



Customer Satisfaction Pays...

How Can Utilities Maximize the Benefits?

January 31, 2019



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



Customer Engagement



Customer Satisfaction



Program Participation

- ▶ Best in class Data Analytics
- ▶ Providing Consistency, Building Customer Trust



Who We Are:

Leading the market in customer engagement

In our **26th** year

Serving

HUNDREDS of utilities, reaching

MILLIONS

of customers



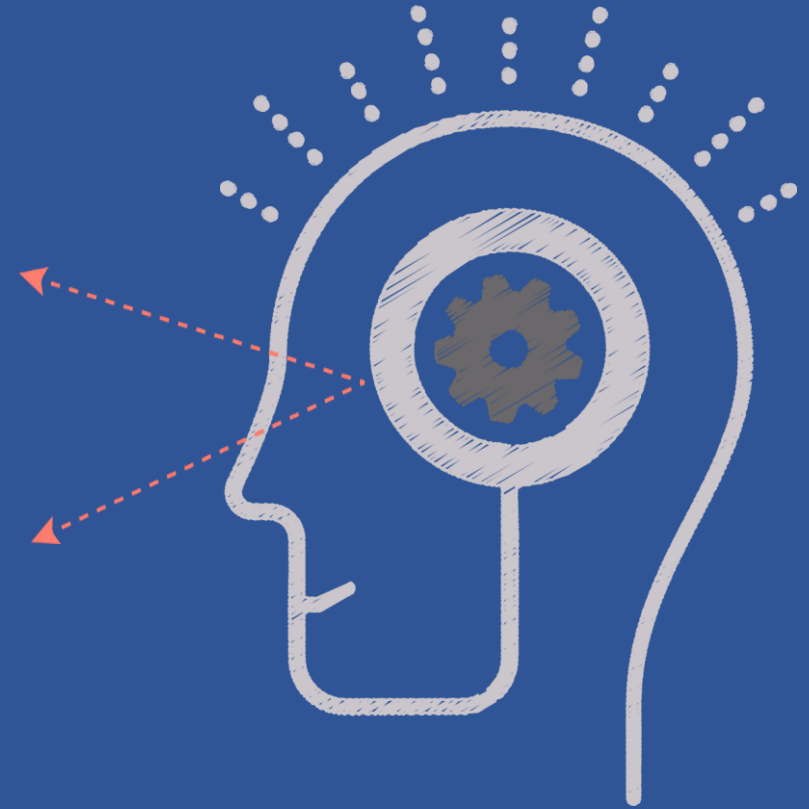
Jim Malcom, is the Chief Operating Officer of Apogee Interactive, providing oversight business and financial operations of the company. His senior management experience in the telecommunications and management consulting industries is providing strategic direction for Apogee's continued growth and success. 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?



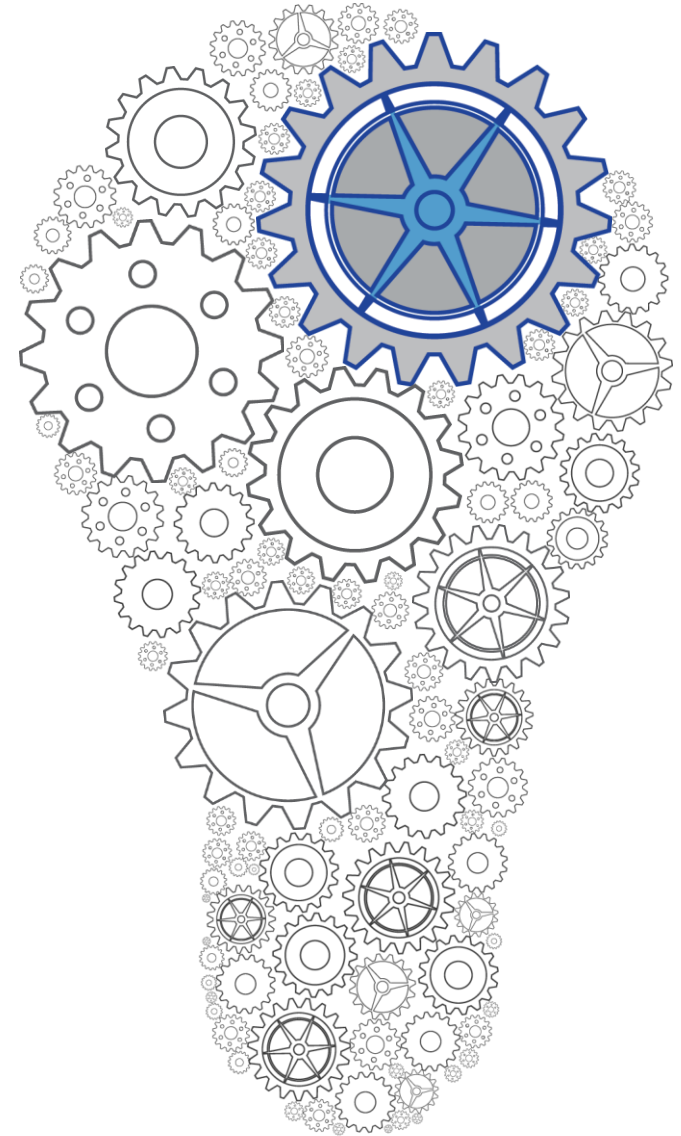
Why did Apogee do this?

- How does utility customer satisfaction track over time?
- What is the long-term correlation between customer satisfaction and operating margins?



