

Lessons from Other Industries For Utility Services and Communications Supporting Low Income Consumers

NARUC, July 2016, Nashville, Tennessee

Staff Subcommittee on Consumer Affairs



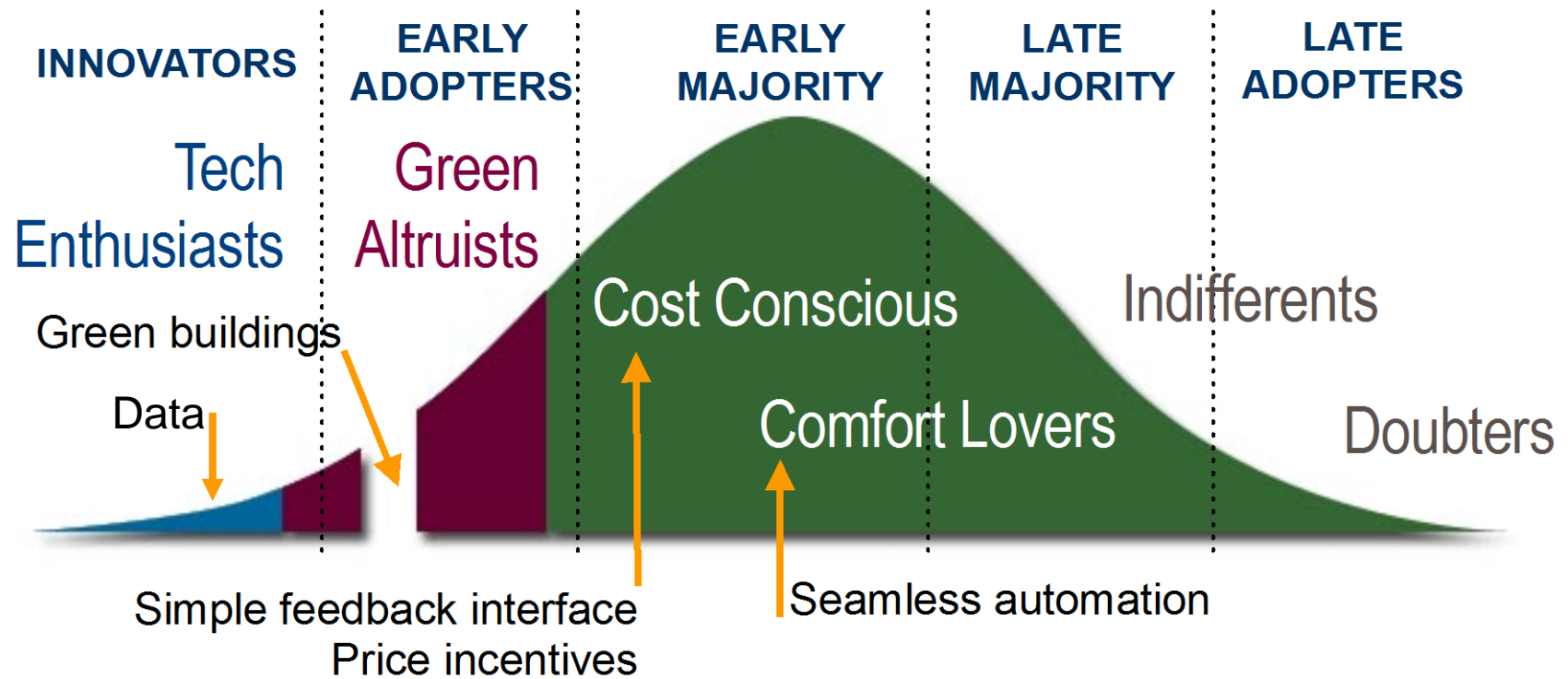
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Understanding Utility Customers

Introducing “low income solvency” segmentation

Energy Worldviews: Motivations Vary

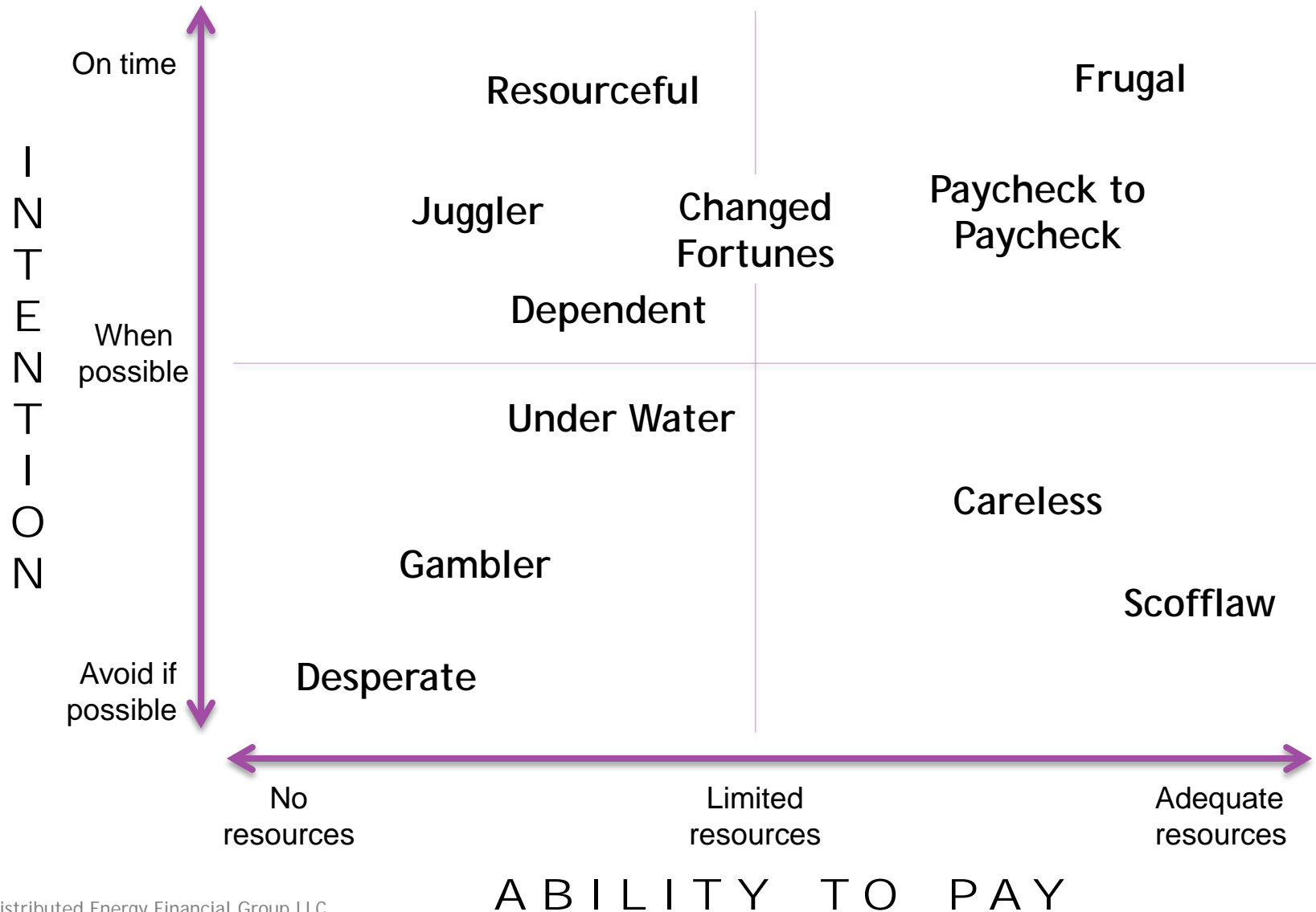


to the point

Diffusion of Innovations: Everett Rodgers
Crossing the Chasm: Geoffrey Moore
Worldview triggers: Judith Schwartz

