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**Dominion**<sup>®</sup>

## DOMINION EAST OHIO

## ENERGY CHOICE FOCUS GROUPS

January 5,6 2011

NEW YORK • WASHINGTON • DENVER • SEATTLE • LOS ANGELES • SAN FRANCISCO • AUSTIN • LONDON • HONG KONG • BEIJING • DUBAI

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# OBJECTIVES AND METHODOLOGY

## The objectives of this research are:

- ➔ To gauge current customer understanding of the Energy Choice program and reasons for non-participation
- ➔ Explore ways Dominion East Ohio can educate customers about the benefits of the program by testing different messages for the next possible wave of an Energy Choice informational/educational campaign

## The methodology of this research is:

- Between January 5-6, 2011 PSB conducted four focus groups among DEO customers who are not participating in Energy Choice
  - Two groups were conducted with Cleveland residents
  - Two groups were conducted with Akron residents

# KEY FINDINGS

## 1 Even among non-participants, awareness of Energy Choice is high

- This is consistent with recent quantitative findings (Dec. '10) and indicates that Energy Choice continues to effectively inform and educate customers about the program

## 2 Main reasons for non-participation include lack of a clear economic benefit, hassle/inconvenience and satisfaction with current supplier and rate

- The reasons for non-participation have evolved as most customers are aware of the option to choose their natural gas supplier
- Lack of information and skepticism were less prevalent reasons because more customers are already so familiar with the opportunity to switch

## 3 The next generation of messaging should emphasize that Dominion East Ohio can provide the tools to help customers choose the best natural gas supplier for their needs

- Ultimately, customers want to know how much money they can save annually but in the absence of being able to provide that information, DEO should focus on the tools they provide that can make the choice even easier for customers
- Final messaging direction should be explored and validated in quantitative



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# DEO LANDSCAPE

# GENERAL OPINION OF DEO IS THAT IT IS A RELIABLE MONOPOLY

- **Customers think of DEO as a monopoly**

*“I think it is one of the **biggest monopolies around**. I have never seen a competitor around so I see Dominion with the blue hat or Dominion with the red hat, but all still Dominion.”*

*“They’ve been around forever, as long as I can remember, growing up in this area that **they’ve been the only supplier**. At least for all those years.”*

*“It’s a **monopoly**. We **don’t really have a choice**. It’s the only gas company we have to use.”*

- **But acknowledge that they have not had any reliability issues**

*“I’ve never had a problem with **East Ohio Dominion**. I’ve never gone to turn on the gas. My power will go out. My electric will go out. I never went to turn on a fixture that needed gas and I didn’t have gas.”*

*“They’re **keeping the house warm**.”*

# CURRENT CREATIVE IN MARKET

- We tested awareness of the next wave of the “Choices” campaign that went in-market in late 2010:

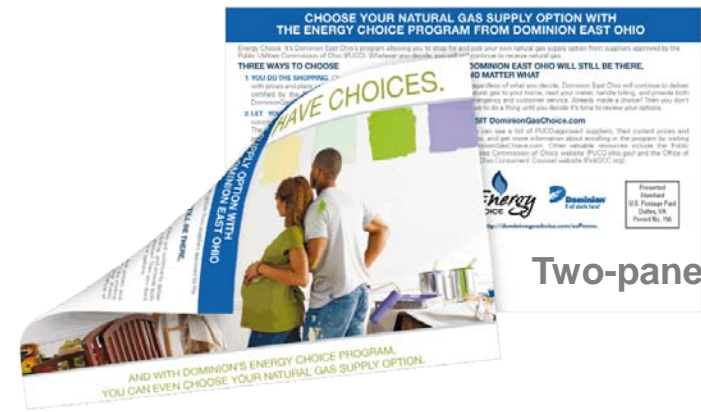
## Print Ads



## Direct Mail Pieces



Four-panel



Two-panel

**Radio:** “Puppies” and “Nursery”  
**Billboard:** “Puppies”, “Nursery” and “Produce”

# DOMINIONGASCHOICE.COM



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GO

[WHAT IS ENERGY CHOICE?](#) | [SELECT A SUPPLIER](#) | [HOW TO SIGN UP](#) | [ENERGY CHOICE IN THE NEWS](#) | [MANAGING YOUR BILL](#)



## IT'S GOOD TO HAVE CHOICES.



### COMPARE SUPPLIERS

Compare suppliers now to see what options best fit your needs.

