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Customer Satisfaction Study

greatblue

Report of Findings

8 January 2016
Confidential & Proprietary

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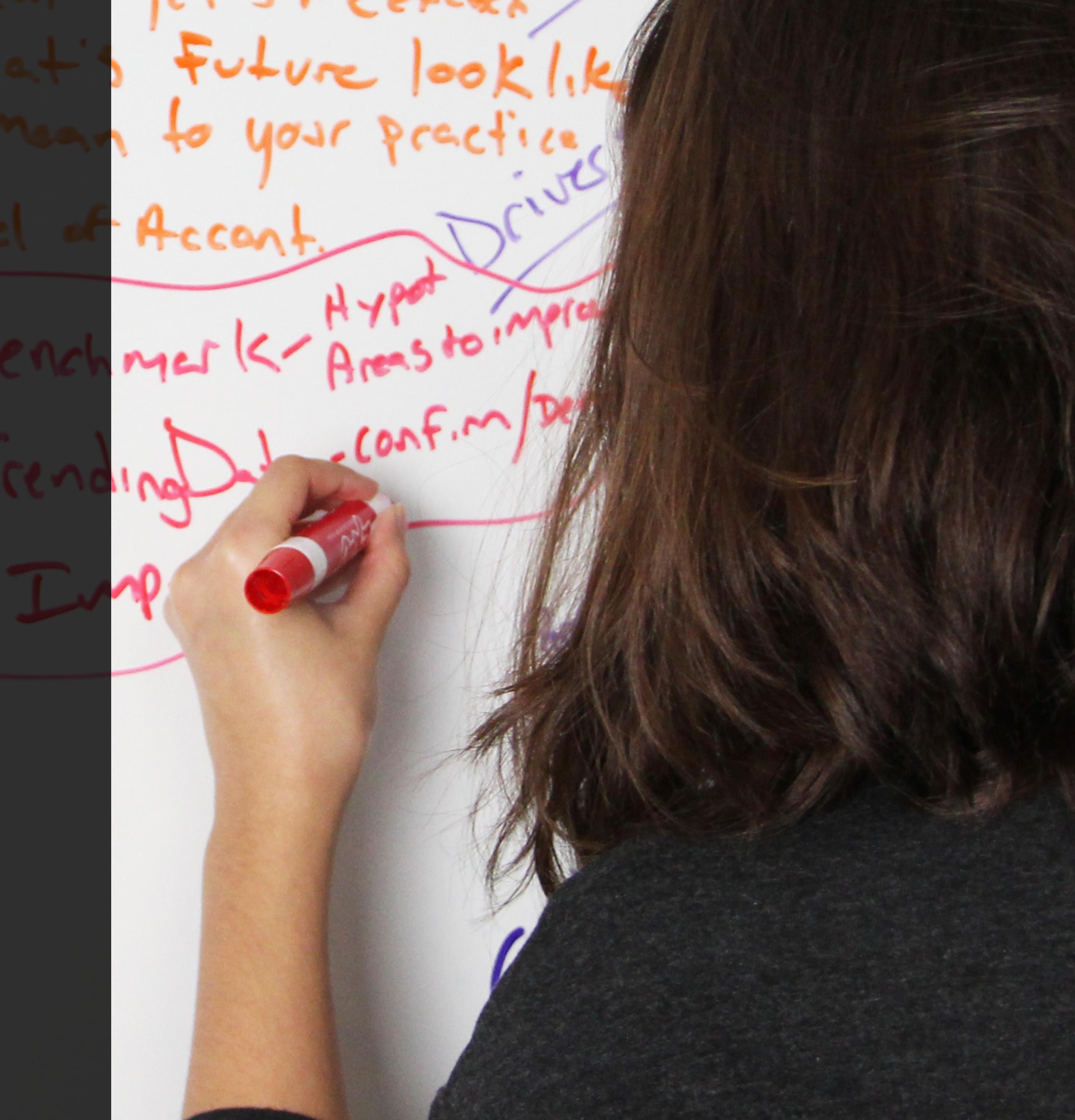


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Evidence-based research across diverse industries

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 35 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.

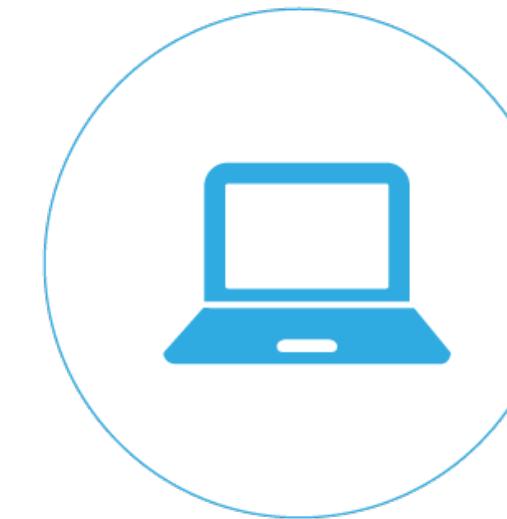


Expertise in a diverse set of research methodologies

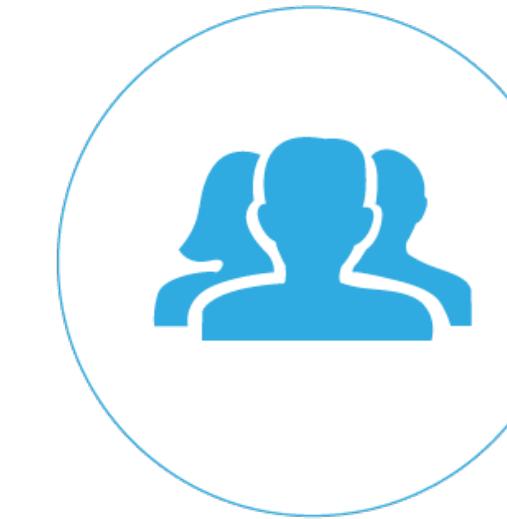
Having conducted millions of surveys and thousands of focus groups over the past 30+ years, our experience in instrument design, data collection and the presentation of those findings in manageable, actionable ways allows us to serve our clients across the spectrum of research studies.



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	No. of Completes	No. of Questions	Incentive	Sample
Telephone	401	82*	None	Customer list
Target	Quality Assurance	Margin of Error	Confidence Level	Research Dates
Residential	Dual-level**	4.8%	95%	Dec 7 - Dec 16

* 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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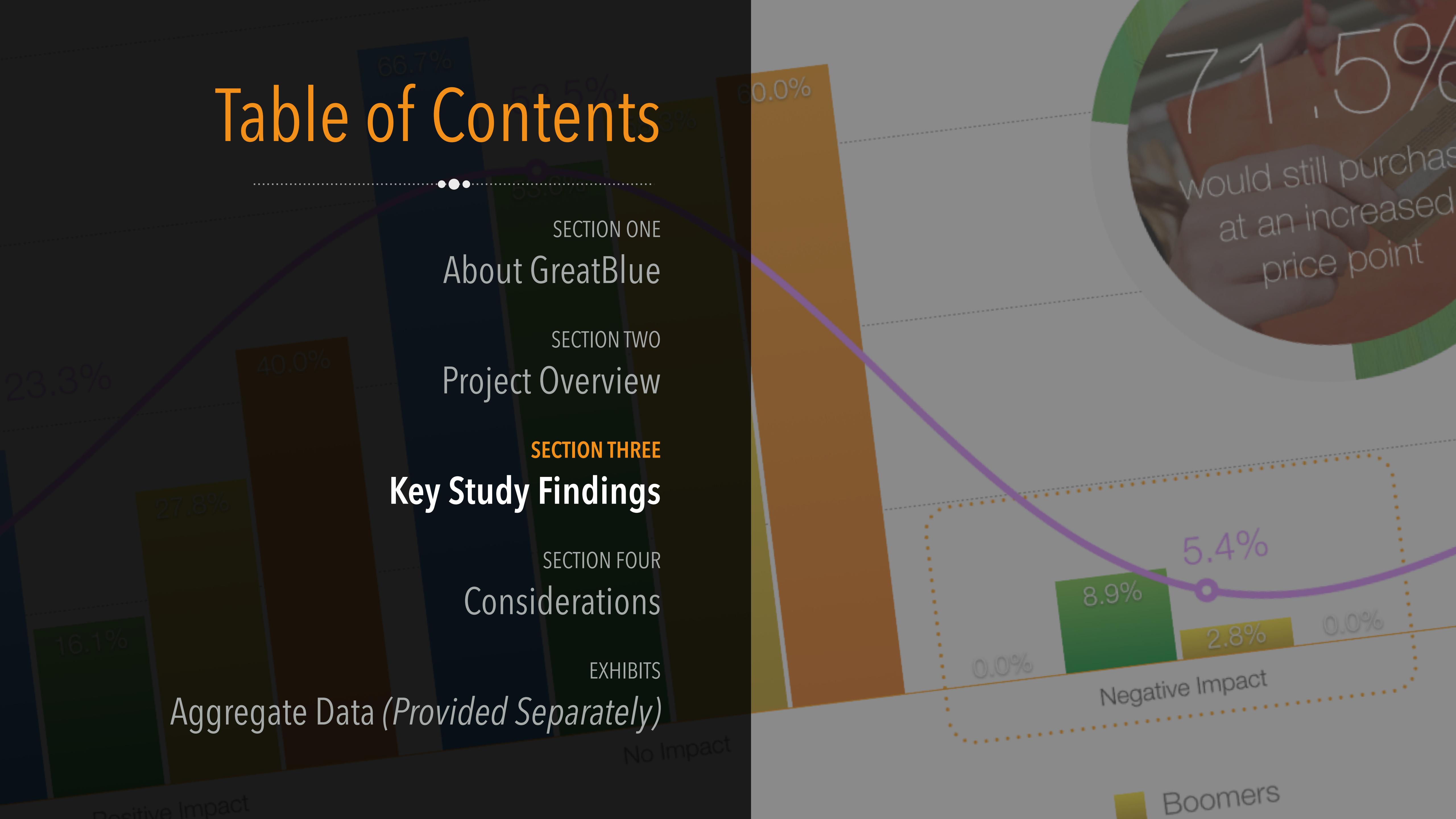
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No Impact

