



## Building Relationships with Electric Utility Customers

- Bill Twardy, Market Research and Information, Salt River Project
- AMA Executive Insights Conference Scottsdale, Arizona January 2007



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# About SRP

- Established in 1903
- Based in Tempe, Arizona
- \$2.5 billion revenues in FY 06
- Two distinct entities:
  - Agricultural Improvement and Power District
  - Water Users' Association





# Power District

- Nations third largest public power utility
- Serves over 900,000 customers in the greater Phoenix area
- Fuel mix:
  - Coal
  - Nuclear
  - Natural gas
  - Hydro and other renewable resources





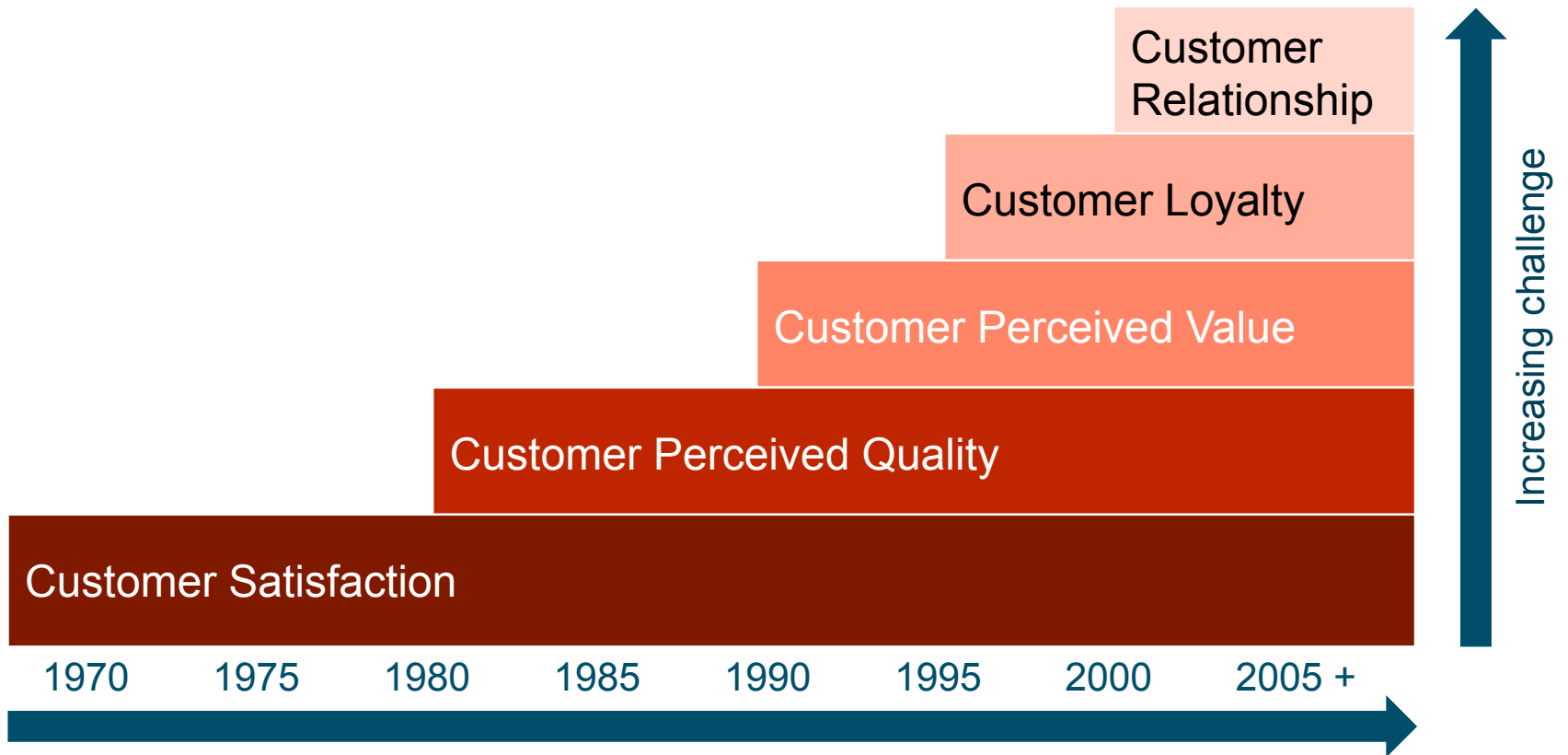
# Water Association

- Largest water supplier to the Phoenix area
- Manages surface and ground water supplies
- Delivers over 1 million acre-feet annually to agricultural, urban and municipal water users



# Customer Relationship Management

Evolution of measurement over time...