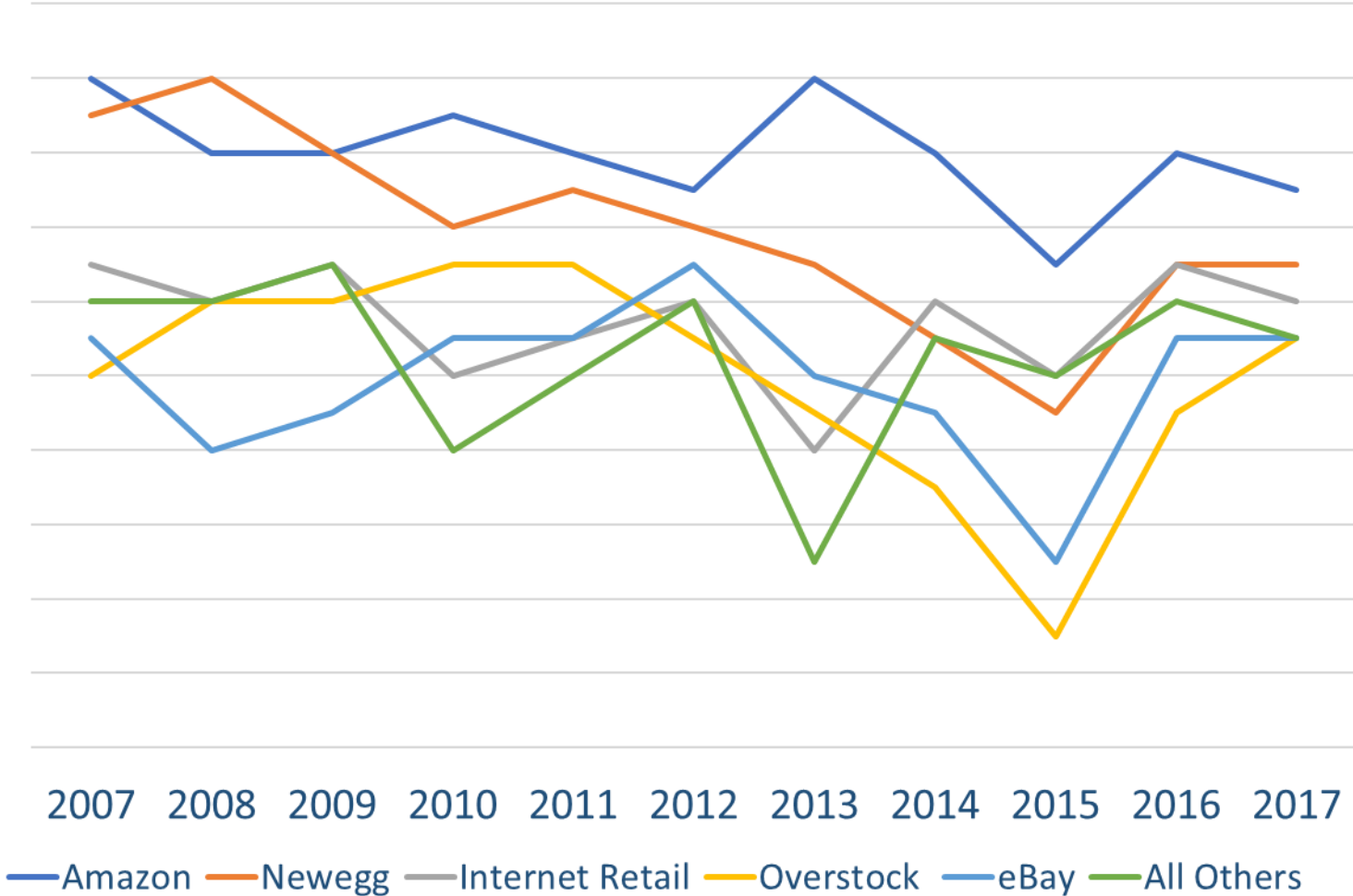
Benefits of Customer Satisfaction

- J.D. Power and PricewaterhouseCoopers LLP
 - More favorable regulatory outcomes for IOUs
 - Ensures utility's core business protection
- ICF and Accenture
 - Revenue growth
 - Market share capture



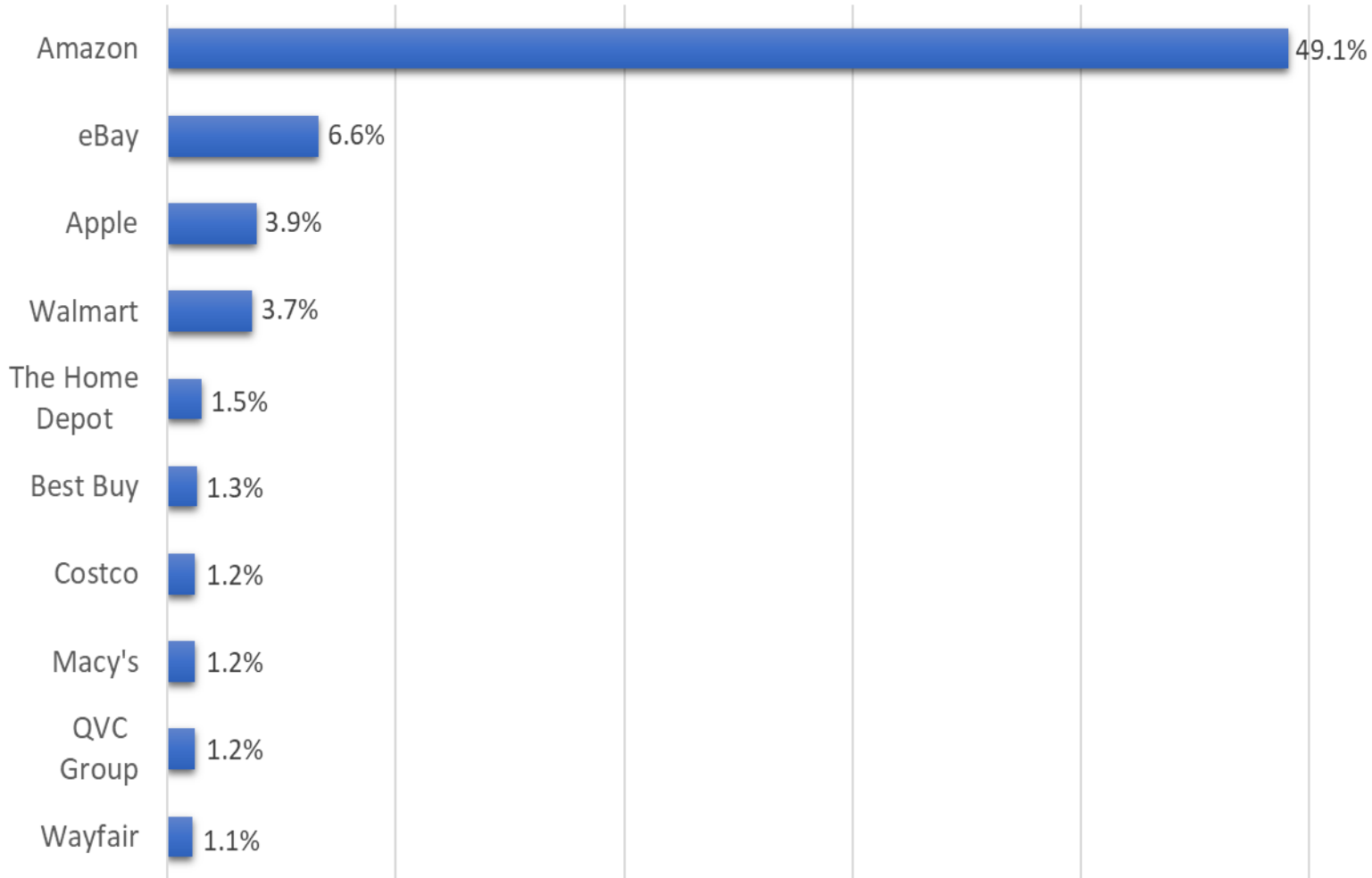
Customer Satisfaction Online Retail Services