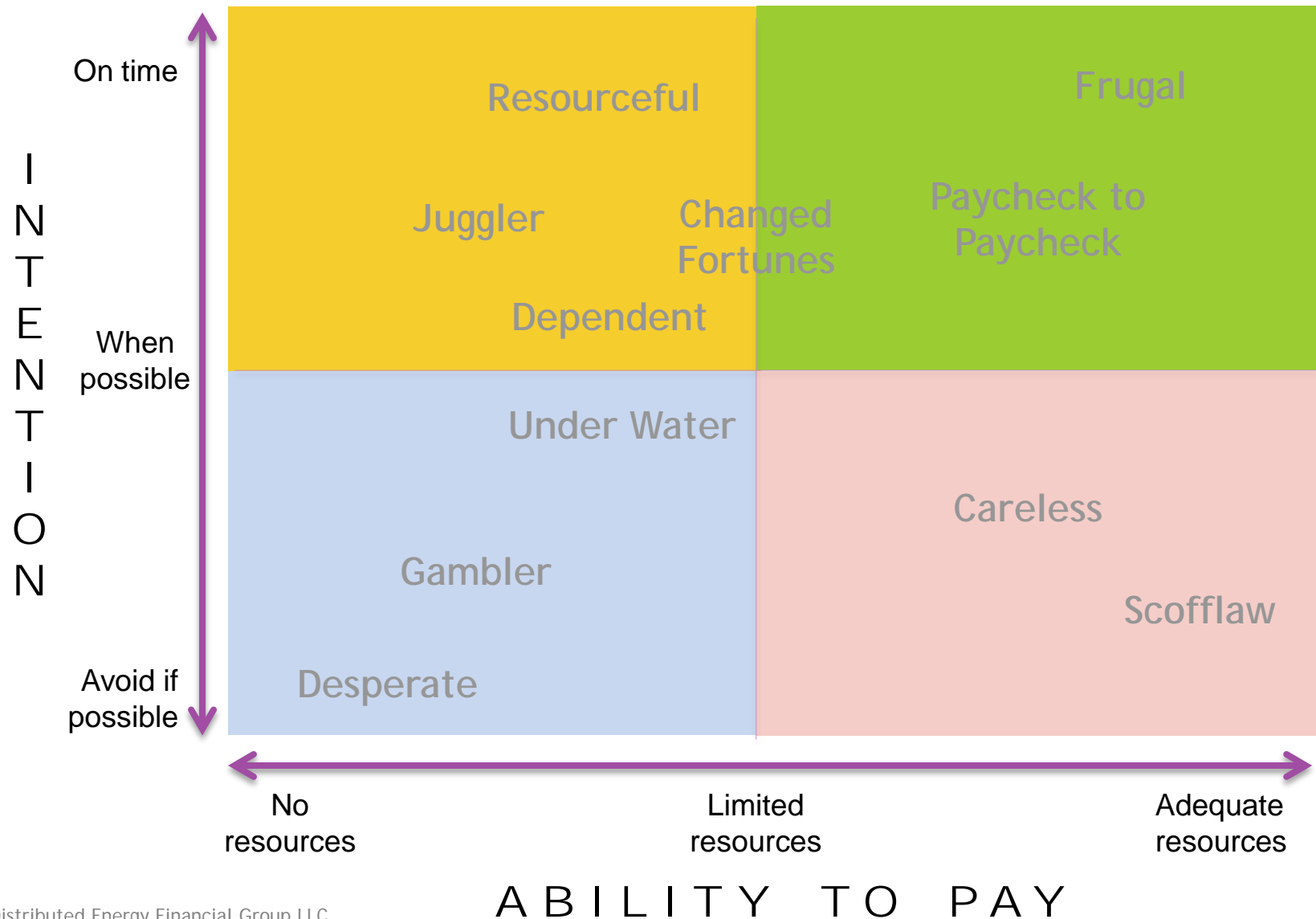


Ability vs. Intention to Pay



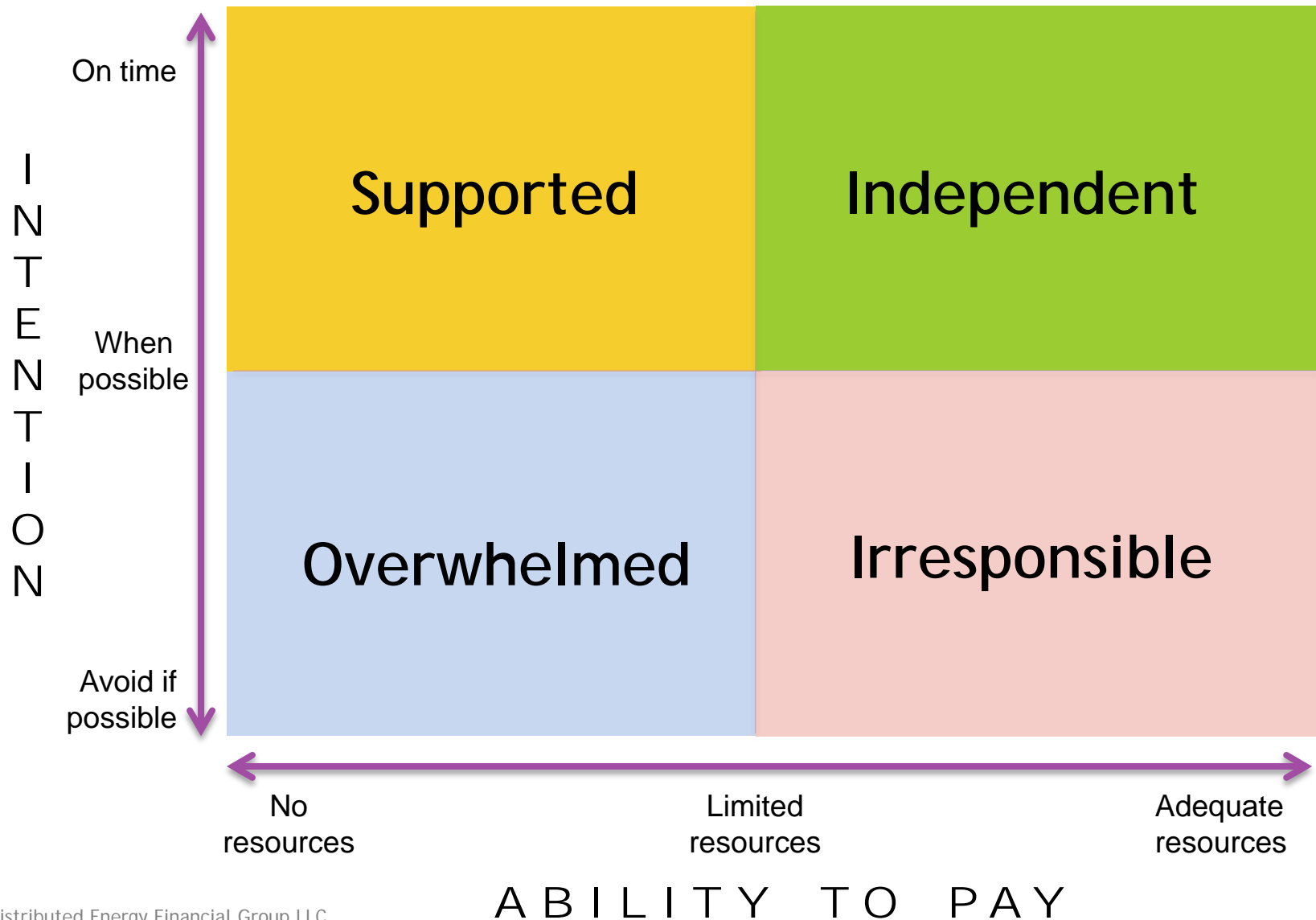


Propensity to Pay + Receptivity to Strategies





Low Income Solvency Segments



2

5

Analysis Framework

Examining industries that successfully target low income customers

Common Reasons for Policy Disconnects Among Regulators, Utilities and Advocates

- Consumer advocates strive to protect most vulnerable, overwhelmed families
- Utility disconnection policies designed to protect investors and ratepayers from irresponsible behavior
- Regulators must balance financial stability of utility with protection of vulnerable, while fostering broad customer acceptance
- Worldviews independent of income levels
- Price incentives motivate cost conscious
- Payment plan preferences align with cash flow and banking constraints

