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2017 Customer Satisfaction Study

greatblue

Report of Findings

1 December 2017
Confidential & Proprietary

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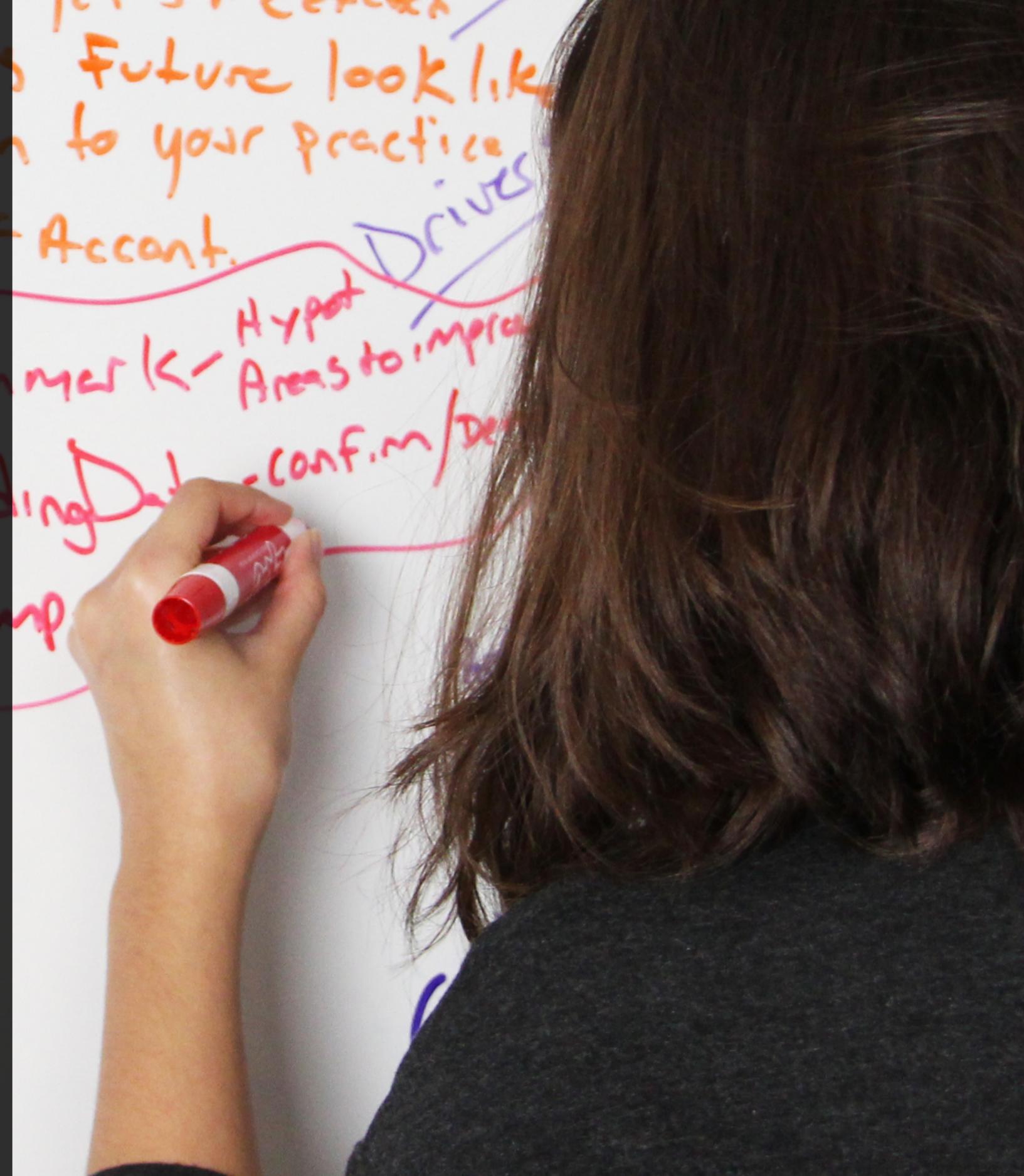


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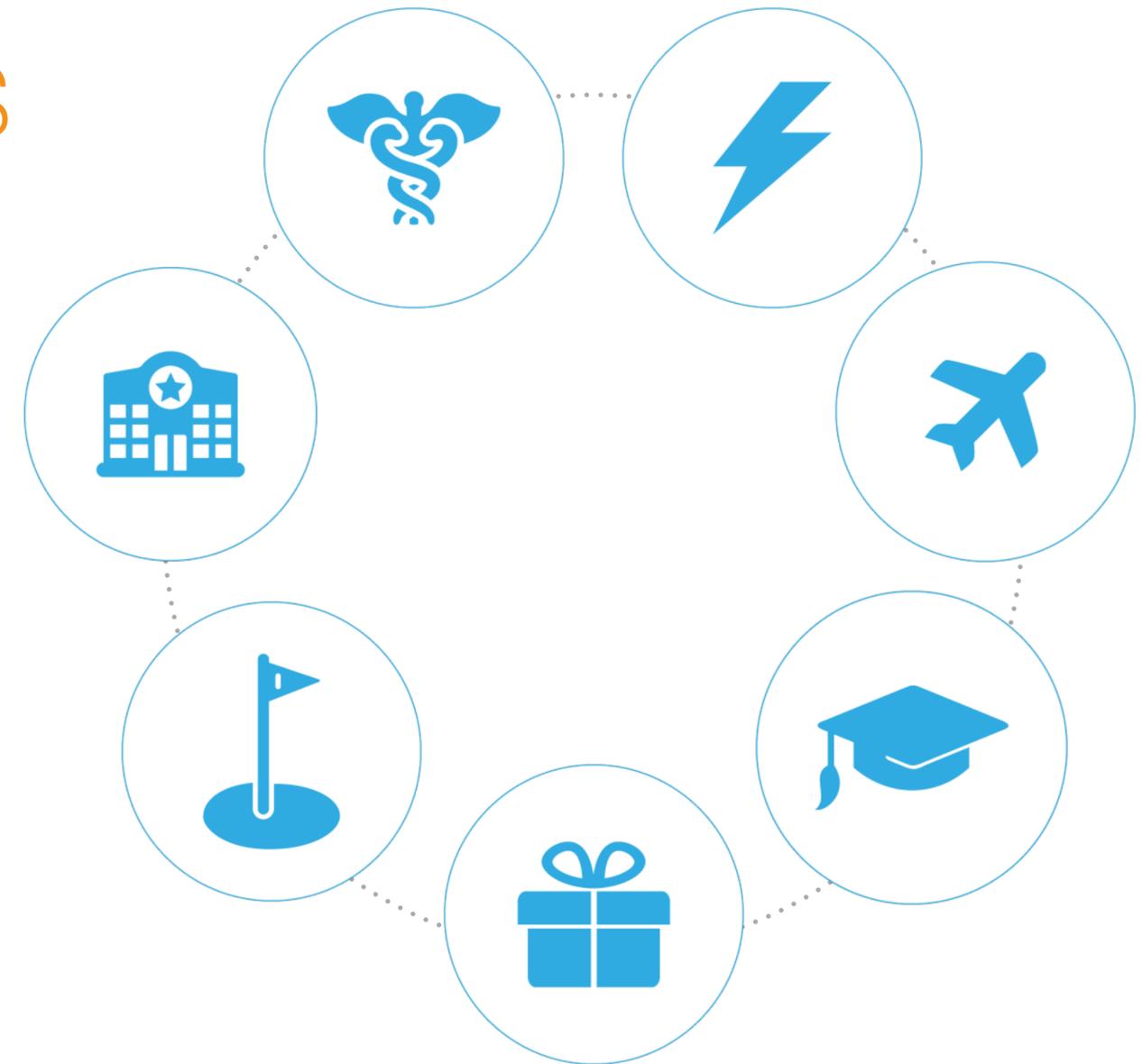


Evidence-based research across diverse industries

Our experience in instrument design affords our clients actionable analytics to help them identify, address, and improve offerings to, and the way they communicate with, their key constituents.