Amazon
Case
Study



Source: ACSI 2007-2017 Internet Retail Services Reports

Top 10 US Companies based on % of eCommerce Sales



➤ Highest customer satisfaction scores since 2009 - internet retail services

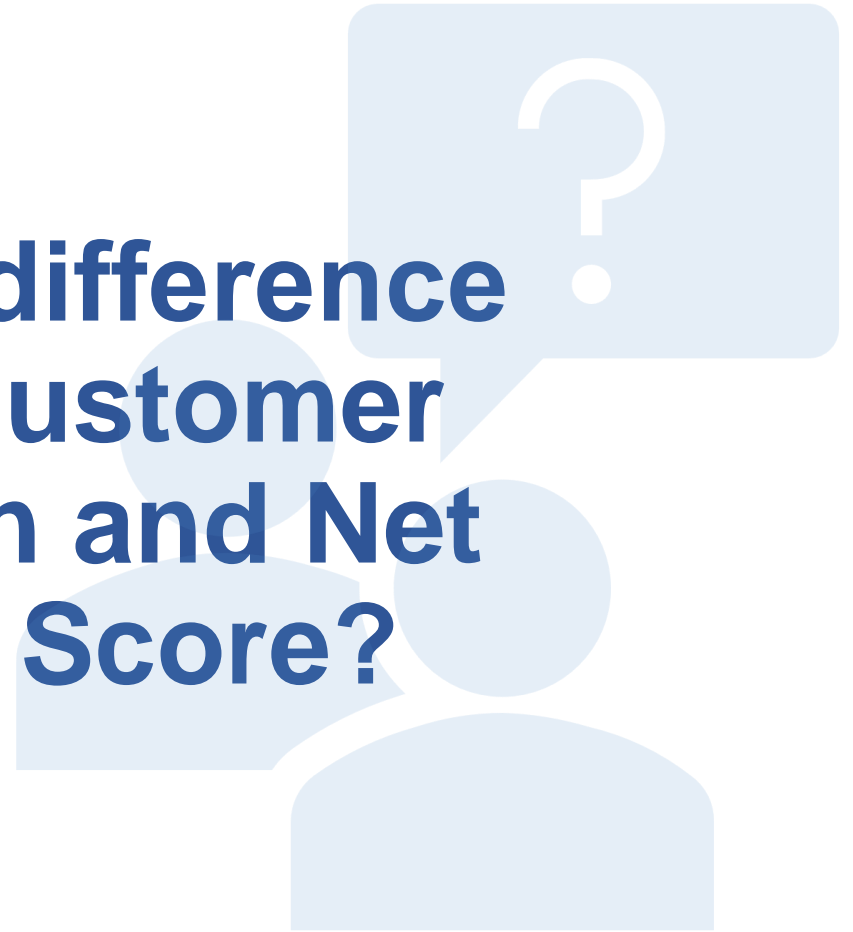
➤ 49.1% of all online retail spend in the U.S. in 2018

➤ Expanding services to other fields, e.g. "Prime Video"

➤ Gains market share in other fields



**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?



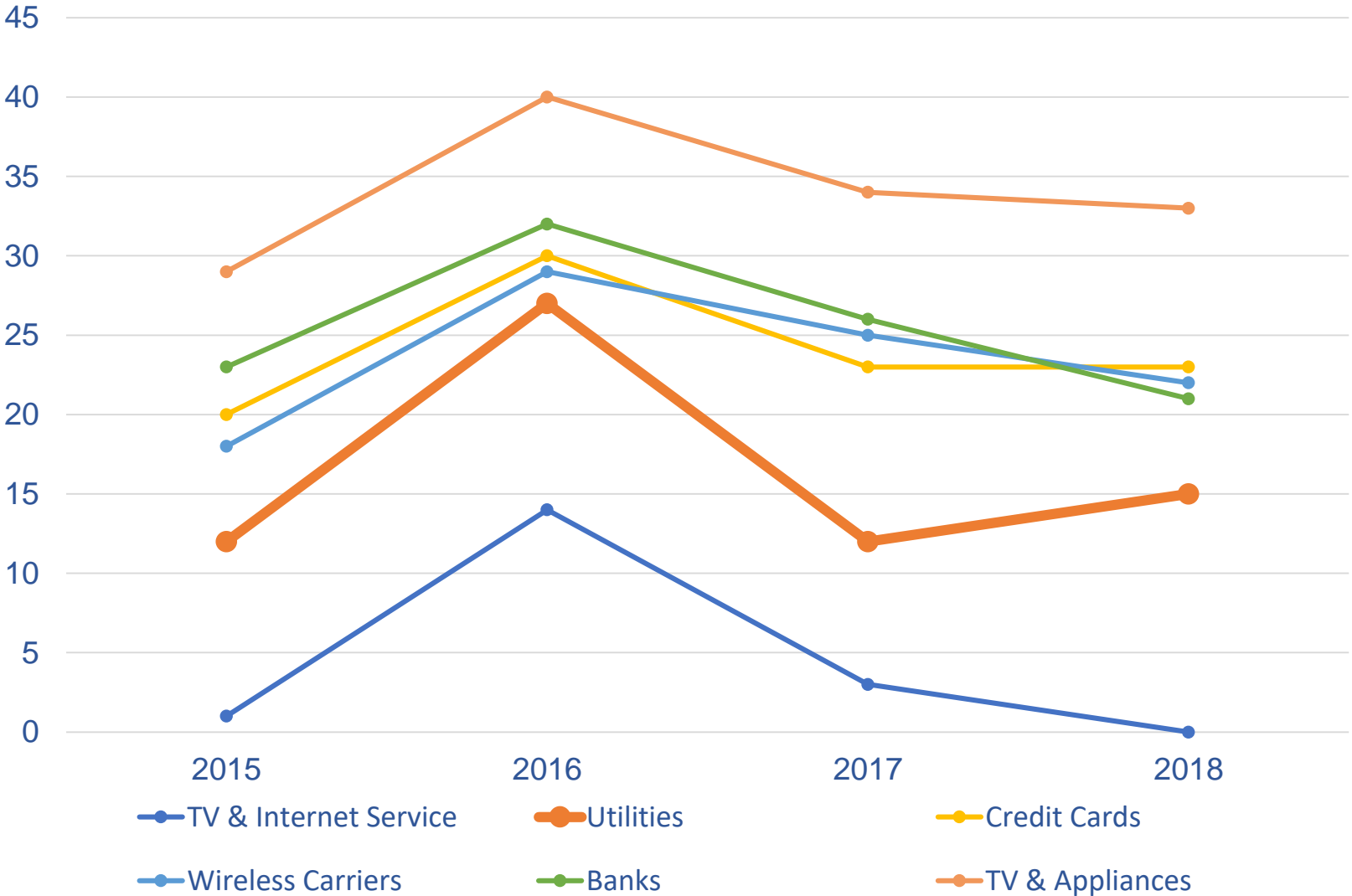
$$\text{NET PROMOTER SCORE} = \% \text{PROMOTERS} - \% \text{DETRACTORS}$$