Supported	Independent
Overwhelmed	Irresponsible



Objective of Low Income Targeting Study

- What can we learn from those who target disadvantaged communities?
- Insights for segmenting audience
- What is working?
 - General strategies and offerings
 - Tactics and messaging
 - Ability to work with unbanked
- Sectors analyzed
 - Gambling
 - Payday loans
 - Lottery
 - Automobile financing
 - Reverse mortgages
 - Credit cards
 - Credit reporting
 - Health care

Seedy

**Caveat
emptor**

Virtuous

Strategies Used to Reach Low Income Audiences

- **Aspirational:** Quick path to riches, often unrealistic, hopeful, magical
- **Opportunity:** Good deal available to eligible parties
- **Bargain:** Great deal with insider information
- **Convenience:** Make it easy on yourself because of busy schedule
- **Empathic:** We understand the problems you face, authentic stories
- **Lifesaver:** Only path out of desperate situations
- **Get paid for [your action]:** Often hides fraud or criminal activity

Any of these can be **deceptive**:

Offer seems reasonable with onerous terms in fine print

Susceptibility to Strategies/Pitches

Supported	Independent
Overwhelmed	Irresponsible

	Independent	Supported	Overwhelmed	Irresponsible
Aspirational	●	●	●	●
Opportunity	●	●		
Bargain	●	●		
Convenience	●	●		
Empathic		●	●	
Lifesaver			●	
Get paid for [your action]			●	●



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3

Lessons from Industries that Target Low Income Consumers

Case Studies

Case Study Communication Strategies

	Aspire	Opportunity	Bargain	Convenience	Empathy	Life-saver	Get Paid
Credit Scoring		●	●		●		
Credit Cards		●		●			
Payday Loans				●	●	●	
Subprime Auto Loans				●	●	●	
Obamacare		●		●	●		
Reverse Mortgage		●			●	●	
Lottery	●						
Gambling	●		●	●			
Schemes			●				●

OPPORTUNITY

Do You Know Your Credit Score?


- Targets: young people without established credit or poor credit history
- Used to evaluate and identify risky borrowers for lenders
- Positioned to at-risk borrowers as crucial for financial success
- FICO Score: predictive analytics based on scores from three major credit reporting agencies: Equifax, Experian, Transunion. Consumers must pay to see FICO scores and get other services
- Tactics: TV, Radio, Internet ads and apps, direct email
- Messaging: “get your FREE credit score,” identity theft protection
- Sites of credit score companies include education: “how to improve credit scores.” “Paying bills on time” is noted as critical as is “minimizing outstanding debt.”



OPPORTUNITY, EMPATHIC

What's in Your Wallet? Unsecured Credit Cards

Credit One® Unsecured Visa® Card



4000 1234 5678 9010
PREFERRED CUSTOMER VISA

★★★★★
1,227 customer reviews

- See if you're Pre-Qualified without harming your credit score. In less than 60 seconds, find the card that's right for you.
- This fully unsecured credit card with no deposit requirement can be helpful in growing or building credit. Your account will be reported monthly to all three major credit bureaus.
- Zero fraud liability protects you from unauthorized charges.
- Earn unlimited 1% cash back on gas and grocery purchases. Terms apply.
- Set up custom email or text alerts, so you'll always be aware of your payment due date, when your payment posts, or if your available balance runs low.
- Credit One automatically monitors every account for credit line increase opportunities. We'll let you know as soon as you're eligible for additional credit.

APPLY NOW

at Credit One Bank's
secure site

Purchases Intro APR	Balance Transfers Intro APR	Regular APR	Annual Fee	Credit Needed
N/A	N/A	18.15% - 24.15% Variable	\$35-\$99	Bad Credit

- Targets: people without established credit or poor credit history
- Extra carrot — “use to build your credit history and a good score”
- Messaging addresses realistic fears and concerns
- Offer “cash back benefits” as incentive to pay on time
- Alerts as to current balance and when payments are due
- Customer complaints focus on bad customer service and monthly fees
- Fraud protection

OPPORTUNITY, CONVENIENCE

What's in Your Wallet? Credit Cards

- **Pre-screened marketing offer**
Collateral indicates pre-approval
No guarantee card will be issued
- **Secured credit cards**
Security deposit equal to credit line
“builds credit when used responsibly”
- **Prepaid Cards**
Look like credit cards but “no credit check”
“No minimum balance. No hidden fees”
Can add more money to account
Option for unbanked consumers
- **Stored Value Cards**
Dedicated purpose
Monetary value preloaded
May be rechargeable



Targeted to teen market



CONVENIENCE, EMPATHIC, LIFESAVER

No Waiting: Pay Day Loans

- Target: People with jobs, checking accounts, bills due
- Ads on radio, TV, Internet, direct email
- AKA cash advance, check advance, post-dated check, deferred deposit loans
- Borrower writes a check + fee, (or authorizes electronic payment) Lender provides amount-fee, due next payday, rollovers common
- Extremely high interest rates, annual interest rate over 390%
- New legislative protections under consideration



Junelle N.
Salinas, CA
4 friends
5 reviews

★★★★★ 4/14/2015

I needed an advance to pay a few bills and the woman who helped me was so nice and helpful. I think her name was Branisha. I know it ended with -nisha. Sorry if you are reading this! I should've gotten her business card. But anyways, she was so wonderful! I'm so glad I was helped by her! She made the terms very clear and didn't leave out any important details.

Aside from her excellent customer service, the payday loan I received had very straight to the point terms with no hidden fees or interest. They charge a fee for taking out a payday loan, and the price was amazing! Anywhere else would have ripped you off. I've checked out a few places and this one by far beats any of the other loan establishments.

Even if you don't pay it back on time, they tack on an extra 15 to what you already owe and that's it. They don't tack on another 15 for each day you're late.

This was an amazing experience for me and I'm so glad to have found it! Thanks again to the lovely representative who helped me out. FIVE STARS! ⚡

Was this review ...?

Useful 3 Funny 1 Cool



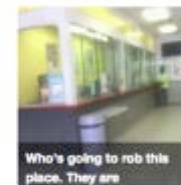
Angela F.
Oakland, CA
34 friends
110 reviews

★★★★★ 7/30/2012

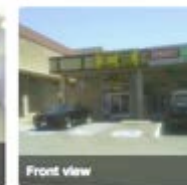
1 First to Review

Thumbs up on the customer service where. The ladies behind the BULLET-PROOF glass when very nice.

Im just swung by the pay on a bill. The neighborhood is eastmont mall which is not the safest but I went in to pay a bill and it was a pleasant experience.



