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For Immediate Release

Contact: Jamie Wimberly  
Phone: (202) 255-2860

## **DEFG Releases Findings from “Annual State of the Customer Survey in the Utility Sector”**

### **Survey Points to Need for Utilities to Better Leverage Customer Capital to Avoid Erosion of Customer Loyalty**

Washington, DC ... DEFG, a management consulting firm specializing in consumers and consumer-facing offerings in the utility sector ([www.defgllc.com](http://www.defgllc.com)) released today the findings from the “Annual State of the Customer Survey in the Utility Sector.” The survey of 1,000+ Americans was conducted late last year in collaboration with the members of the Utility Customer Research Consortium (UCRC), a blue-ribbon panel of executives focused on customer strategy and operations in the utility sector.

“The good news is that utilities have built up a lot of customer capital, including high customer satisfaction, good will, and customer perceptions of value from their utility compared with other comparable service providers in other sectors,” stated Jamie Wimberly, CEO of DEFG LLC. “The not-so-good news is that utilities may not be effectively leveraging that customer capital for maximum return, and, in fact, risk erosion of customer loyalty over time. In short, customers view their utility customer service as being good to very good, but may still not have customer loyalty.”

Findings from the “Annual State of the Customer Survey in the Utility Sector” include:

#### **High Customer Satisfaction and Good Will in the Utility Sector**

- Utility customer service is generally viewed as either very good (62%, top 3 boxes, i.e., an 8, 9 or 10 on a 10-point scale) or good (35%, rated 4-7).
- From our survey in 2015 to this year’s survey, there has been a 7-point increase (from 55% in 2015 to 62% this year) of customers viewing utility customer service as very good.
- Almost half of respondents (49% in top 3 boxes) felt that their local electric utility is an excellent corporate citizen. Likewise, approximately half of the respondents felt their local utility regulators were doing a very good job (47% in top 3 boxes).
- Respondents also used positive one-word descriptions for the customer service provided by their local utility.
- 53% of respondents (top 3 boxes) were highly likely to speak positively to others about their utility.
- Finally, respondents felt that their local utility provided a better or equal value to all comparable service providers, e.g. cable or Internet.

## Customer Satisfaction vs. Customer Loyalty

- There is evidence that high customer satisfaction does not necessarily translate to customer loyalty. When asked if they would choose another provider rather than their local electric utility, 27% of respondents were highly likely to choose another provider (top 3 boxes) and another 45% were somewhat likely (boxes 4 -7 on a 10-point scale).
- Over a third of low-income customers indicated that they have trouble paying utility bills.
- In addition, 34% of respondents would consider self-disconnection in order to save money and/or have more control if they could easily reconnect without penalty. This calls into question the assumption that electricity is an essential service.

“It is easy to discount customer loyalty in a highly regulated, monopoly market space. Where else are customers going to go?” continued Jamie Wimberly. “But I would stretch our thinking a bit in regard to what is viewed as a ‘customer exit’ to include anything that results in a loss of load and/ or revenue. We are already seeing growing impacts on utility revenue ranging from residential solar, energy efficiency to rising levels of uncollectible revenue. All of these should be considered as partial exits from the utility revenue model. And over time, partial exits could easily turn into full exits with advances in battery storage connected to distributed energy or a renewed focus on retail competition.”

For a free copy of the presentation deck of “Annual State of the Customer Survey in the Utility Sector,” go to: [www.defgllc.com](http://www.defgllc.com).

***DEFG is a management consulting firm specializing in consumers and consumer-facing offerings in the utility sector. We believe that customers are the future of energy. Since 2003, we have helped clients create value in a commodity marketplace. In our rapidly changing marketplace, customer engagement is key to success, and our clients learn to better engage with residential and commercial customers. These customers provide unique resources, reduce risks and increase revenue potential.***