With more than 38 years of experience in diverse markets, our consultative approach ensures our data can be the basis to make important business decisions.

Cross-functional engagement teams ensure a complete view of the issues and solutions.



Expertise in a diverse set of research methodologies

Having conducted millions of surveys and thousands of focus groups over the past 30+ years, our experience in instrument design, data collection and the presentation of those findings in manageable, actionable ways allows us to serve our clients across the spectrum of research studies.



Telephone Interviews

In-house, multi-lingual interviewing capabilities



Digital Surveys

Web + mobile-based survey programs



Focus Groups

State-of-the-Art facilities in CT and MA



In-Depth Interviews

Trained researchers allow us to dive deep in a 1:1 setting



Solutions that focus on strategic and operational needs of clients

Whether direct to clients or through their agencies, we apply our core research methodologies, often applying a mixed methodology to ensure a study that captures both quantitative and qualitative information, to ensure our solutions exceed client expectations.

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Project Overview

- GreatBlue was commissioned by Shrewsbury Electric and Cable Operations (hereinafter “SELCO”) to conduct market research to understand the satisfaction levels of its residential customers.
- The primary goal for this research study was to assess SELCO’s performance over previous years and to identify areas for improvement in an effort to provide the best possible service to its customers.
- In order to service this research goal, GreatBlue employed a telephone survey to capture the opinions of residential customers living within the SELCO service territory.
- The outcome of this research will enable SELCO to a) more clearly understand, and ultimately set, customer expectations, b) act on near term opportunities for improvement and, c) create a strategic roadmap to increase customer satisfaction.

Areas of Investigation

The SELCO Customer Satisfaction Study leveraged a quantitative research methodology to address the following areas of investigation:

- Rating area organizations
- Rating the electric service of SELCO
- Rating the cable service of SELCO
- Rating interactions with office personnel
- Rating interactions with field personnel
- Information and awareness on key issues
- Communication preferences
- Opinions/attitudes of various cable services
- Opinions/attitudes of various family of networks
- Demographic profiles of respondents

Research Methodology Snapshot

Methodology Telephone	No. of Completes 400	No. of Questions 83*	Incentive None	Sample Customer list
Target Residential	Quality Assurance Dual-level**	Margin of Error 4.8%	Confidence Level 95%	Research Dates Nov 14 - 21

* This represents the total possible number of questions; not all respondents will answer all questions based on skip patterns and other instrument bias.

** Supervisory personnel in addition to computer-aided interviewing platform ensure the integrity of the data is accurate.

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71.5%

would still purchase
at an increased
price point

8.9%

5.4%

2.8%

0.0%

Negative Impact

Boomers

No Impact

Positive Impact

Key Study Findings

- In regards to electric service only, customers provided consistent ratings for several characteristics. The highest positive rating was for “reliable service” (97.0%), while the area that noted the largest increase was “community service” (90.8% in 2017 over 71.8% in 2015). This drove an overall increase in the average positive rating for SELCO’s organizational characteristics in 2017 (91.8% over 85.6% in 2015).
- Furthermore, a higher frequency of customers placed greater importance on service compared to rates over 2015 (+14.7 percentage points). This shift in importance is aligned with customers’ belief that SELCO rates are either “lower than” (46.0%) or “about the same as surrounding towns” (23.8%).
- Among the 208 residents who contacted SELCO in 2017, 89.9% were “satisfied” with the employee who handled their call or visit. In addition, among the 104 residents who had a field service interaction, 93.3% were satisfied with the employee who handled the visit.
- Overall readership of “Local Lines” remained consistent; however, the thoroughness of customers’ reading habits have decreased (-4.2 percentage points “read all”; +6.4 percentage points “read some”). In addition, perceptions of the newsletter’s ability to inform the public have shifted slightly from “very good” to simply “good.”

Key Study Findings, continued

- Satisfaction with cable service characteristics increased, and perceptions that the quality of cable service “remained good” increased (+10.0 percentage points). The largest increases were noted for “variety of service offerings” (+11.9 percentage points) and “quality and reliability of Internet service” (+10.8 percentage points), which drove an increase in the average positive rating in 2017 (81.5% over 74.5% in 2015).
- Overall, 78.6% customers reported broadcast channels (such as ABC, CBS, NBC, and FOX) were important to them and 58.8% did NOT want SELCO to stop carrying these channels should the cost increase. Despite this, 39.5% of customers said they would cancel their SELCO subscription if the pricing was raised due to these channel increases.
- More than half of customers subscribe to an online streaming channel such as Netflix and Hulu. While 40.8% of customers do not have an online streaming subscription, 61.0% of customers reported that they’re unlikely to cancel their cable subscription within the next 12 months and turn to online streaming channels.
- There is market viability for SELCO to introduce fiber to the home as a service option for customers, as 44.9% were likely to subscribe. Enhanced internet speeds were viewed as more important than enhanced video products by most customers (49.3%).

Consistent ratings for the electric utility

Customers provided consistently strong ratings for SELCO's electric service specifically. Most notably, customers' perceptions of the company's community service experienced the largest increase in 2017 (+19.0 percentage points) and, in the first year of tracking, 92.7% reported SELCO "maintains modern and reliable infrastructure." Further, the majority of customers believe SELCO does all it can to keep their rates low.

