

Six Ways to Satisfy Utility Customers

Findings from Research Involving Utilities over Five Years

The past five years have been a challenge to public utilities, due to rising commodity prices, extreme weather disruptions made more frequent by climate change and a growing demand for environmentally safe power sources.

Q Market Research, a Midwest (Eagan, Minnesota) utility customer satisfaction researcher (and a general business research company), now serving six Minnesota utilities, has documented customer attitudes (both commercial and residential) in more than 50 surveys representing thousands of customers. This white paper presents a six-point plan for utilities to address and improve customer satisfaction based on the findings of this research.

The six initiatives are:

- 1. Create fees, rates and bills that are transparent and fair**
- 2. Develop, promote and communicate long-term plans for energy stability**
- 3. Increase community involvement and visibility**
- 4. Prioritize excellent customer service (phone, in-person and field)**
- 5. Diversify methods of two-way communications with customers**
- 6. Ask customers for feedback through a formal and regular survey program**

Utilities that prioritize these six initiatives will see:

- Higher customer net promoter scores (NPS), an overall measure of satisfied customers
- Reduced customer complaints to both the utility and their board
- A greater partnership between the utility and its customers on long-term goals

Here is a more detailed (and statistical) look at the six initiatives that leverage customer satisfaction to strengthen the utility and their standing in the community they serve.

1. Create fees, rates and bills that are transparent and fair

Utility customers save their harshest criticism for the cost of utilities. Typically, “value for the money” is one of the lowest-scored satisfaction measures among customers.

Their dissatisfaction with cost is due to:

- **Service charges, access charges and fees.** Utilities charge fixed fees that often are as high as the utility usage costs (or can even be higher). Consumers have difficulty understanding the basis for these fees. Often, they see these fees as unfair.
- **Rate increases.** Consumers see as unfair rate increases from the higher cost of energy or from efforts to avoid energy disruption. Customers think these increases are really because the utility does not know how to manage long-term energy sources.
- **Minimum charges.** Minimum charges seem unfair to people who have lowered their energy use when they do not see a related lowering of the minimum charge.
- **Rate inflexibility.** One of the biggest complaints about monthly bills comes from people on fixed income. They expect the utility to recognize their financial situation and spread increased costs among residents who are still working. They see this as rate inflexibility.
- **Add-on charges.** Municipalities often require utilities to bill for other services not provided directly by the utility, such as water, wastewater and recycling. Residents blame these charges on the utility, because the charges are in the utility bill.

Added to this dissatisfaction is general confusion and misunderstanding of their bill. Customers often think that bills lack clarity (“I can never understand all these charges.”) and do not reflect their efforts to conserve energy. A frequent comment is that the homeowner knows they have cut back on energy use (“I was on vacation half the month and had turned down the thermostat.”), but the bill is the same or higher.

For all of these reasons, utilities can increase customer satisfaction by re-formatting their bills in ways that make all of the line items clearer to the customer. Inserts that explain billing issues are helpful. A billing dynamic that clearly rewards a resident for conservation would also increase customer satisfaction.

These communications and explanations should be on-going, as should efforts by the utility to continue to simplify and clarify the bill.

Here is a graphic that shows how “value for the money” ranks lowest in customer satisfaction measures.



Value for the money is the biggest complaint and lowest customer satisfaction rating.

Source: Q Market Research

2. Develop, promote and communicate long-term plans for energy stability

Recent national and international events have more clearly focused consumers on their utilities and on strategic issues around energy costs and energy stability. Utilities that seek customer input on the customer's strategic concerns for purposes of both long-term planning and long-term strategy have higher customer satisfaction ratings.

Heightened interest by utility customers in energy stability has increased due to a number of recent events. For example, the Texas freeze and jump in natural gas prices in the winter of 2021-2022 caused disruption across the United States. Many consumer were shocked by the increase in their energy bill. For the first time, customers became concerned about the future of energy stability.

This jump in utility bills particularly alarmed elderly customers on fixed incomes.

Two other recent events have brought more attention to the strategic plans of public utilities. The first is the pandemic, in which more customers have worked from home. These home-based workers keep the heat or air conditioning on all day and use the lights and electricity. The security of electricity is vital to their computer work. A sudden blackout or surge could harm their data and their equipment.