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” (94.5%), while the area that noted the largest decrease was “rates” (81.8% in 2015 over 88.8% in 2013).
- Furthermore, a higher frequency of customers placed greater importance on rates compared to service over 2013 (+15.7 percentage points). This shift in importance is aligned with customers’ belief that their rates are either “lower than” (51.4%) or “about the same as surrounding towns” (29.7%).
- Overall readership of “Local Lines” remained consistent; however, the thoroughness of customers’ reading habits have decreased (-11.9 percentage points “read all”; +6.3 percentage points “read some”). In addition, perceptions of the newsletter’s ability to inform have shifted significantly from “very good” to simply “good.”
- Digital communication has become the preferred means of communication from SELCO. An increase was noted in customers using the website to seek information about SELCO (+14.9 percentage points). Customers also expressed an increased desire to receive the newsletter via email (+16.6 percentage points).

Key Study Findings, continued

- Satisfaction with cable service characteristics decreased, and perceptions that the quality of cable service “remained poor” increased (+11.8 percentage points). The largest decreases were noted for “rates for cable service” (-17.5 percentage points) and “communicating with customers” (-11.6 percentage points).
- Customers were generally willing to spend up to an additional \$.50 cents per month for each network - AMC Networks (68.8%), Turner Networks (61.0%), and NBC Universal (56.1%) - in order to maintain their comprehensive channel lineup in their subscriptions. However, 44.2% of customers reported keeping their subscription costs low was more important.
- More than half of customers subscribe to an online streaming channel such as Netflix and Hulu. While 43.1% of customers do not have an online streaming subscription, 65.4% of customers with an online streaming account would be likely to cancel their cable service and switch to solely online streaming if costs increase 12-15% per year.
- There is market viability for SELCO to introduce fiber to the home as a service option for customers, as 55.4% were likely to subscribe. Enhanced internet speeds were viewed as more important than enhanced video products by most customers (69.6%).

Consistent ratings for the electric utility

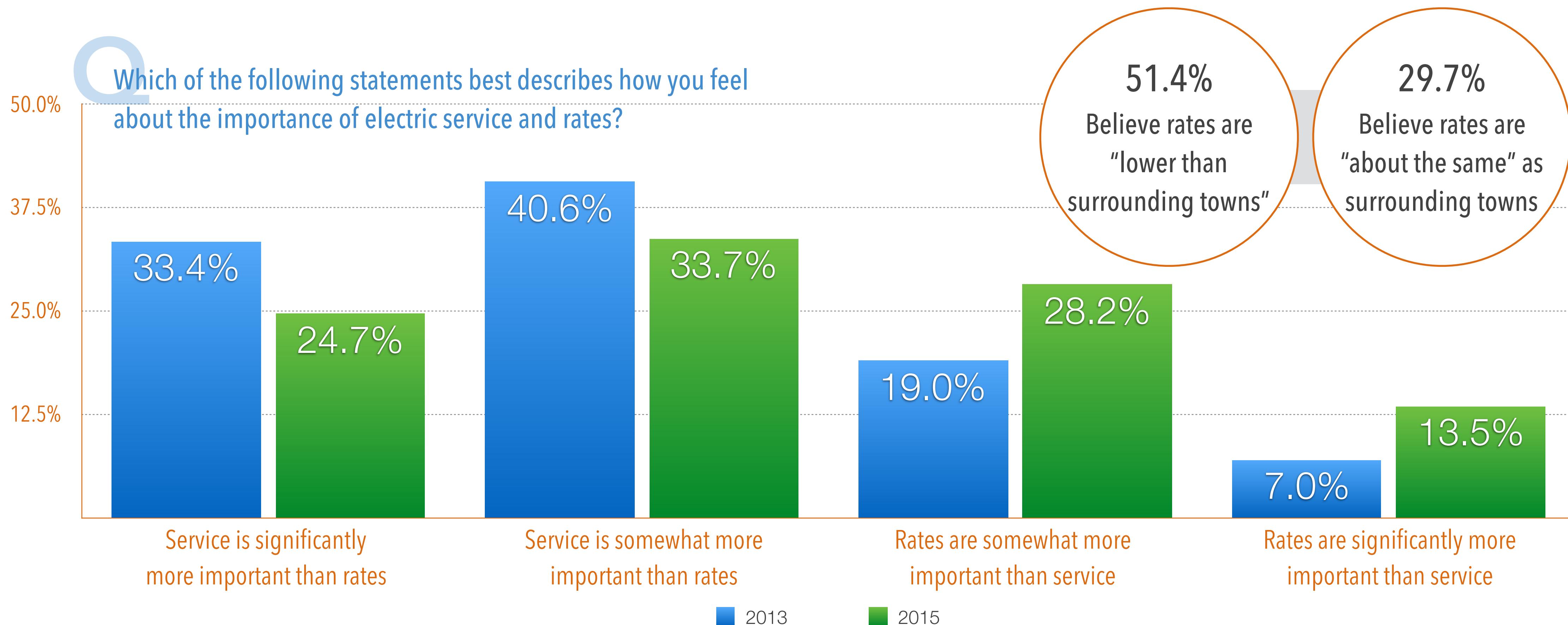
Customers provided consistently strong ratings for SELCO's electric service specifically. While customers' perceptions of their electric rates experienced the largest decrease in 2015 (-7.0 percentage points), the majority of customers believe SELCO does all it can to keep their rates low.