➤ Score between -100 and +100, e.g. -12, 0, +34

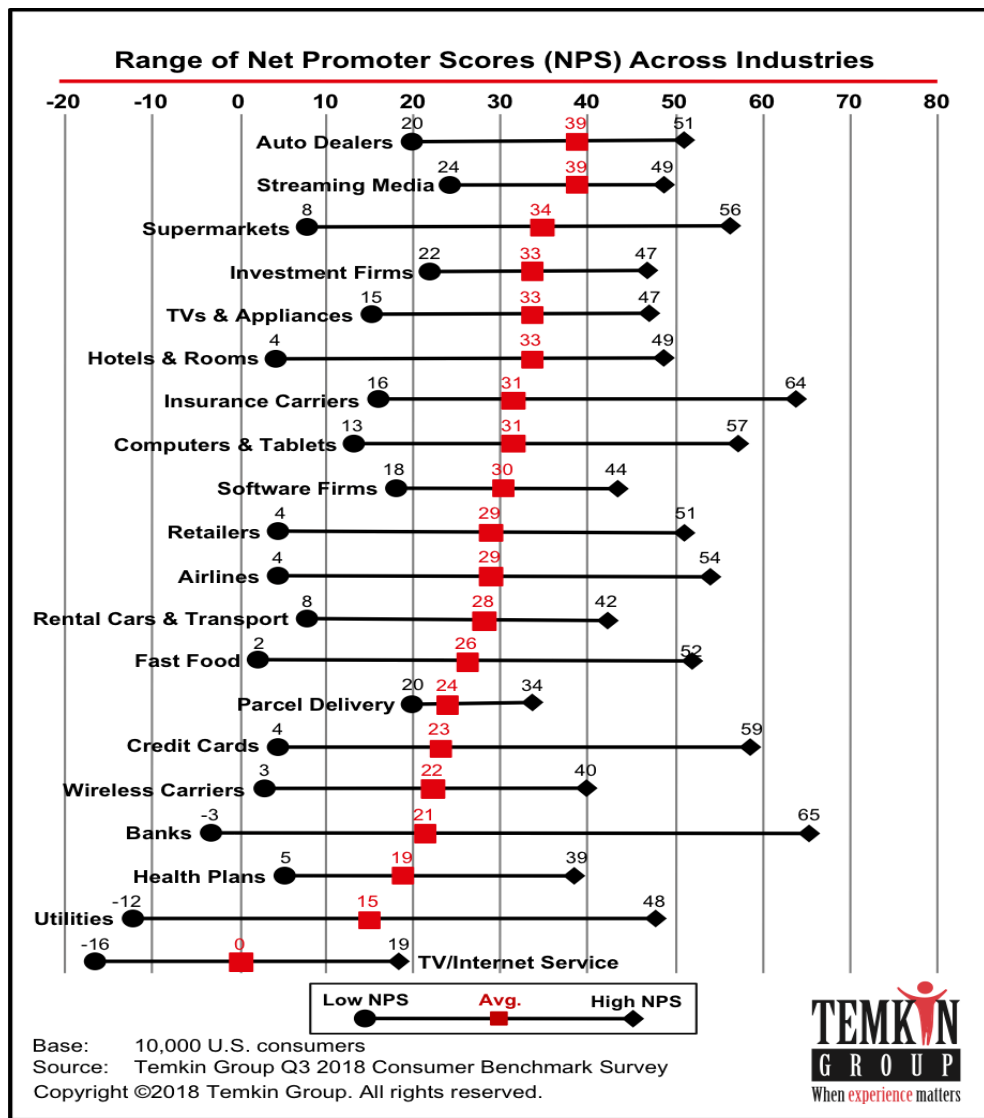


How do utilities compare to other industries?

Net Promoter Score by Industry



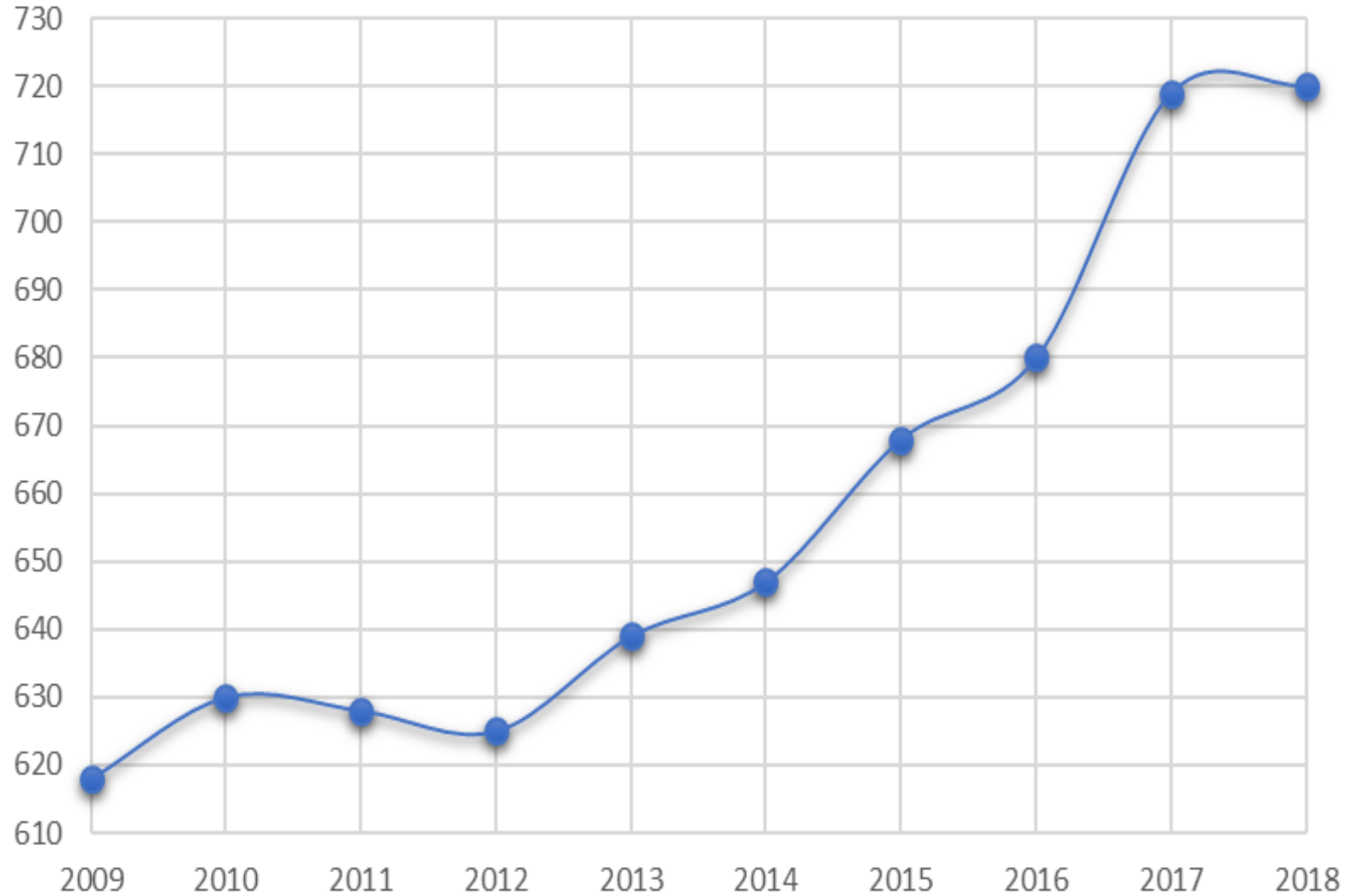
Source: Temkin Group 2015 – 2018 Net Promoter Score Benchmark Studies



- 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!

