



# UEM



*"Keeping Your Finger On the Heartbeat of Energy Markets"*

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## A New Point of Contact For UEM

THIS IS THE FIRST ISSUE OF *PULSE*, THE NEWSLETTER DEVELOPED FOR THE UNDERSTANDING ENERGY MARKETS SUBSCRIBER BASE. *PULSE* IS DESIGNED TO PROVIDE SUBSCRIBERS WITH QUARTERLY UPDATES ON UEM RESEARCH AND EVENTS IN THE RETAIL MARKETPLACE

**Primen** a new energy information company formed by EPRI and GRI, has opened its doors for business. While the company has had several working titles since its inception (with Infomart being the most common), the new name communicates the mission of the firm: *Providing customers with fast, comprehensive, tailored information that establishes a new industry standard for responsiveness and depth of information.*

ing, emerging trends and related issues.

**Primen will directly serve you in the execution of market research for the Understanding Energy Markets (UEM) target, and will be your contact for all UEM deliverables.**

You can contact Primen at 877.976.4681, or by e-mail at ask@primen.com. Primen has offices in Chicago, Palo Alto, Portland, OR, and Madison, WI.

Primen's affiliation with EPRI and GRI complements our staff of experts in energy marketplace intelligence, and gives the company access to the foremost technology authorities in the electric, natural gas, and energy industries. This affiliation enables customers to capture the benefits of a seamless link between Primen's initial development, analyses, and delivery of

actionable energy intelligence, and the traditional EPRI/GRI connection to the world's most advanced energy technology.

Primen is also developing an independent portfolio of products and services that it will offer to the marketplace, initiating in June 2000. The products and services complement the efforts initiated in the UEM work and provide more depth investigations into how customers choose, and on specific product and service interests. Look for more news about Primen and its information product offerings coming to you soon.

### The Point of Information

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### Inside This Issue

<b>Share Wars: 1999 In Review</b>	1
<b>Keeping You Plugged-In: UEM Target for 2000</b>	2
<b>What's On Tap for Y2K?</b>	2
<b>Program Offerings: A Menu for All Tastes</b>	3
<b>2000 UEM Deliverable Schedule</b>	4

The primary focus of the company is to develop new information products that provide value to energy providers, ESPs, and others who need insight into retail energy markets. Examples of information to be developed include customer energy use, competitive activity, customer market profiles, technology tracking, regulatory track-



## SHARE WARS: 1999 IN REVIEW

### OUR FIRST ISSUE!

- \* The UEM *Pulse* newsletter, your quarterly information source for UEM Target, begins publication with this issue
- \* Look for all of the latest information on the UEM Target in this and upcoming releases!

As the electric utility industry accelerates toward competition, understanding how customers will respond in the open energy market is critical for retaining existing customers and attracting new ones.

The comprehensive *Share Wars* study was designed to help marketing executives, pricing managers, and product design and development managers determine which prod-

ucts and services to offer to specific types of customers. In particular, the *Share Wars* study addressed several issues including...

- Customer knowledge of deregulation
- Satisfaction and switching
- Energy provider choices
- Energy use profiles
- Most appealing energy offers to various customer

groups.

- Types of premiums customers will pay for different service offers and how this varies by customer group.
- Targeting the most valuable customers in open markets.

Energy customers were asked to choose products and services they preferred most from groups of predetermined

(continued on page 4)

## Keeping You Plugged-In: UEM Target for 2000

Over the past several years, Understanding Energy Markets (UEM) has developed a comprehensive, integrated view of the retail energy marketplace for its subscribers. This view has been composed of national and regional market profiles that characterize customers' overall energy use, needs and preferences, technology purchases and holdings and customer loyalty and churn rates. In 1999 alone, UEM spent more than \$4 million to provide subscribers with fundamental market and customer insights—the building blocks for creating successful strategic marketing and service plans.

By focusing on specific market segments, providing highly specific insights on the business and energy is-

sues of individual industries or businesses and benchmarking these findings against other markets, UEM has delivered a manageable yet highly informative look at large scale energy markets. No other information provider can match UEM's existing body of market research, experience and perspective on the energy industry.

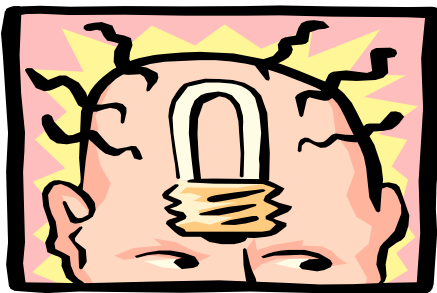
Our past efforts help us know where to dig deeper to address the many factors that affect how consumers view their providers and decide what to buy. Because we are constantly building on a deep and integrated knowledge base developed over



years, we can not only spot trends but describe them from an historic context and know where to probe for even deeper insights.

