons and rebates to help buy the products that will help you save energy.
- Your Smart Meter website will help you monitor your energy use on a daily or hourly basis to show you how you are saving energy and money.



“When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened.”

John. M. Richardson, academic
University of Minnesota

“The future is not the result of choices among alternative paths offered by the present, but a place that is created – created first in the mind and will, created next in activity. The future is not some place we are going to, but one we are creating. The paths are not to be found, but made, and the activity of making them changes both the maker and the destination.”

John Scharr, academic
University of California