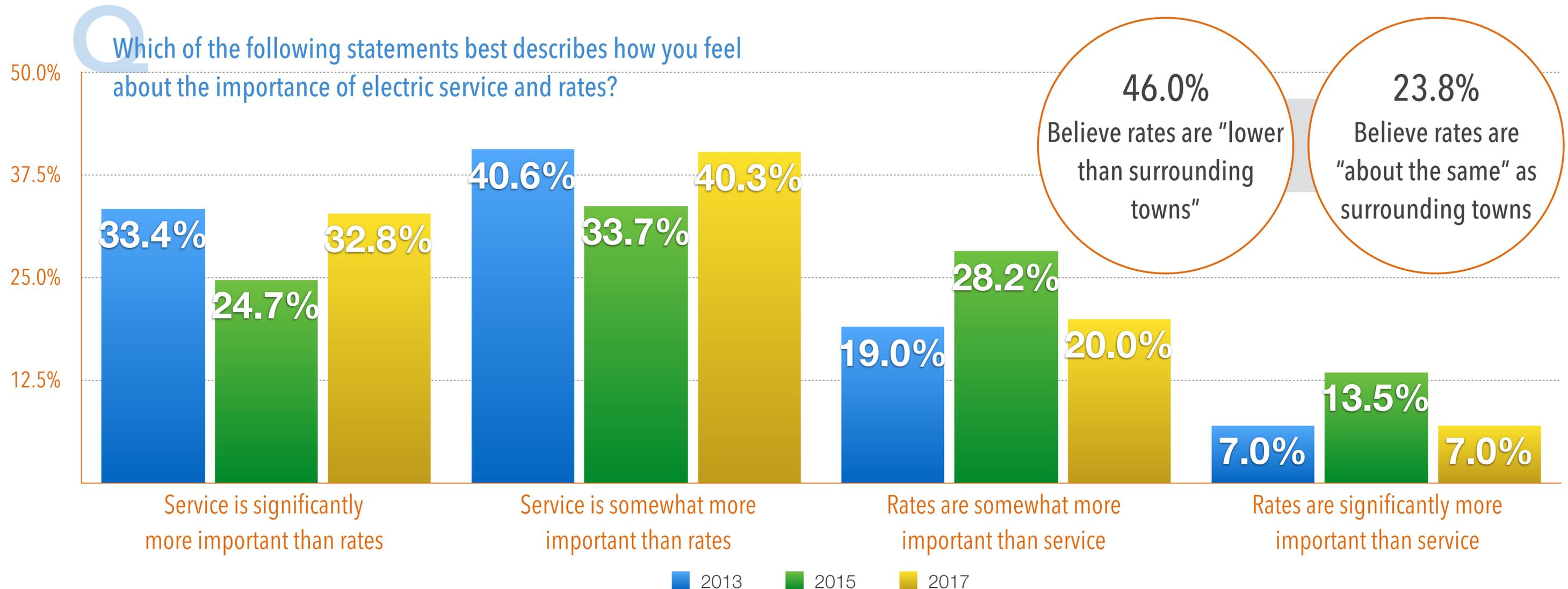


Item	2013	2015	2017
Reliable service	95.8	94.5	97.0
Honesty/Integrity	91.3	91.8	92.5
Responsiveness to customers	91.0	91.0	93.4
Communicating with customers	92.0	88.5	90.3
Helpful and knowledgeable staff	87.8	86.8	95.0
Rates	88.8	81.8	89.2
Helping customers conserve electricity	80.5	78.6	85.1
Community service	71.1	71.8	90.8
Maintaining modern and reliable infrastructure	*	*	92.7
Average	87.3	85.6	91.8

* Indicates a question that was not asked in a particular year.

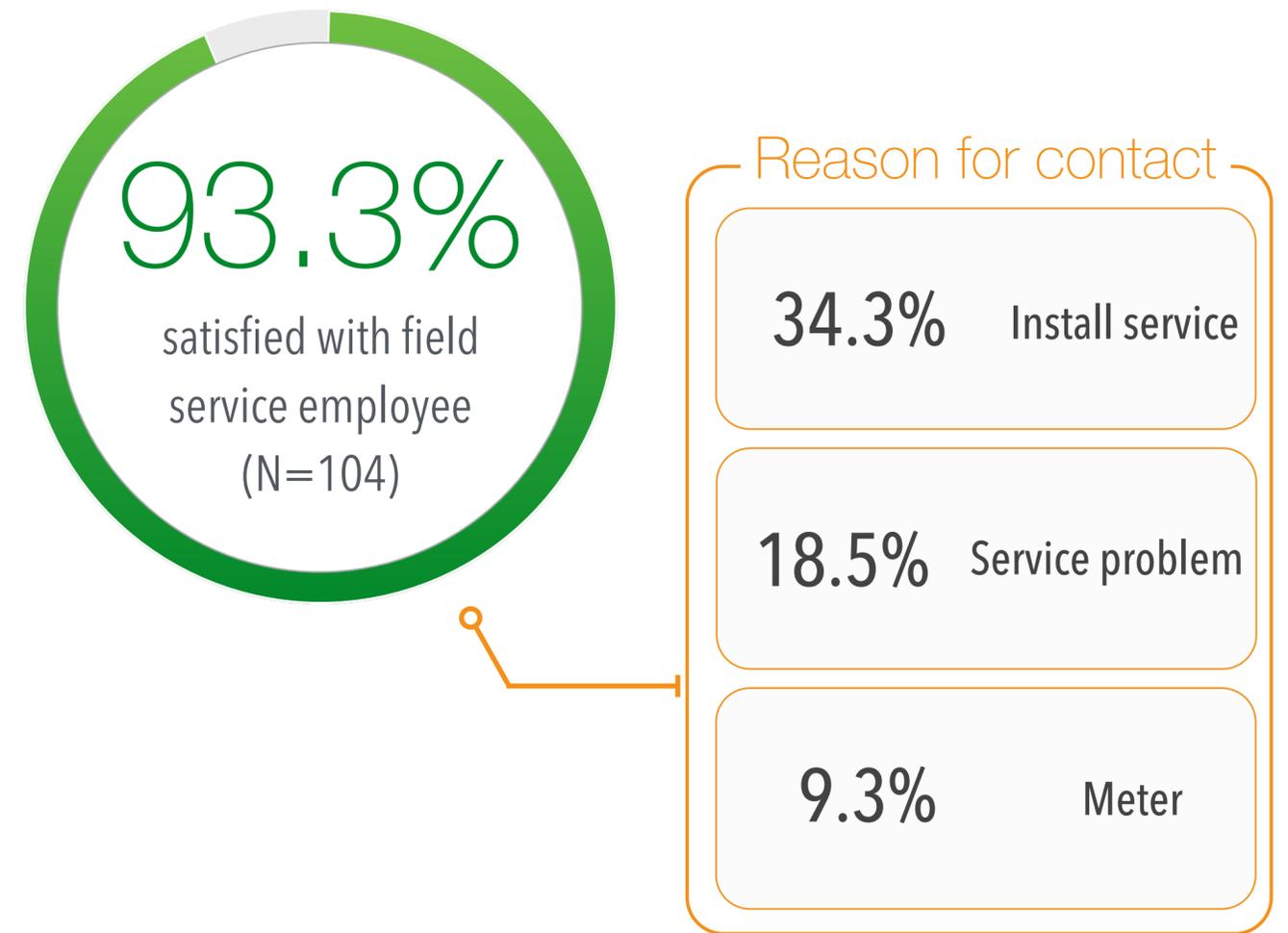
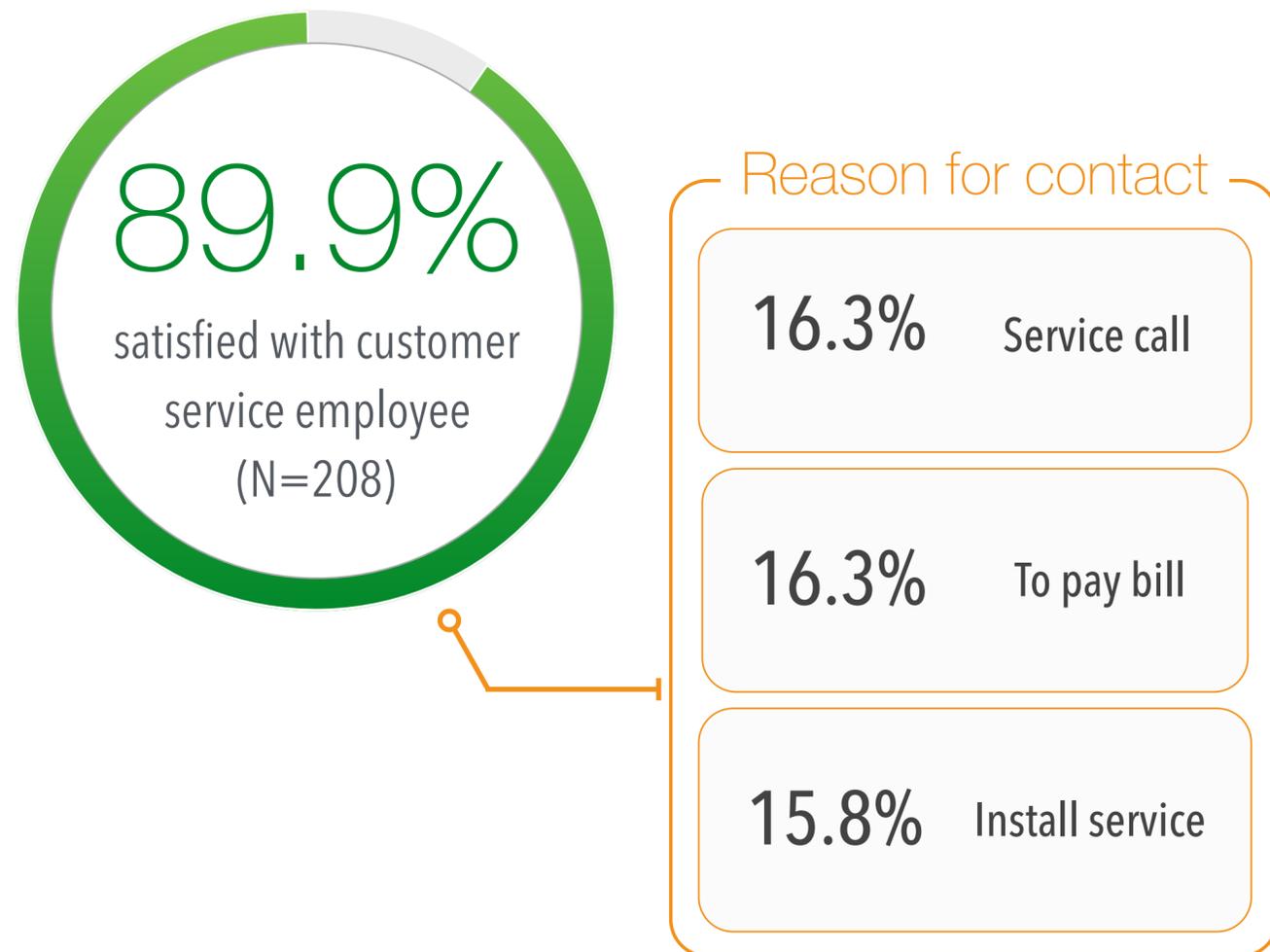
Service more important than electric ratings