In 2000, EPRI will continue to develop the exciting market and consumer information that the energy industry needs to create business strategies allowing subscribers to respond to the latest evolutions of this fast moving marketplace. We'll provide you with bite-sized nuggets presenting the most valuable information in an easy-to-use package. And, with the advantage of EPRI's unique ability to leverage industry resources, we'll do it all at significantly lower costs than you could do it on your own.

## What's On Tap For Y2K?



This will be another exciting year of discovery and exploration for the UEM program. In our ongoing effort to build a deep and integrated base of research, UEM has continued to review market changes and enhance new learning based on findings in previous phases of the project. For example, we noted a trend over the last three years of increasing willingness among residential customers to switch electric service providers. By understanding this

alternative methods for understanding consumer switching drivers and apply them to ongoing research in California and Pennsylvania. Findings developed from this line of investigation have highlighted a number of factors that will be tested and tracked in 2000 and beyond.

In this same vein, the UEM work plan for the year 2000 is driven by learning from past studies. This year's menu includes several insightful offerings designed to bring you the latest and most uniquely valuable consumer information available.

Among the key offerings on this year's slate will be a continuation of work in each of the ongoing consumer market series previously offered through the Understanding Energy Markets Target program:

- ⇒ *“Understanding the Residential Marketplace”*
- ⇒ *“Understanding the Mass Business Marketplace”*
- ⇒ *“Understanding Large Businesses”*

Component reports available across series will include...

- *Perceptions and Choices in the Energy Market*
- *Potential Energy Choices and their Determinants*
- *Comparative Attitudes Toward Utility Type Services*
- *Energy Usage and Equipment*
- *Positioning to Demographic Groups*
- *Consumer Interest in Bundled Offerings*

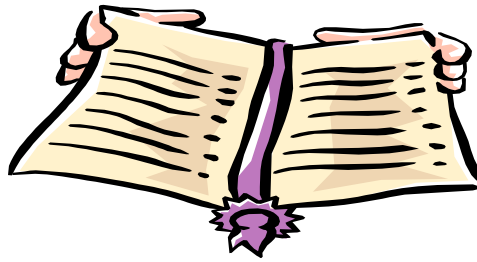
Please see *Program Offerings* on the next page for a full description of market report offerings.

# Program Offerings: A Menu for All Tastes

Understanding Energy Markets for 2000 will continue to provide in-depth knowledge on energy consumers. We'll present our findings in discrete, easy-to-use formats like market briefs, e-mail updates, newsletters and presentations. We'll also provide more detailed findings in longer reports called *market assessments*. Semi-annual meetings will be held to discuss the latest results and hotline support gives you quick answers to questions as they arise. This dynamic and interactive approach will provide new understanding on a variety of topics through core studies in the residential, mass business and large business market segments. Core reports include:

- *Perceptions and Choices in Energy Markets*
- *Potential Energy Choices and their Determinants*
- *Comparative Attitudes Toward Utility Type Services*
- *Energy Usage and Equipment*
- *"Understanding the Residential Marketplace"*

Where there is electricity choice, the residential marketplace is generally unaware of or does not understand the options available to them. While they favor choice, residential customers indicate a reluctance to learn how to consider the alternatives. Past EPRI research has yielded ongoing measures of consumer interests. Drawing on this learning and a combination of qualitative and quantitative research techniques, this report series will continue to monitor residential consumers, their attitudes, current energy use and the products they're interested in. This cornerstone report will set the basis for broader understanding of the residential sector. An critical information source for all energy service providers.



**Plus**, look at these *special focused offerings* in the residential target...

### ★ *Positioning to Demographic Groups*

How do you market effectively to the diverse spectrum of U.S. cultures? This project will help you find the answers by exploring how and to what degree socio-demographic groups differ in their preferences for energy products, services and providers.

An initial screening report will be delivered in May, which explores growing, and important new demographic groups in the US. Based on this report, the UEM team will select two demographic groups for in-depth qualitative explorations scheduled for late-May. The results of these groups will be reported in a Market Brief and a Market Assessment scheduled to be delivered in June and July respectively. A final Market Assessment scheduled for September will combine qualitative findings with the quantitative research designed to size and identify key differentiating needs for the groups.