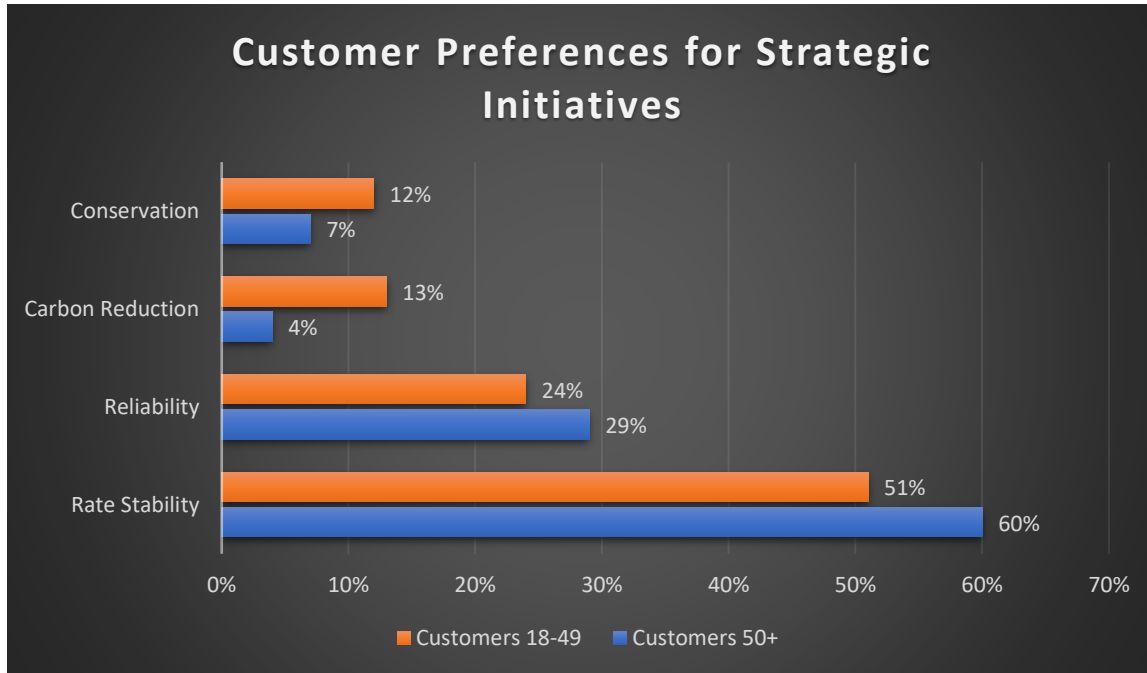
As the pandemic recedes, many workers will continue to work remotely, at least part of the time, and will continue to focus on the costs of utilities.

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The war in Ukraine is the second recent event that has brought attention to public utilities. The war has focused consumers on national energy security as they see the power and leverage that energy producing countries have on energy-poor countries. They see how world instability increases energy cost.

The chart below, taken from Q Market Research data, ranks customer interest in strategic initiatives.