Source: Larry Crosby, Synovate Customer Experience

# Customer Relationship Management

- Evolution at SRP
  - Customer Satisfaction – 1989
  - Customer Loyalty – 1996
    - Driver: Impending deregulation
  - Relationship Strength – 2001
    - Focus: Other desired behaviours



# Customer Relationship Management

- Objectives of CRM
  - Measure customer experiences, attitudes towards the SRP brand and behavioural tendencies
    - Across multiple segments
  - Develop casual models to identify key influencers
  - Identify priorities for improvements

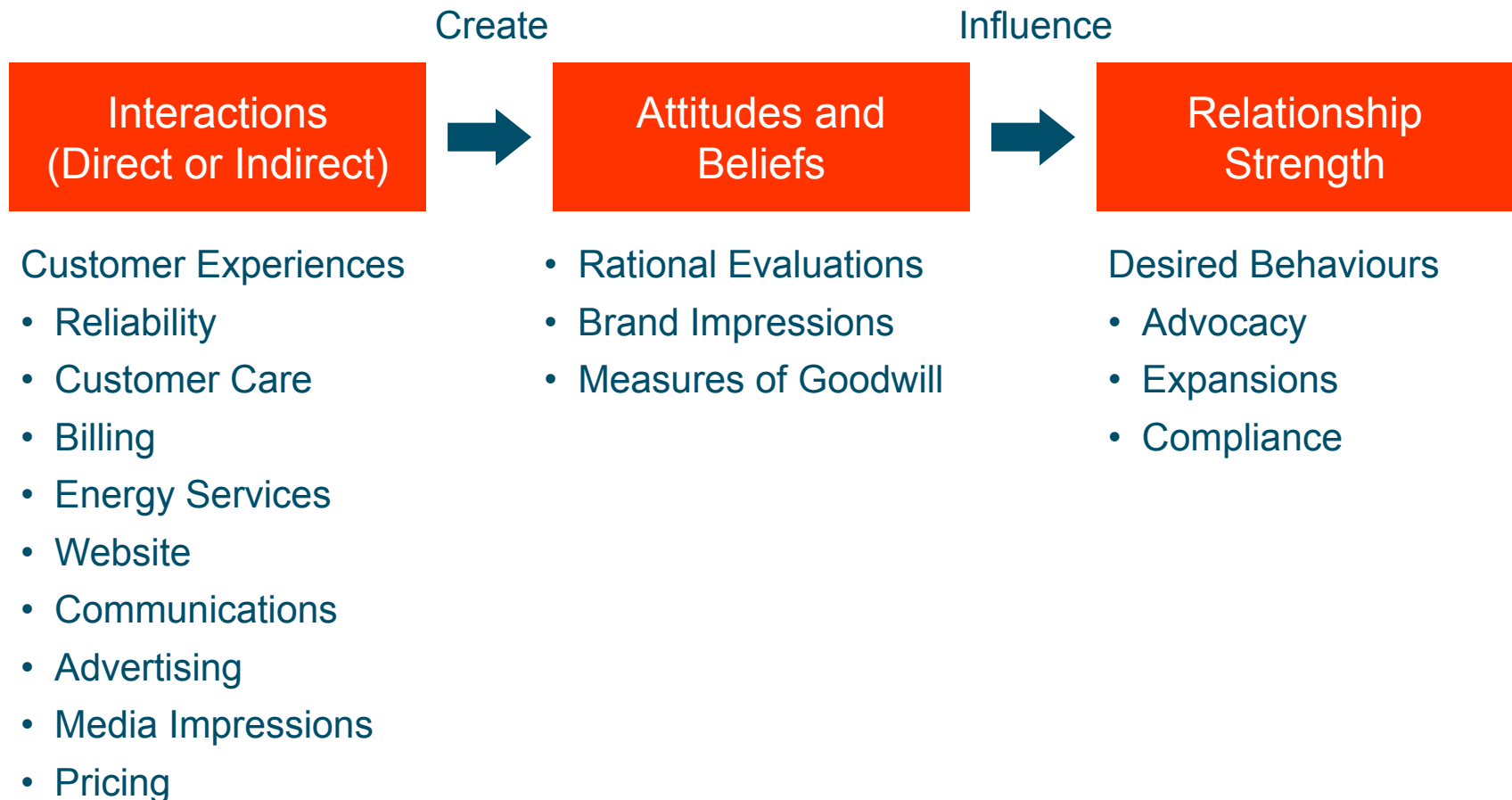
# Customer Relationship Management

- Segments
  - Large Business
  - Mid-size Business
  - Small Business
  - Residential