Who's going to rob this place. They are

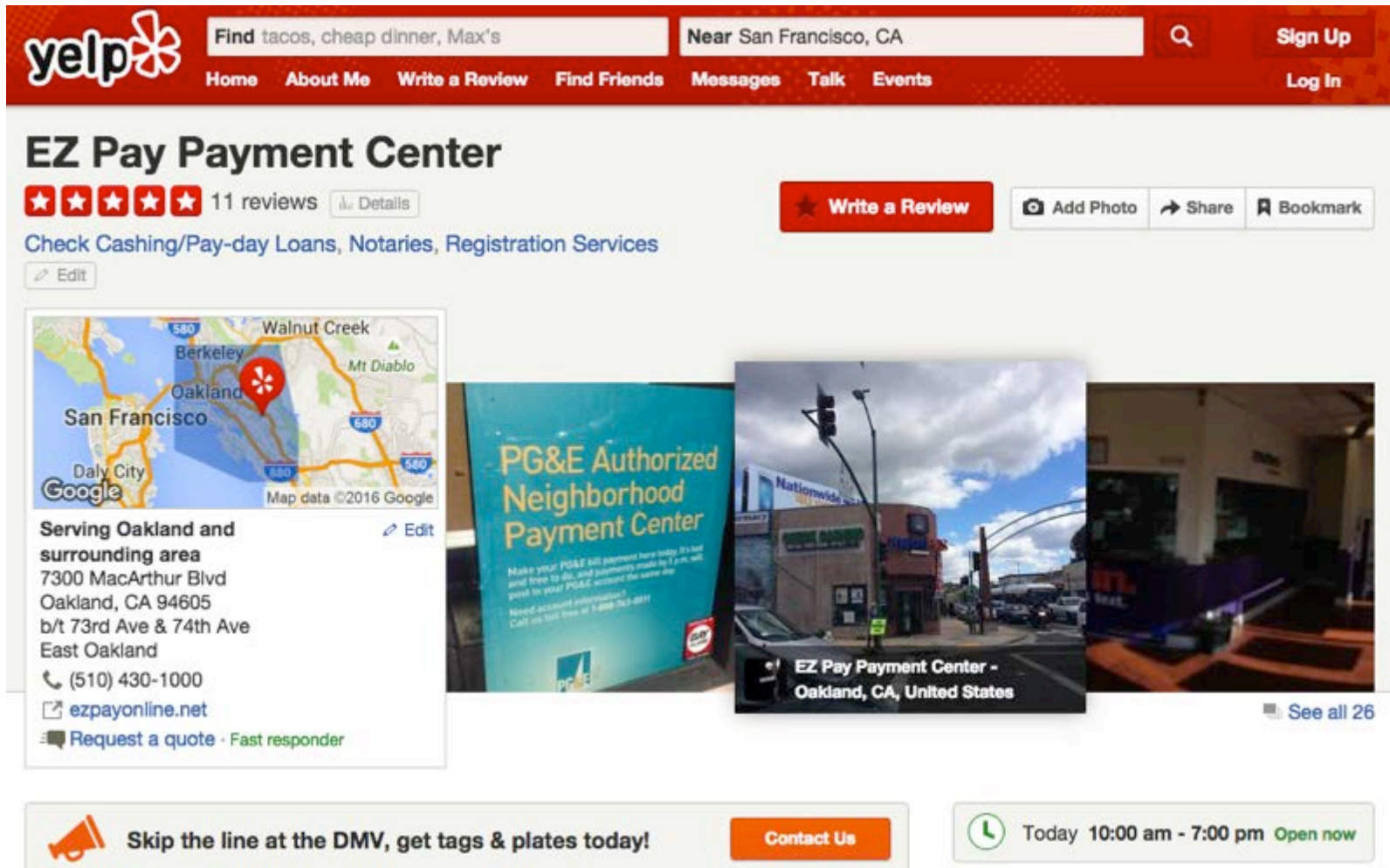


Front view

Was this review ...?

Useful 2 Funny 2 Cool 1

CONVENIENCE



yelp Find tacos, cheap dinner, Max's Near San Francisco, CA

Home About Me Write a Review Find Friends Messages Talk Events Sign Up Log In

EZ Pay Payment Center

★★★★★ 11 reviews [Details](#) [Write a Review](#) [Add Photo](#) [Share](#) [Bookmark](#)

Check Cashing/Pay-day Loans, Notaries, Registration Services [Edit](#)

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 🌐 ezpayonline.net
 💬 [Request a quote](#) · Fast responder

PG&E Authorized Neighborhood Payment Center
 Make your PG&E bill payment here today. It's fast and free to do, and payments made by 1 p.m. will post to your PG&E account the same day.
 Need account information? Call us toll free at 1-888-363-8977

EZ Pay Payment Center - Oakland, CA, United States

[See all 26](#)

Skip the line at the DMV, get tags & plates today! [Contact Us](#)

Today 10:00 am - 7:00 pm [Open now](#)

- Additional value added services, VIP loyalty programs
- Friendly, polite customer service reps
- Positive user reviews on Yelp

CONVENIENCE, EMPATHIC, LIFESAVER

No Problem!: Sub Prime Car Loans

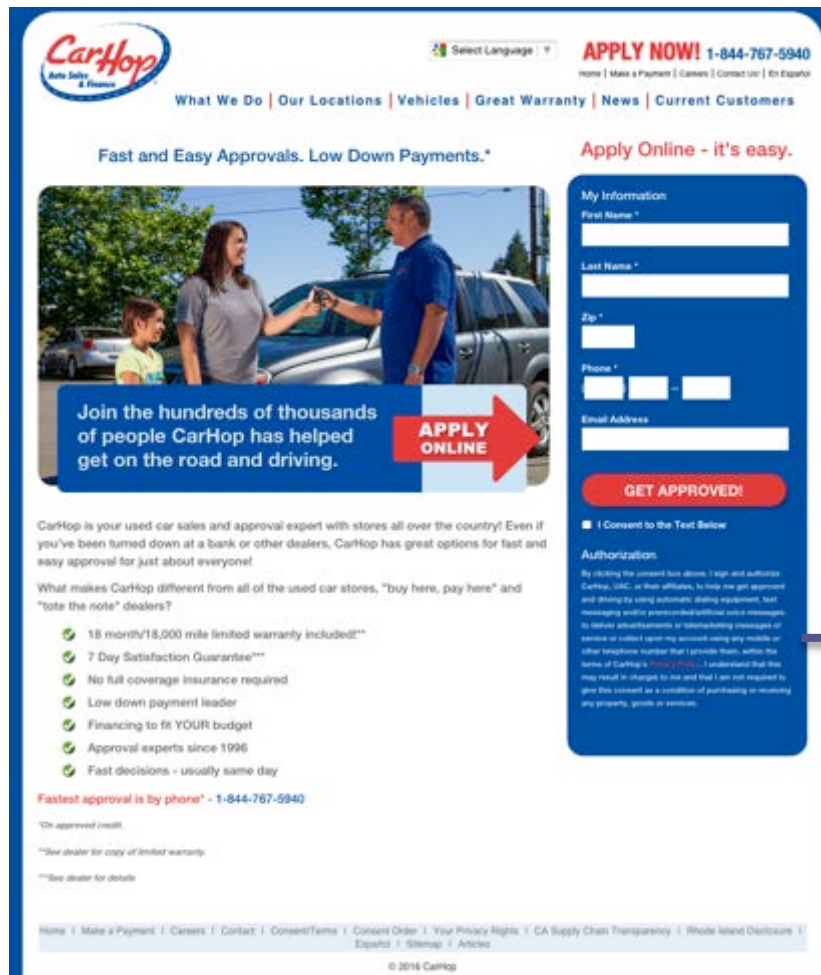
- Target: people with jobs who can't qualify for bank loans
- Radio commercials or billboards "Your job is your credit" or "Bad credit? No problem!"
- Some vendors offer money management guidance
- Messages like "simple," "easy," "save time and money," "no cost or obligation"
- "Buy here, pay here" lots signal used car dealerships:
 - Often charge exorbitant interest rates
 - Bait and switch tactics and falsified reports on condition of car
 - Loans contingent on purchasing add-ons
- Documents used to show good risk even with poor credit score:
 - The most recent pay stub
 - **Your utility bill (gas, water, electricity)**
 - Your driver's license
 - Three personal references



Opportunity

CONVENIENCE, EMPATHIC, LIFESAVER

Include Voluntary Authorization for TCPA



CarHop
Auto Sales & Finance

Select Language: ▼ **APPLY NOW! 1-844-767-5940**
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What We Do | Our Locations | Vehicles | Great Warranty | News | Current Customers

Fast and Easy Approvals. Low Down Payments.*

Apply Online - it's easy.

Join the hundreds of thousands of people CarHop has helped get on the road and driving. **APPLY ONLINE**

CarHop is your used car sales and approval expert with stores all over the country! Even if you've been turned down at a bank or other dealers, CarHop has great options for fast and easy approval for just about everyone!

What makes CarHop different from all of the used car stores, "buy here, pay here" and "tote the note" dealers?

- ✓ 18 month/18,000 mile limited warranty included!**
- ✓ 7 Day Satisfaction Guarantee***
- ✓ No full coverage insurance required
- ✓ Low down payment leader
- ✓ Financing to fit YOUR budget
- ✓ Approval experts since 1996
- ✓ Fast decisions - usually same day

Fastest approval is by phone* - 1-844-767-5940

*On approved credit.
**See dealer for copy of limited warranty.
***See dealer for details.

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GET APPROVED!

☒ I Consent to the Text Below

Authorization

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CONVENIENCE

Instant Spending

FlexShopper
lease the brands you love!