While overall service remained consistently more important than rates in 2017, the gap in importance grew over 2015. A higher rate of customers felt service was more important than rates in 2017 (73.1% over 58.4% in 2015), while a lower rate of customers felt rates were more important than service (27.0% in 2017 over 41.7% in 2015). In addition, 69.8% of customers believe the prices they pay for electricity are “lower” or “the same” as surrounding towns.



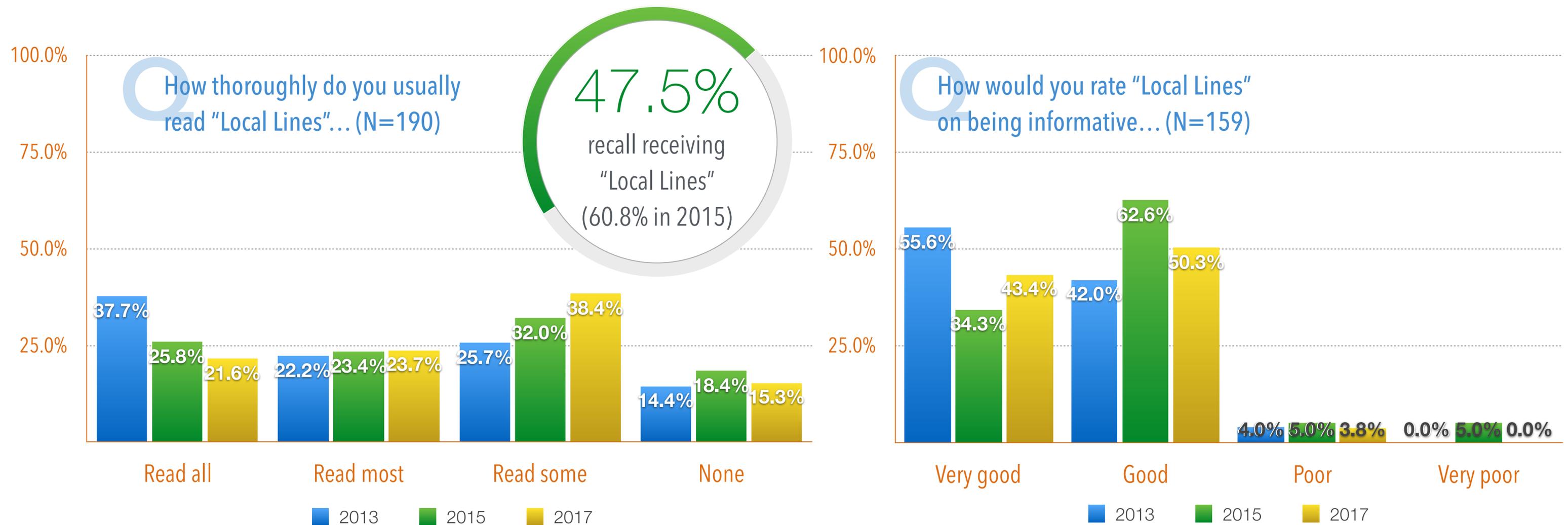
CSR and field staff highly satisfactory

Impressively, a vast majority of residents who interacted with customer service (89.9%) or had a field service visit (93.3%) were “satisfied” with the representative who handled their call or visit. Service installation was a primary (top-three) driver of interactions among both groups in 2017.



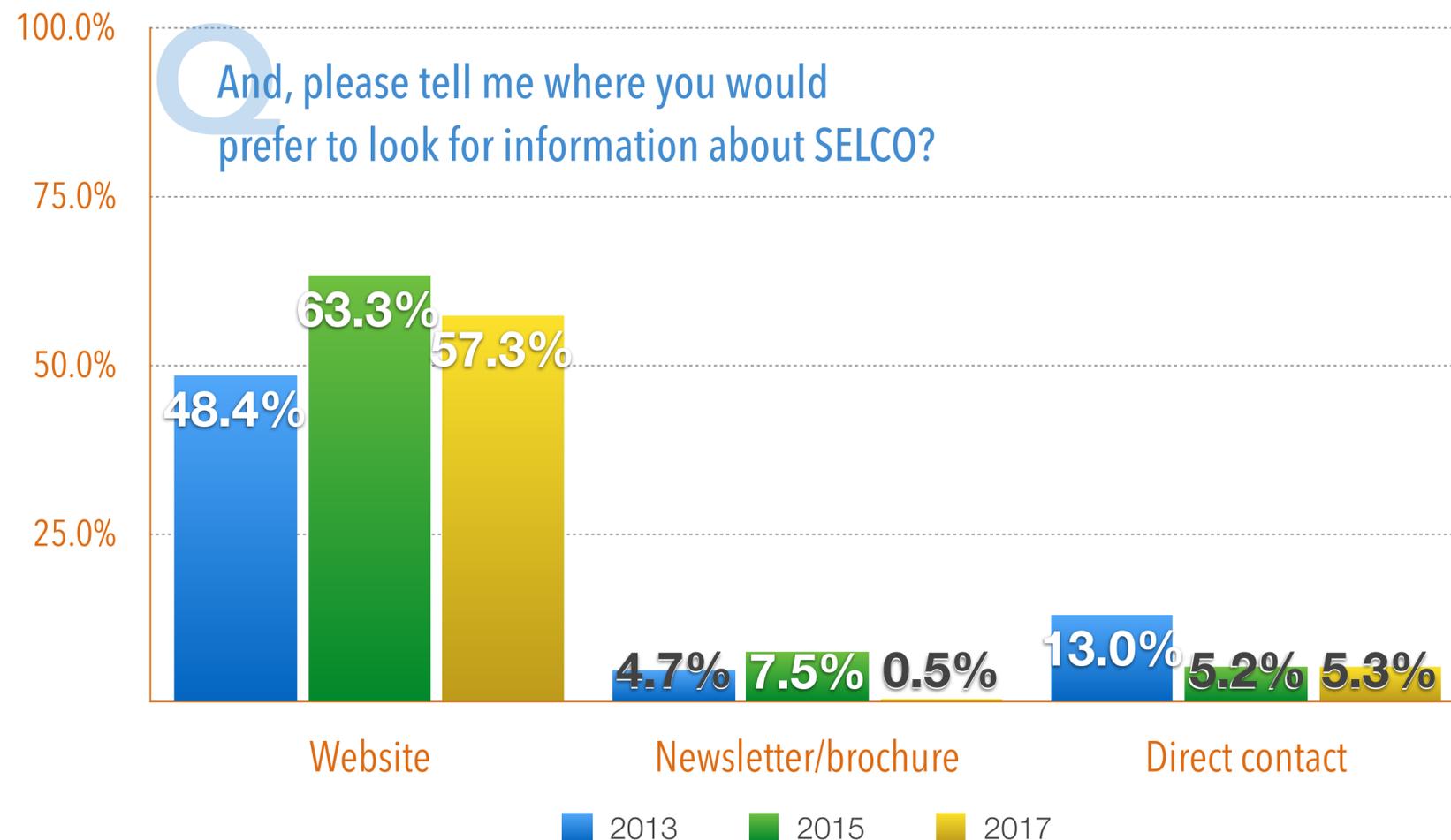
Decreased awareness of print “Local Lines”