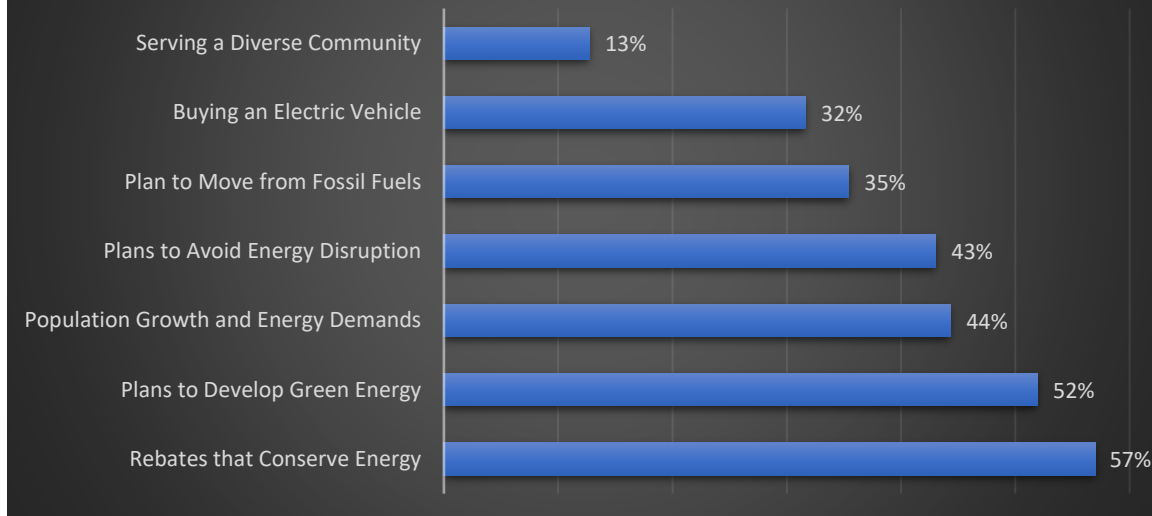


Customers want to know the utilities commitment to stability and conservation.

Source: Q Market Research

Related to customer interest in energy strategy are their requests for information covered by their utility in newsletters, mass media, social media and on the utility website. Again, the content they prefer has trended to be more strategic (but not completely), as shown in the chart below.

Preferred Topics for Customer Communications



Customers want information from the utility on energy diversity and conservation.

Source: Q Market Research

From there, strategic communication preferences diverge by age:

Younger customers are more interested in:

- plans to develop green energy alternatives
- buying an electric vehicle
- rebates that conserve energy

Older customers are more interested in:

- energy security
- energy affordability (they remain skeptical that whether green energy (such as wind and solar) are cost effective)
- energy reliability

All age groups are less supportive of messages about moving away from fossil fuels, because they don't believe it is realistically possible. Customers are concerned that too aggressive of a move from fossil fuels to alternative energy will increase consumer costs and could lead the U.S. and their utility into an energy shortage.

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3. Increase community involvement and visibility

Consumers view more favorably utilities that have regular and visible community interaction. Of the utilities tracked by Q Market Research, community visibility correlates to a higher NPS score, or overall customer satisfaction (see the chart below).

A word of caution: community visibility can be positive or negative. Based on customer comments, these are examples of positive and negative community interactions:

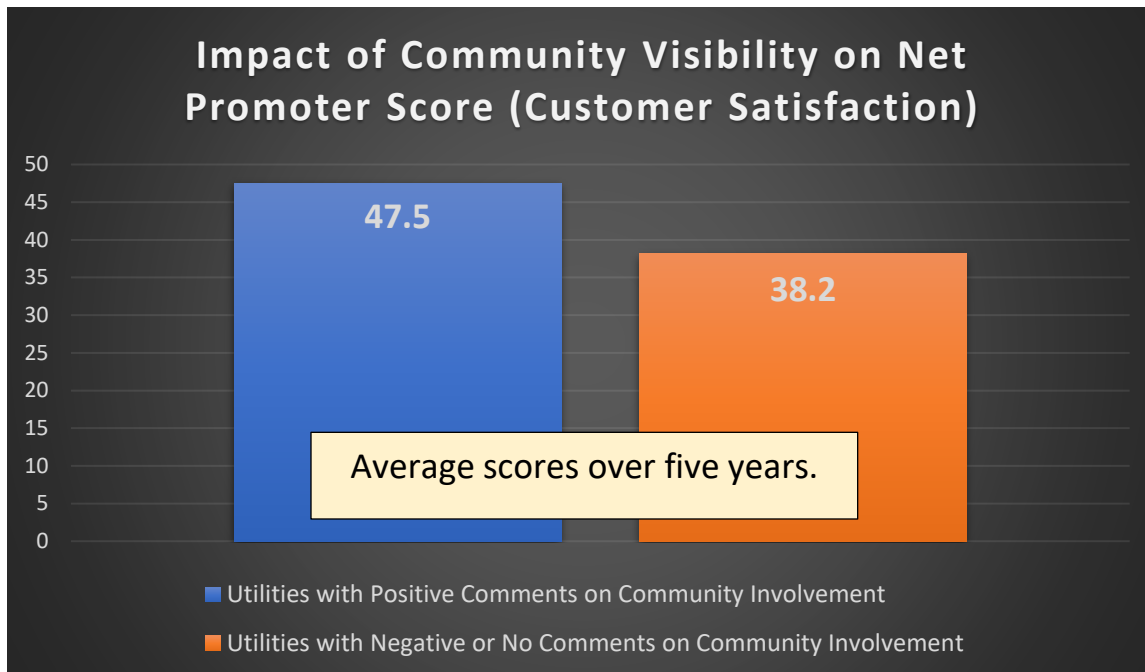
Positive community visibility

- Charitable giving by utility employees and the utility that benefits the community
- Educational events on topics like energy conservation (and rebates)
- Community betterment (planting trees in the summer; holiday lights in the winter)
- Energy assistance programs
- Prompt help with gas leaks or furnace/hot water heater pilot lighting

Negative community visibility

- New utility buildings (seen as wasteful)
- Poorly executed field operations, such as poor tree trimming, torn up lawns and shrubs that are not fixed; or too many people assigned to a task (seen as wasteful)
- New utility-branded cars and trucks (seen as frivolous)
- Rude customer service (in-person, by phone), by which customers conclude that the entire utility is only interested in their money and not appreciative of their customers

Utility efforts to support or move to green energy have a mixed community response. An equal number of customers applaud or criticize wind and solar farms set up by or supported by utilities. The discrepancy is based in part by the respondent's age (but not always), where younger respondents support green energy initiatives and older respondents are skeptical of them.



Positive community visibility increases resident satisfaction with their utility.
 Source: Q Market Research

4. Prioritize excellent customer service (phone, in-person and field)

A customer’s positive experience with customer service is one of the most influential factors in the public’s perception of a utility. Conversely, a customer’s negative experience with customer service strongly influences general dissatisfaction with the utility.

Poor customer service degrades customer satisfaction more than concerns about rates and charges.

To most utility customers, the customer service representative IS the face of the utility.

Despite the outsized influence of customer service staff on public perception of the utility, customer service can be one of the lower-paid positions and one of the most fluid jobs in a utility. At any one time, there are 4,000 customer service positions posted on the job site Indeed.

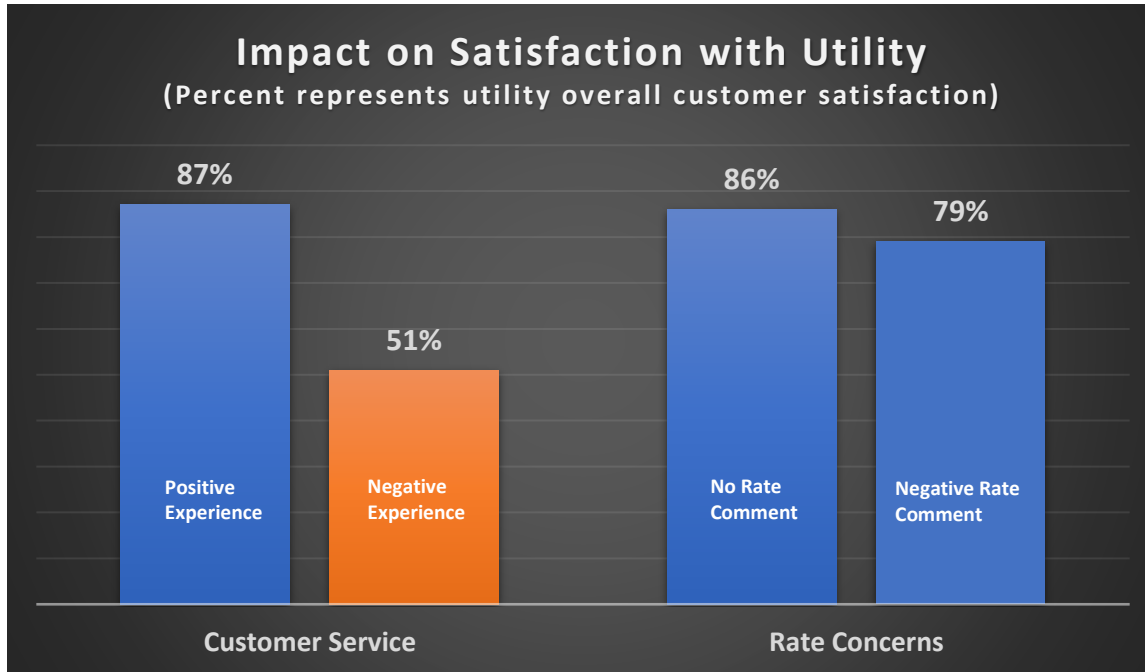
Yet customer service staff have more contact with the utility’s customers than any other position in the utility. They handle such tasks as billing questions and complaints, requests to change addresses, late payments, payment accommodations, energy disruptions or rude service.

