2019 Voice of the Customer

Kelsey Lawhead & Andrew Fusco
Today’s Goals

• Review key findings from 2019 Customer Survey
• Take survey results to the next level – Insights into Actions
## NC Public Power Study
### Three years – 30 Communities

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town of Benson Electric Utility</td>
<td>Town of Farmville Electric</td>
<td>Town of Apex Electric</td>
</tr>
<tr>
<td>ElectriCities - Town of Cornelius</td>
<td>City of Lincolnton Electric Department</td>
<td>City of Gastonia Electric Division</td>
</tr>
<tr>
<td>Wake Forest Power</td>
<td>Town of Winterville Electric Utility</td>
<td>Town of Ayden Electric</td>
</tr>
<tr>
<td>City of Morganton Electric Department</td>
<td>Town of Clayton Public Power</td>
<td>Town of Belhaven Electric</td>
</tr>
<tr>
<td>City of Washington Electric</td>
<td>Tarboro Electric Utility</td>
<td>Town of Louisburg Electric</td>
</tr>
<tr>
<td>Department</td>
<td>City of Newton Electric Service</td>
<td>City of Cherryville Electric</td>
</tr>
<tr>
<td>City of Lumberton Public Service</td>
<td>ElectriCities - Town of Huntersville</td>
<td>ElectriCities – Town of Pineville</td>
</tr>
<tr>
<td>New River Light &amp; Power</td>
<td>Elizabeth City Electric Utility</td>
<td>Town of Maiden Electric</td>
</tr>
<tr>
<td>City of Shelby Electric</td>
<td>Lexington Utilities</td>
<td>Town of Edenton</td>
</tr>
<tr>
<td>Rocky Mount</td>
<td>Town of Smithfield</td>
<td>City of Fayetteville Public Works Commission</td>
</tr>
<tr>
<td>City of New Bern</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Research Goal

The primary goal of this research is to assess the effectiveness of member utilities' ability to serve its customers, identify areas for improvement, and isolate areas that may increase engagement.
# Methodology

<table>
<thead>
<tr>
<th>Research Snapshot</th>
<th>Commercial &amp; Industrial Research</th>
<th>Residential Research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Methodology</strong></td>
<td>March 21 – April 25</td>
<td>March 11 – May 2</td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td><strong>No. Completes / No. of Questions</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Member Supplied List</strong></td>
<td>257 / 56*</td>
<td>2,319 / 59*</td>
</tr>
<tr>
<td><strong>Confidence Level</strong></td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td><strong>Margin of Error</strong></td>
<td>6.07%</td>
<td>1.91%</td>
</tr>
<tr>
<td><strong>Margin of Error</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Commercial & Industrial - Profile

- Strong representation from small & medium business
- Many established businesses

Number of employees

- 5 or less employees: 49.1%
- 6-10 employees: 14.4%
- 11-15 employees: 12.1%
- 16-20 employees: 8.6%
- More than 20 employees: 12.4%
- Don't know/refused: 4.7%

Length of time as customer

- Less than 1 year: 41.6%
- 1-5 years: 17.9%
- 5-10 years: 11.7%
- 10-15 years: 10.1%
- 15-20 years: 6.6%
- 20 or more years: 6.6%
- Refused: 4.7%
Residential Profile

- 61% Home Owners
- 51% Female

Age Distribution:
- 37.0% 18-44
- 31.1% 45-64
- 24.5% 65+
- 7.4% Refused

Length of Time at Address:
- 33.3% Less than 1 year
- 30.8% 1-5 years
- 16.9% 5-10 years
- 12.7% More than 10 years
- 6.3% Don't know/refused

- Fair age distribution state-wide
- Half of customers have been at address for less than 5 years
Market Segments

- **Status Quo**
  - We are good, leave us alone.

- **Technology Cautious**
  - We want to save energy & we don’t trust technology.

- **Savings Seekers**
  - How can my utility help me save money?

- **Movers and Shakers**
  - Impress us with technology and we might like you more.

- **Green Champions**
  - We’re high-tech and environmentally conscious.