  - Hispanic Residential



# Customer Relationship Management

## Relationship Model





# Customer Relationship Management

- Rational Evaluation
  - Overall Performance
  - Value to Customer
  - Value to Community
- Brand Impressions
  - Image
  - Personality
  - Activated Beliefs
- Measure of Goodwill
  - Salience
  - Understanding
  - Image Appeal
  - Personality Appeal
  - Pride
  - Shared Values
  - Sense of Relationship

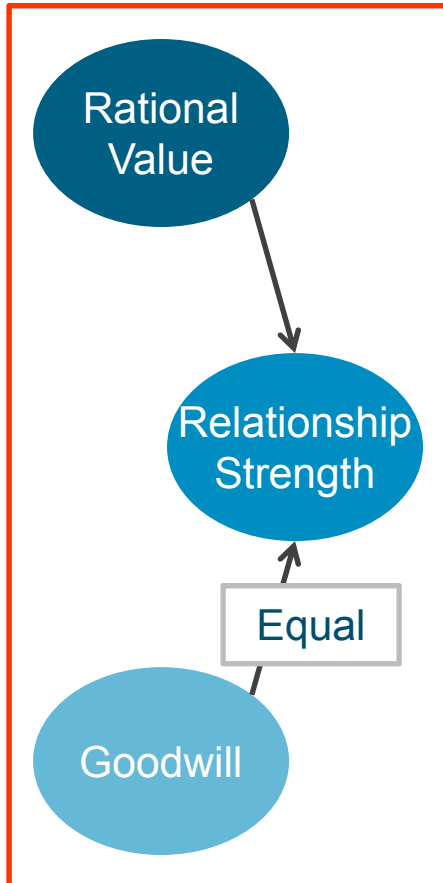
# Key Findings

- Advertising and Communications have a high impact on Relationship Strength and Goodwill
- Goodwill is a strong predictor of Relationships Strength
  - Has become more influential over time
  - Impact varies by segment
  - Impact can shift over time