[Go to Supplier Comparison Charts](#)



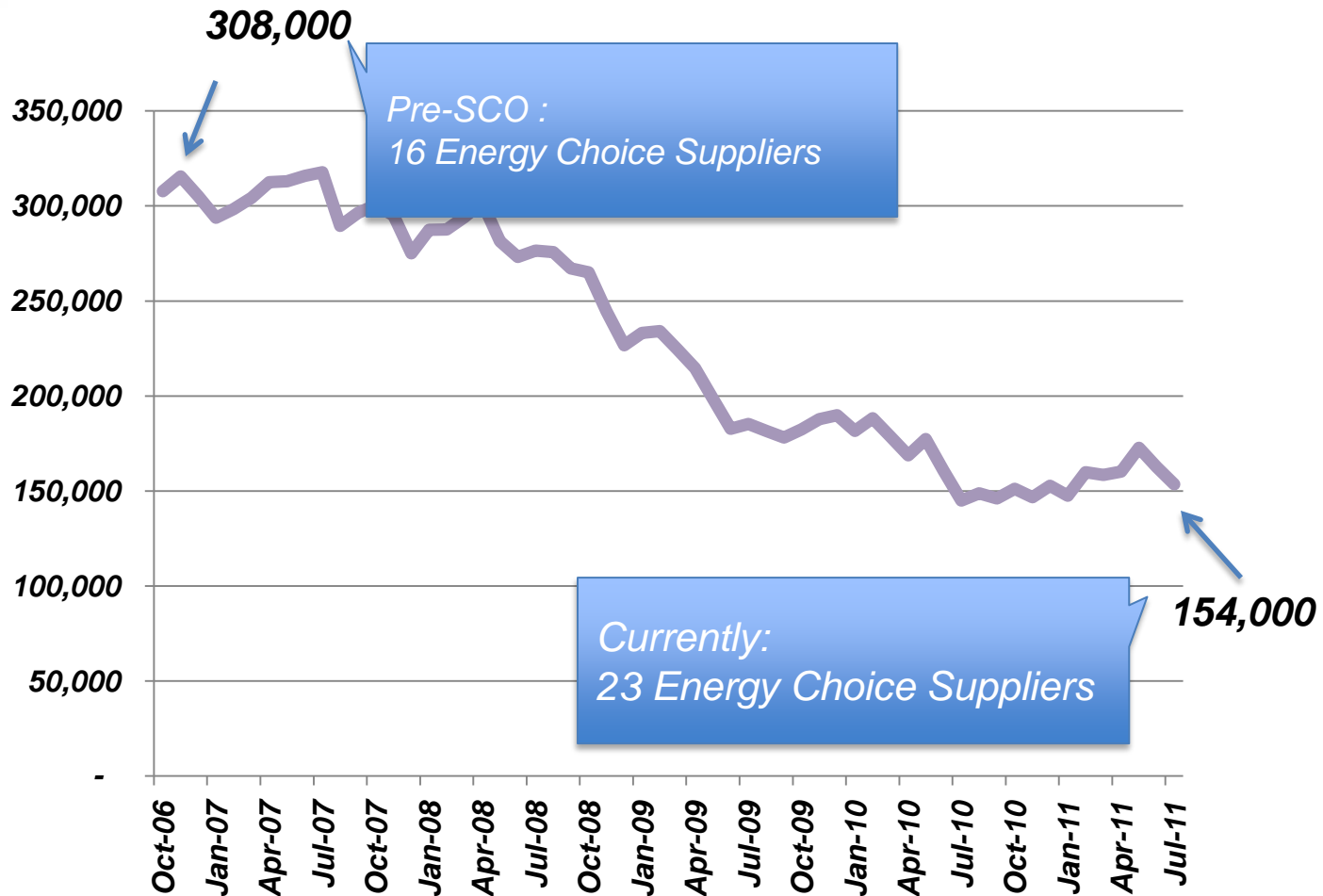
### UNDERSTANDING YOUR BILL



### ENERGY SAVING TIPS

Keep the thermostat set to 68 degrees, and set it back even more when you are sleeping or away from your home. You can purchase a programmable thermostat to automatically turn the thermostat down at night and when you are not home. By turning down your thermostat one degree, you can save up to 3 percent on your heating bill.

# DEO'S SCO CUSTOMER COUNT HAS FALLEN 50%



DEO currently has 876,000 non-SCO/non-MVR Energy Choice customers.