- 35.2% - Status Quo
- 16.1% - Technology Cautious
- 11.2% - Savings Seekers
- 12.0% - Movers and Shakers
- 25.4% - Green Champions
Awareness of Public Power

64.6% of residential customers were aware their utility was municipally or publicly owned.

63.0% of commercial customers were aware their utility was municipally or publicly owned.

2019 awareness is notably higher than prior years.

72.1% of customers reported that, if they had the choice of which company to buy electricity from, they would continue buying electricity from their current electric utility.
Customer Choice - Benchmark

If you had a choice of which company you can buy electricity from, would you choose…

- 72.1% for NC Public Power Residential
- 73.0% for IOU Residential
- 86.8% for Co-op Residential
Benchmarking – Key Areas

“Now I will read you a list of different organizational characteristics. For each one, please rate your electric utility on a scale of one to ten where ten is very good and one is very poor.”

1. Communicating with customers
2. Providing services & products that I expect of a modern utility
3. Providing reliable electric service
4. Providing good value for the cost of electricity
5. Responsible steward of the environment
6. Responding promptly to customer
7. Helpful & knowledgeable staff
8. Being supportive of community activities & events
<table>
<thead>
<tr>
<th>Organizational characteristics</th>
<th>2019 NC Public Power Residential w/o DKS</th>
<th>2019 IOU Residential w/o DKS</th>
<th>2019 Co-op Residential w/o DKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating with customers</td>
<td>82.2</td>
<td>78.6</td>
<td>89.2</td>
</tr>
<tr>
<td>Providing services &amp; products that I expect of a modern utility</td>
<td>86.6</td>
<td>86.4</td>
<td>91.2</td>
</tr>
<tr>
<td>Providing reliable electric service</td>
<td>93.1</td>
<td>88.8</td>
<td>92.4</td>
</tr>
<tr>
<td>Providing good value for the cost of electricity</td>
<td>71.0</td>
<td>67.1</td>
<td>82.7</td>
</tr>
<tr>
<td>Responsible steward of the environment</td>
<td>86.7</td>
<td>72.9</td>
<td>89.3</td>
</tr>
<tr>
<td>Responding promptly to customer questions and complaints</td>
<td>87.7</td>
<td>83.7</td>
<td>89.8</td>
</tr>
<tr>
<td>Helpful and knowledgeable staff</td>
<td>89.1</td>
<td>86.5</td>
<td>92.8</td>
</tr>
<tr>
<td>Being supportive of community activities and events</td>
<td>89.5</td>
<td>82.5</td>
<td>90.2</td>
</tr>
<tr>
<td>Overall satisfaction with NC Public Power</td>
<td>85.3</td>
<td>85.6</td>
<td>92.4</td>
</tr>
<tr>
<td>Average positive ratings</td>
<td>85.7</td>
<td>81.3</td>
<td>90.0</td>
</tr>
<tr>
<td>Organizational characteristics</td>
<td>NC Public Power Residential Benchmark* w/o DKs</td>
<td>IOU Residential Benchmark* w/o DKs</td>
<td>Co-op Residential Benchmark* w/o DKs</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Communicating with customers</td>
<td>79.2</td>
<td>77.7</td>
<td>84.9</td>
</tr>
<tr>
<td>Providing services &amp; products that I expect of a modern utility</td>
<td>84.4</td>
<td>83.4</td>
<td>89.4</td>
</tr>
<tr>
<td>Providing reliable electric service</td>
<td><strong>91.6</strong></td>
<td><strong>90.5</strong></td>
<td><strong>92.8</strong></td>
</tr>
<tr>
<td>Providing good value for the cost of electricity</td>
<td><strong>66.3</strong></td>
<td><strong>65.2</strong></td>
<td><strong>74.3</strong></td>
</tr>
<tr>
<td>Responsible steward of the environment</td>
<td>84.0</td>
<td>64.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Responding promptly to customer questions and complaints</td>
<td>84.4</td>
<td>79.2</td>
<td>85.3</td>
</tr>
<tr>
<td>Helpful and knowledgeable staff</td>
<td>86.9</td>
<td>82.3</td>
<td>90.0</td>
</tr>
<tr>
<td>Being supportive of community activities and events</td>
<td>89.5</td>
<td>82.5</td>
<td>90.2</td>
</tr>
<tr>
<td>Overall satisfaction with NC Public Power</td>
<td><strong>83.0</strong></td>
<td><strong>83.4</strong></td>
<td><strong>88.2</strong></td>
</tr>
<tr>
<td>Average positive ratings</td>
<td>83.3</td>
<td>78.7</td>
<td>86.7</td>
</tr>
<tr>
<td>Organizational characteristics</td>
<td>2019 NC Public Power Commercial</td>
<td>NC Public Power Commercial Benchmark 17-19</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>--------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Communicating with customers</td>
<td>85.5</td>
<td>81.2</td>
<td></td>
</tr>
<tr>
<td>Providing services &amp; products that I expect of a modern utility</td>
<td>89.0</td>
<td>85.0</td>
<td></td>
</tr>
<tr>
<td>Providing reliable electric service</td>
<td><strong>94.5</strong></td>
<td><strong>93.6</strong></td>
<td></td>
</tr>
<tr>
<td>Providing good value for the cost of electricity</td>
<td><strong>73.4</strong></td>
<td><strong>66.0</strong></td>
<td></td>
</tr>
<tr>
<td>Responsible steward of the environment</td>
<td>90.1</td>
<td>86.3</td>
<td></td>
</tr>
<tr>
<td>Responding promptly to customer questions and complaints</td>
<td>88.5</td>
<td>85.0</td>
<td></td>
</tr>
<tr>
<td>Helpful and knowledgeable staff</td>
<td>89.4</td>
<td>86.7</td>
<td></td>
</tr>
<tr>
<td>Providing an open line of communication during emergency situations</td>
<td>93.1</td>
<td>89.7</td>
<td></td>
</tr>
<tr>
<td>Being supportive of community activities and events</td>
<td>89.7</td>
<td>89.7</td>
<td></td>
</tr>
<tr>
<td>Overall satisfaction with NC Public Power</td>
<td><strong>87.5</strong></td>
<td><strong>83.3</strong></td>
<td></td>
</tr>
<tr>
<td>Average positive ratings</td>
<td>88.1</td>
<td>84.7</td>
<td></td>
</tr>
</tbody>
</table>
Consistent Opportunity & Strength