Item	2013	2015
Reliable service	95.8	94.5
Honesty/Integrity	91.3	91.8
Responsiveness to customers	91.0	91.0
Communicating with customers	92.0	88.5
Helpful and knowledgeable staff	87.8	86.8
Rates	88.8	81.8
Helping customers conserve electricity	80.5	78.6
Community service	71.1	71.8

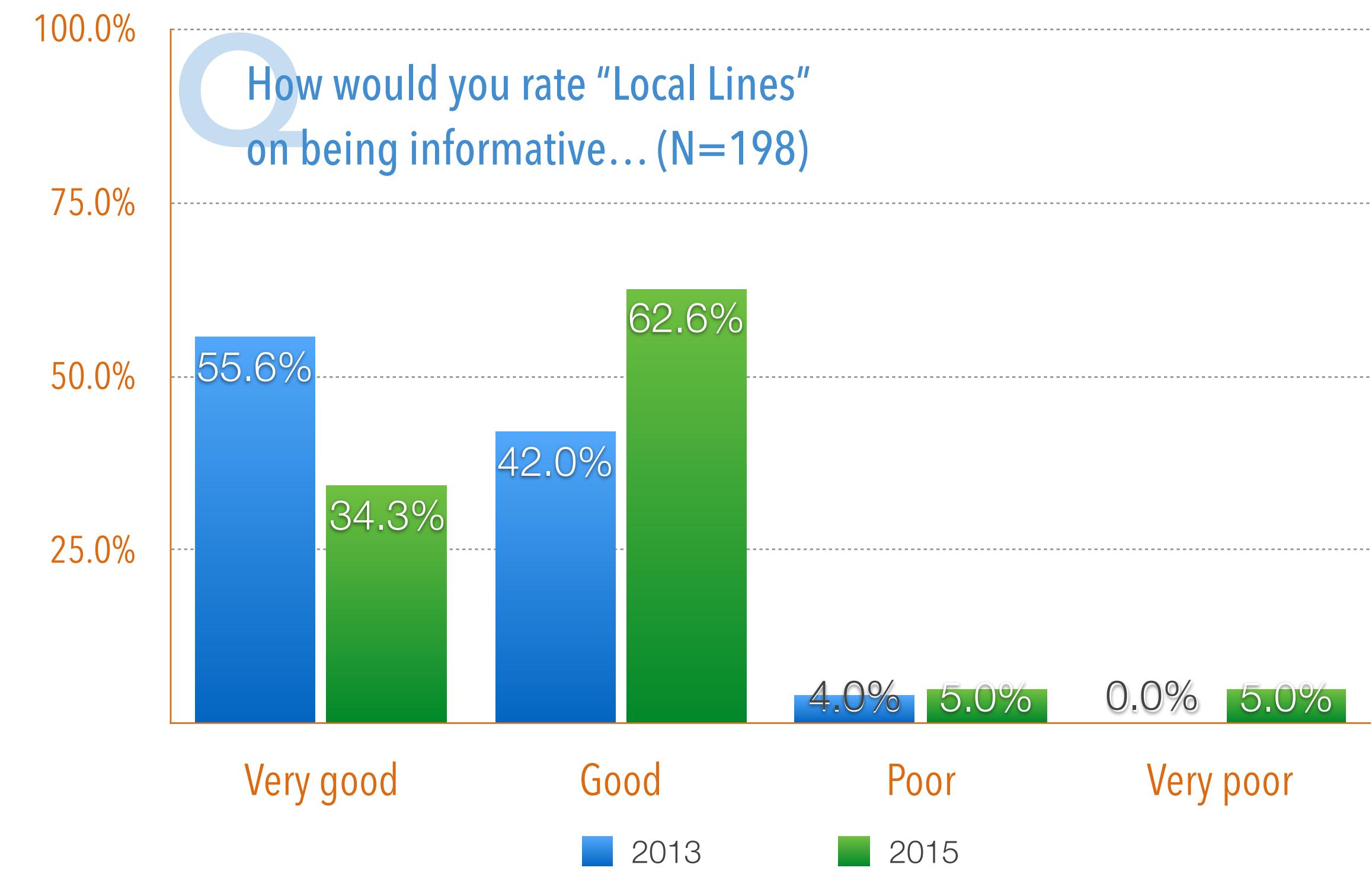
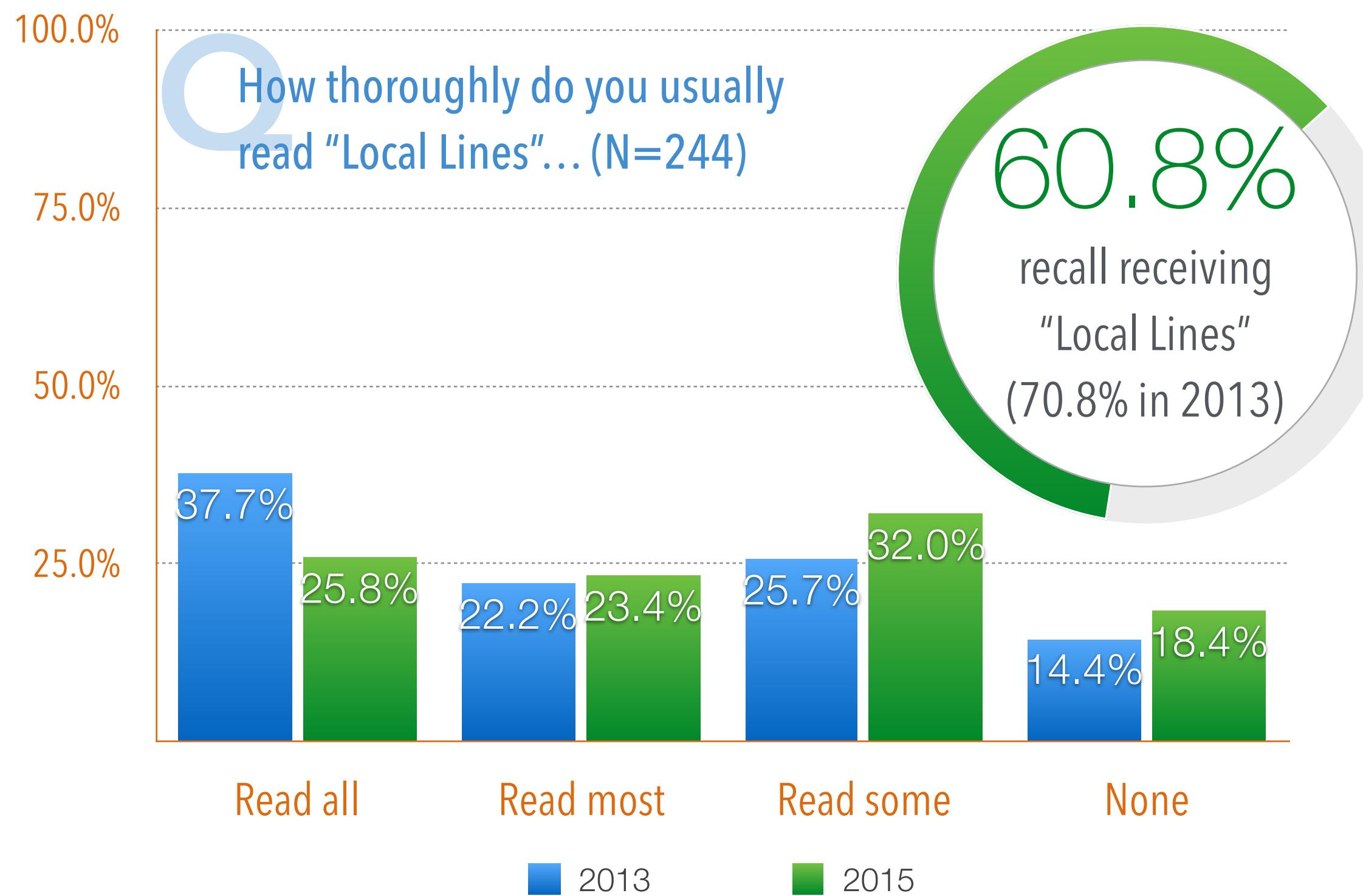
Electric rates more important than service

Attitudes toward the importance of rates shifted in 2015. While service was perceived as more important by most customers in 2013 (74.0%), more customers felt rates were more important than service in 2015 (41.7% over 26.0% in 2013). In addition, 81.1% of customers believe the prices they pay for electricity are “lower” or “the same” as surrounding towns.