While general readership of “Local Lines” remained relatively consistent (83.7% in 2017 over 81.2% in 2015), customers have become less aware of the publication since 2015 (47.5% in 2017 over 60.8% in 2015) and fewer customers are reading “all of it.” Similarly, customers rated “Local Lines” as consistently informative (93.7% in 2017 over 96.9% in 2015), yet customers have shifted their perception of the newsletter as “very good” to simply “good.”



Digital communication preferred

A consistently high percentage of respondents desire digital communication from SELCO in 2017. Many customers had visited at least one of the company websites, primarily selco.shrewsburyma.gov, and indicated further interest in seeking information from this medium. In addition, 42.9% of customers who did not recall receiving the “Local Lines” newsletter reported a desire to receive it via email.



Increase in cable satisfaction

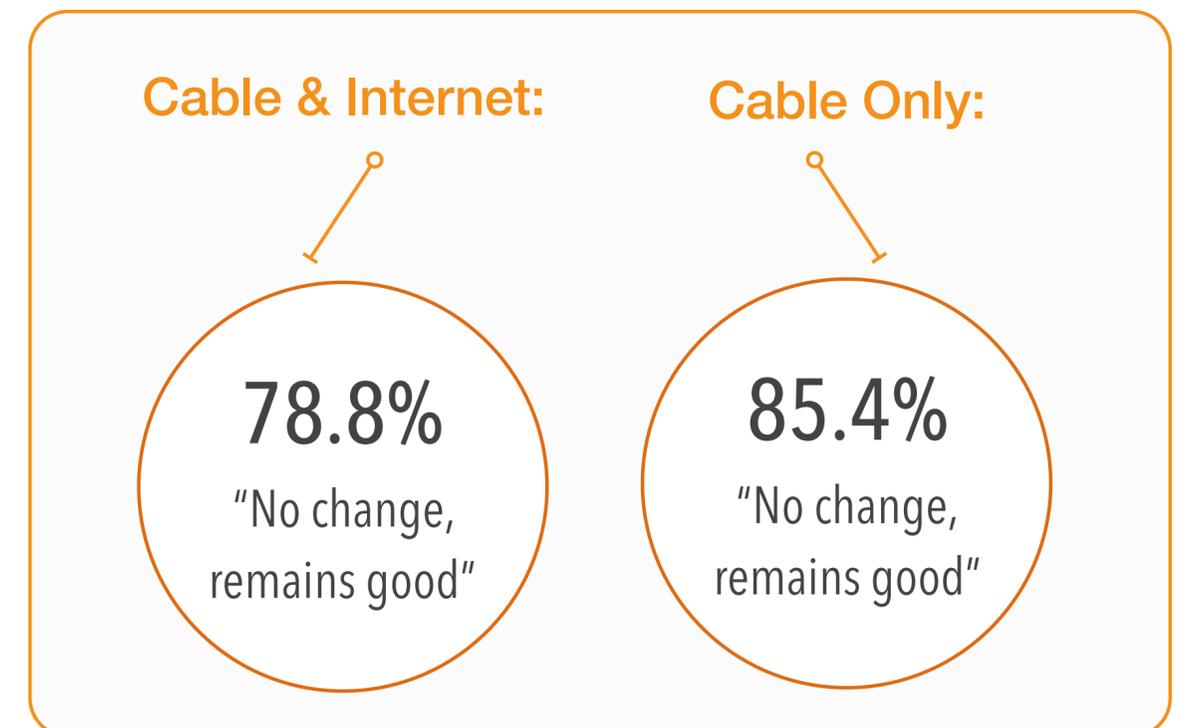
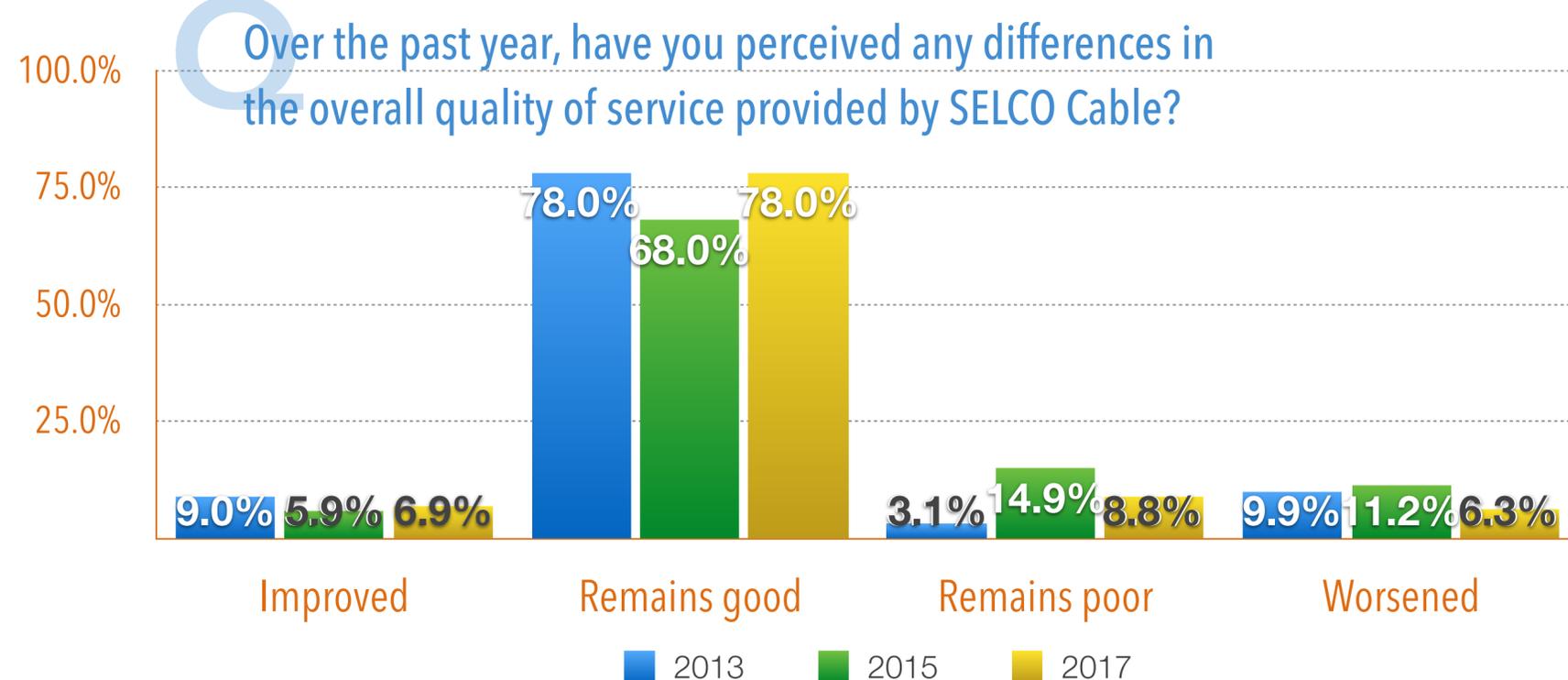
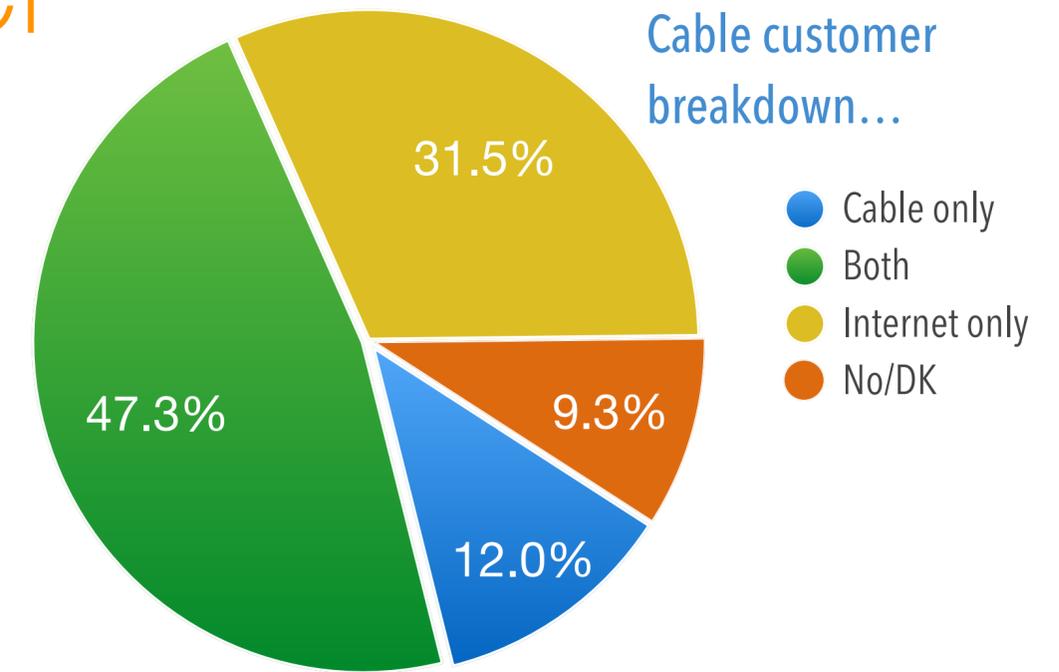
Satisfaction with several cable service characteristics increased significantly in 2017. The largest increases were recorded for “variety of service offerings” (+11.9 percentage points), followed by “quality and reliability of Internet service” (+10.8 percentage points), and “quality and reliability of TV services” (+8.1 percentage points).