• Providing reliable electric service

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>92.3%</td>
<td>89.0%</td>
<td>93.1%</td>
</tr>
<tr>
<td>Commercial</td>
<td>94.0%</td>
<td>93.0%</td>
<td>94.5%</td>
</tr>
</tbody>
</table>

• Providing good value for the cost of electricity

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>65.6%</td>
<td>60.5%</td>
<td>71%</td>
</tr>
<tr>
<td>Commercial</td>
<td>69.2%</td>
<td>62.9%</td>
<td>73.5%</td>
</tr>
</tbody>
</table>
Most important to the customer:

• Most important to the customer (2019)
  • Reliable Service (33%)
  • Value for the cost (31%)
  • Communicating with Customers (13%)

Most important characteristic – 2017 to 2019

- Providing reliable electric service, 2842
- Providing good value for the cost of electricity, 2600
- Communicating with customers, 959
- Responding promptly to customer questions and complaints, 596
- Helpful and knowledgeable staff, 460
- Providing services & products that I expect of a modern...
Top 3 Expectations: Residential

- 57.1% Reliable/uninterrupted service
- 42.3% Low rates/affordable service
- 14.1% Good customer service

85.2% “Utility has met my expectations all or most of the time”
Top 3 Expectations: Commercial

- 53.7% Reliable/ uninterrupted service
- 35.4% Low rates/ affordable service
- 12.8% Good communication

85.2% “Utility has met my expectations all or most of the time”
Perception of Rates
Competitor Benchmark

Would you say the prices you pay for electricity are higher than surrounding utilities, lower than surrounding utilities, or about the same as surrounding utilities…

- NC Public Power Residential: 36.1%
- IOU Residential: 23.0%
- Co-op Residential: 10.4%

Higher than surrounding towns
Market Segments

- Status Quo: *We are good, leave us alone.*
- Technology Cautious: *We want to save energy & we don’t trust technology.*
- Savings Seekers: *How can my utility help me save money?*
- Movers and Shakers: *Impress us with technology and we might like you more.*
- Green Champions: *We’re high-tech and environmentally conscious.*

**NC PUBLIC POWER**

- 35.2% - Status Quo
- 16.1% - Technology Cautious
- 11.2% - Savings Seekers
- 12.0% - Movers and Shakers
- 25.4% - Green Champions
Being human means seeing the world through your own, constantly shifting, lens.