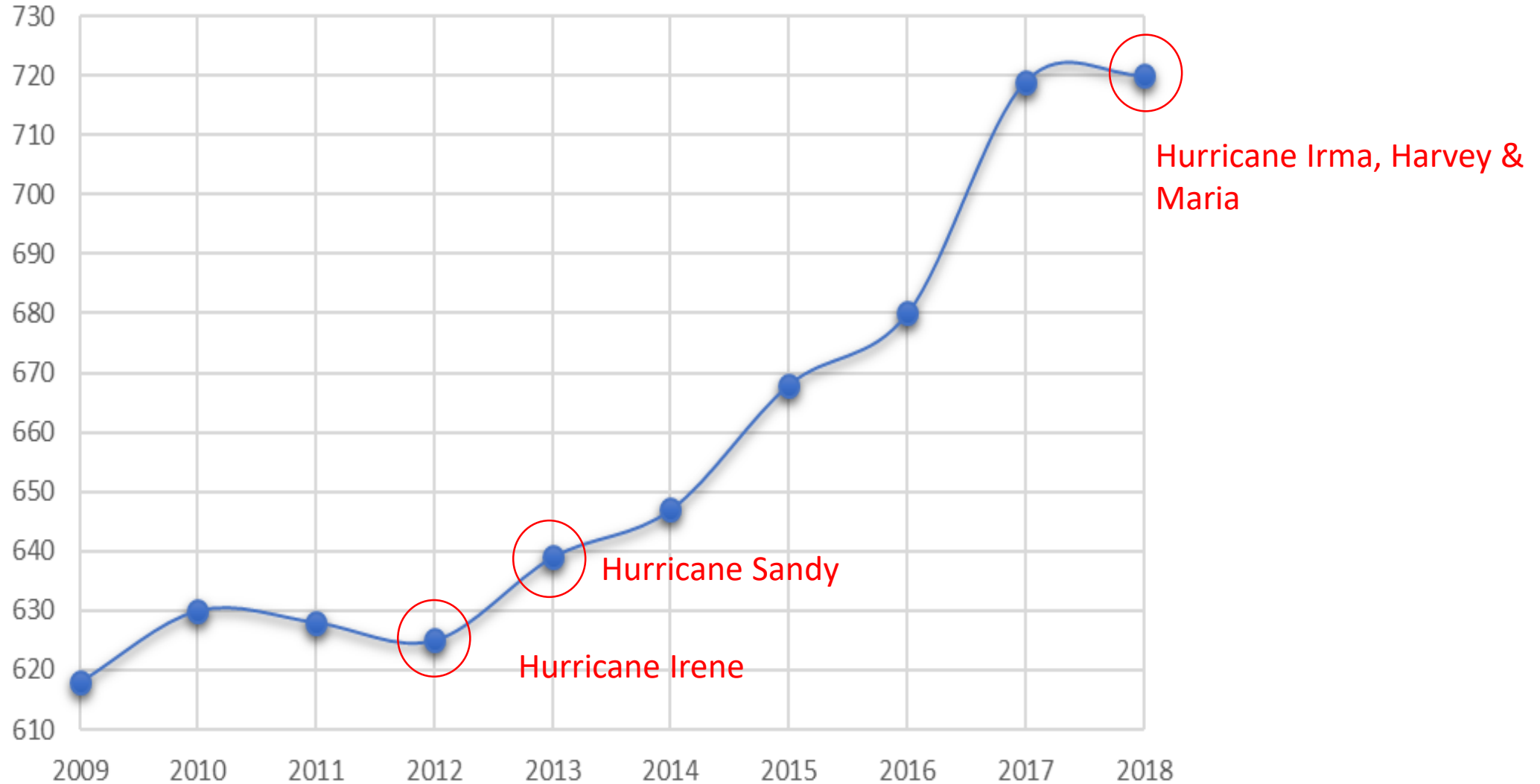
Utility Industry Trend

CSat Score over Time



Utility Industry Trend

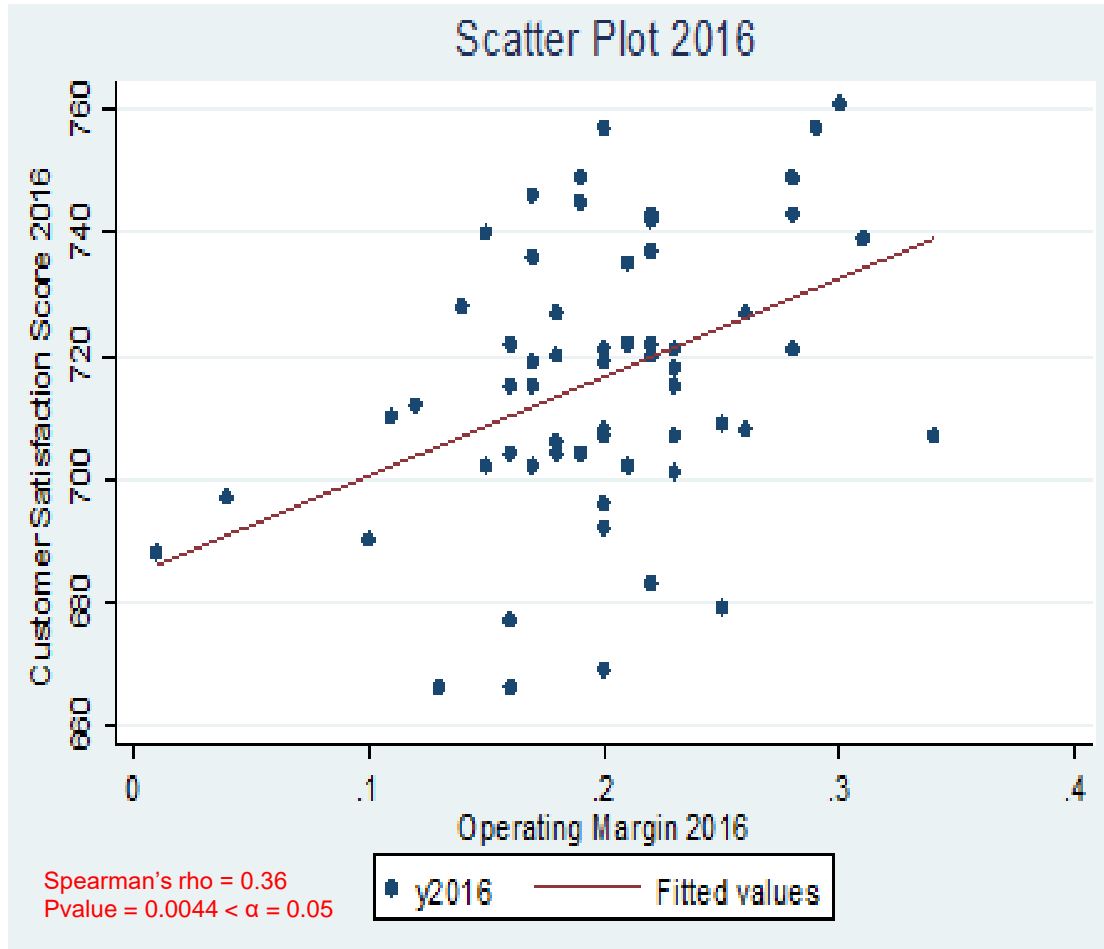