Item	2013	2015	2017
Helpful and knowledgeable staff	90.1	85.5	88.4
Communicating with customers	89.3	77.7	81.7
Quality and reliability of TV services	83.7	74.3	82.4
Quality and reliability of Internet service	78.6	73.2	84.0
Variety of service offerings	*	69.9	81.8
Rates for cable service	83.7	66.2	70.8
Average	85.1	74.5	81.5

* Indicates a question that was not asked in a particular year.

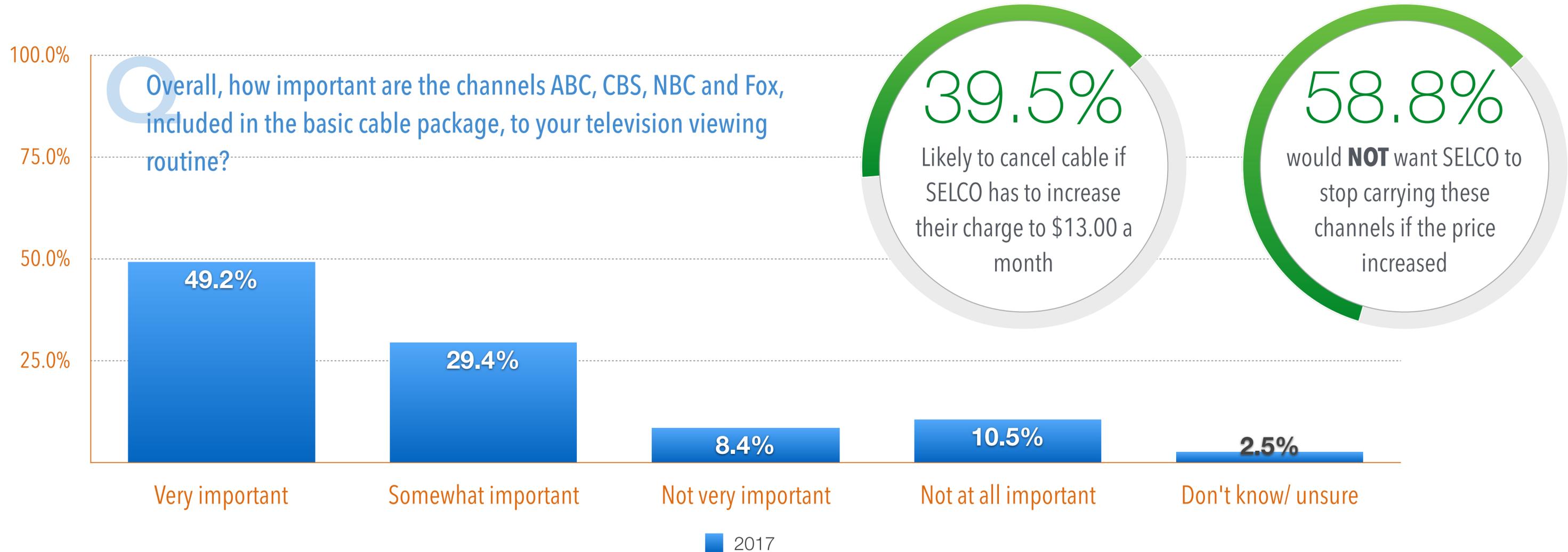
Cable only customers happier

An increase was noted in customers' perceptions of the overall quality of cable service. While there was no significant change in customers reporting their service "improved," an increase was noted among customers reporting their cable service "remained good" (+10.0 percentage points). However, customers with cable only reported a higher satisfaction with the quality of service compared to those bundled with internet.



