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For Immediate Release

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Potential Fault Lines Under the Utility's Customer Strategy

Findings from DEFG's "Annual State of the Customer Survey" Serve to Question Basic Assumptions around Customer in the Utility Sector

Washington, DC ... DEFG, a research and advisory firm focused on customer strategy and experience in the utility sector (www.defgllc.com), released today the "Annual State of the Customer Survey." DEFG worked with the members of the Utility Customer Research Consortium (UCRC) to survey over 1,000 consumers in November 2019. The national survey examined trends in customer satisfaction, customer perceptions of value and trust, and customer preferences related to various facets of customer service in the utility sector. While there is generally high customer satisfaction with utility customer service, there are fault lines that could lead customers to reduce their engagement with utilities or even exit from their utility if given the opportunity.

"Customer satisfaction scoring could be hiding more than revealing basic truths around customer in the utility sector," stated Jamie Wimberly, the CEO of DEFG LLC. "At the end of the day, a utility could be providing excellent customer service and still have minimal to no customer loyalty."

"Fault lines that could lead customers away from the utility include everything from customers using less energy, signing up with a community energy aggregator or other service provider, deregulation, change in ownership model, self-generation, and so on," Wimberly continued. "Utilities are no longer your Grandma's monopoly."

The primary findings from the consumer survey are:

- Utilities generally score well in regard to **customer satisfaction** and in comparisons with other service providers.
- **Customer trust** of their utility is an issue that needs to be addressed, especially for engagement with younger customers.
- There is a large and growing **generational gap**. The customer service model of utilities is a perfect fit for senior citizens. This generational gap will impact the utilities' ability to attract and retain new talent.
- The "average" customer does not exist, yet the customer service model was built on that assumption. The survey questions around customer preferences were riddled with **significant deviations** in the demographic breakdowns.
- Utilities view reliability as **systemic and non-negotiable** versus customers who increasingly see reliability as **situational and a variable cost**.

- Arguments for increased expenditures on reliability and/ or resiliency may lead to customer expectations of **accountability and financial compensation** if power goes out.
- Customers expect more from their utility in regard to **environmental leadership** and supporting renewables, starting with transparency.
- What's the utility's transformational vision for **low- to moderate-income (LMI) customers** who are subsidizing wealthier customers for renewables and electric vehicles?
- Approximately a quarter of the customers surveyed indicated that they would **leave their utility and sign up with another energy supplier** if they could.

Only 13 percent of survey respondents felt that investor-owned utilities were the best form of utility ownership as compared to public power (29 percent) and co-ops (29 percent).

For a free copy of the report, go to: www.defgllc.com.

DEFG is a research and advisory 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.