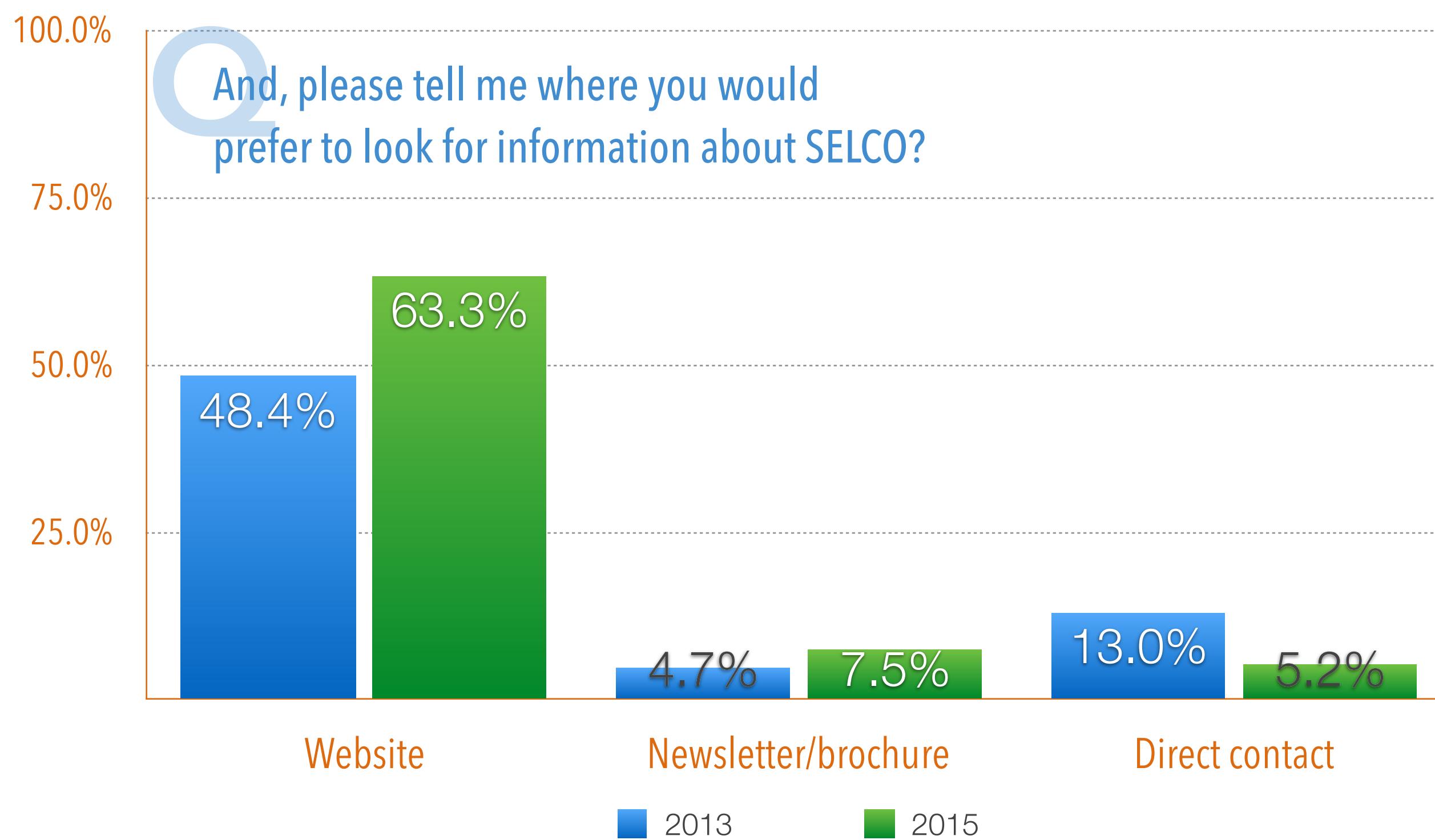
Reading less of print “Local Lines”

While general readership of “Local Lines” remained relatively consistent (81.2% in 2015 over 85.6% in 2013), customers have begun to engage with the newsletter in less depth. Similarly, customers rated “Local Lines” as consistently informative (96.9% in 2015 over 97.6% in 2013), yet customers have shifted their perception of the newsletter as “very good” to simply “good.”



Digital communication preferred

An increased desire for digital communication from SELCO was noted in 2015. 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, customers who did not recall receiving the “Local Lines” newsletter reported a desire to receive it via email.



