

PROSPECTUS

E SOURCE Multi-Client Market Research Study



Identifying Key Customer Segments in Residential and Small Business Markets

In today's business climate, utilities are striving to drive costs down while maintaining high-quality service. Because residential and small business customers create the bulk of a utility's service transactions every day—and account for more than half of the energy consumed—understanding their needs and expectations is becoming more important than ever before.

Many segmentation approaches have proven too complex to implement successfully. They often attempt to solve too many problems at once. Our approach targets specific areas of high interaction with customers: (1) customer service and (2) energy efficiency and load management. For both the residential and small business markets, we'll be developing two reports that analyze the unique segmentation results in each of these distinct areas.

The segments we'll identify will be based on attitudinal research and will be profiled using energy-specific data, geographics, demographics, and Prizm clusters that will enable precise targeting. You'll be able to use our segmentation data to immediately improve your own marketing effectiveness and customer service levels.

Residential Customer Service

Companies that can identify key service groups and segment their customers into those groups will not only provide their customers with a better transaction experience, but save money in the process.

Consumers have different needs for information, interpersonal communication, and transaction channels (for example, telephone, office visits, or online). Often their preferences vary by transaction type. The report will separate residential customers into groups based on such issues as the amount and level of energy information they want to receive, the level of personal attention they expect, and their expectations surrounding the level of familiarity with their account history and knowledge of their energy needs. Preferences for the method of receiving information (for example, from a customer service representative, an automated voice-response system, or online) will also be prioritized. Service managers will receive profiles of differing service segments within their residential customer base.

Residential Energy Efficiency and Load Management

Energy service providers (ESPs) need better ways of identifying the customers who are most likely to buy energy-efficient equipment or participate in load reduction programs. We'll explore customer sensitivity to monthly energy bills along with attitudes toward energy use and lifestyle characteristics in order to create distinct market segments. Each segment will be profiled using demographics and Prizm coding. We'll also measure the messages and incentives that appeal to

Whether used as a tool for retaining existing profitable customers, building loyalty, acquiring customers, or developing new products, segmentation should be the foundation of any marketing strategy in today's competitive business environment.

each group and reveal how to communicate more effectively with target segments.

Small Business Customer Service

Small business owners are constantly under pressure to handle a variety of issues, problems, information, and opportunities related to their business. One issue cited by small business owners as something they focus on almost constantly is cash flow. Deposit requirements, monthly energy bills (and, therefore, energy usage), power quality, and reliability all directly impact a small business's financial situation. An ESP needs to understand not only the pressures its business customers face, but what service options will meet those needs most effectively.

Our research will provide a profile of distinct service segments within the small business marketplace that ESPs can incorporate into their planning, communications, and program offerings. Like residential customers, small businesses have preferences for the method and level of service they want from their ESPs. Understanding these

preferences and the customer groups they represent will help ESPs provide the level and type of service demanded by this diverse customer group.

Small Business Energy Efficiency and Load Management

ESPs often target commercial and industrial (C&I) customers for participation in their load reduction or energy-efficiency programs based on internal energy usage data. But their programs don't always align with customers' interests in reducing load or their perceived ability to do so. We'll develop energy saver market segments based on customers' perspectives and sensitivity to energy prices. Our profiles will help ESPs identify those small business segments that are most likely to participate in efficiency and load management programs, to learn which messages are most effective for each segment, which products and services have the most appeal, and how much they could reduce energy use or demand.

Study Benefits

We'll deliver strategic insights as well as operational information for the following internal clients at your company:

Marketing

Managers in residential and commercial marketing departments will be able to use the results of this study to design better programs, identify the most likely participants, determine the most meaningful messages, and select other energy-related products and services that will appeal to each segment.

Communications/advertising

Key messages and motivators will be identified for each segment, allowing managers to incorporate the most effective information in brochures, inserts, and other materials specifically designed for targeted groups.

Market research

The segments created for each study will be linked to Prizm and other readily accessible information sources, such as

energy bills or SIC codes. This will help researchers connect the results of our study to other market research work or to other data available within the organization.

Customer service

Armed with the results of this research, customer service managers will be able to adjust their strategies for more cost-effective service and greater customer satisfaction.

Energy efficiency and load management

Our segmentation approach will help program managers tailor promotions to fit the customers who are most likely to participate in their energy efficiency or load management offerings. It will also help identify customized marketing messages that are more likely to motivate target customers to act on the offers received.

Survey Methodology

More than 1,000 residential end users and 1,000 small business decision-makers in the United States and Canada will be randomly surveyed via telephone interviews. Of those, half will be included in the energy-efficiency segmentation research and half in the customer service

segmentation research. Residential respondents will be heads of households responsible for paying the monthly energy bill. Small business respondents will be those who make decisions for the business. The study sample will be stratified within nine U.S. regions and Canada.

Deliverables

You will receive the following deliverables for each segmentation study:

- A final report that fully analyzes the data and highlights the most critical findings. We'll highlight the study segments and profile the customers that fall into each group.
- A compact disc (CD) containing the raw survey data.
- A data notebook containing a study overview, the survey instruments, codebook, and sampling plan. The notebook will also include a PowerPoint presentation of the topline results, with charts illustrating the results for every survey question.
- A conference call to go over the findings in a live discussion.

Optional Oversampling Surveys

You are encouraged to have us expand on the results of our national study for a particular service territory or region by requesting proprietary oversampling research. The specific results of that oversampling will be provided only to those

who ask for that portion of the survey work. You can choose to conduct oversampling at any time, but it is most cost-effective to oversample at close to the same time as the original study.

Project Team

Tia Hensler, E SOURCE market research director, will lead the team working on this Multi-Client Study. Scott Landreth, E SOURCE market research assistant, will help with project management.

Purchase Options

There are four purchase options available. Studies may be bundled by sector (Residential or Small Business), or by segmentation approach (Customer Service or Energy Efficiency and Load Management).

Residential

Customer Service
Energy Efficiency and Load Management

Small Business

Customer Service
Energy Efficiency and Load Management

Customer Service

Residential
Small Business

Energy Efficiency and Load Management

Residential
Small Business

For More Information

Contact your E SOURCE sales representative for more information.

E SOURCE
1965 North 57th Court
Boulder, CO 80301
tel 303-444-7788
fax 303-484-4279
e-mail esource@esource.com
web www.esource.com