Customer Satisfaction Pays…
How Can Utilities Maximize the Benefits?

January 31, 2019
Who We Are:

Software as a Service (SaaS) provider focused on three major utility initiatives:

- Best in class Data Analytics
- Providing Consistency, Building Customer Trust
- Customer Engagement
- Customer Satisfaction
- Program Participation

Leading the market in customer engagement

In our 26th year

Serving HUNDREDS of utilities, reaching MILLIONS of customers
Jim Malcom, is the Chief Operating Officer of Apogee Interactive, providing oversight business and financial operations of the company. His senior management experience in the telecommunications and management consulting industries is providing strategic direction for Apogee’s continued growth and success. He is a graduate of the University of Georgia with a bachelor's and master's degree in business administration, a certified public accountant, and a chartered global management accountant.

Kate Panaousis is a graduate of Panteion University of Athens, Greece with a master’s degree in Applied Economics and Management and a graduate of Aristotle University of Thessaloniki, Greece with a bachelor’s degree in Economics. Her professional background includes experience with statistical analyses, forecasting techniques and research. She is currently the Marketing Analyst at Apogee Interactive. Her role includes market research, statistical analysis and sales team support.
Agenda

➢ Customer Satisfaction - Benefits

➢ Amazon Case Study

➢ Net Promoter Score – Utility Industry Trend

➢ CSat – Utility Industry Trend

➢ Correlation between CSat and Operating Margin

➢ Personalization – Why is it important?

➢ Impactful Case study

➢ How can Apogee help?
Why did Apogee do this?

➢ How does utility customer satisfaction track over time?

➢ What is the long-term correlation between customer satisfaction and operating margins?
Benefits of Customer Satisfaction

➢ J.D. Power and PricewaterhouseCoopers LLP
  o More favorable regulatory outcomes for IOUs
  o Ensures utility's core business protection

➢ ICF and Accenture
  o Revenue growth
  o Market share capture
Customer Satisfaction Online Retail Services

Amazon Case Study

Source: ACSI 2007-2017 Internet Retail Services Reports
➢ Highest customer satisfaction scores since 2009 - internet retail services

➢ 49.1% of all online retail spend in the U.S. in 2018

➢ Expanding services to other fields, e.g. “Prime Video”

➢ Gains market share in other fields

Top 10 US Companies based on % of eCommerce Sales

<table>
<thead>
<tr>
<th>Company</th>
<th>% of eCommerce Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
<td>49.1%</td>
</tr>
<tr>
<td>eBay</td>
<td>6.6%</td>
</tr>
<tr>
<td>Apple</td>
<td>3.9%</td>
</tr>
<tr>
<td>Walmart</td>
<td>3.7%</td>
</tr>
<tr>
<td>The Home Depot</td>
<td>1.5%</td>
</tr>
<tr>
<td>Best Buy</td>
<td>1.3%</td>
</tr>
<tr>
<td>Costco</td>
<td>1.2%</td>
</tr>
<tr>
<td>Macy's</td>
<td>1.2%</td>
</tr>
<tr>
<td>QVC Group</td>
<td>1.2%</td>
</tr>
<tr>
<td>Wayfair</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: eMarketer July, 2018
What’s the difference between Customer Satisfaction and Net Promoter Score?
Customer Satisfaction (CSat)

- Measures customer experience and overall satisfaction

- What do customers think of a product or service?

- Many statements that customers rate their agreement or disagreement
  e.g. Overall I was satisfied with <X>

- J.D. Power Scores in 1,000 point scale, e.g. 764
Net Promoter Score (NPS)

- Measures customer experience and loyalty
- Q: How likely would you recommend “company” to a friend or colleague?
- A: NET PROMOTER SCORE = %PROMOTERS - %DETRACTORS

Score between -100 and +100, e.g. -12, 0, +34
How do utilities compare to other industries?

Source: Temkin Group 2015 – 2018 Net Promoter Score Benchmark Studies
➢ Utility Industry’s Average NPS = 15

➢ The 2nd lowest average among the 20 investigated industries!