Q Market Research surveys track whether these calls are handled positively. Q Market Research asks and tracks:

- Overall satisfaction ratings
- Open-ended comments

- Whether the customer is satisfied with how the issue is addressed (Value Enhancement Score)

The chart below shows the oversized influence of customer service on satisfaction with the utility. Poor service erodes satisfaction more than concerns about rates and charges.



*The oversize influence on customer satisfaction of a negative customer service experience.
Data: Q Market Research*

5. Diversify methods of two-way communications with customers

Since utilities have customers of varying ages and technology sophistication, a communications strategy that includes multiple access points will increase the volume of two-way communications, the ease of communications and the perception that the utility values customers and their overall satisfaction.

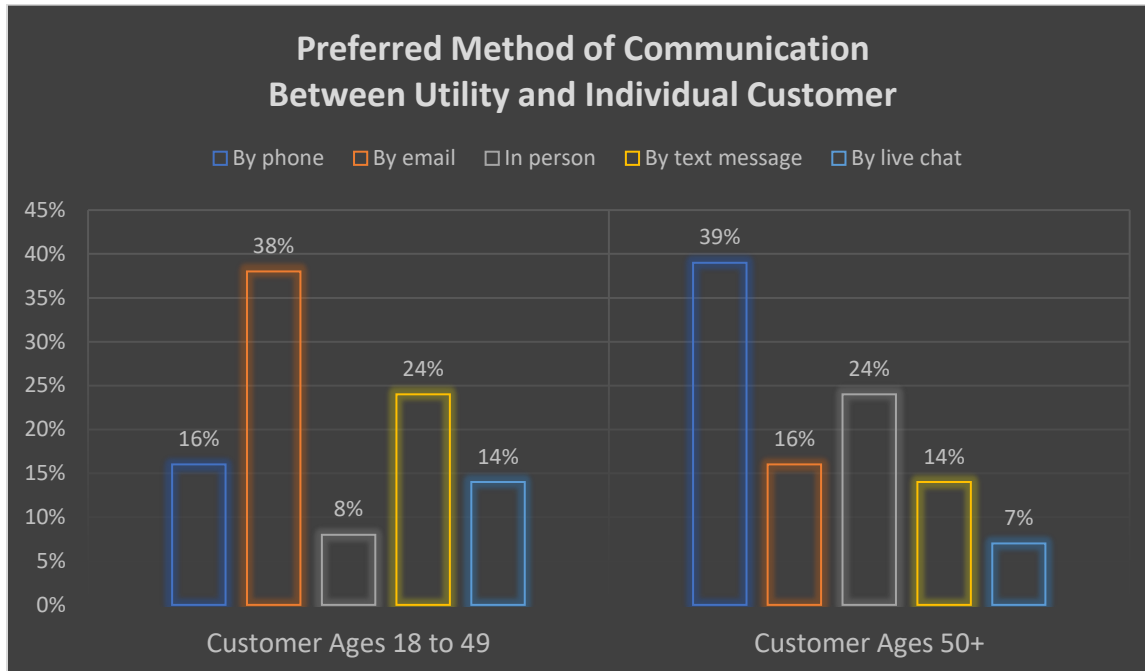
The greater the volume of two-way communications, the more likely customers will think their utility has their best interests in mind.

(One-way communication from the utility to customers is best accomplished according to our research by newsletters, the utility website, social media and traditional media.)

Customers want easy access to their utility in a manner that is most comfortable for them. The easier the access, the more likely customers will seek help with questions about rates and fees, moving, furnace malfunctions, carbon monoxide, call-before-you-dig, rebates and environmentally friendly energy options, among others.

The preferred channel of communication varies with the customer’s age, work status, and wired situation. Even high-tech customers vary as to preferring mobile text or computer contact.