Decline in cable satisfaction

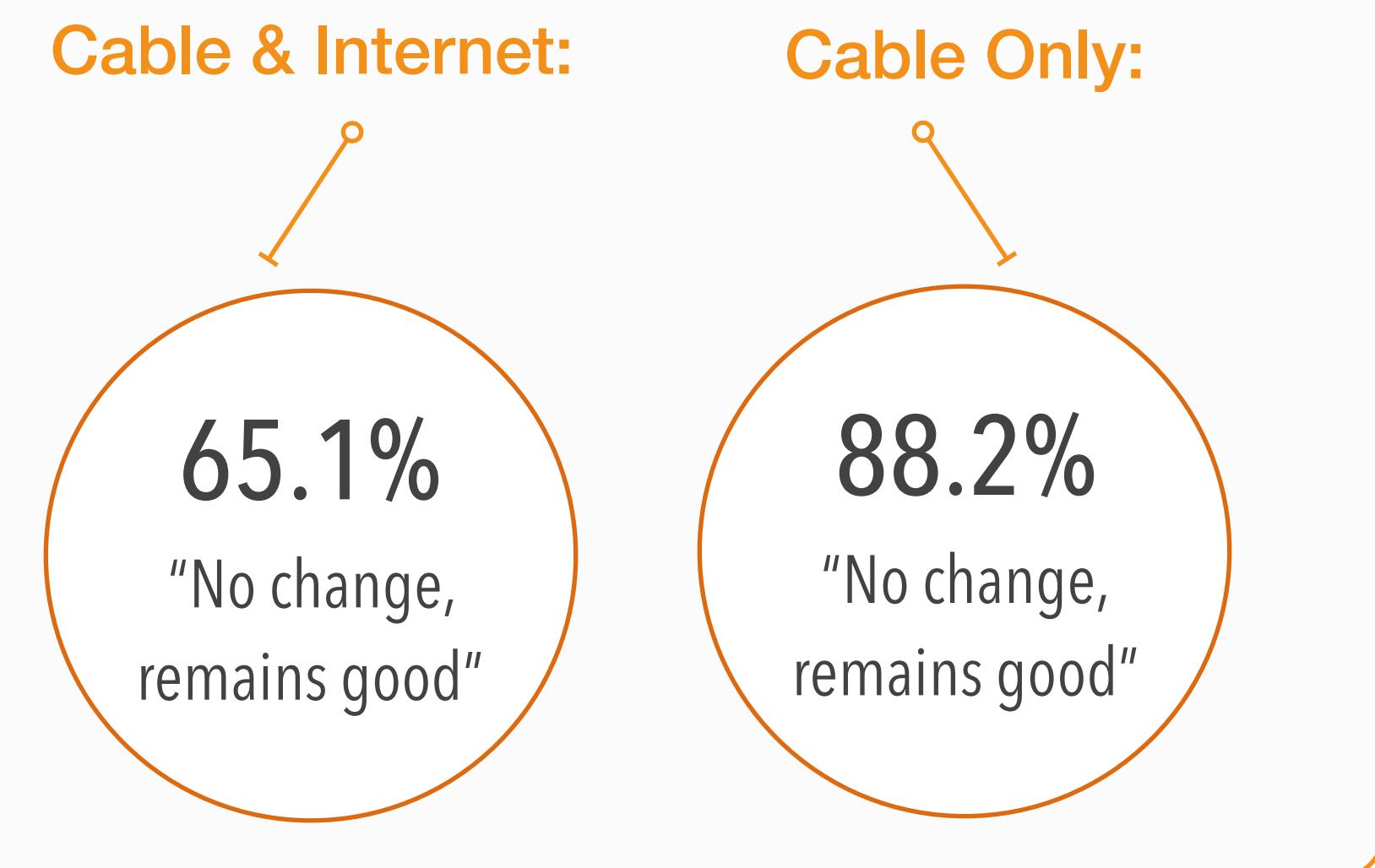
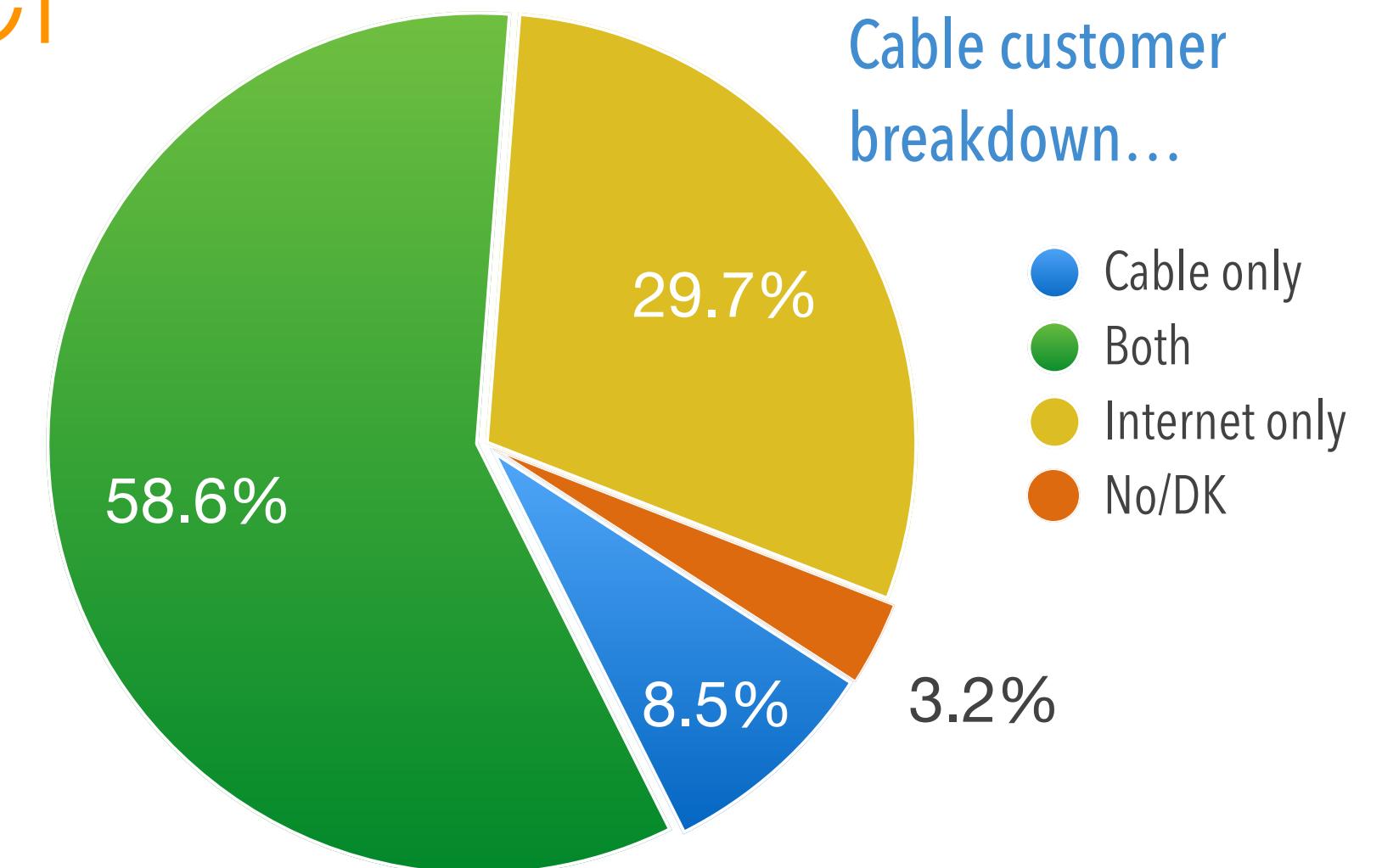
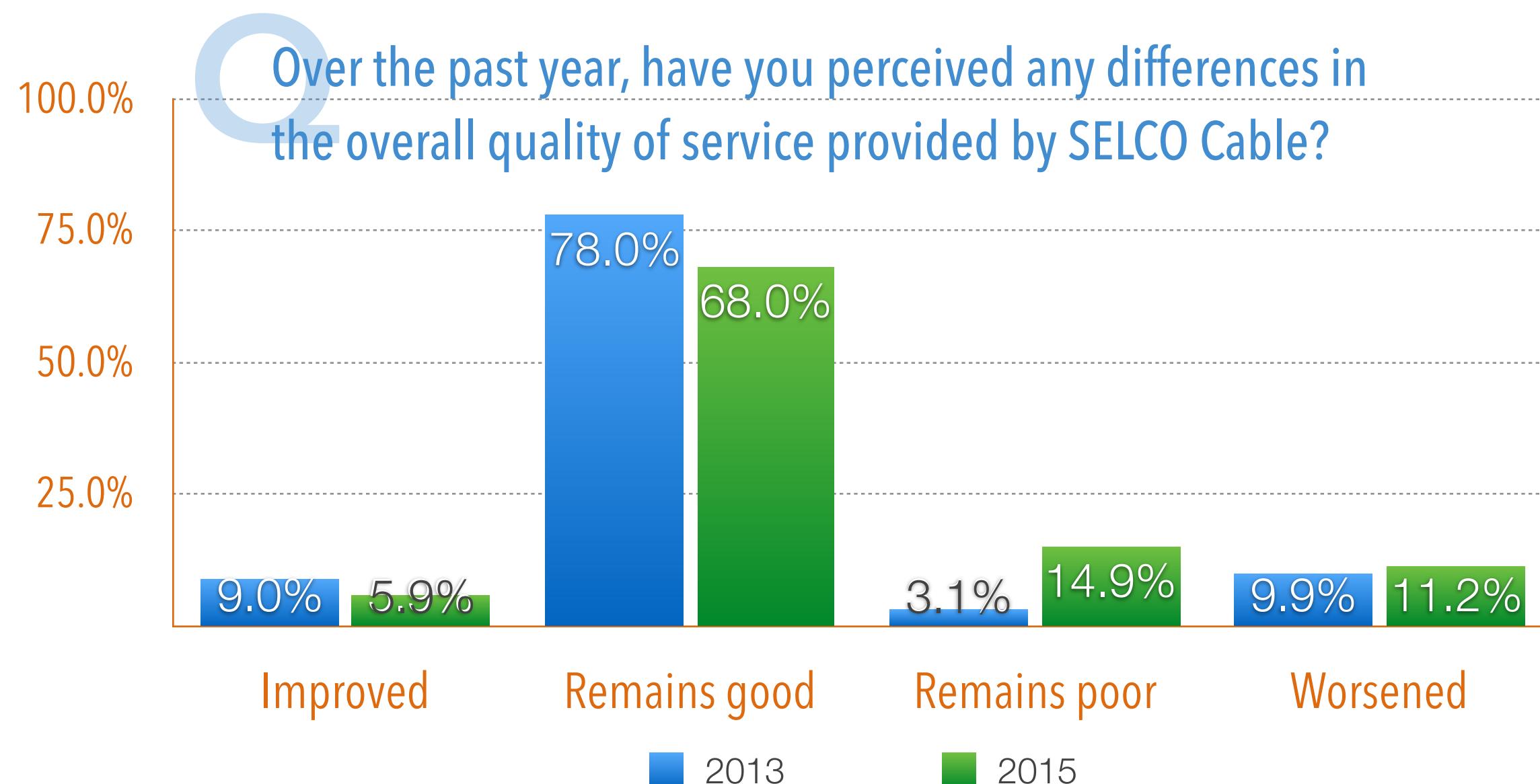
Satisfaction with several cable service characteristics declined significantly in 2015. The largest decreases were recorded for “rates for cable service” (-17.5 percentage points), followed by “communicating with customers” (-11.6 percentage points), and “quality and reliability of TV services” (-9.4 percentage points).

Item	2013	2015
Helpful and knowledgeable staff	90.1	85.5
Communicating with customers	89.3	77.7
Quality and reliability of TV services	83.7	74.3
Quality and reliability of Internet service	78.6	73.2
Variety of service offerings	*	69.9
Rates for cable service	83.7	66.2