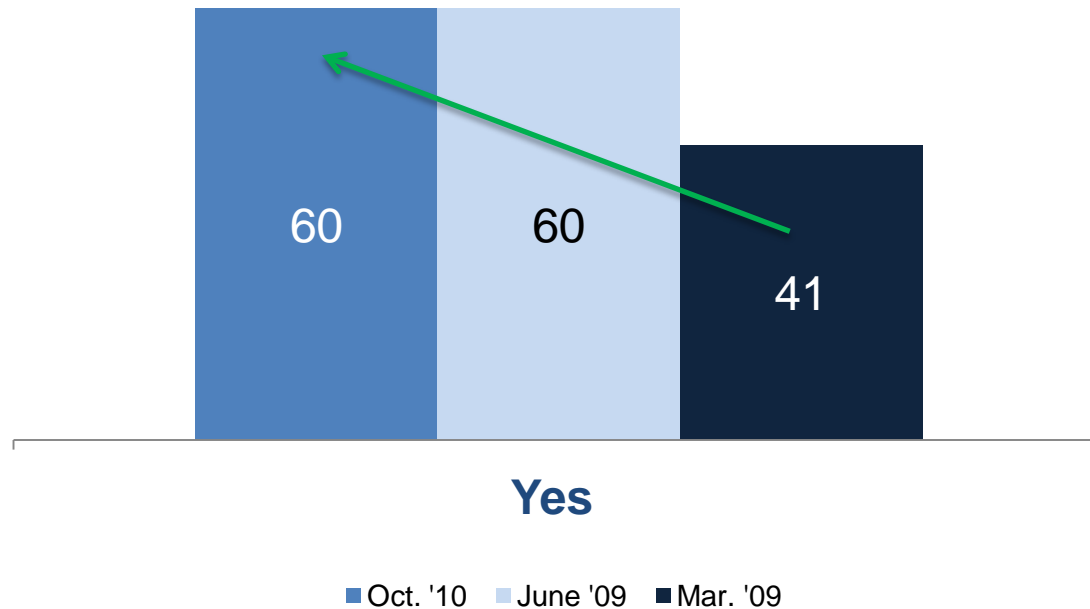
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# ENERGY CHOICE LANDSCAPE AND AD AWARENESS

# RECENT QUANTITATIVE WORK SHOWS AN INCREASE IN ENERGY CHOICE AWARENESS

- From our recent quantitative poll (Energy Choice Ad Tracker, Nov. '10), we know that Energy Choice awareness has increased significantly from around the time we last conducted Energy Choice focus groups (Dec. 2-3, '09)

Have you heard anything about a program offered by Dominion East Ohio which allows customers a wide range of options in choosing their natural gas supplier - the company who you purchase your natural gas from? (Unaided)  
*Showing All*



# FOCUS GROUPS CONFIRM THIS INCREASE IN ENERGY CHOICE AWARENESS COMPARED TO LAST YEAR

- Customers were mostly aware of the concept behind Energy Choice and the ability to choose their own supplier but could not identify the program by name
  - That said, many customers recognized the name once they heard it

*“I am thinking of the choice program where **East Ohio will still deliver the gas, but it will come from different suppliers.** I think you can opt in or just have East Ohio make the choice.”*

*“**I’m pretty sure there’s a website.** It’s something like Apples to Apples or whatever that is. It’s either for gas or for electric. Maybe both.”*

*“I didn’t really know the name. I didn’t know that the multiple options was considered the Energy Choice program. **So I didn’t really recognize the name, but I did realize that there were options.**”*

# CUSTOMERS ARE MORE AWARE OF RADIO ADS AND DIRECT MAIL COMPARED TO PRINT

- Radio ads and direct mail pieces were especially memorable:

*“They were in the **middle of shopping for something**. I don’t know what it was. And they’re talking about choices of whatever product they’re shopping for. Then they said, “Well I think my choice is Energy Choice.”*

*“What kind of dog should I get? You should get Energy Choice.”*



*“That looks kind of familiar. Actually seeing this like this as opposed to the board - this looks kind of familiar. I wouldn’t doubt that I have gotten this.”*

# THREE MAIN REASONS FOR NON-PARTICIPATION

- For all customers who are not participating, the main reasons for non-participation include:

## Lack of clear cost benefits

*"I didn't think it would, in the long run, make any difference."  
"I have no clue what the savings would be. That's my problem."  
"Make it worth your while to do the research and spend the time and switch and change."  
"If it's only a dollar or two dollars I guess it wouldn't be worth my time. It has to be significant for me to be doing it."*

## Hassle/Inconvenience

*"I didn't even have time to read through all of this and decide. It seemed like to me there has to be a better way to compare side by side than just the newspaper."  
"I just don't have time to research everything properly, to make an informed decision."  
"I would just say **taking the time out to actually do the research yourself**, making the call and saying you want to switch over. Sometimes you're just comfortable with what you have and just paying the bill and don't even think about it until the following month. "*

## Satisfaction with current supplier/rate

*"Last year, in the article **Dominion turned out to be the cheapest for the year** out of the whole chart. So just letting them do it - that was the cheapest option."  
"I just found **one that works that is acceptable** and I don't want to be bothered doing the comparison".  
"I've been with Dominion for 23 years and I'm just happy with what I have."*



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# MESSAGING

# MESSAGES TESTED

| Theme                     | Message   |
|---------------------------|---|
| <b>Competition</b>        | For several years, Ohioans have been able to take advantage of a competitive natural gas market. While DEO cannot guarantee that your bills will decrease if you participate in Energy Choice, the power is in your hands to determine what is best for you and your household, not an anticompetitive market.  |
| <b>Easy To Learn</b>      | Working with the PUCO and OCC, Dominion East Ohio wants you to know your rights and your options when it comes to natural gas. Using the calculator on our website, you can figure out what is best for you.  |
| <b>Peer Pressure</b>      | Nearly three-quarters of Dominion East Ohio customers have already joined the Energy Choice Program. Become one of the many who have decided to make their own decisions about their natural gas suppliers.   |
| <b>Same Great Service</b> | The Energy Choice program is the best of all worlds. Participation gives you the freedom to work with a supplier to best suit your needs and the comfort of knowing that you will still receive the same great customer service from Dominion East Ohio that you have come to depend on.  |
| <b>Choice</b>             | The Energy Choice program puts the power in your hands to choose the natural gas supplier that best meets your needs. A choice that affects a financial commitment like your gas bill shouldn't be left up to chance.   |
| <b>Cost Choice</b>        | You would shop around to get the best deal on car insurance, so why don't you do the same with your natural gas supplier? With the Energy Choice Program, you can compare natural gas suppliers to choose the one that is best for your family and your wallet. The power to choose is the power to save.   |
| <b>Tools You Need</b>     | At Dominion East Ohio, we are here to help you find the supplier that best meets your needs. Visit <a href="http://dominiongaschoice.com">dominiongaschoice.com</a> for all of the tools you need to make an educated choice about your natural gas supplier including a side-by-side comparison of all supplier rates, a calculator to help figure out what your rates might be, and the explanations you need to feel confident in your choice. |

Added before Akron groups to validate new recommended messaging direction (Not included in Cleveland groups)

# MESSAGES ABOUT DOMINION PROVIDING TOOLS TO HELP MAKE THE BEST CHOICE RESONATE MOST WITH CUSTOMERS

- Ultimately, customers want to know how much money they can save annually (a large annual number would be more impactful than the incremental changes in cost per thousand cubic feet)
- Since DEO is not allowed to provide specific cost information, messaging should focus on how DEO provides the tools that customers need to make the choice that is best for them
  - Customers specifically like the idea of the calculator tool and the “Comparing natural gas supply option prices and services” section of the 4-panel direct mail pieces (specifically the section that includes questions to ask of the suppliers)

***“But if you could go on the website and type in your total gas usage for the year and it would tell you how much you would have spent for each supplier. If at a quick glance you could see where you were or where you would have been. Then it would be worth going on once every six months.”***

***“I think it’d be great if there was just a website you could go to, put in what you’ve got now and they can give you some kind of idea. Obviously they wouldn’t know exactly because they don’t know what kind of house you live in or whatever but they can give you some kind of idea. If you live in a two bedroom house and you’re paying this, if you switched here you’d save ten bucks a month here or whatever.”***

# THERE IS A GENERATION GAP AROUND HOW DEO SHOULD PROVIDE ITS TOOLS AND SERVICES

## Older Customers

### Prefer a phone number option

*“I would like to see a number on here where you can set up an appointment to call someone.”*

### Would like info sent through the mail/ with bills

*“Both of them seem to say to go online and I’m computer illiterate, so I don’t do anything online.”*