Search by Keyword or Item #

Hello, Log In or Apply now

Shop all Products Personal Shopper new Wallet App How It Works FAQs Contact Us My Account

En Español TV Viewers

Games of Summer Sale

Computers & Tablets
TV & Home Theater
Video Games & Toys
Furniture
Appliances & Vacuums
Mattresses
Audio
Cameras & Camcorders
Health, Fitness & Sports
Musical Instruments
Home, Garden & Tools
new Baby & Kids
new Tires & Wheels

NO CASH? BAD CREDIT? APPLY NOW!

FlexShopper is the largest online lease to own marketplace with over 85,000 top brand products.

NO MONEY DOWN

Apply now

\$14.00
\$30.00
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\$36.00
\$23.00
\$17.00
\$34.00
\$13.00

Apply today for UP TO \$2,500 instant spending limit!

- ✓ Bad credit OK!
- ✓ No money down
- ✓ No long-term commitment
- ✓ No hidden fees

Apply now - it's free! Decision in Seconds

Application Requirements: Earn at least \$1,000 per month; Have a bank account for at least 90 days.

NEW! Shop from any major retail store with your smartphone. Just snap a photo of what you want!

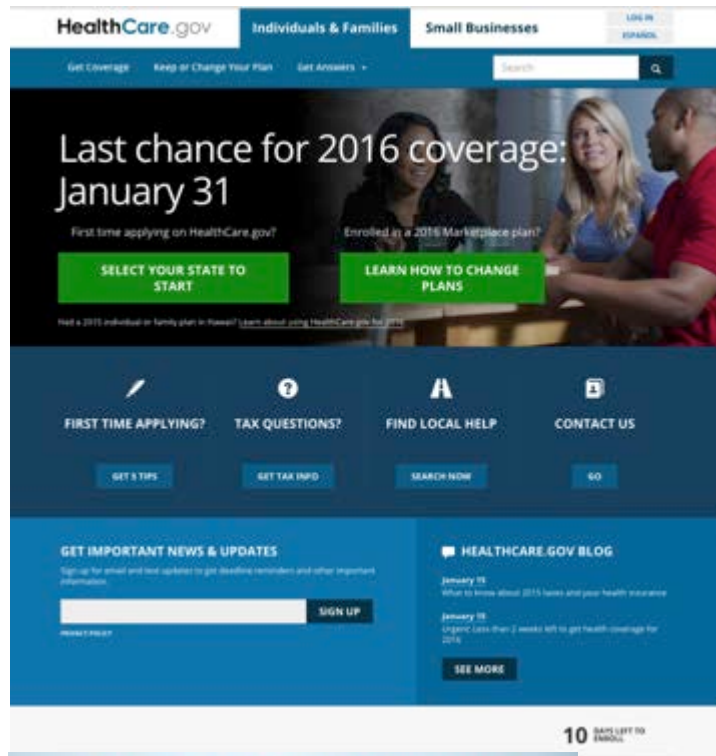
It's free! Download app

Video Games
Tablets
Laptops
HDTVs
Apple
Beats by Dre
Tires
Furniture
Appliances
Smartwatches
Mattresses
Fitness

- Consumer must have job and bank account
- Sets affordable weekly payments
- Easy to apply online
- Personal shopping advisor

OPPORTUNITY, CONVENIENCE, EMPATHIC

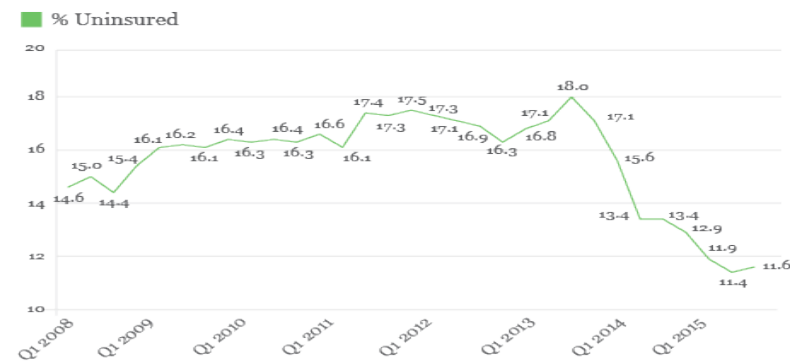
You're Covered: Affordable Care Act



- Same initial intake: all income levels
- Easy to find guidelines for income eligibility
- Millions enrolled
- “ObamaCare” controversy affirms value
- Special focus on children
- Higher subsidies needed for remaining uninsured

Percentage Uninsured in the U.S., by Quarter

Do you have health insurance coverage?
Among adults aged 18 and older



Quarter 1 2008-Quarter 3 2015
Gallup-Healthways Well-Being Index

GALLUP

OPPORTUNITY, CONVENIENCE, EMPATHIC

You're Covered: State Exchanges

Available Health Plans in California:

CELTIC CIGNA UnitedHealthcare FirstCare Health Net aetna UNITED FARMERS >

Our lowest price guarantee: You can't find lower rates anywhere else.

Find your plan in 3 easy steps:

STEP 1
Enter your zip code
This will help us provide you plan options in your area since many insurance carriers only operate in certain states, or certain parts of states.

STEP 2
Complete your personal interview
Tell us a little about yourself so we can match you with plans tailored to what you need.

STEP 3
Review plans
We'll show you all of the plan options that fit your lifestyle and your wallet. To help you make a better decision about your health plan, we show you your Real Total Cost. This is what your plan will cost you overall with premiums, co-pays, deductibles, and any other out-of-pocket costs you might incur.

Find Events Near You

Find a Storefront Near You

Find a Certified Insurance Agent

Find a Certified Enroller

Find a County Services Agency

- Best approaches are straightforward:
 - Where are you? Who are you?
 - Which plan is right for your family?
 - Multiple languages available
- Messages: Easy, affordable, confidential; Choose plan that fits your needs; Financial help to pay for coverage; Peace of mind; "it's more than just health care, it's life care"
- Covered California exchange includes free, confidential, in-person help
- Well-produced videos and website explain different aspects of program

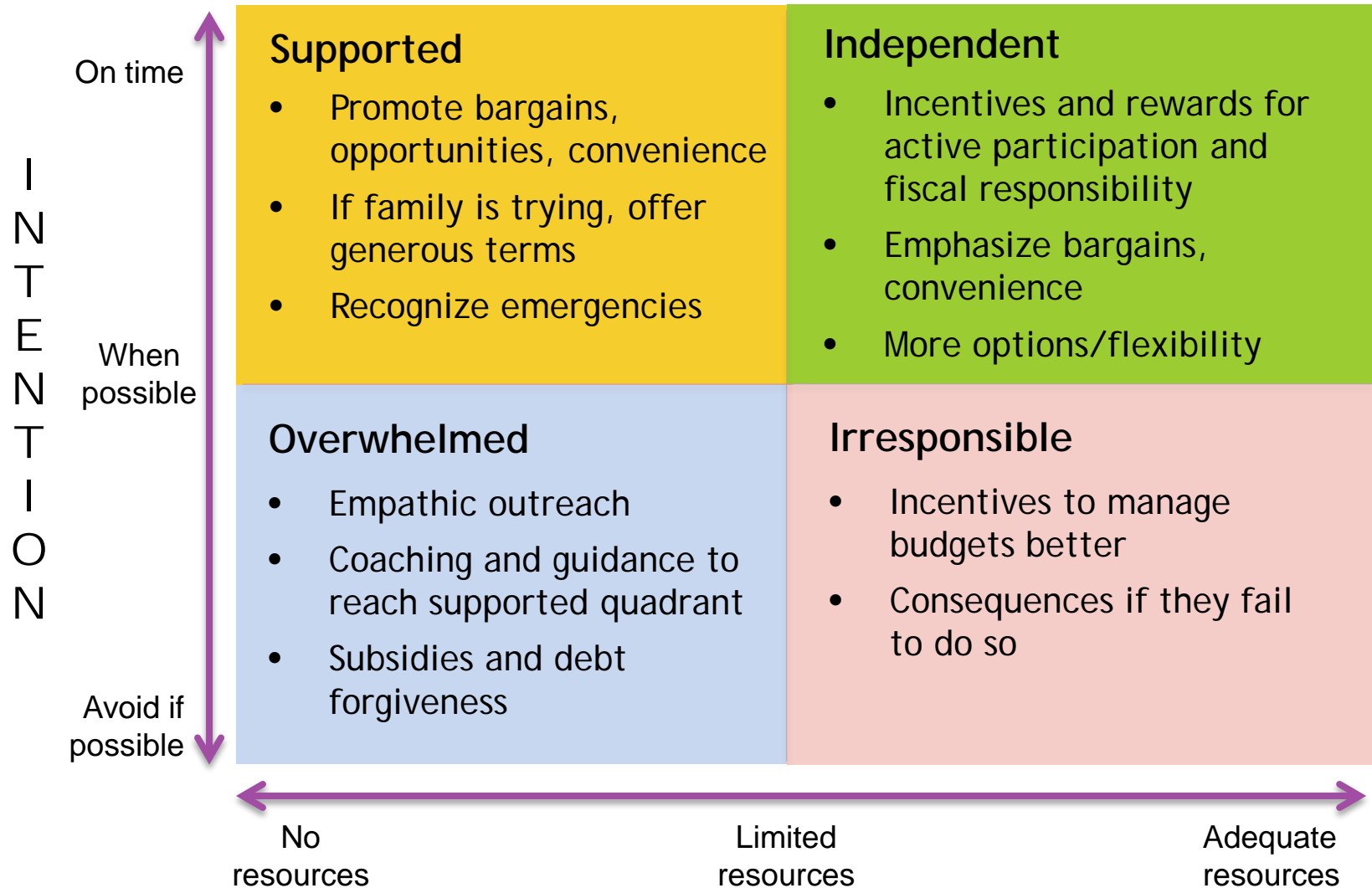
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Recommendations