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

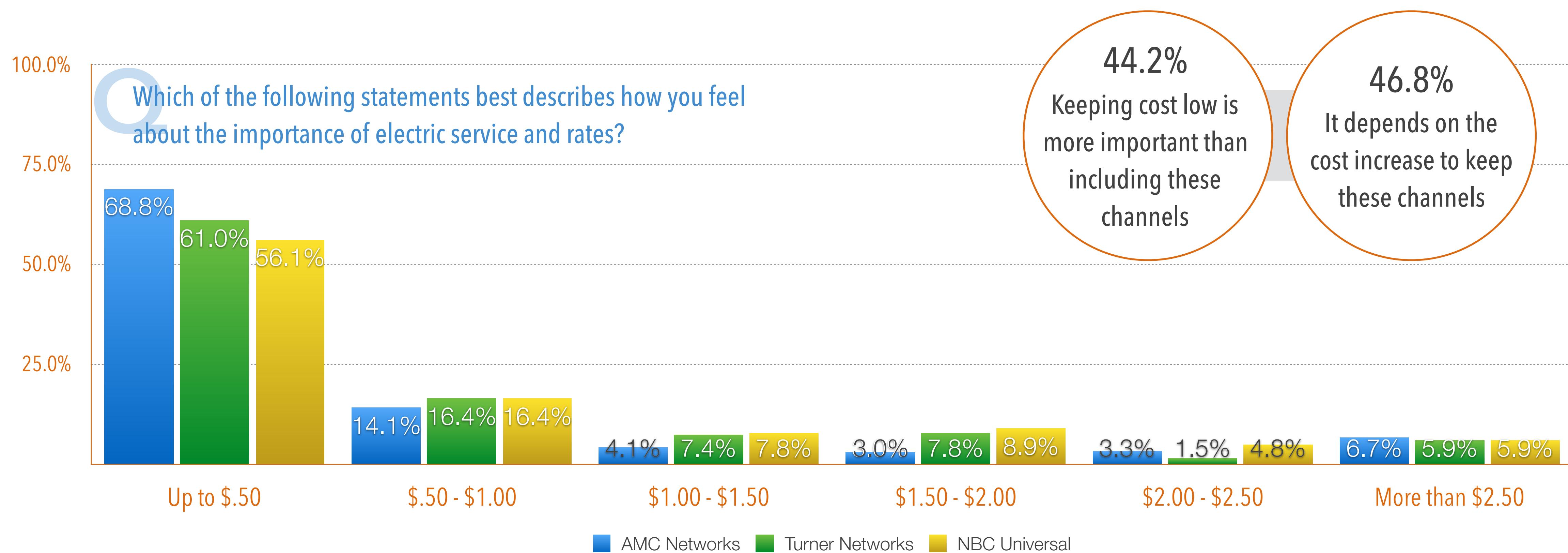
Cable only customers happier

A decrease was noted in customers' perceptions of the overall quality of cable service. While there was no significant change in customers reporting their service "worsened," an increase was noted among customers reporting their cable service "remained poor" (+11.8 percentage points). However, customers with cable only reported a higher satisfaction with the quality of service compared to those bundled with internet.



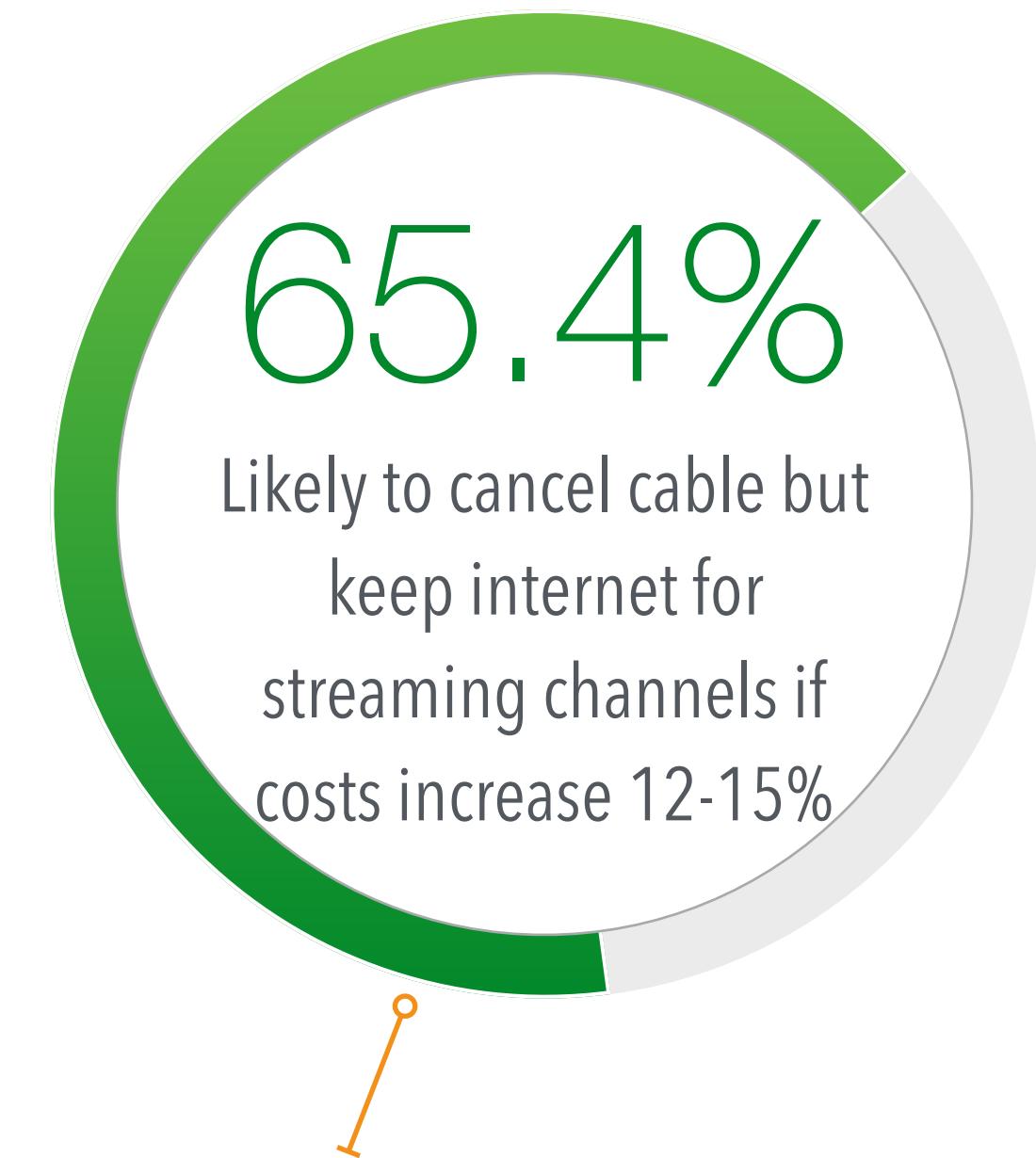
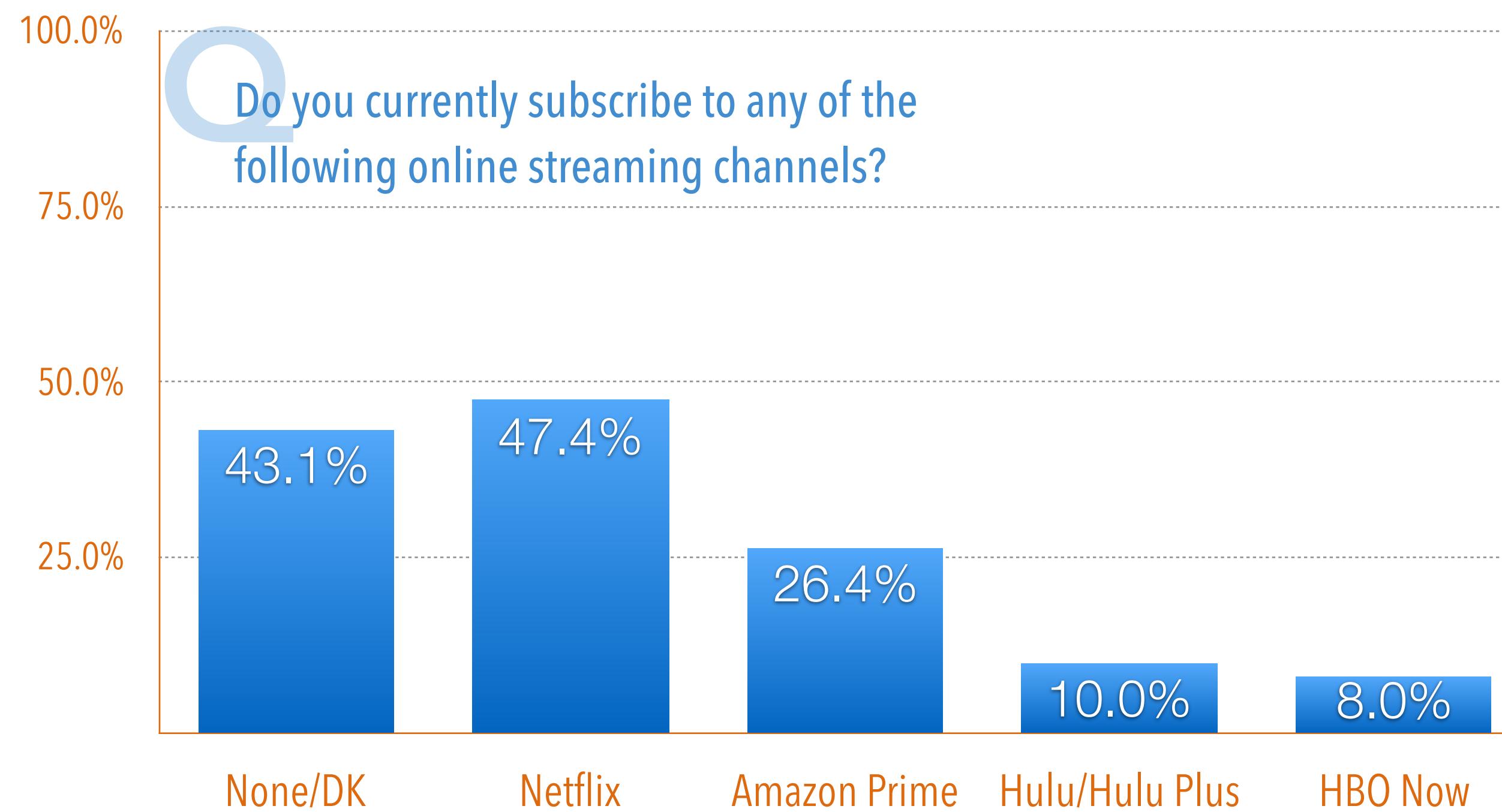
Moderate support for contract renewals