Christof Koch, Scientific American (2010)
Customer satisfaction varies by segment

Overall Satisfaction

- Status Quo: 92.40%
- Technology Cautious: 99.70%
- Savings Seekers: 65.30%
- Movers & Shakers: 62.60%
- Green Champions: 85.40%

Meeting Expectations

- Status Quo: 93.90%
- Technology Cautious: 89%
- Savings Seekers: 66.40%
- Movers & Shakers: 74.60%
- Green Champions: 87.80%
Utility value varies by segment

Importance of municipal ownership

Continue purchasing from local utility

- Status Quo
- Technology Cautious
- Savings Seekers
- Movers & Shakers
- Green Champions
How would you best describe the level of trust you have in your utility?

Customer perception varies by segment.
Would you say the prices you pay for electricity are higher than surrounding utilities, lower than surrounding utilities, or about the same as surrounding utilities…

### Rates:

Customer perception varies by segment
Communication Channels:
Use multiple channels with consistent messaging
Renewable Energy

How important is renewable energy to you?

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total important</td>
<td>80.4%</td>
<td>65.0%</td>
</tr>
<tr>
<td>Total unimportant</td>
<td>12.1%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Don't know</td>
<td>7.5%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

If you had to pay a premium for renewable energy, how much more would you be willing to pay on a monthly basis?

Residential
- Nothing: 4%
- Less than $5: 4.1%
- $5-10: 15%
- $11-15: 15.5%
- $16 or more: 62%

Commercial
- Nothing: 72.0%
- Less than $10: 18.7%
- $11-25: 7.0%
- $25-50: 4%
Renewable Energy

In every participating city, at least 7 out of 10 customers indicated renewable energy is important to them.

While the importance of renewable energy is consistently high in all communities, different communities have a vastly different willingness to pay for renewable energy.
Duke Energy helps customers stay cool, manage energy use as heat wave lingers in Carolinas

Duke Energy passes major renewable milestone: 1 gigawatt of owned solar energy capacity
Programs present an opportunity to engage with customers

- Upgrading energy efficiency for rebate: 40.2% Residential, 34.5% Commercial
- Energy audit: 36.4% Residential, 30.7% Commercial
- Programmable smart thermostat: 28.5% Residential, 28.5% Commercial
- Time-varying rate plan: 27.9% Residential, 19.4% Commercial
- Solar panels for your community: 28.0% Residential, 20.3% Commercial
- Solar panels for your home/business: 28.3% Residential, 20.6% Commercial
- Energy usage seminar: 23.5% Residential, 16.7% Commercial
- Pre-pay option: 19.5% Residential, 16.9% Commercial
- Purchasing electric vehicle: 18.3% Residential, 16.7% Commercial
- Purchasing a smart home device: 19.4% Residential, 16.7% Commercial
NC Public Power Customers vs. Competition

- Energy usage seminar: 23.5% NC Public Power, 14.7% IOU Residential, 19.8% Co-op Residential
- Energy audit: 36.4% NC Public Power, 24.7% IOU Residential, 31.2% Co-op Residential
- Upgrading energy efficiency for rebate: 40.2% NC Public Power, 32.5% IOU Residential, 37.7% Co-op Residential
Other Key Findings

• Preference towards **text messaging** regarding outages is significantly higher in 2019 vs. 2017 (39.5 vs. 17.9%)

• **Interest in programs varies by segment** with Green Champions, Movers & Shakes & Savings Seekers as the most likely to engage (depending on program)
Some key differences from prior years:

- Larger portion of Green Champions
- Interest in Electric Vehicles is growing in all segments
- Solar interest has increased for Movers & Shakers
- Text messaging as a communication channel for outages
- Businesses looking for information on utility website
- Competitor landscape
Actionable Takeaways

• Remain diligent in customer service & response times
• Customers have an interest in the programs that smart meters enable
• Identify opportunities to better reach Savings Seekers, Movers & Shakers & Green Champions
• Define & communicate the value of public power
Insights into Actions
What do we do with my customer survey results?