CSat Score over Time



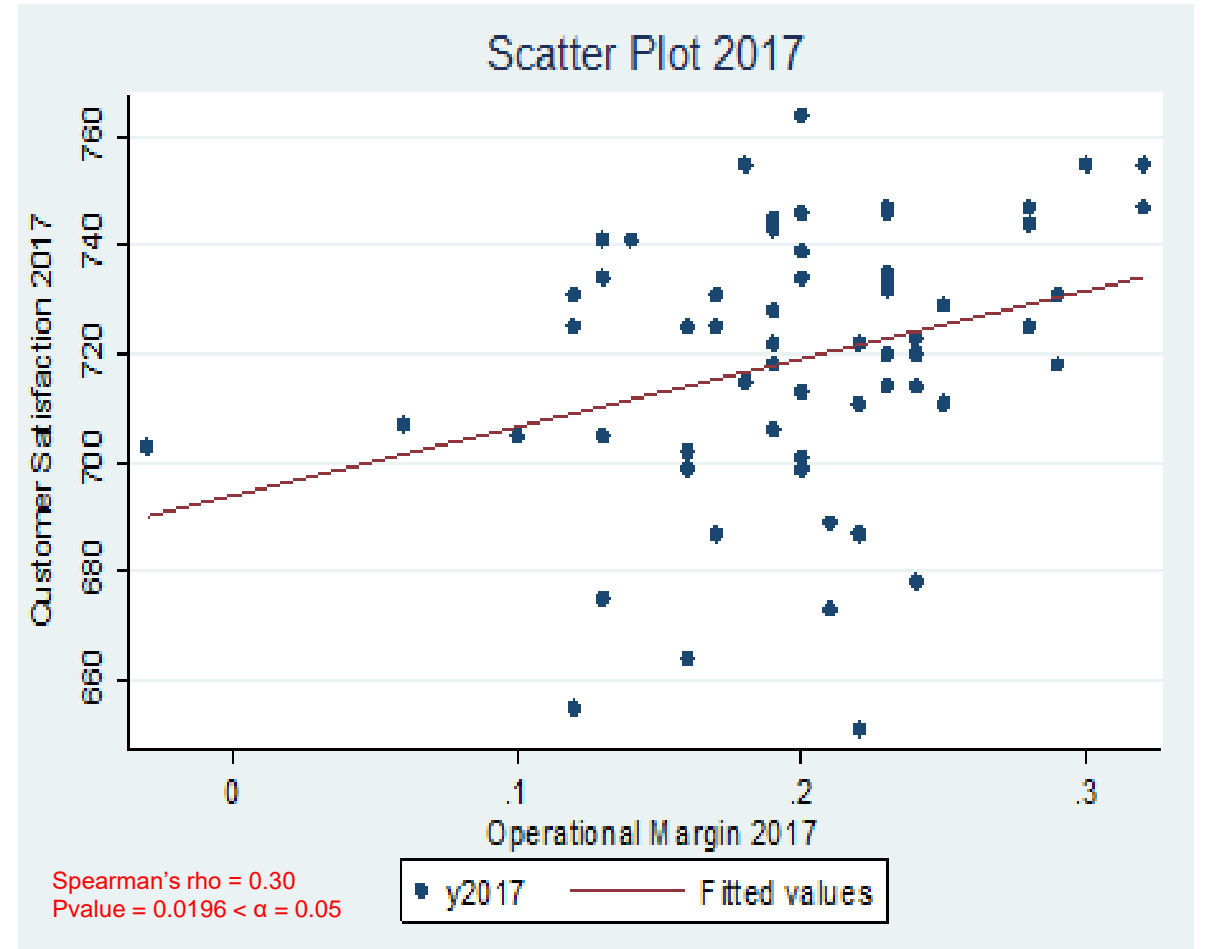
Customer Satisfaction and Financial Performance