When presented with the networks undergoing contract renewals and the comprehensive nature of the deal with inherent rate increases, customers were largely willing to spend up to an additional \$.50 cents per month for each of the networks. NBC Universal and Turner Networks noted stronger willingness to pay greater than \$.50 cents on their monthly bills to maintain these networks.



Online streaming used

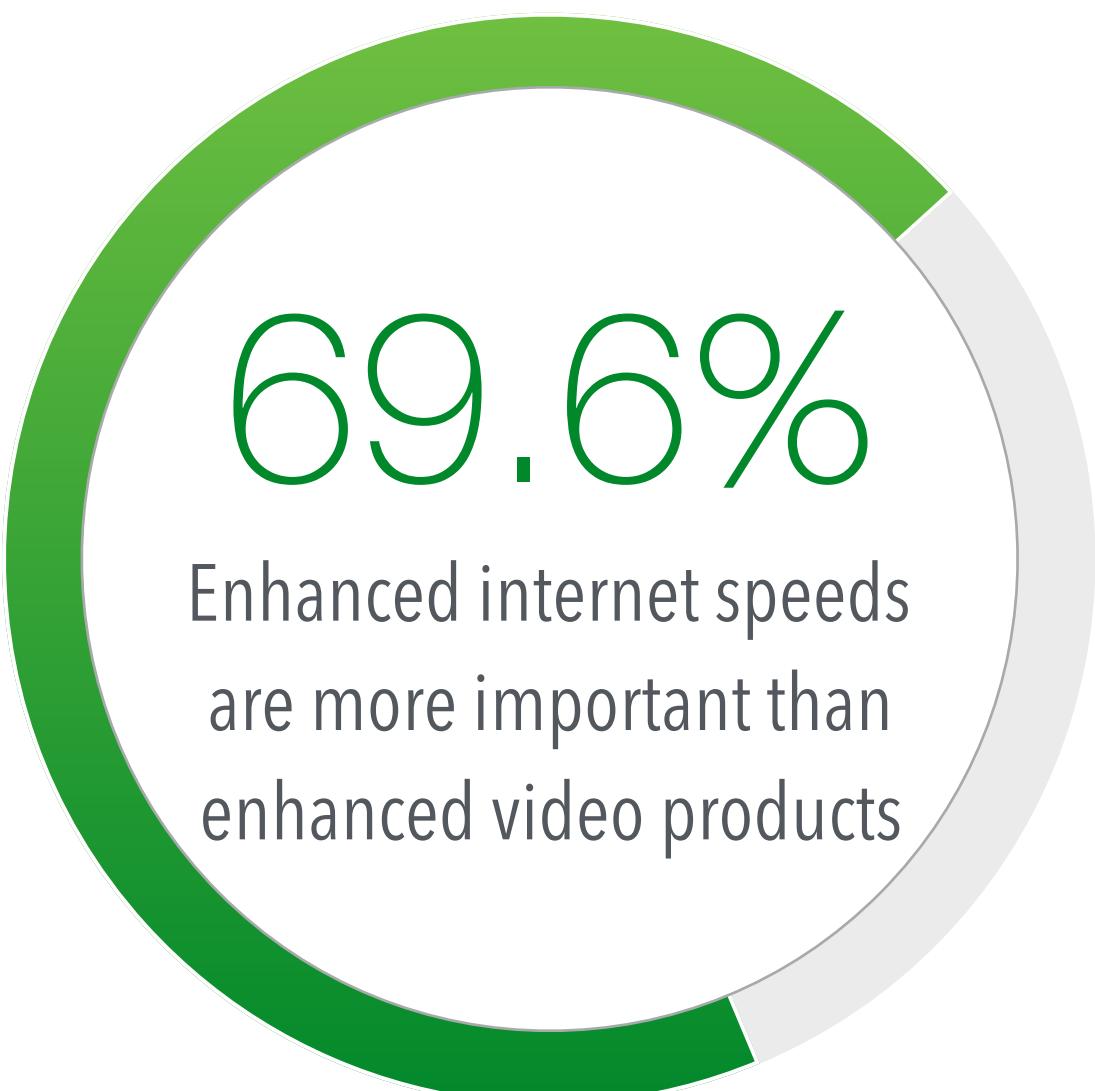
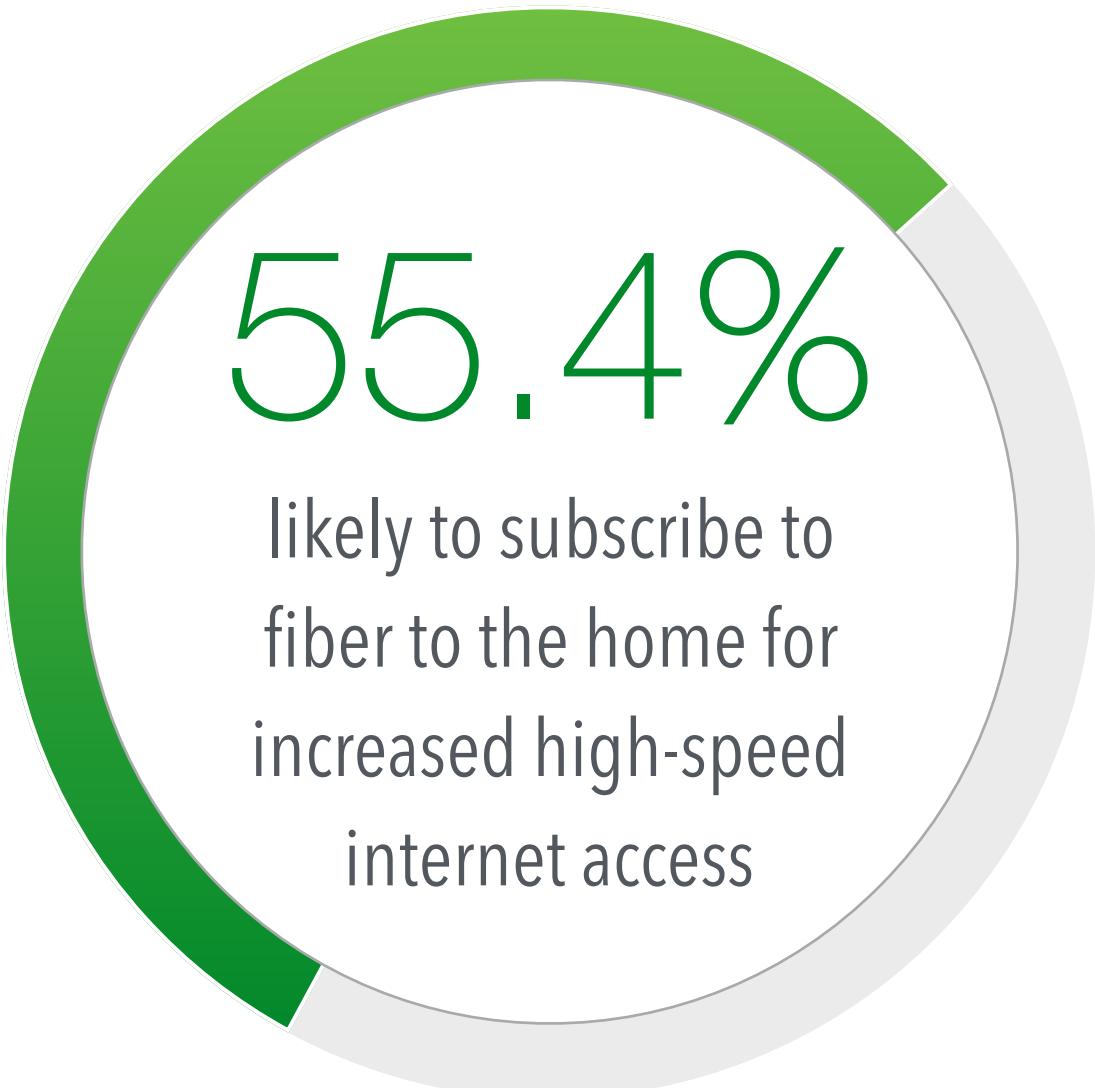
While a segment of customers do not subscribe to online streaming channels, many customers subscribe to at least some form of online streaming. In addition, nearly two-thirds of customers indicated they would consider substituting online streaming channels in lieu of their cable subscription should costs continue to increase.