• What are we trying to accomplish?
  • Higher customer satisfaction
  • Prevention of load loss
  • Win new business
Purpose of this talk

• Take the next step with customer survey results
• Define marketing
• Explain four marketing tools
• Apply marketing tools to real situations
Definition of Marketing

• A social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others.
Two Key Questions

• Do others need or want my product?

• Can potential competitors provide a more valuable product than me?
Marketing Tools

• Customer segmentation

• Customer personas

• Three Cs: Customer, Competition, Company

• Four Ps: Product, Price, Promotion, and Place
Customer Segmentation

- Different customers want different things
- Customers can be grouped or “segmented” based on their preferences
  - Example: this is why we have more choices than 4-door sedans for vehicles
- Segmentation drives:
  - Product definition
  - Communication channels
  - Pricing
Our Market Segments

Status Quo
Not engaged, middle-aged, middle-income, families, focused elsewhere, satisfied

Technology Cautious
Older and traditional, established, middle-income, very satisfied

Savings Seekers
Lower income, engaged with utility, focused on lower costs, not satisfied

Movers and Shakers
Upper income, educated, engaged, tinkerers, not satisfied

Green Champions
Younger, mid to upper income, engaged, focused on environment, moderately satisfied

35.2% - Status Quo
16.1% - Technology Cautious
11.2% - Savings Seekers
12.0% - Movers and Shakers
25.4% - Green Champions
Customer Personas

• Customer personas take segmentation a step further

• Address the fact that customers within a segment may have different interests and motivations

• Allow you to establish more of a connection with the customer
**Customer: Andy (Status Quo)**

- **Age:** 51
- **Occupation:** Utility Middle Management
- **Education:** B.S., M.S., Mech. Eng.; M.B.A
- **Status:** Married
- **Children:** Sons 18 & 13, Daughter 11

**Motivations**

- Getting kids into college
- Staying healthy
- Traveling
- Success
- Finding time for interests

**Challenges**

- Too many things, too little time
- Not enough time with wife
- Tuition
- Adolescent children

**Interests**

- Triathlons
- Youth Sports
- Fantasy Sports
- Automobiles
- Craft Beer
- Skiing
The Three Cs of Marketing

A review of the entire market landscape

• Customer
• Company
• Competition
The Three Cs of Marketing

A review of the entire market landscape

• **Customer** – Who are your customers, what are their demographics, interests, what challenges do they face? What segments are they in?

• **Company** – How do we differentiate our services? What do we offer that is unique? What is the added value of public power?

• **Competition** – Who are the competitors? What services do they offer? What is their goal? What can they deliver that we cannot?
The Three Cs of Marketing

A review of the entire market landscape

- Customer
  - Your advantage
  - Competitor’s advantage

- Company

- Competition

No differentiation
The Four Ps of Marketing

A product strategy

• **Product**: the good or service that a company sells
• **Price**: the amount of money charged for the product
• **Promotion**: the method used to inform customers about the product
• **Place**: the method and location through which the transaction for the product is made
How Utilities May See the 4 Ps

• Product: kWh of electricity
• Price: $0.12/kWh for residential customers
• Promotion: See picture on next page
• Place: (See right)
## Electric Rates:

(a) Base rates. The following monthly rates for all electric customers served by the city:

1. Residential R1: Applicable to single residences, individually metered mobile homes, and individual family apartments where cost of service is paid by the occupant.

<table>
<thead>
<tr>
<th>Customer charge:</th>
<th>$9.22 per month (minimum), plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>3000 KWH/month @ $0.10337, plus</td>
</tr>
<tr>
<td>All over</td>
<td>3000 KWH/month @ $0.11422, plus FCA &amp; tax</td>
</tr>
</tbody>
</table>

2. Commercial C1: Applicable to nonresidential power service where the maximum fifteen-minute interval integrated demand does not exceed 49 kw.