➢ However, one of the only five industries with an increase over the past year!

➢ 3 points up since 2017!
Utility Industry Trend

CSat Score over Time

Utility Industry Trend

CSat Score over Time


Hurricane Sandy
Hurricane Irene
Hurricane Irma, Harvey & Maria
Customer Satisfaction and Financial Performance

- Two variables: “Customer Satisfaction Score” and “Operating Margin”
- IOUs
  - Publicly reported F/S
  - Executives’ Compensation
- 60 data points - years 2016 and 2017
- “Spearman Rank Correlation” non-parametric test
Spearman's rho = 0.36
Pvalue = 0.0044 < α = 0.05

Spearman's rho = 0.30
Pvalue = 0.0196 < α = 0.05
Spearman's rho = 0.36
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Spearman's rho = 0.30
Pvalue = 0.0196 < α = 0.05
Conclusions

➢ Statistically significant positive correlation between CSat and Operating Margin!

➢ Higher CSat scores correspond to higher Operating Margins!
Utility Customer Satisfaction Key Index Factors

| POWER QUALITY AND RELIABILITY | BILLING AND PAYMENT | PRICE | CORPORATE CITIZENSHIP | COMMUNICATIONS | CUSTOMER SERVICE |

Source: J.D. Power 2018 Electric Utility Residential Customer Satisfaction Study™
Utility Customer Satisfaction Key Index Factors

Source: J.D. Power 2018 Electric Utility Residential Customer Satisfaction Study™

POWER QUALITY AND RELIABILITY
BILLING AND PAYMENTS
COMMUNICATIONS
CUSTOMER SERVICE
COMMUNICATIONS
CUSTOMER SERVICE
Communications

➢ Customer chosen communication mode

➢ Communication on matters impacting them

➢ Energy usage and costs – Timely, relevant and useful messaging

➢ Rate structure and options – Clear and simple information

➢ Utility program awareness and participation
Customer Service

- First call / communication resolution
- Clarity and consistent information
- Timeliness of resolving problems and requests
- Multiple customer service channels
What is the common denominator of all these key indicator factors that drive customer satisfaction?

Personalization
Why is personalization an imperative strategy

- **Active Trail’s 2017 Benchmark Study**
  - 112% higher email click-through rates if personalized!

- **Accenture 2018 “New Energy Consumer: Creating Links to Love”**
  - 82% are willing to buy more if provided with personalized products & services!
  - 82% believe personalized products and services are essential to a positive CX!
Utility Initiatives and Apogee Solutions

- Engagement and Communications
- Rate Transformation
- Self-Service and Cost Avoidance
- Customer Satisfaction
- Revenue Enhancement
  - Market Place
  - Beneficial Electrification
- Demand Response
- Distributed Energy Resources
- Low and Moderate Income
What We Do…
The 3-Rs of Apogee

Customer Relationship Programs
- Program Lists
- Bill Explanation
- Service Messaging

Transformation Programs
- Program Lists
- TOU
- Demand

Revenue Enhancement Programs
- Program Lists
- Beneficial Electrification Recommendations
- Online Store
Amazon Case Study

Apogee Case Study
Xcel Energy Case Study

- Millions of personalized emails
- >40% Open rates
- >30% Click-through rates
- 98% positive comments
- 15% reduction in high bill call
- First measurement NPS of 18
Impact of Personalization

Low Income NPS = 39

Market Rate NPS = 32

Base Line NPS = 18
Conclusions

➢ Customer Satisfaction is improving over time. Don’t get left behind!

➢ Positive correlation between customer satisfaction and operating results

➢ Personalization increases Customer Satisfaction and Net Promoter Scores
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Upcoming Webinars

➢ February 20, 2019
  The Energy Industry Revolution

➢ March, 2019
  The Rate Race – Communicating Rates

And more…
Any questions?
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And more…
Thank You!

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Your Trusted Partner in Customer Engagement