

An E SOURCE Market Research Multi-Client Study

Using Channels, Associations, and Business Organizations to Reach Small and Midsize Business Customers

Effectively communicating with small to midsize business customers is an ongoing challenge for today's electric utilities. Energy service providers (ESPs) employ several strategies to communicate with these customers about energy-related programs, products, and services, but quite often little is known about how these customers actually perceive those efforts. This study connects the customer and the utility by providing customer feedback on many of the strategies ESPs commonly use to communicate with small and midsize business customers, including 9 community-related activities, 17 communication channels, 6 business association partnerships, and 10 web site-related features. In addition to providing feedback on each of these specific channels, we explored general customer perceptions of their ESP, including overall satisfaction, preferences for contact, and web site ratings and evaluations.

Customers' Perceptions of Community-Related Activities

Our research indicates that both small and midsize business customers feel that their ESP should stick to what it knows when engaging in community-related activities. The top three activities these customers deem appropriate for ESPs to spend time and money on are closely aligned with their perceptions of a utility's core competency. These activities are also considered most likely to have a positive impact on an ESP's image. Activities that are further removed from a utility's core function, such as sponsoring sporting venues or community events, are less likely to garner support from small to midsize business customers or to have a positive impact on their overall perceptions of the ESP.

Preferred Method of Contact for Dispensing General Information

We address ESP communication channels in two ways: first, we explore customer preferences for contact about *general* information; and, second we examine customer perceptions of the appropriateness and effectiveness of specific channels for promoting *products and services*. Small and midsize business customers have differing opinions on the *best* channels to use in those two general categories. **Figure 1** (on back page) shows the preferred methods of contact for *general* information among customers in each company size category.

Increasing Utility Web Site Visitation

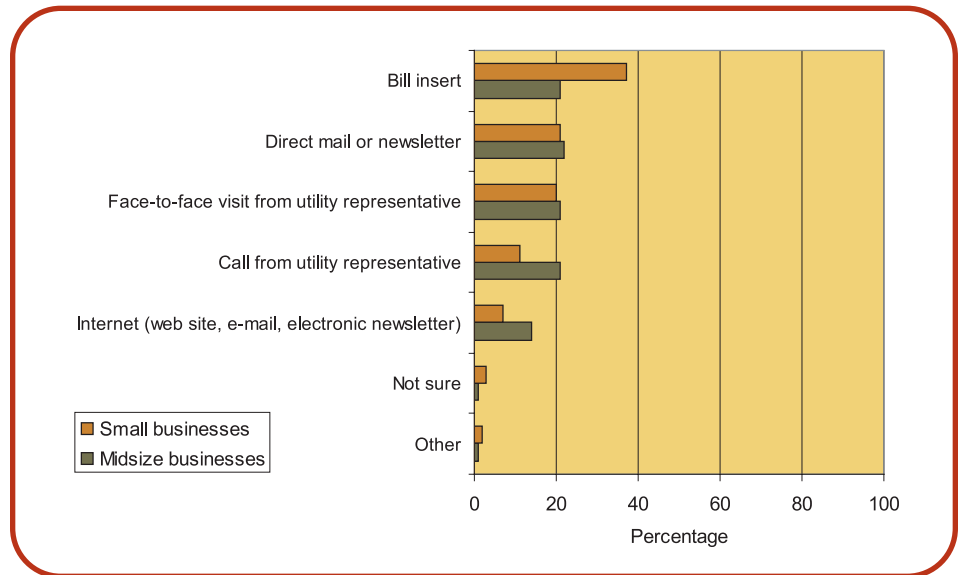
ESPs have work to do if they want to position their web sites as a preferred communication channel in the minds of their business customers. Because the web is of particular interest to utilities as a communication channel, we have researched the effectiveness of utility web sites in great detail in this study. In addition to inquiring about overall visitation and perceptions of utility web sites, we asked survey participants about the types of content and information that would increase their likelihood to visit their ESP's site. We found that small and midsize business customers have different perceptions about whether their ESP's web site offered pages that were specific for their type of business, but both small and midsize businesses value such focused information and content.

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Figure 1: Customer preferences for utility communications relating to general information

Small business customers are more likely than midsize business customers to respond to bill inserts, whereas midsize business customers are more likely than small business customers to prefer their utility use the Internet or call them. Whether communication is related to general information or to promoting products and services, we recommend that energy service providers implement a multi-channel approach for both small and midsize business customers.



Study Objective

The primary objective of our research was to identify the best ways for ESPs to communicate with their small and midsize business customers. Therefore, we asked respondents questions in three broad areas relating to how ESPs interact with their business customers and the communities they serve: community-related activities, communication channels, and partnerships with business and trade associations.

Methodology and Deliverables

We gathered data from over 900 small to midsize business customers throughout the United States and Canada via telephone interviews that were conducted in the summer of 2004. We targeted businesses with between 5 and 250 employees at their sites (no more than 250 employees in total at all sites) within eight market sectors: Education, Grocery, Healthcare, Industrial, Lodging, Office, Restaurant, and Retail.

Study subscribers receive a formal E SOURCE final report, a Data Notebook, and a Data CD. The final report, complete with graphics, covers the most important findings of the research in detail. The Data Notebook provides an overview of the study objectives and sampling, the actual survey instrument, and a comprehensive PowerPoint presentation showing results for each survey question by total sample, country, company size, and market sector. The Data CD contains the raw survey data as well as two sets of weighted and unweighted data tables, allowing subscribers to analyze data for each survey question in a variety of ways.

Other E SOURCE Market Research Conducted Among Small to Midsize Business Customers

- E SOURCE Small and Midsize Business Service's 6th Annual Market Assessment Survey (*forthcoming*)
- Utility Billing and Payment Options for Small Businesses (*September 2003*)
- Identifying Customer Service Segments in the Small Business Marketplace (*November 2002*)
- Identifying Energy-Efficiency and Load Management Segments in the Small Business Marketplace (*October 2002*)

Contact Us

For pricing information or to purchase this study:

Gary Sunshine
E SOURCE
Tel 303-444-7788
E-mail gary_sunshine@esource.com

For market research questions or inquiries:

E SOURCE
Tel 303-444-7788
E-mail esource@esource.com