- 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

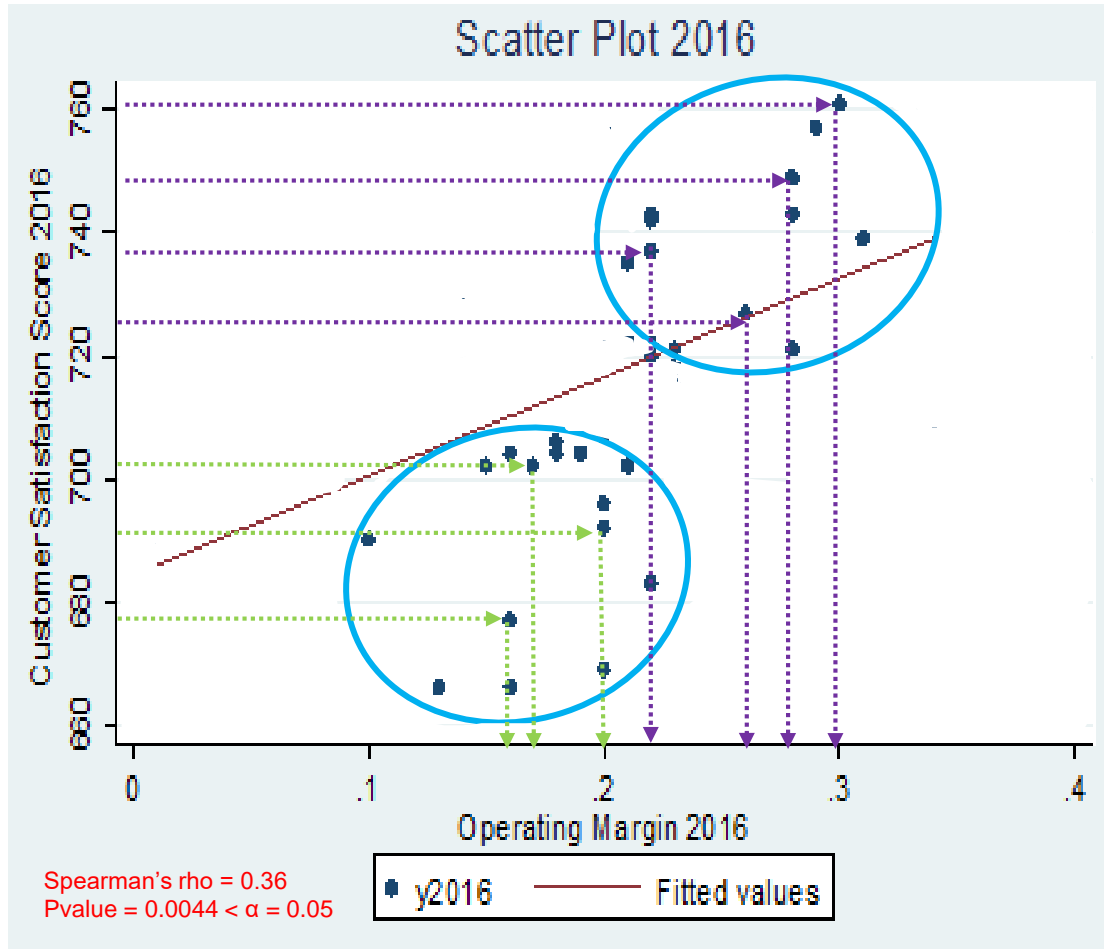
2016



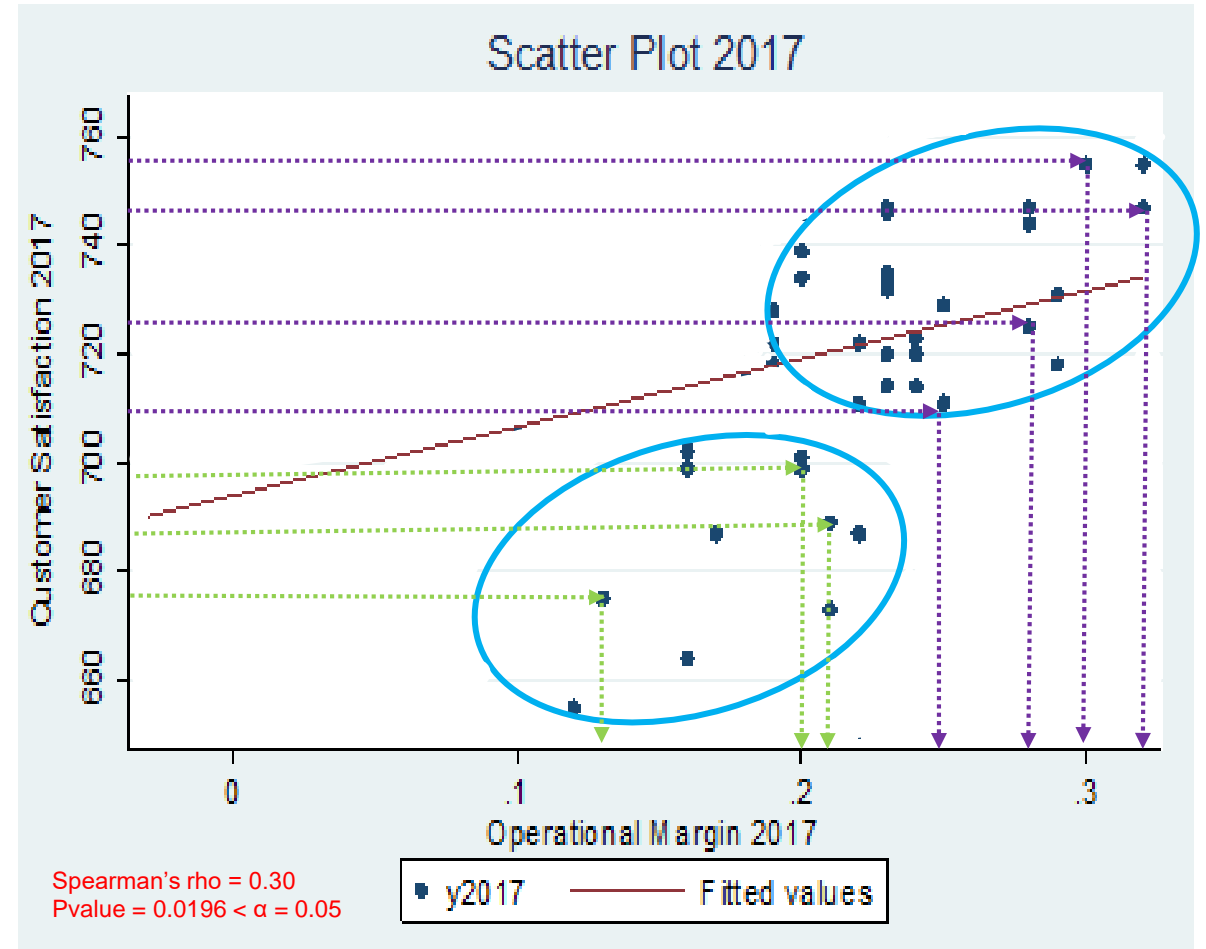
2017



2016



2017



Conclusions

- Statistically significant positive correlation between CSat and Operating Margin!
- Higher CSat scores correspond to higher Operating Margins!