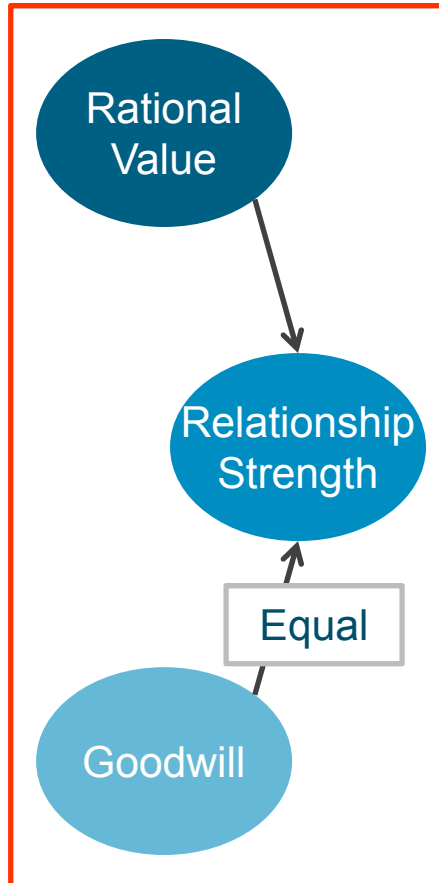
# Key Findings

## Residential Segment

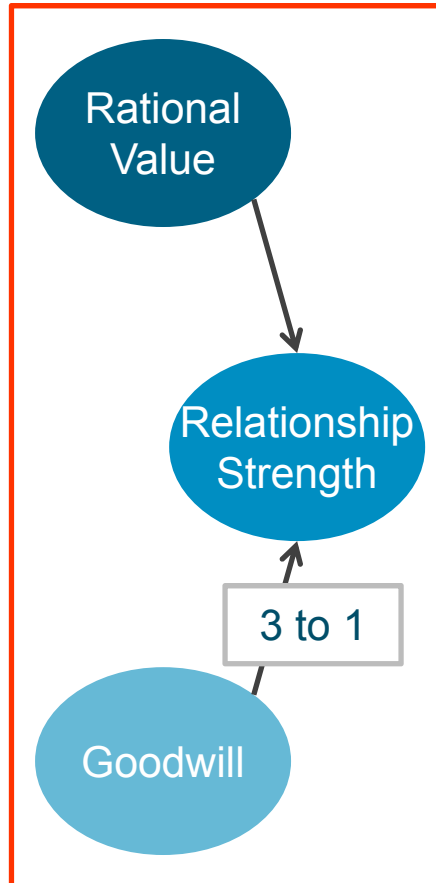
2003



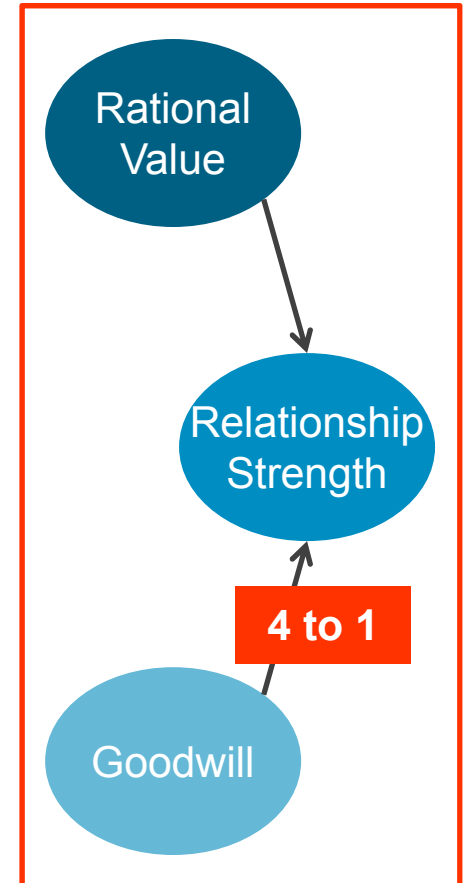