74.0% of those who place more importance on low cost subscription are also likely to cancel cable for online streaming

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 69.6% of customers reported a desire for SELCO to prioritize enhancing internet speeds over enhanced video products.



Strong relationship continues

The net positive score remained consistent in 2015 (94.0% over 94.3% in 2013). 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.

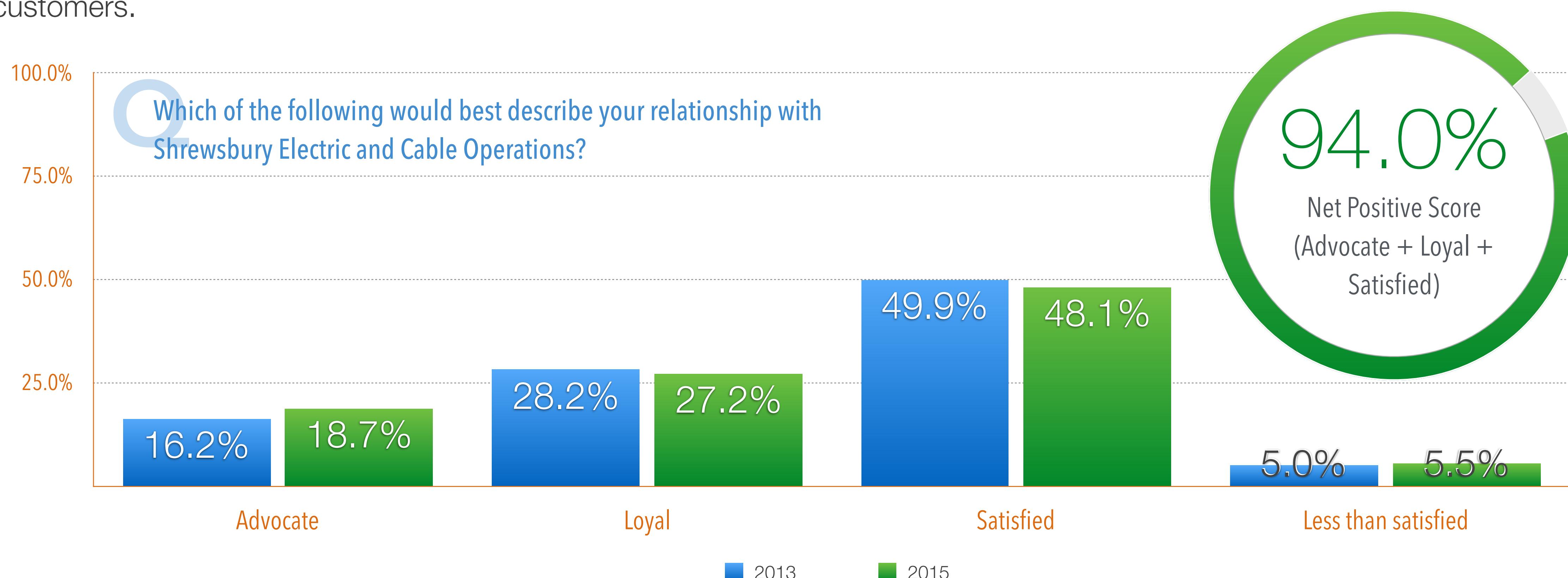


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Considerations

- **Acknowledge customers' priorities.** While rates vary by customer and are constantly subject to change, sensitivity to the prices paid for both electric and cable services were consistently reported. Leverage the trust that customers place in SELCO to keep rates low when communicating with customers about rate increases and the rationale behind their implementation.
- **“Local Lines” may need reorganization.** Customers are reading less of the print newsletter and find it less effective as an information source. To increase readership, greater priority is needed on the digital version, as well as potential restructuring of the layout and content.
 - To raise recall of the newsletter and address communication preferences, “Local Lines” would best serve customers with internet if it is provided via email in addition to the bill inserts and digital format available on the website.
 - It may be worthwhile to conduct additional research among readers and non-readers to understand what information they would prefer to see in the newsletter and any barriers preventing them from reading it in more detail.

Considerations, continued

- **Introduce fiber to the home.** Customers were clear in their hopes that SELCO would prioritize enhanced internet speeds over enhanced video products. This is a prime opportunity to introduce fiber to the home as a valuable service that can help SELCO provide and maintain the best possible internet service available.
- **Network contract renewals.** As negotiations continue regarding the contracts with AMC Networks, NBC Universal, and Turner Networks, customers will be most comfortable with costs remaining below \$.50 cents for each network. While some were also open to up to a \$1.00 increase, exercise caution if a renewal requires a more substantial price commitment.
 - While AMC Networks garnered the strongest support of an additional cost of up to \$.50 cents, Turner Networks and NBC Universal received more support at additional price points up to \$2.00.
 - A strong segment of customers subscribe to an online streaming channel and would consider canceling their cable subscription to exclusively use their streaming account if cable costs increase at 12-15% per year. To reduce the potential of losing a portion of the cable customer base, it may be beneficial to simultaneously promote services such as “Watch TV Everywhere” to remind customers of the value of their cable subscription.

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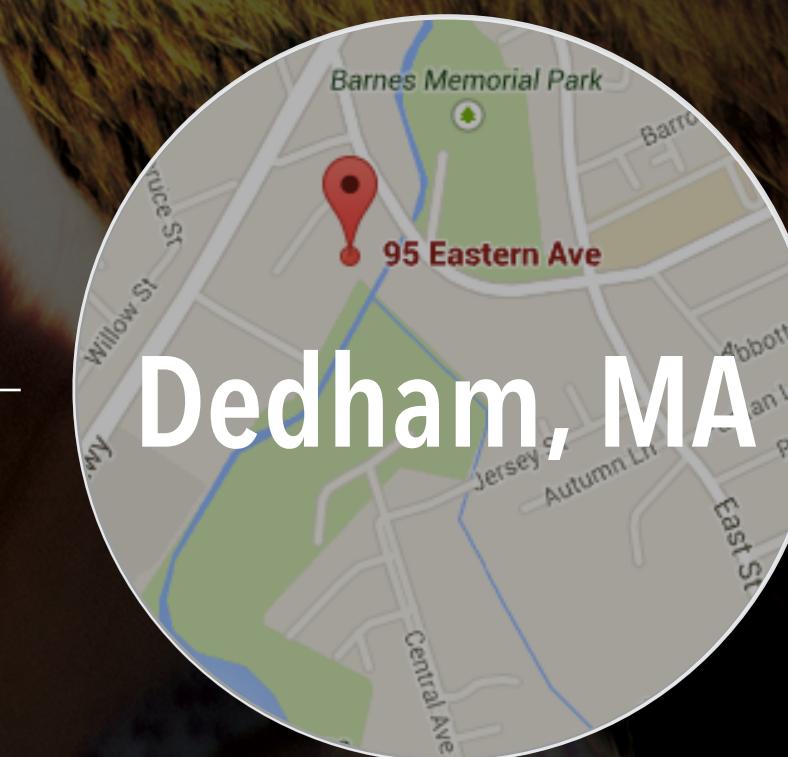
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