Utility Customer Satisfaction Key Index Factors



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

Utility Customer Satisfaction Key Index Factors



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

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

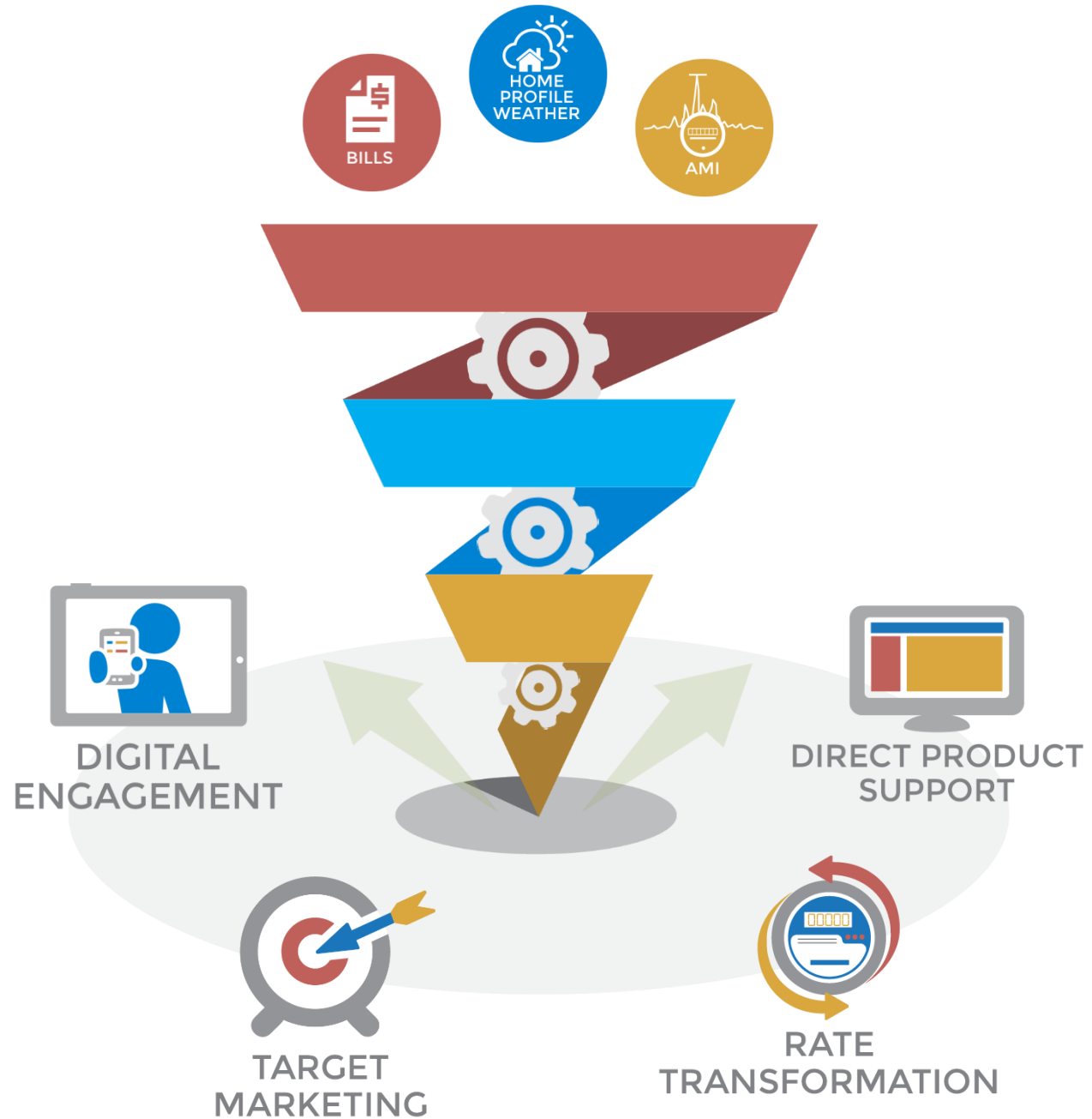


Low and Moderate Income

What We Do...



APOGEE[®]
Your Trusted Partner in Customer Engagement



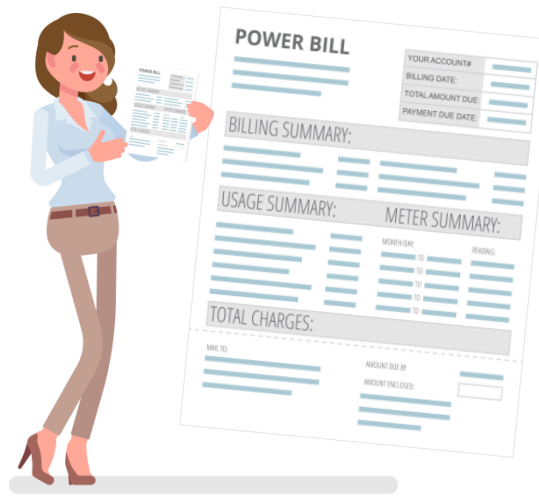
The 3-Rs of Apogee

R Customer **Relationship** Programs



Program Lists
Bill Explanation
Service Messaging

Rate **Transformation** Programs



Program Lists
TOU
Demand

Revenue **Enhancement** Programs



Program Lists
Beneficial Electrification
Recommendations
Online Store

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graph LR; A((Amazon Case Study)) --> B((Apogee Case Study));
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Amazon Case
Study

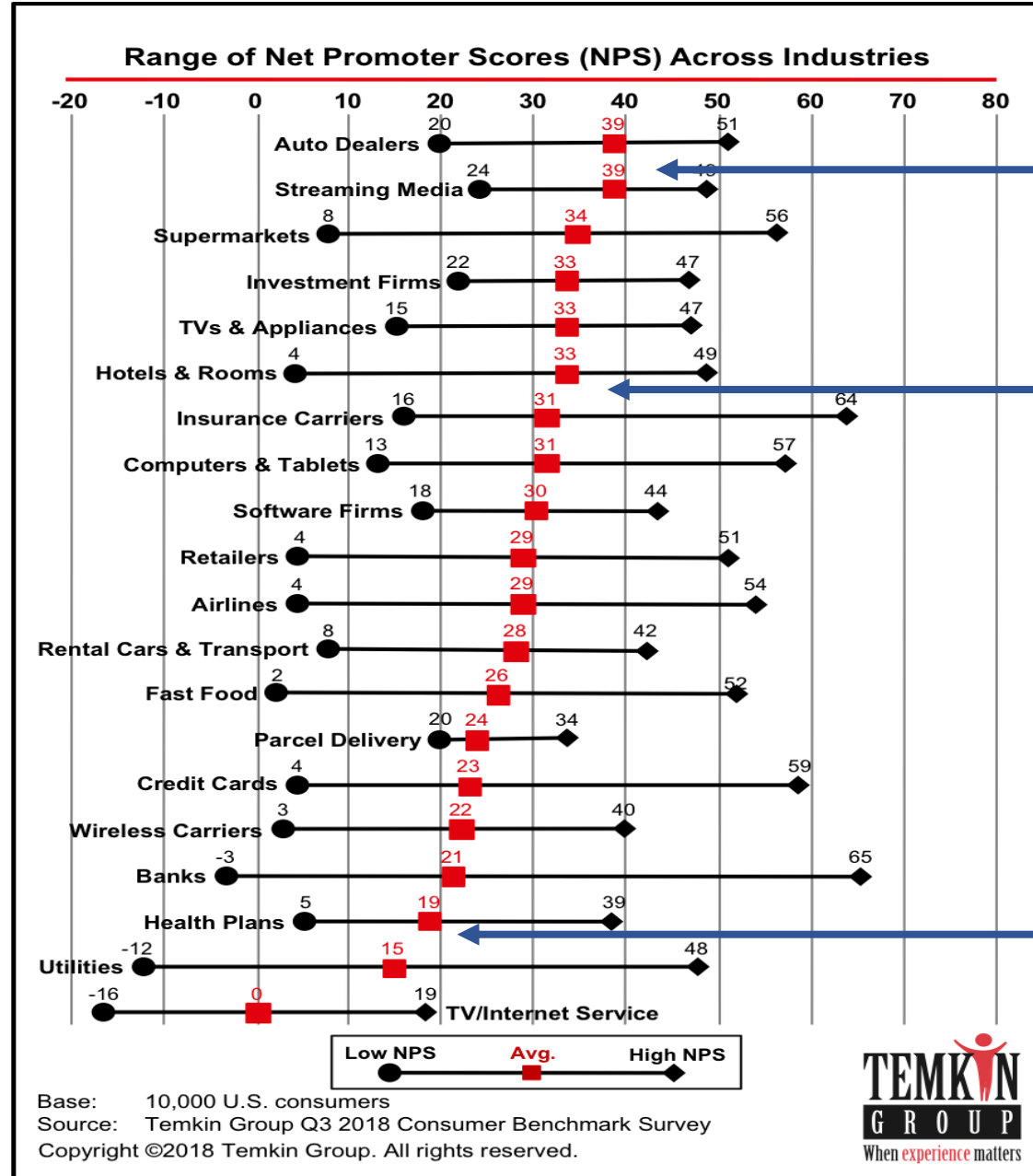
Apogee Case
Study

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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Thank You!



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INTERACTIVE

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