## Younger customers

### Online tools such as the calculator

*“I like the whole calculator on the website thing. I think maybe that is because I do everything online.”*

### All info online

*“I am paperless and I don’t get the mail. I think the direct mail I would never get, but the website I do go on there once a month to pay my bill.”*

# CURRENT CAMPAIGN HAS BEEN EFFECTIVE THOUGH CHANGES CAN BE MADE TO BETTER TARGET HOLDOUTS

To reach the remaining holdouts, it would be helpful to have imagery that is more directly connected to natural gas

- While the current ads have helped boost awareness, these customers could not easily make the connection to natural gas

*“I never received this, but if you were going to look at it really fast I would figure it was telling you to choose a color—for painting.”*

Customers who are still not participating in Energy Choice are looking for concise, useful information on the direct mail pieces

- They really like having the questions to ask of suppliers that are included in the 4-panel piece  
*“I did like the little blue box there with the comparing questions because they are questions you should know before you start comparing. I think if you are going to look at suppliers it is the questions you should ask as you go through each one.”*
- However, some parts of the direct mail piece were redundant and can be streamlined. They preferred the 2-panel direct mail piece in terms of amount of information; the four panel mail piece contained too much information

*“It’s almost **word for word** but it’s **much smaller**. This would get my attention before a four page flyer would.”*



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# RECOMMENDATIONS AND NEXT STEPS

# MESSAGING DO'S AND DON'TS

## Do

- ✓ **Publicize the tools that are available to customers to help them figure out their costs**

*"I [liked that] using the calculator on the website, **you can figure out what's best for you.** I didn't know they had a calculator. I'm going to check it out now."*

*"They give you a website to go to, they're telling you there's side by side comparison. They're giving you all that information you need to know. **You don't have to go research who's doing it, it's right there. I liked it.**"*

- ✓ **Frame choice as "empowering" and educating customers**

*"Really **makes you feel confident in all the information they're providing you to make that decision.**"*

*"Makes me feel like I have the choice. **It's my choice. And that I'm doing what's best for me.**"*

## Don't

- ✗ **Mention that DEO cannot guarantee costs will decrease**

*"Yeah, it's like, **why bother** because you could go right back up."*

- ✗ **Use peer pressure to persuade holdouts**

*"They're just telling me what other people are doing. I'm not a follower. **They need to give me more reason behind it.**"*

*"My mom always said, '**you see somebody jump off a bridge that doesn't mean you should do it too.**'"*

- ✗ **Use acronyms – instead, spell out company names**

*"I crossed out DEO, because **I don't know what that is.**"*

# SUGGESTIONS TO SUPPLIER COMPARISON CHART

(ASKED IN AKRON ONLY. NOT SHOWN IN CLEVELAND)

## Supplier Comparison Chart from dominiongaschoice.com

Click orange arrows to sort by column headers to show fixed and variable supplier's prices.

| Supplier  | Base Rate | Fixed/Variable | Contract Term                    | Early Term Fee |
|---|-----------|----------------|----------------------------------|----------------|
| <a href="#">Constellation NewEnergy - Gas Division, LLC</a><br>Plan ID: 12075 | \$6.40    | Fixed          | 12 months                        | \$25.00        |
| <a href="#">Constellation NewEnergy - Gas Division, LLC</a><br>Plan ID: 12074 | \$6.06    | Variable       | monthly                          | \$0.00         |
| <a href="#">Direct Energy Services</a><br>Plan ID: 12014                      | \$6.49    | Fixed          | 6 months                         | \$0.00         |
| <a href="#">Direct Energy Services</a><br>Plan ID: 12033                      | \$5.96    | Variable       | monthly                          | \$0.00         |
| <a href="#">Dominion East Ohio Energy</a><br>Plan ID: 12072                   | \$6.29    | Fixed          | Through 11/2011<br>Billing Cycle | \$100.00       |

- **More interactive (like the calculator)**
  - *“I was thinking even if you could put your usage amount that you have for the gas for the month and say you could put it in the computer and **it calculates for you with the actual.**”*
- **More graphical**
  - *“Change the overall set up or layout. **Instead of you have to read through these lines, have a graph.** And you can easily go by: there’s the lowest guy! Let’s click on him and then read about him.”*
- **It should have the ability to sort more than one column at a time**
  - *“Can you **sort on multiple columns** or is it just one or the other?”*