### ★ *Consumer Interest In Bundled Offerings*

Recent UEM research has found that after years of expressing no interest, customers may have begun to see combined long distance, cable TV and local telephone service as an interesting product bundle. Does this perception translate to a renewed market interest in bundled products and services?

Research has shown consumers to have reservations about existing bundled energy service offers in the past. But, has the greater awareness of product bundles finally percolated into energy.

markets? This study will complement ongoing UEM analyses by taking a fresh look at the evolution of market preferences for bundled offerings.

### *"Understanding the Mass Business Marketplace"*

Much like residential consumers, the mass business segment also likes having options but are often fails to exercise them. While past studies have provided ongoing measures of mass business interests, our new research will give you the latest consumer insights you need to select which mass business customers to pursue and how in competitive markets.

As with large business customers, you'll receive information on business perceptions of deregulation and alternative providers, equipment purchases and uses plus willingness to consider new and innovative products/services from utilities.

### *"Understanding Large Businesses"*

Big commercial and industrial customers are the 'bread and butter' of many utilities' sales. A clear appreciation of this important group of customers is key for many providers in regulated and deregulated markets alike. EPRI understands the ongoing importance of this segment and will work during 2000 to provide the most current information available on how to attract and retain these valuable accounts, especially in open markets.

### *Advisory Meetings & Conference*

Don't miss the advisors meetings tentatively scheduled for November this year. In addition to our regular agenda, we'll add an innovative 1.5 day conference on market research issues. Current plans call for a highly interactive format bringing MR expertise from outside the industry. Watch for more information.

## 2000 UEM Deliverable Schedule



MB=Market Brief MA=Market Assessment Report	May	June	July	August	Sept.	Oct	Nov	Dec
Perceptions & Choices in Open Markets	MBs		MAs					
Potential Energy Choices				MBs		MAs		
Attitudes To Utility Services					MBs	MAs		
Energy Usage & Equip.						MB	MA	
Positioning to Demographic Groups	QS	MB	MA		MA			
Interest in Bundled	QS	MB	MA					
Advisory Meeting & Conference								
PULSE								

## SHARE WARS: 1999 IN REVIEW (continued from page 1)

offers designed to address the range of products and services either already in the market or on the horizon for later introduction. Issues addressed were clustered into five major groups: Pricing, Green Energy, Customer Service, Premium or Value-Added Services and Community Presence.

### Residential Summary Results

- ⇒ Customers clearly prefer their *local electric company*. But, affiliates of local companies and well-known alternative providers compared similarly suggesting that local company affiliates may face significant pressure from recognized outsiders.
- ⇒ They strongly preferred *fixed* rate plans.
- ⇒ They *don't* like *multi-year* contracts.
- ⇒ Sign-up benefits were seen as 'gimmicky'.
- ⇒ Consumers want to talk to live telephone reps, *not automated systems*.
- ⇒ Web site connectivity was important to *certain groups*.
- ⇒ Bundled offers of power with telecom, home security and Internet access were *not popular*. But, cable TV service did

spark *some* interest.

- ⇒ Community presence-related activities were very important.

### Small & Medium Business Results

- ⇒ Customers clearly prefer their local electric company or one of the company's affiliates. In some cases, affiliates of local companies were actually *preferable* to the parent company.
- ⇒ Reliability guarantees were highly-valued.
- ⇒ Strongly favored fixed rates over hourly pricing.
- ⇒ Longer contracts were unattractive.
- ⇒ Cash rebates after a period of service were a plus.
- ⇒ Payment options, customized and consolidated billing and bill aggregation were positive points for this group.
- ⇒ Websites with energy usage information were popular but use notification or transaction sites were less important.
- ⇒ Multiple fuel availability and warranties/maintenance contracts held value.
- ⇒ Local economic development was im-

portant.

### Large Business Summary

- ⇒ Customers clearly prefer their *local electric company*.
- ⇒ Reliability guarantees were highly-valued.
- ⇒ Fixed rates were far more attractive than hourly pricing.
- ⇒ While longer contracts were generally unattractive, some large businesses preferred extended agreements.
- ⇒ Direct access to account representatives was important.
- ⇒ Payment options, customized and consolidated billing and bill aggregation were highly rated.
- ⇒ Energy-related services, such as electrical equipment financing, were favored.
- ⇒ Contribution to local economic development was important.

This summary provides the briefest of introductions to the findings of the *Share Wars* program. There is a vast array of detailed information available through the ongoing *Share Wars* project. For more information, contact Primen.