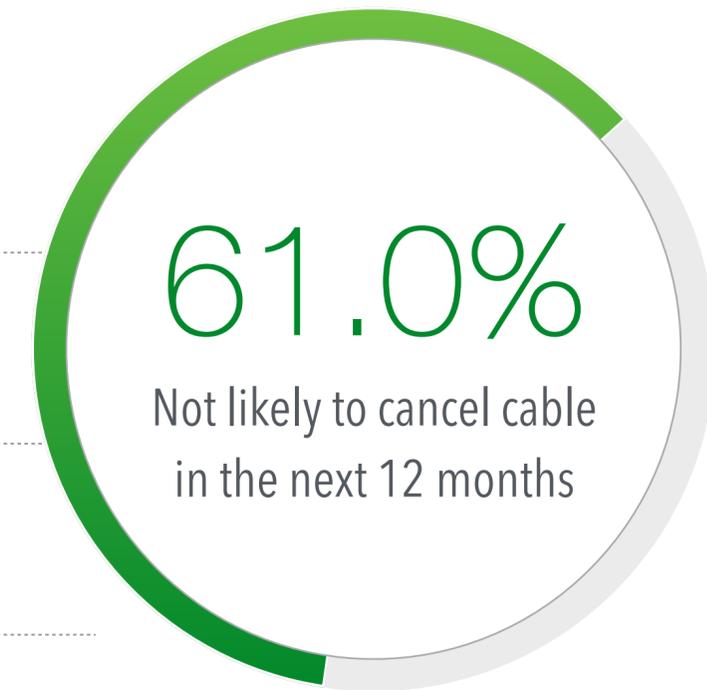
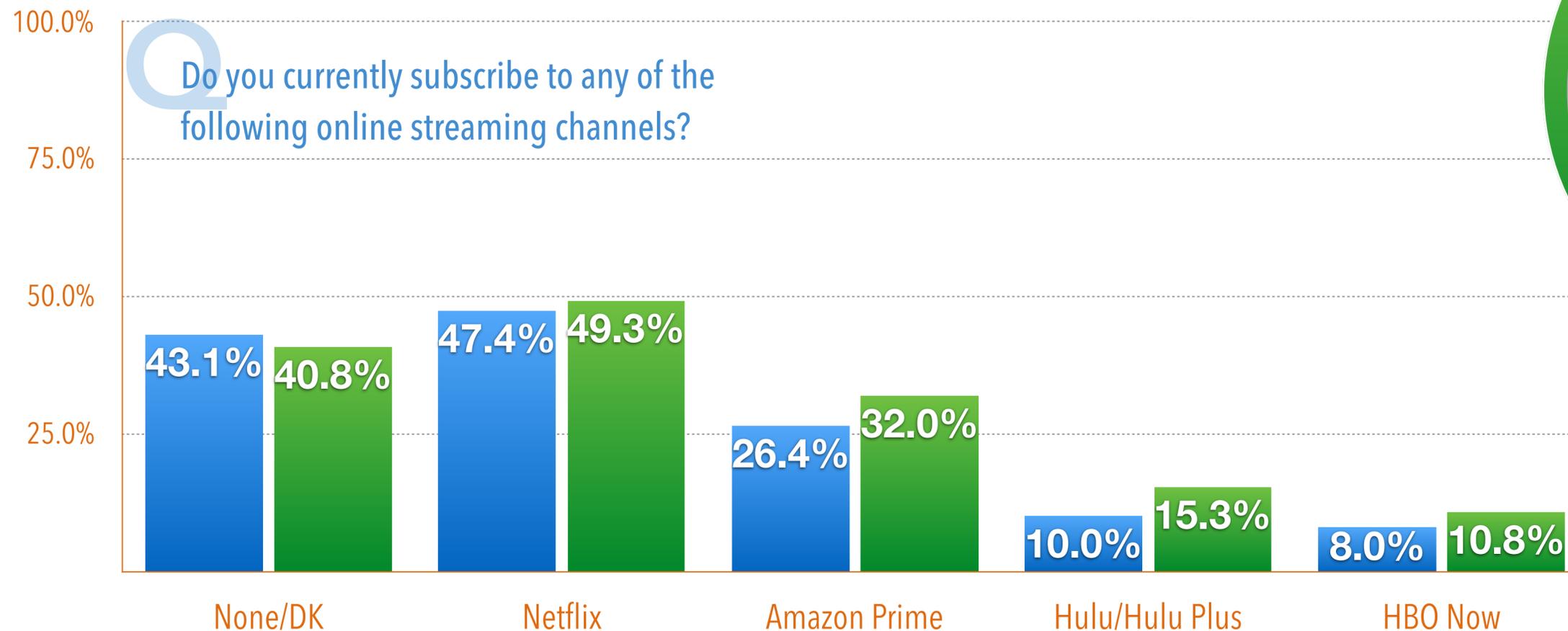
Support for increased charges

When presented with the networks undergoing contract renewals and the comprehensive nature of the deal with inherent rate increases, less than two-fifths of customers (39.5%) would consider cancelling cable if they had to pay a \$13.00 charge (up from \$8.22). Further, 78.6% of customers reported that several of the channels offered in the basic cable package that were important to them, and 58.8% do not want SELCO to stop carrying these channels despite the price increase.



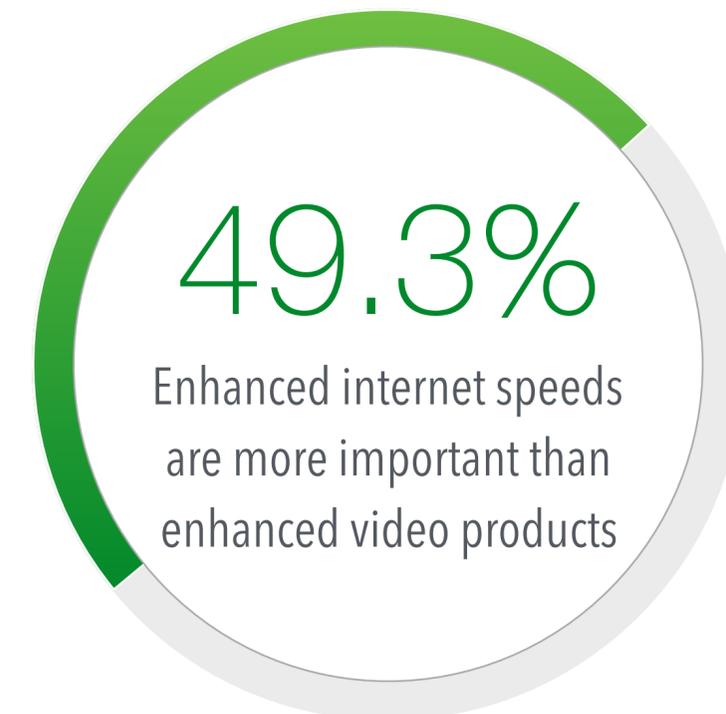
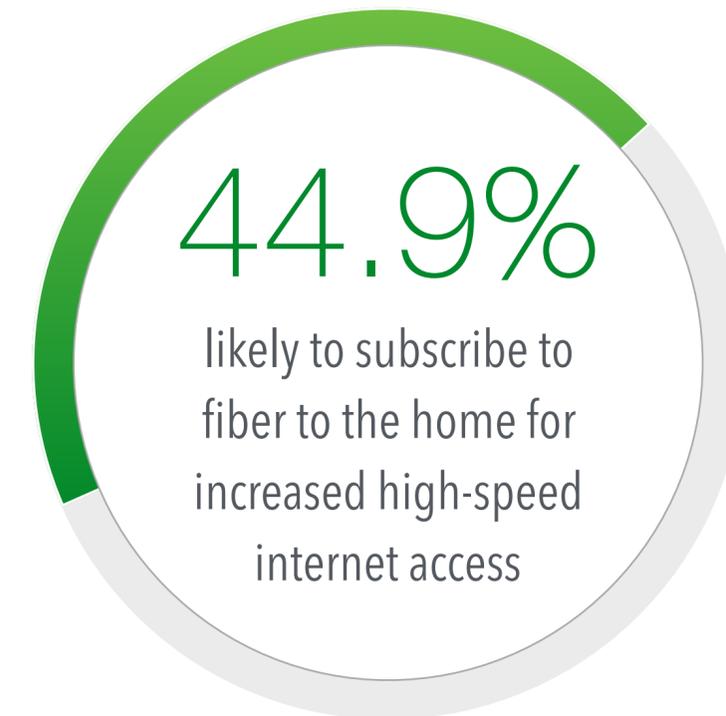
Online streaming use increases

A decrease was recorded in the rate of customers that reported not subscribing to any online streaming channels. More customers indicated subscribing to at least one or more online streaming services. However, despite this rise in online streaming, over three-fifths of customers indicated they are unlikely to cancel their cable subscription in the next 12 months (61.0%).