Based on Case Studies

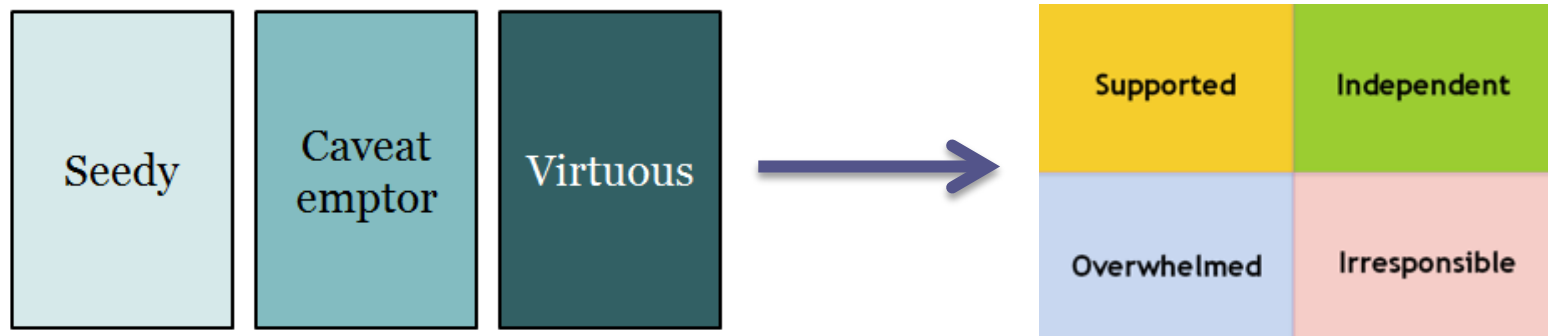


Adjust Policies to Reflect Varied Attitudes



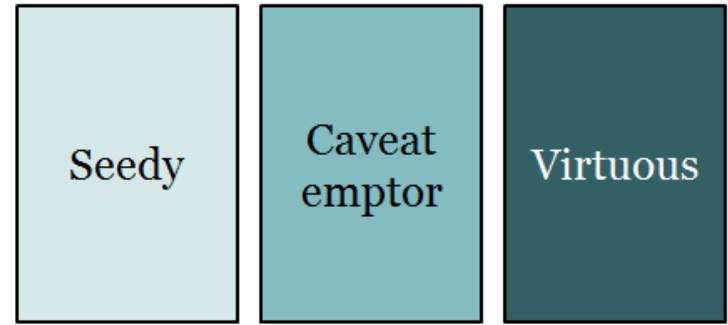
General Lessons from Case Studies

- **Avoid stigma:** Offer programs to all customers (except w/eligibility tests)
- **Be authentic:** Empathic videos, testimonials, and social media exchanges
- **Be respectful:** Customer service, field reps following up on payment issues
- **Empower reps:** Simple surveys of customers at touch points, flexible terms
- **Avoid punitive fees:** Also allow schedules easiest for family to pay
- **Provide choice:** Offer pricing, payment programs, and technology options that reflect people's lifestyles and situations



Cleaner, Simpler Presentation

- Best approaches are straightforward:
 - Where are you?
 - Who are you?
 - Which plan is right for your family?
 - Multiple languages available
- If there are financial level distinctions associated with eligibility for programs, make them easy to find and understand
- For those who need an extra nudge, create text alerts as to current balance and when payments are due
- Offer prepay to unbanked customers as a way to establish performance that can lead to banking or retail relationships
- Encourage user reviews on Yelp, FB, twitter and respond quickly
- Provide reassurance about fraud protection



Think Outside the Box (Fun, Easy, Kind)

- VIP loyalty programs with benefits for households that pay bills consistently
- Peer-to-peer produced/paid energy literacy webisode series for young people
- Crowdsourcing for co-design projects (understand generational distinctions)
- Crowdfunding and transactive energy platforms underwrite and support “overwhelmed” segment
- Give people opportunity to do constructive tasks on behalf of utility with financial benefits for their family or community
- Assume “irresponsible” customers need help managing funds and provide links to credible resources first step
- Reserve strict policies for true scofflaws

Supported	Independent
Overwhelmed	Irresponsible

Opportunity: Credit Creation & Rehabilitation

- Carrot instead of stick approach
- Phone, gas, water, and electric utility bills are among the only ways that “credit invisibles” can establish a credit rating*
- Working with credible financial service agencies and community groups, proactively help young people and those with poor credit histories adopt better budgeting practices, establish credit scores, rehabilitate their history
- Reward active participation in energy efficiency, DR, DLC, prepay and other programs with offers to help customers establish credit
- Offer and apply “cash back” incentives good for either future utility bills or energy efficiency products offered by partners
- Create a simple “index card” of financial advice for low-income folks
- Open door to credit union loans

5

2

Analysis Framework

Industries that use variable pricing

Common Reasons for Policy Disconnects Among Regulators, Utilities and Advocates

- 21st century consumers want choices, convenience and control
- Consumers have access to mobile communications and data
- Not all consumers have same worldviews; one-size-fits-all residential tariffs do not satisfy all consumer needs or preferences
- Commodity-based mindsets are a barrier to consumer-focused reforms
 - **Bills:** Regulators focus on cents per kWh; total bills matter more
 - **EE:** Consumers want end-use services, not power commodity
 - **DR:** Cost-conscious consumers won't respond without financial incentives
 - **DER:** Distributed energy resources are becoming more viable/disruptive

Technological change and evolving consumer preferences have put every regulatory commission in the US in the position of overseeing electric industry restructuring

Objective of Alternative Pricing Study

- What can we learn from sectors already using variable pricing?
 - Highlights of trends and patterns in each sector
 - Mix of mature, changing (transformational), and innovative applications
 - Discussion of key concepts as they apply to utility sector
- Sectors analyzed
 - Hospitality
 - Telecom
 - Gasoline
 - Airline
 - Transit
 - Parking
 - Sports
 - Car services
 - Grocery

Mature

Changing

Innovative

Types of Price Incentives

- **Time-variant:** Price changes by season, hour, day, or time window
- **Market-driven:** Price changes frequently in response to actual market transactions and variable costs
- **Volumetric:** Price changes based on levels of usage independent of time of day used
- **Event-triggered:** Price changes in response to weather, capacity, or wholesale price level not immediately tied to cost-of-goods-sold
- **Scarcity:** Higher price possible because of strong demand even though cost to deliver stays the same