<table>
<thead>
<tr>
<th>Customer charge:</th>
<th>$29.95 per month (minimum), plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>KWH/month @ $0.1096, plus FCA &amp; tax</td>
</tr>
</tbody>
</table>
Promotion

Look - a bill!
I'm so excited!

The energy behind public power

51
Real Life Promotions

New Bern folded bill insert and social media graphic
How Customers See the 4 Ps

• Product = comfort, affordable, convenient, sustainable, fits my lifestyle, always there, modern
• Price = fair, affordable, in line with other household expenses, understandable
• Promotion = provide me with useful information when I want and need it, not when you charge me or there is a problem
• Place = at home, but also fitting into my lifestyle
## Case Study #1

<table>
<thead>
<tr>
<th>Residential Customers</th>
<th>City #1</th>
<th>NC Public Power Average</th>
<th>IOU</th>
<th>Coop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating with customers</td>
<td>81.0</td>
<td>79.2</td>
<td>77.7</td>
<td>84.9</td>
</tr>
<tr>
<td>Providing products and services I expect from modern utility</td>
<td>86.9</td>
<td>84.4</td>
<td>83.4</td>
<td>89.4</td>
</tr>
<tr>
<td>Providing reliable electric service</td>
<td>92.7</td>
<td>91.6</td>
<td>90.5</td>
<td>92.8</td>
</tr>
<tr>
<td>Providing good value for the cost of electricity</td>
<td>71.3</td>
<td>66.3</td>
<td>65.2</td>
<td>74.3</td>
</tr>
<tr>
<td>Responsible steward of the environment</td>
<td>83.8</td>
<td>84.0</td>
<td>64.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Responding promptly to customer questions and complaints</td>
<td>87.8</td>
<td>84.4</td>
<td>79.2</td>
<td>85.3</td>
</tr>
<tr>
<td>Helpful and knowledgeable staff</td>
<td>89.5</td>
<td>86.9</td>
<td>82.3</td>
<td>90.0</td>
</tr>
<tr>
<td>Being supportive of community activities and events</td>
<td>87.7</td>
<td>89.5</td>
<td>82.5</td>
<td>90.2</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>86.2</td>
<td>83.0</td>
<td>83.4</td>
<td>88.2</td>
</tr>
</tbody>
</table>
Case Study #1: Initial Analysis

• Overall:
  • Scores generally higher or even with NC Public Power and IOUs
  • Scores generally lower or even with coop scores
    • Exception: responding promptly to customer questions

• Points of interest:
  • Lower score than co-ops on providing value for the cost (71.3 vs. 74.3)
  • Lower score than co-ops on reliability (92.7 vs. 92.8)
  • Significant advantage over IOUs on steward of environment (83.8 vs. 64.0)
Case Study #1: Value for Cost

• Cost is a significant issue for all market segments
• 71.3 is a good score for providing value for cost
• Cost comparisons confirm that City #1 is the highest cost option vs. both local co-ops and IOUs
• Recommendations:
  • Continue to explore ways to reduce costs
  • Identify other areas of competitive differentiation
Case Study #1: Market Segmentation

Status Quo
Technology Cautious
Savings Seeker
Movers and Shakers
Green Champions

City #1
IOU
Coop

The energy behind public power

57
Case Study #1: Market Segmentation

Overall **Not Satisfied**
- Status Quo
- Technology Cautious
- Savings Seekers
- Movers and Shakers
- Green Champions

Size of Segment

Opportunity

How can we make up 2% on the co-ops?
Case Study #1: Approach

Target Segments: Movers and Shakers & Green Champions

• How do we best connect with these customers?
• Who are they?
• How does their utility fit into their lifestyles?
• Opportunity to use personas and four Ps
Customer: Tonya (Green Champion)

Age: 36
Occupation: Veterinarian
Education: B.S., Biology; D.V.M.
Status: Married
Children: None