Q Market Research compiled preferred communications methods among the utilities it surveys, as shown below. These utilities provide services to mid-sized municipalities that have urban and rural geographies and customers of all age groups.



Younger customers want electronic communications. Older customers prefer phone or in-person.

Source: Q Market Research

6. Ask customers for feedback through a formal and regular survey program

Utilities with structured customer feedback programs that include regular, multi-modal feedback (phone, online, mail) on a broad array of issues have consistently higher customer satisfaction. The surveys, themselves, represent to the customer that the utility is open to their feedback and values their opinions and satisfaction.

Traditionally, public utilities have often sought the least costly way possible to research customer attitudes. These have been through providing a “complaint” line or adding bill-stuffers that ask for feedback.

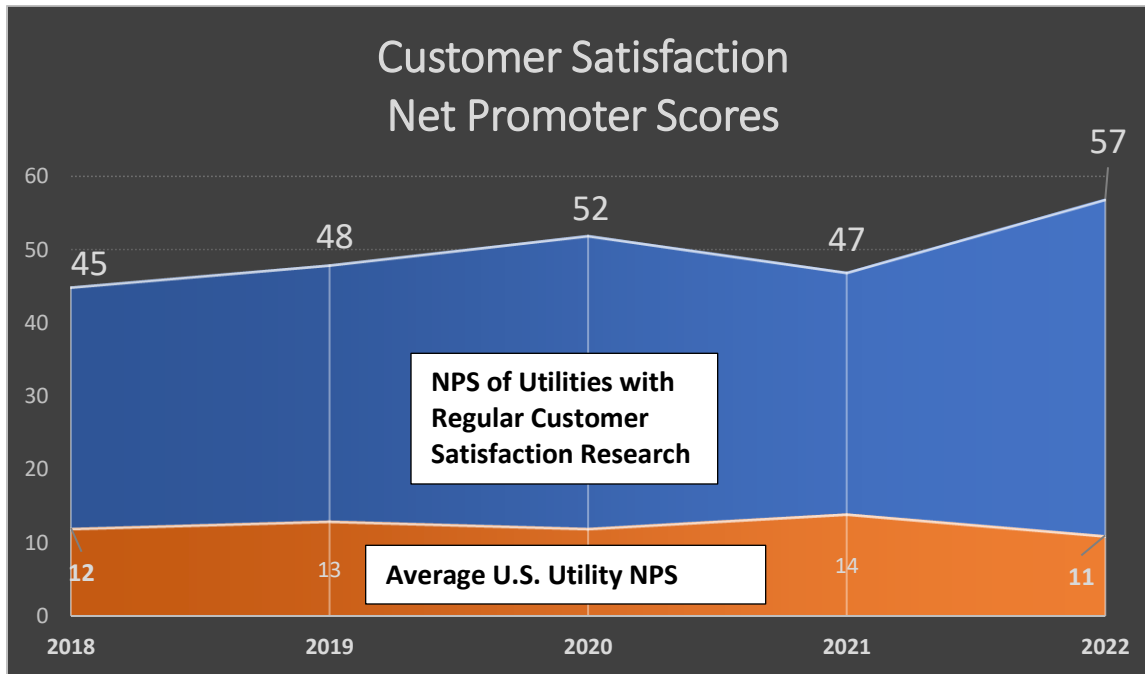
These limited attempts to hear from customers often solicit only “the squeaky wheel.” Utilities only hear from the most disgruntled customers. The feedback is not comprehensive. Such attempts fail in that they do not gather balanced response, identify strengths, or address the range of issues beyond “bills are too high” or “they messed up my property.”

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Such feedback is neither scientific, representative or statistically broad and accurate.

The chart below shows the average Net Promoter Score (overall customer satisfaction) of public utilities that have periodic customer feedback programs compared to those who don't.



Utilities that seek customer feedback are perceived more positively.

Source: Q Market Research

Scores near or above 50 are “excellent.” Scores 0 to near 50 are “good.” Scores below 0 are “below average.”

The reason that utilities with formal customer research have higher NPS scores is not only because they measure customer satisfaction. Utilities that measure customer satisfaction also are likely to be committed to addressing findings. This constructive approach leads to higher NPS scores.

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