Pricing Strategies in Other Industries

Sectors	Units of Measure	Time	Market	Volume	Event	Scarcity
Hospitality	room nights, drinks, meals	X	X			
Telecom	months, minutes, data, channels, devices	X		X		
Transit/ Commute	ticket	X				X
Car Service	miles, time, vehicle type	X		X	X	X
Grocery	item quantity, pounds/ounces		X	X		X
Gasoline	gallons				X	
Airline	seat	X				X
Parking	minutes, hours					X
Sports	seat				X	X
Consumer Appliances	items		X	X		X



6

Lessons from Industries that Use Variable Pricing

Case Studies

Time-Variant, Market-Driven

Hospitality Sector

Time-based pricing widely accepted for many decades

- *Early-bird specials* at restaurants
- *Happy hour* drinks at bars
- *Weekend getaway* packages at business-oriented hotels
- High vs. low season at vacation resorts based on consumer demand + weather
- Yield management systems increase financial return of properties



Dynamic rate applications offer same room at Washington, DC hotel:
\$119 per night for weekend in Aug;
\$349 per night, mid-week in Oct



Low season in the Maldives



Telco 2.0

- AT&T and Comcast offer “lock in your price” plans (hedged rates)
- Choice of varied bundles, incentives, service levels for phone, cable, Internet
- Speeds and feeds: price-performance
- Expanding features to establish value: content, hardware, security, support
- Aware of cost of customer acquisition
- Avoid churn by keeping plans sticky or upselling within network
- Deals targeted to special interest segments like sports fans
- Deals subject to individual negotiation
- TOU plans less available

Time-Variant, Volume

The screenshot displays the AT&T website interface. At the top, there's a navigation bar with links for Personal, Business, and About AT&T. Below this, a large banner advertises 'Now Available AT&T Mobile Share' with the tagline 'Share data, plus get unlimited Talk & Text'. A 'Learn More' button is present. To the right, there's a login section titled 'Access Your Account' with fields for User ID and Password, and a 'Log In' button. Below the banner, there are icons for various services: Wireless, Digital TV, Internet, Home Phone, Bundles, and U-verse. Further down, three promotional offers are highlighted: 'U-VERSE INTERNET' for \$19.95/mo, 'IT CAN WAIT' (No text is worth the risk), and 'U-VERSE TV, INTERNET & PHONE' for \$89/mo. A 'Deals & Promotions' section at the bottom features a large offer for NFL RedZone, including a \$250 Visa Prepaid Card and a Sports Entertainment Package, priced at \$159.99/mo for 24 months.

Telco 3.0

- Bundled options commonplace
- New players leverage incumbents' infrastructure to offer discounts
- Discounts for prepaid plans
- Technology alternatives including BYOD

Event, Volumetric, Scarcity

The screenshot displays the Straight Talk Wireless website with a green and white color scheme. At the top, the logo and tagline "BEST PHONES BEST NETWORKS HALF THE COST" are visible. Navigation links include Shop, Activate/Reactivate, Refill, How It Works, Extras, and Support. A search bar and links for Data Settings and Current Customer are also present.

The main promotional banner features a woman taking a selfie and the headline "REFILL THE SAVINGS". The offer details are: "Get \$5 OFF our \$45 and \$60 Plans for the first 3 months you're enrolled in Auto-Refill, and \$2.50 OFF every month thereafter. Let us refill your service, while you get all the savings." The offer is valid until 07/21/2016. A red "ENROLL NOW" button is prominently displayed.

Below the main banner, there are four smaller promotional tiles:

- BUY A GALAXY AND GET A FREE GEAR VR**: Accompanied by an image of a Galaxy S6 and Gear VR.
- ENROLL IN AUTO-REFILL AND SAVE**: Accompanied by the Straight Talk logo.
- STRAIGHT TALK RESERVE**: Accompanied by an image of a smartphone.
- 10GB MORE DATA WITH NEW '55 PLAN**: Accompanied by a green speech bubble icon.

Further down, there are three more promotional tiles:

- TEXT USAGE TO 611611 TO CHECK YOUR ESTIMATED DATA USAGE AT ANY TIME!**: Accompanied by colorful speech bubble icons.
- KEEPING YOUR SERVICE ACTIVE IS EASY!**: Accompanied by an image of a green folder.
- BUY A PLAN TODAY**: A black button with white text.

At the bottom, there are three more promotional tiles:

- CALL WHEREVER, WHENEVER**: Accompanied by a globe icon. Offer: "Add a \$10 global card and call any phone anywhere." Button: "LEARN MORE".
- SAVE TIME AND MONEY**: Accompanied by a circular arrow icon. Offer: "Enroll the \$45 or \$60 Plans in Auto-Refill and get \$5 off your service for the first 3 months." Button: "LEARN MORE".
- LOVE YOUR PHONE? KEEP IT.**: Accompanied by a SIM card icon. Offer: "Get a SIM and a great network too." Button: "SHOP SIM CARDS".

Time-Variant, Scarcity

Transit and Commuting

TOU + scarcity + prepay payment terms and bundles; generally government owned or regulated prices

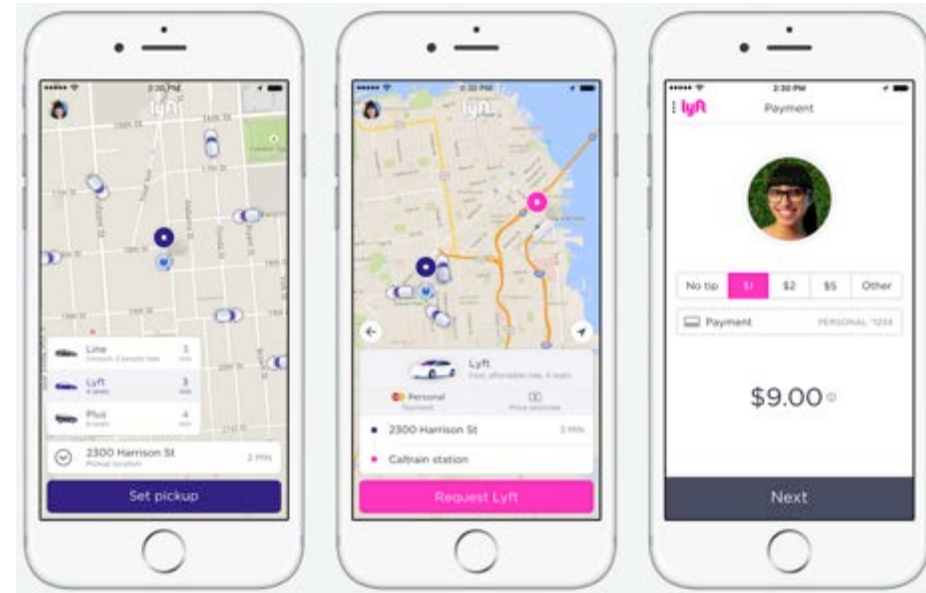
- Rail service: peak- or off-peak tickets for the same route and distance
- Buses and subways: discounts if paid in advance
- Cars: EZ Pass discount for technology that reduces operating costs (personnel)
- Toll roads or HOV lanes to reduce congestion
- Prepay cards: E-ZPass, EasyPay Metro Cards, Reduced Fare Metro Cards
- Mobile apps, trip planners to add convenience and value
- NY Pass for tourists includes free or reduced costs for admission to tourist attractions



Time-Variant, Event Triggered, Scarcity

On-Demand Car Services

- Leverage mobile platform and GPS for clients and independent drivers
- Levels of service: choose size or type of vehicle at different rates
- Order car in real time: system handles locator, transactions, and billing
- In competition with highly-regulated taxi fleets, generating controversies
- Transparency in communication with customers, prices set in real time
- Pioneer UBER expanded rapidly, now multiple competitors on scene
- Emphasis on recruiting drivers
- Both passengers and drivers are rated by the other
- Cited as model for sharing economy in other sectors



Market-Driven

Market Driven Prices: Groceries

- Consumers are accustomed to variable prices for meat, eggs, fresh fruits, bread and vegetables. Transparency with advertised prices. Pay at time of purchase
- Food is a necessity for life—even more than electricity—yet producers, distributors, and retailers are not asked to subsidize* or discount based on customer income

