

PROSPECTUS

E SOURCE Multi-Client Market Research Studies



Estimating Market Potential for New Products and Services in Large Commercial and Industrial Markets

Successfully selling energy-related products and services to end users has been tougher than anyone would have predicted just a few years ago. But some companies, with the right product mix, timing, and marketing messages, *have* succeeded. E SOURCE is designing four in-depth market research studies to help you zero in on the right target markets and to approach them with compelling sales messages and price points.

- Which customer groups are most interested in buying higher-reliability services?
- How can load management programs be designed to gather interest among industrial customers?
- Which market sectors are ripe to sign on to energy-efficiency upgrades?
- How much are customers willing to pay to eliminate unwanted power surges and sags?
- Are enhanced energy information services really valuable to end users? Do customers expect such services to be offered for free?
- Who are the early adopters of new forms of distributed energy?

These are just a few of the questions that are on the minds of energy service providers (ESPs) around the country, and our studies will address these and other key product and service issues. In order to focus intensively on the markets that ESPs care most about, we have divided our research into four specific studies, as described below. You may purchase any or all of the studies.

E SOURCE studies help marketers focus on slices of high-potential customer groups.

Objectives

Each study will use a similar research approach to provide ESPs with specific market sizing and target marketing information. In addition to the following core objectives, each study will include sections that focus on issues specifically relevant to that particular market area.

- Quantify the market potential (overall and by targeted niche markets) for products and services related to the specific study area.
- Address customers' perceptions and preferences about buying from their utility versus other suppliers.
- Measure willingness to pay and the value of nonprice attributes.
- Identify the customers' "hot buttons" that make them want to purchase these products and services.
- Predict the total revenue potential of each target market.
- Identify what products and services customers currently use and how much they pay.

Study Details

Market Potential for Energy Information Services

This study will estimate market potential for a variety of energy information products and services, including load profiling and analysis, remote monitoring and control, tariff and rate negotiation services, and energy accounting services. Building on market research E SOURCE conducted in 2000, this study will assess market size and price points. In addition, we'll evaluate the importance of product features, other than price—such as analysis and exception reporting—that matter to end users. We'll also examine the penetration of advanced metering, what drives the EIS purchase decision, and the key attributes of preferred product and service providers.

Market Potential for Distributed Energy Resources and Reliability Services

Reliable power is a basic requirement of utility customers, much like safety is to the airline passengers. And, like airline safety, questions of energy security have become more important to businesses since September 11. This study, which builds on market research E SOURCE conducted in 1999, will assess the market potential for reliability-focused products and services. In it, E SOURCE will determine interest in services such as premium-power guarantees, backup service, and outage notification. We will also focus more intently on distributed energy (DE) resources than ever before. Specifically, the survey will investigate customers' perceptions of the risks or obstacles they see on the horizon for DE. It will assess awareness of and the market potential for several DE products available or soon to be available and will explore pricing, payback requirements, financing preferences, and preferred providers. Profiles of key target groups for each product or service will also be provided as a result of the study.

Market Potential for Power Quality Services

This study will provide information to help energy service providers design the power quality offerings customers want, and quantify the size of the market for those offerings. As with the other studies mentioned, this will build on market research E SOURCE conducted in 2000. It will provide additional profiling of likely buying segments, the products and services those segments are interested in pursuing, and the features they find most appealing. In addition, survey respondents will be asked their opinion about the causes of power quality problems, their understanding of their utility's responsibility regarding clean power, and what barriers, if any, exist in their minds if their utility provides both the power and services to ensure that power is clean.

Energy-Efficiency and Load Management Program Participation Potential

This study will assess current energy-use practices and measure the market potential for energy-efficiency and load management product and service offerings. Building on market research E SOURCE conducted in 2001, this study will delve deeper to uncover more about customers' expectations and willingness to participate in voluntary demand reduction programs. Specifically, we'll assess how different market groups view the importance of program features such as time of day, length of interruption, warning given, how curtailment is measured, and how customers are compensated. We will also assess markets for energy efficiency, determining what investments customers are most willing to make, where their needs are greatest, and how rebate and financing programs, as well as delivery methods, affect their decisions.

Optional Oversampling Surveys

You are encouraged to have us expand on the results of the 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 subscribe to that portion of the survey work. You may choose to conduct oversampling at any time, but it is most cost-effective to oversample close to the same time as the original study.

Benefits

Results from these studies will provide strategic insights as well as operational information for key managers at your company.

Product Managers

Each study will provide product developers and managers with data about customer interest, purchase likelihood, willingness to pay, provider preferences, and preferences toward nonprice product or service attributes. Those responsible for introducing new products will use this data to target the most likely buyers and identify market barriers prior to implementing a market test or product launch.

Marketing Managers

Marketers will find the information regarding product interest and key target groups useful in strategic planning. The data can aid in forecasting and business planning as well as provide insight into those products or services that align with or support the company image and strategic direction. The information can also be used to create

promotional messages and sales channels that have the highest potential.

Key Account Managers

Often, these key contacts are the first source of information about new products to large commercial and industrial (C&I) customers. They need supporting information about (1) the reasons their company is introducing something new, (2) why the price is set at a certain level, and (3) speaking points to combat objections or barriers to sales.

Market Researchers

The results of our research will provide market researchers with data about product interest, believability, uniqueness, purchase likelihood, and many other elements important to assessing a new product idea. Researchers can also oversample within their own region or territory of interest to supplement the national data with input from their own C&I customers.

Survey Methodology

Each study will be based on an in-depth online survey with approximately 800 energy decision-makers. Survey respondents must have more than 50 employees. Respondents will be part of E SOURCE's proprietary C&I panel. This panel is randomly recruited over the telephone to accurately represent the C&I marketplace.

Market Sectors

Each of the four studies will include responses from energy decision-makers representing a broad range of market

sectors within the United States and Canada. Our segmentation will include general representation from each of the following commercial sectors: retail, education, healthcare, grocery, office buildings, hotel/lodging, government, and restaurants.

Industrial customers will be sampled from both continuous and batch process manufacturing. We will ensure that consumer products manufacturers are well represented in those samples.

Deliverables

You will receive the following deliverables for each market research study:

- A final report that fully analyzes the data and highlights the most critical findings.
- A compact disc containing the raw survey data.
- A data notebook containing a study overview, the survey instruments, a codebook, and the 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.

Project Team

Tia Hensler, E SOURCE market research director, will lead the team working on these *Multi-Client Market Research Studies*. Scott Landreth, E SOURCE market research assistant, will help with project management. In addition, the following E SOURCE advisors will be providing their insights into the survey design and analysis for their respective area of expertise:

- Ken Black, Director, E SOURCE Large Commercial Service/MARKETdat
- Lynn Fryer, Director, E SOURCE Energy Information & Communication Service
- Bill LeBlanc, Vice President, E SOURCE New Product Development
- Charlotte Otero-Goodwin, Manager, E SOURCE Power Quality Service
- David Van Holde, Director, E SOURCE Distributed Energy Service

Purchase Options

You may buy all four studies or purchase any one of them separately.

- *Market Potential for Energy Information Services*
- *Energy Efficiency and Load Management Program Participation Potential*
- *Market Potential for Distributed Energy and Reliability Services*

- *Market Potential for Power Quality Services* (Members of the E SOURCE PQ Group will receive the 2002 study as part of their annual membership agreement)

They will also be available bundled with previous E SOURCE Multi-Client Market Research Studies. Contact your business development manager for more details.

Companies that sign up early for these studies will be able to provide input into the questionnaire design and analysis planning.

For More Information

For technical questions, please contact:

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