Motivations
• Environmental issues
• Success of her practice
• Animal rescue
• Inner peace
• Circle of friends

Interests
• Animals
• Rescue dogs
• ASPCA
• Wine
• Hiking
• Yoga

Challenges
• Keeping up with family
• Finances
• Finding time for passions
Customer: Satish (Mover & Shaker)

Age: 48

Occupation: Technical Manager

Education: B.S., M.S., Computer Science

Status: Married

Children: Sons 18 & 9, Daughter 15

Motivations
• Maintaining relationships
• Family
• Professional success
• Figuring things out

Interests
• Church/community
• Local alumni association
• Home automation
• Volunteering
• Cricket

Challenges
• Living with 3 generations
• College tuition
• Finding peace and quiet
• Staying in touch with family and friends in India
Case Study #1: Product Considerations

Target Segments: Movers and Shakers & Green Champions

• Are we only selling kWhs to these people?

• Looking beyond low cost and reliable:
  • Sustainability
  • Control
  • Convenience
  • Lifestyle
Case Study #1: Product Considerations

Target Segments: Movers and Shakers & Green Champions

- Electric vehicle program/promotion
  - 16% of City #1’s customers interested in EVs
- Community or rooftop solar
  - Greater than 20% of City #1’s customers would pay more than $5/month for renewable energy
- Customer portal with detailed usage information
- Sustainability report
Case Study #1: Price Considerations

Target Segments: Movers and Shakers & Green Champions

- Traditional rate schedule vs. time-of-use rate
  - Wholesale supply costs
  - Technical/system capabilities
  - Phase in schedule
- Opportunities for new business
  - Electric vehicles
  - Potential premium service
  - Solar business models: community solar/3rd party leasing
Case Study #1: Promotion

*Target Segments: Movers and Shakers & Green Champions*

• **Messaging:**
  • Local control and locally produced
  • Focus on environmental sustainability
  • Modern and technically advanced

• **Channels and locations**
  • Online/electronically (most preferred based on survey)
  • Mobile apps
  • In person/at community events (remember personas)
  • Bill inserts
Case Study #1: Place

*Target Segments: Movers and Shakers & Green Champions*

- Consumed at residence, as always
- Other considerations:
  - EV charging infrastructure and strategy
  - Strategic partnerships – Local car dealerships
  - EV customer education and seminars
  - Program visibility – community solar, for example
  - Remote control of appliances
  - Enablement of auto-draft or online billing
Case Study #2

<table>
<thead>
<tr>
<th>Residential Customers</th>
<th>City #2</th>
<th>NC Public Power Average</th>
<th>IOU</th>
<th>Coop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating with customers</td>
<td>74.3</td>
<td>79.2</td>
<td>77.7</td>
<td>84.9</td>
</tr>
<tr>
<td>Providing products and services I expect from modern utility</td>
<td>79.8</td>
<td>84.4</td>
<td>83.4</td>
<td>89.4</td>
</tr>
<tr>
<td>Providing reliable electric service</td>
<td>87.0</td>
<td>91.6</td>
<td>90.5</td>
<td>92.8</td>
</tr>
<tr>
<td>Providing good value for the cost of electricity</td>
<td>57.8</td>
<td>66.3</td>
<td>65.2</td>
<td>74.3</td>
</tr>
<tr>
<td>Responsible steward of the environment</td>
<td>84.3</td>
<td>84.0</td>
<td>64.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Responding promptly to customer questions and complaints</td>
<td>83.2</td>
<td>84.4</td>
<td>79.2</td>
<td>85.3</td>
</tr>
<tr>
<td>Helpful and knowledgeable staff</td>
<td>85.8</td>
<td>86.9</td>
<td>82.3</td>
<td>90.0</td>
</tr>
<tr>
<td>Being supportive of community activities and events</td>
<td>92.0</td>
<td>89.5</td>
<td>82.5</td>
<td>90.2</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>79.2</td>
<td>83.0</td>
<td>83.4</td>
<td>88.2</td>
</tr>
</tbody>
</table>
Case Study #2: Initial Analysis