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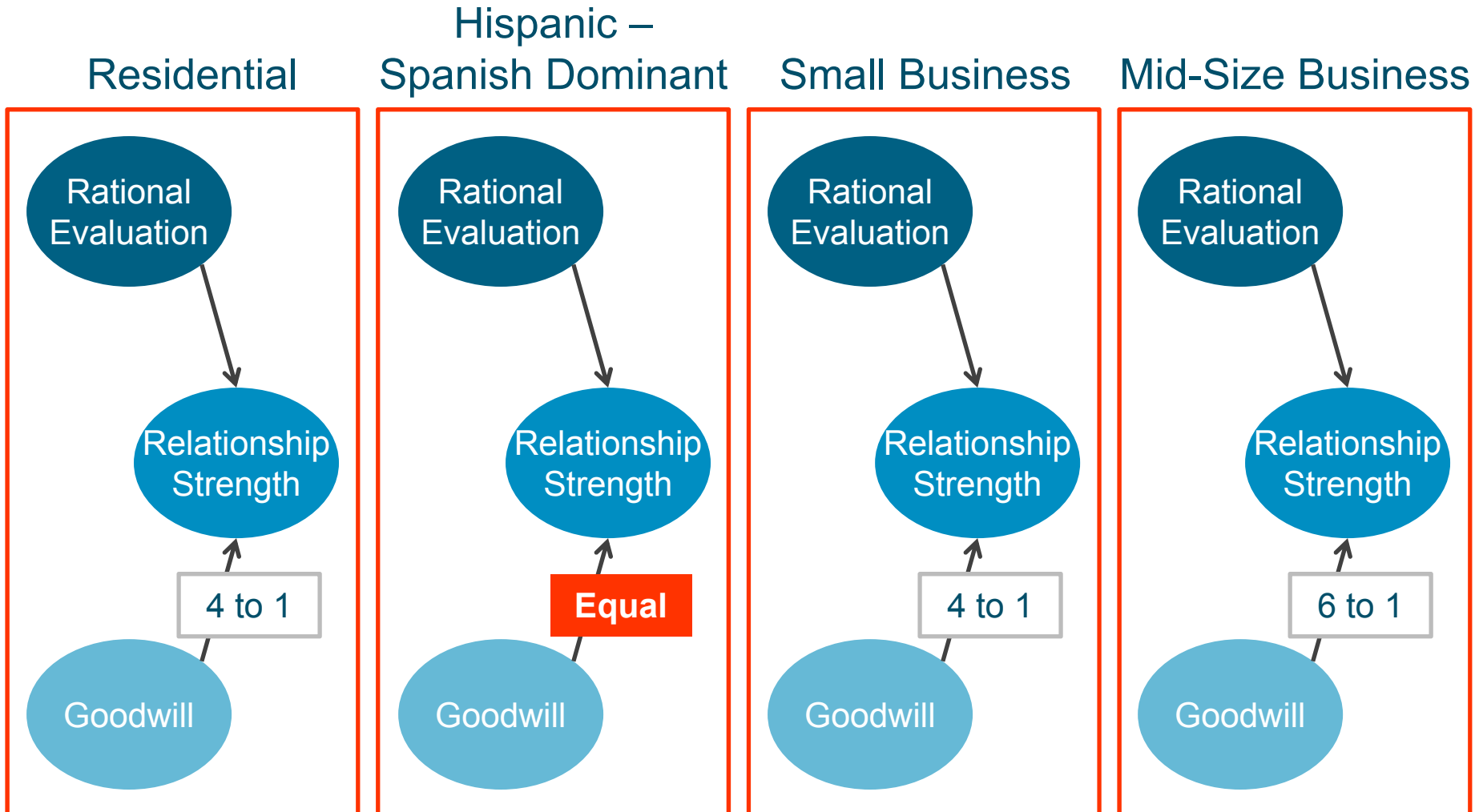
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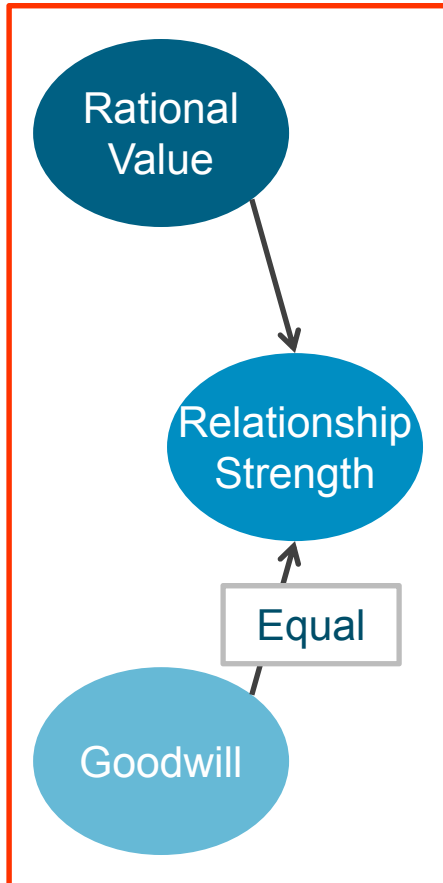
# Key Findings