Internet speeds are a priority

Customers expressed an interest in fiber to the home for increased high-speed internet should SELCO offer it. This was further supported when 49.3% of customers reported a desire for SELCO to prioritize boosting internet speeds over enhanced video products.



Strong relationship continues

The net positive score remained consistent in 2017 (93.0% over 94.0% in 2015). This continued trust in SELCO should be leveraged during any conversations with customers in the coming months prior to any rate increases, particularly in regards to cable network contract renewals. This may also alleviate any decreased perceptions of SELCO's communication with customers.

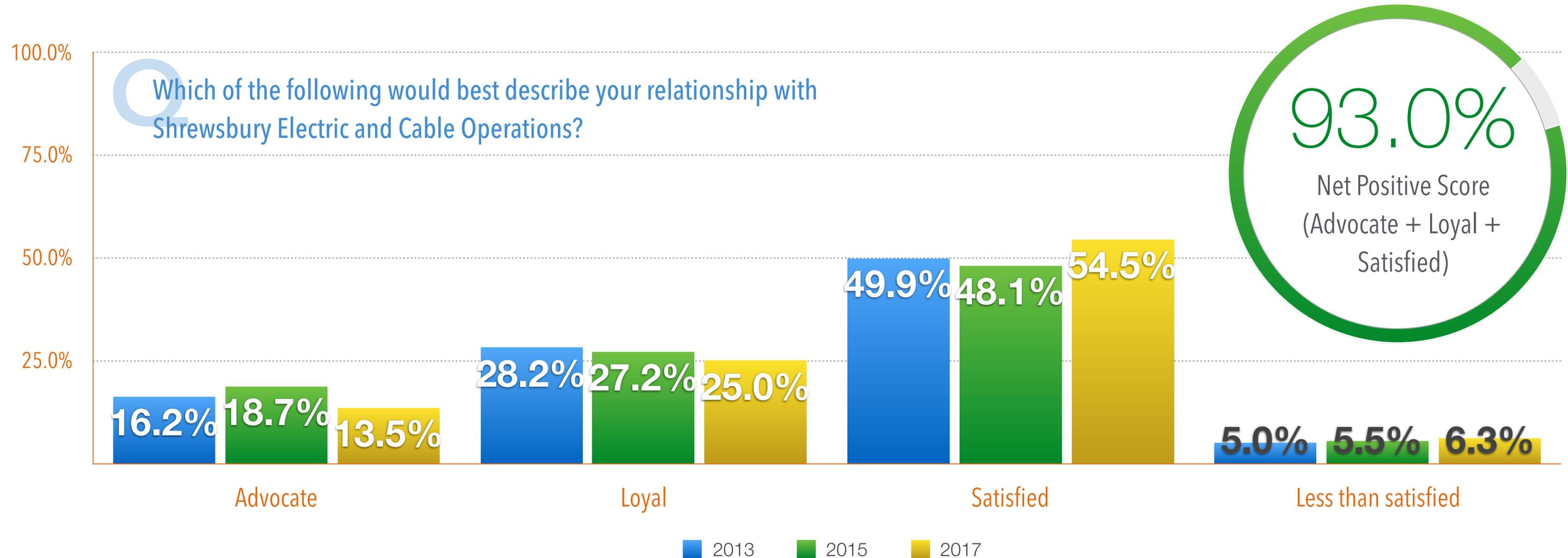


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- **Revamp “Local Lines” publication.** As opposed to previous years, the percentage of respondents who recalled receiving the “Local Lines” publication decreased in 2017, showing that perhaps awareness of what this publication is and what it has to offer has diminished in recent years. Through revamping the content, layout, and design of the publication, it will likely attract more attention from those customers who found the material difficult to remember. Further, revising the content and layout of the publication to be more attention-grabbing will ideally make the material more enticing to customers who do read it, and will perhaps increase the percentage of customers who read all of the material instead of just some or none of it.
 - If not already in motion, utilize digital media through SELCO’s website(s) or social media feeds to drive traffic to “Local Lines.” Snippets or headlines promoted digitally with hyperlinks to the newsletter may help expose a different segment of customers to the information resource.
- **Focus on internet speed enhancement.** When asked to consider the value they place on both internet speed and video products, a significantly higher percentage of customers reported that they believe SELCO should direct their attention towards enhanced internet speeds instead of video products. Given this information, it follows that SELCO should consider looking into their current internet speeds and evaluate any actions they may be able to take in order to improve it to fully satisfy the needs of their customer base. The expectation for fast internet speeds will only grow as more customers begin streaming video content in the years to come.

Considerations, continued

- ◎ **Deeper research into cable package desires.** Based on the results of this survey, customers are somewhat divided as it pertains to maintaining cable channels that are important to them despite an impending increase in the subscription price. The company may consider a deeper investigation into alternate ways they could offer these channels to satisfy those customers that find them important, while not increasing the price of the package significantly to deter more price-conscious customers who would abandon their subscription if it is believed to be too expensive in their perception.
- ◎ **Convert more customers to “loyal” and “advocate” status.** While SELCO has consistently yielded a high net positive score since 2013, a significantly greater portion of their customers reported to be “satisfied” customers than either “loyal” or “advocates.” This signifies a high satisfaction rating among customers, but transitioning more of these satisfied customers into loyal customers and even advocates will guarantee their partnership with the company despite any potential issues. This can help mitigate negative perceptions in the wake of increasing cable costs, as well as potentially unseasonable temperatures that may lead to higher bills. Perhaps by advertising atypical elements of the company (such as the home energy audits, residential solar, and electric vehicle programs) to these customers, they will feel they are getting more of a value from the company than simply “utility service” and potentially increase their own investment in the company as a result.

Michael Vigeant CEO

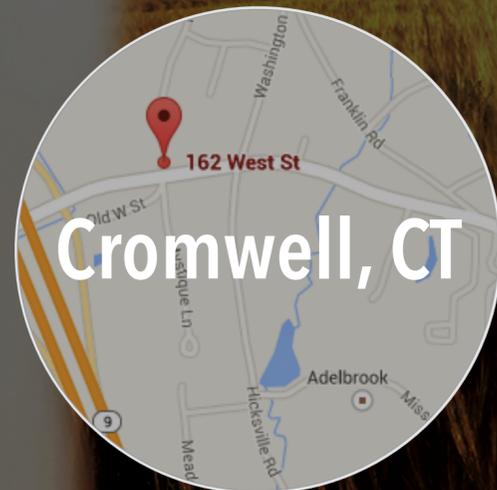
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