• Overall:
  • Scores generally in line or lower than NC Public Power and IOUs
  • Scores generally lower with co-op scores
    • Exception: being supportive of community activities and events

• Points of interest:
  • Very low score on providing value for the cost (57.8)
  • Lower relative score than co-ops on reliability (87.0)
  • Need to explore possibility of customer perception issue
Case Study #2: Value for Cost

- Cost is a significant issue for all market segments
- 57.8 is a particularly low score for a city in this category
- Cost comparisons show:
  - City #2’s residential rates are higher than local IOU
  - City #2’s residential rates are lower than local co-op
- Recommendations:
  - Continue to explore ways to reduce costs
  - Communicate to customers rate advantage over co-ops
  - Identify other areas of competitive differentiation
Case Study #2: Market Segmentation

Status Quo Technology Cautious Savings Seeker Movers and Shakers Green Champions

City #2 IOU Co-op
Case Study #2: Market Segmentation

Overall Not Satisfied
- Status Quo
- Technology Cautious
- Savings Seekers
- Movers and Shakers
- Green Champions

Size of Segment

Opportunity

Where is the best opportunity for improvement?
Case Study #2: Approach

*Target Segments: Savings Seekers & Movers and Shakers*

• How do we best connect with these customers?

• Who are they?

• How does their utility fit into their lifestyles?

• Next step: use personas and four Ps
**Customer: Margaret (Savings Seeker)**

- Age: 38
- Occupation: Hairdresser
- Education: High school diploma; beauty school
- Status: Single
- Children: Boys 11 and 8

**Motivations**
- Standing in church
- Her children
- Improving financial position
- Job security/advancement

**Challenges**
- Avoiding bankruptcy
- Keeping sons out of trouble/safety of neighborhood
- Being a single mom
- Not enough time

**Interests**
- Church choir
- Fashion
- Visual arts
Customer: Harvey (Savings Seeker)

Age: 83
Occupation: Retired electrician
Education: High school diploma
Status: Widowed
Children: Two, grown

Motivations
• Enjoying life
• Being with grandkids
• Socializing
• Staying sharp mentally and physically

Challenges
• In good health, but elderly
• Living on fixed income
• Dealing with doctors/insurance
• Long-distance relationship with kids and grandkids

Interests
• Game shows
• Local VFW chapter
• Gadgets/tinkering
• Poker
Case Study #2: Product Considerations

Target Segments: Savings Seekers & Movers and Shakers

• Cost of electricity is an issue
• Customers may not own their residence
  • Limited in what they can do
  • Home energy efficiency may not be good
• Products may also include low-cost options for appliances or energy efficiency measures
Case Study #2: Product Considerations

Target Segments: Savings Seekers & Movers and Shakers

• Suggested offerings:
  • Energy Audits – in-person AND online
    • 37% of residential customers interested
  • Manage Your Energy Seminar
    • 28% of residential customers interested
  • Energy Kits
Case Study #2: Price Considerations

*Target Segments: Savings Seekers & Movers and Shakers*

- Rebates or manufacturer discounts
  - Supported by 42% of residential customers
  - Appliances
  - Energy efficiency measures
- Demand response
- Long term: Send customers price accurate signals
  - Time-of-use rates
  - Provide customer with more control
Case Study #2: Promotion

Target Segments: Savings Seekers & Movers and Shakers

• Messaging:
  • Utility is a partner in energy savings
  • Focus on services that assist the customers & community

• Channels and locations
  • Bill Inserts
  • Web resources
  • In person/at community events
  • Strategic partnerships with assistance groups and churches
Case Study #2: Place

Target Segments: Savings Seekers & Movers and Shakers

- Energy Consumed at residence, as always
- Audits available both live and self-guided
  - Video or On-demand for busy lifestyles
- Seminars:
  - Churches, Rotary Club, senior centers, employers and other groups
  - Meet where people are already!
Remember: This is only the first step

• This talk only covered program concepts

• All program concepts need to go through a development process

• Program Development: Topic for next year 😊
Questions and Discussion
Participate in conference discussions on Twitter: #ECAC2019

@ncpublicpower  
@ElectriCitiesNC

facebook.com/Electricities