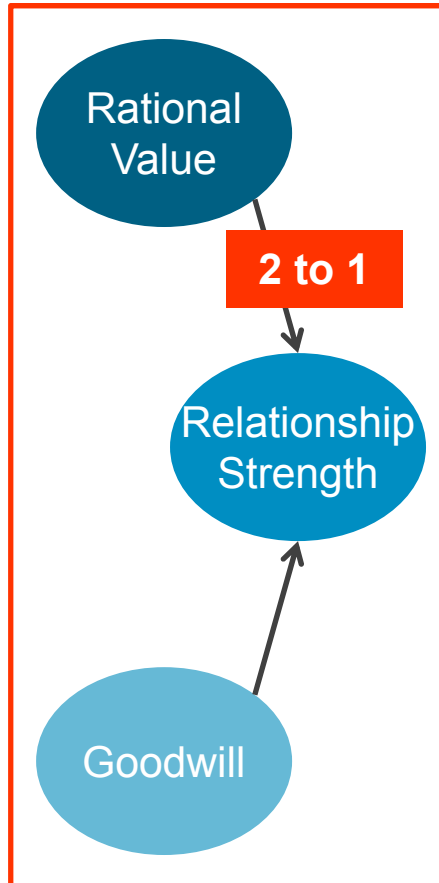
# Key Findings

## Large Customer Segment

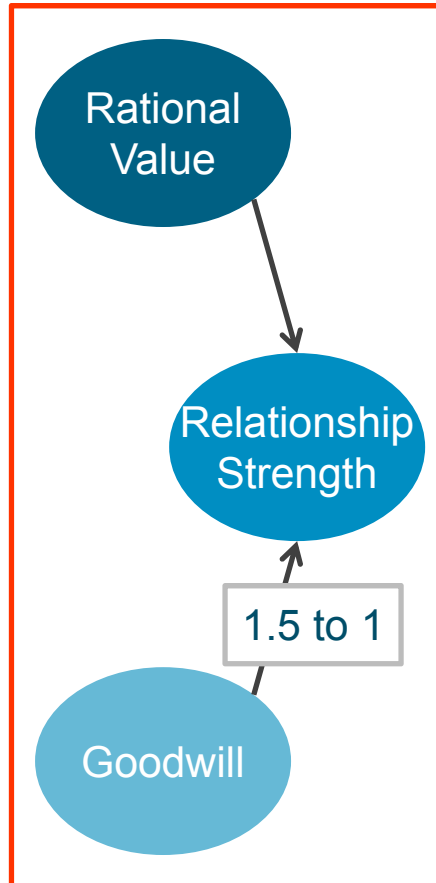
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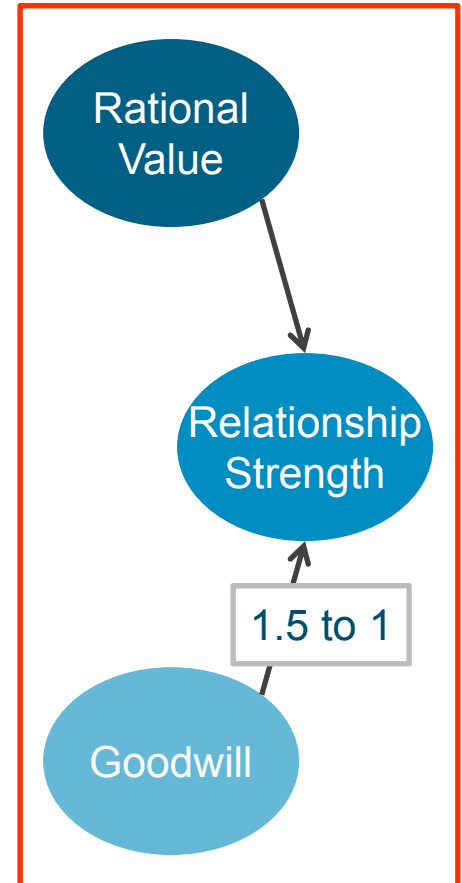
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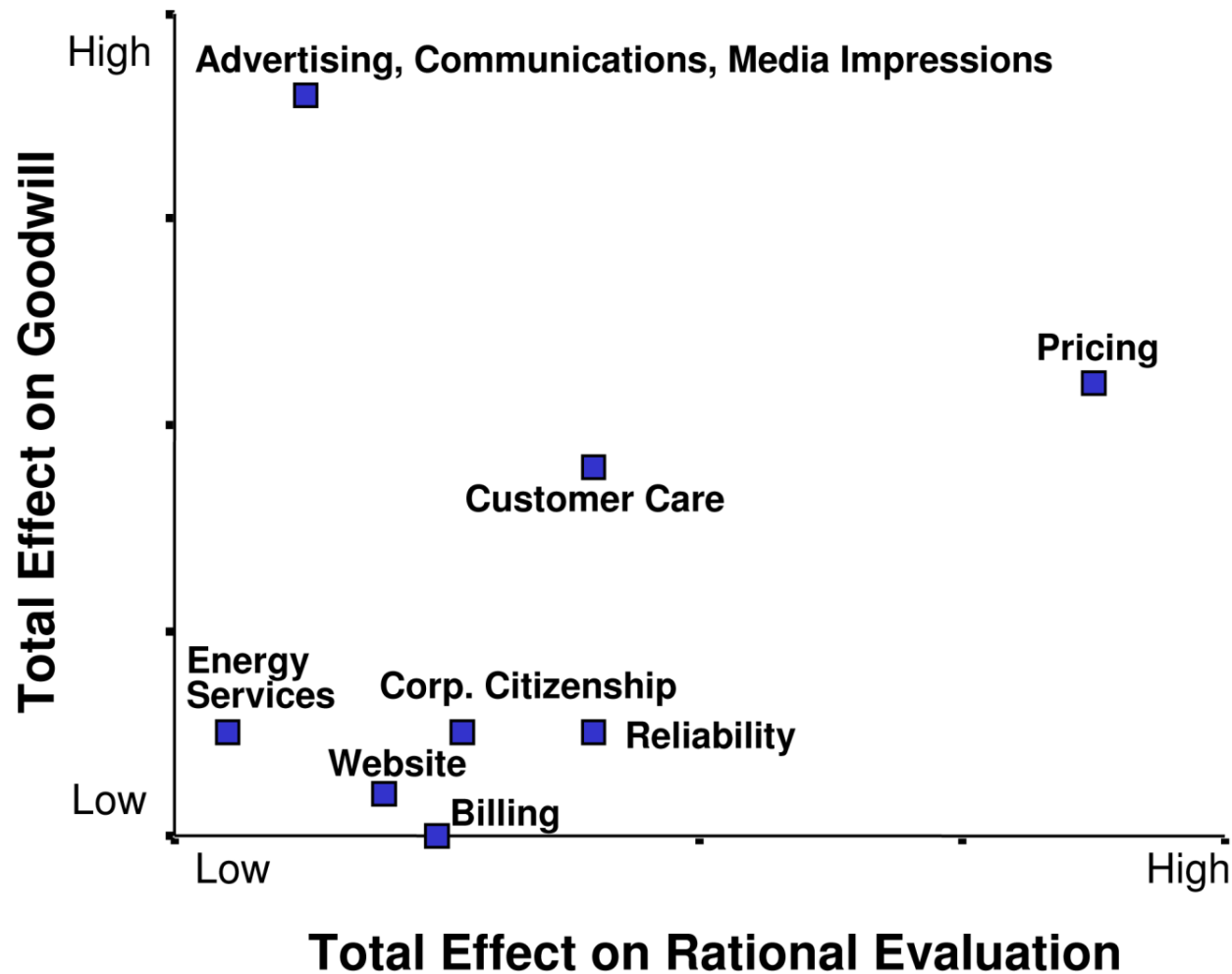




# Key Findings

- Customer experiences affect attitudes and beliefs in different ways
- Impacts of these experiences can be identified for specific brand attributes

# Key Findings



Residential Customers



# Key Findings

Brand Attribute / Customer Touch Point	SRP is Honest and Trustworthy	SRP Gives Back to the Community	Is Easy and Pleasant to Do Business With	Treats Customers with Dignity and Respect
Reliability				
Pricing	✓		✓	✓
Billing				✓
Energy Services				
Customer Care			✓	✓
Corp. Citizenship		✓		✓
Advertising		✓		✓
Communications		✓		✓
Website				



# Conclusions and Implications

- The reservoir of goodwill built up over time is a point of differentiation in a commodity business
- All customer experiences play a role in delivering the brand promise
  - Different touch points can have different impacts on customer attitudes and beliefs
  - External events and consumer confidence may also have an impact
  - Embed the brand in all customer interactions

# Conclusions and Implications

- Segments respond to different aspects of the brand
  - Residential – assurance, peace of mind
  - Business – responsible, acts in best interest of customers, industry leadership
    - Shape communications accordingly
- Personal interaction with business customers has enhanced goodwill and relationship strength
  - Strive to personalise service in mass markets