* Food stamps are provided through government programs

- Affinity card holders receive extra discounts or special prices on selected items to drive brand loyalty to retailer
- Farmers' markets, organic coop boxes, community and home gardens (DIY) are key elements of sustainability initiatives and green worldview
- Grocery stores operate on the tightest of margins (1-2%)





Recommendations

Based on Variable Pricing Case Studies

Communication Trends and Lessons

Mature

Changing

Innovative

Mature markets

- Advertising used to distinguish the brand relative to **competitors**
- Generic terminology — “deals,” “early bird,” “happy hour” — imply savings, time, etc.
- Units of measure are meaningful to the average person in well-established industries

Changing markets

- Marketing are focused on acquisition; keeping plans sticky; upselling
- Deals are targeted to relevant special interest segments
- Choice of varied bundles, incentives, messaging, service levels (explore what works)
- Expanding feature sets can establish value: content, hardware, security, support

Innovative markets

- Enabled by technology for access, analytics, contact, locator
- Phrases such as “competitive” or “dynamic pricing” are used in a few instances (StubHub, Mets, Uber); explanations are needed and provided

Common Lessons: Fundamental Similarities

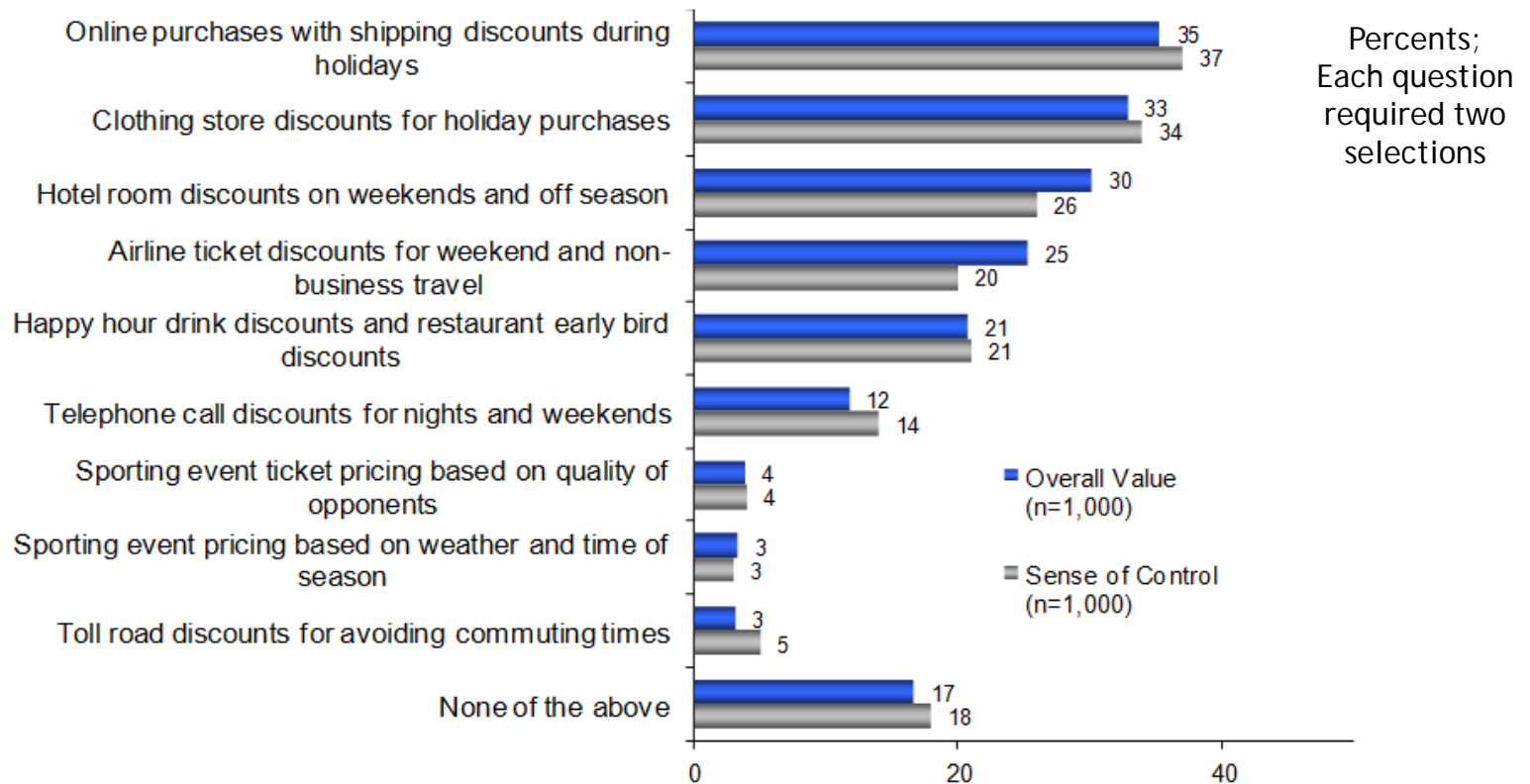
- Consumers are comfortable with variable rates in many retail sectors
- Consumers readily accept premium pricing when they know exactly what they are purchasing: a particular seat (or a room or a ride) at a particular time
- People pay more when they see the value
- Pricing is generally more palatable than physical rationing
- Bundling elements increases perceived and real value
- Choices based on consumer special interests are effective
- Prepaid with no contract (pay-as-you-go) is common
- Dynamic pricing can create a sense of urgency

Fundamental Distinctions for Utilities

- Regulation of public or monopoly services in exchange for reasonable opportunity to earn a reasonable return on invested capital
- Access to utility services should not be reserved for highest bidders
- Regulated utility service designed for the median/average customer; low income customers are left with (1) challenges to afford that level of service, and (2) rate designs which may not accurately reflect cost to serve
- Infrastructure needed to enable variety of payment, program, pricing options
- Complex mix of market structures with new players emerging
- Current billing practice: there's a delay between consumption and payment
- Lack of visibility: consumers do not know the cost of operating their devices
- Lack of choice: choices can increase economic efficiency and satisfaction

Market Research Supports Adoption of Variable Pricing

“Overall Value” or “Greatest Sense of Control”



Q.1: Which of the following time-based prices gives you the best overall value? (The same options were listed in each question.)

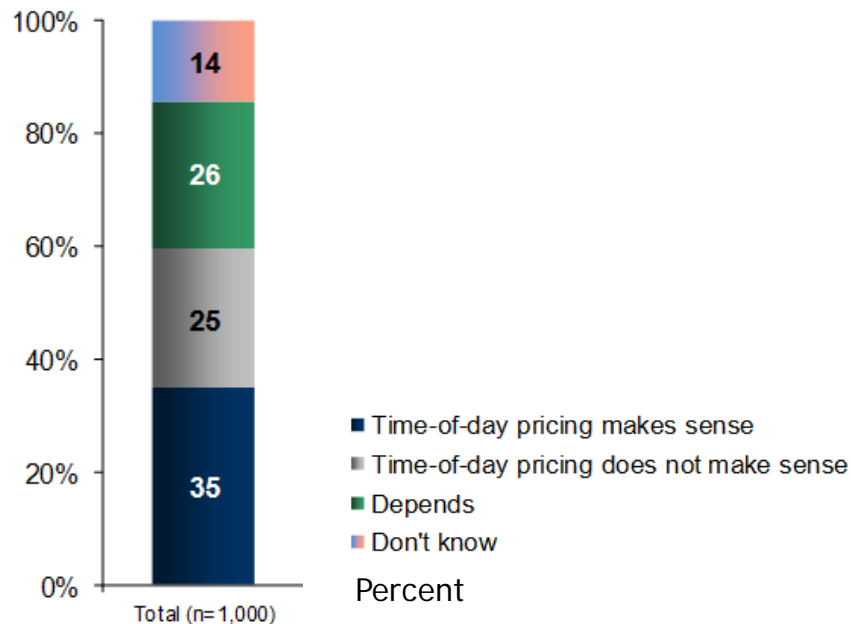
Q.2: Which of the following time-based prices gives you the greatest sense of control?

Treadway, Nat (April 2013). *Consumer Preferences and the Elusive Magic of Dynamic Pricing*. EcoPinion Consumer Survey Report 17.

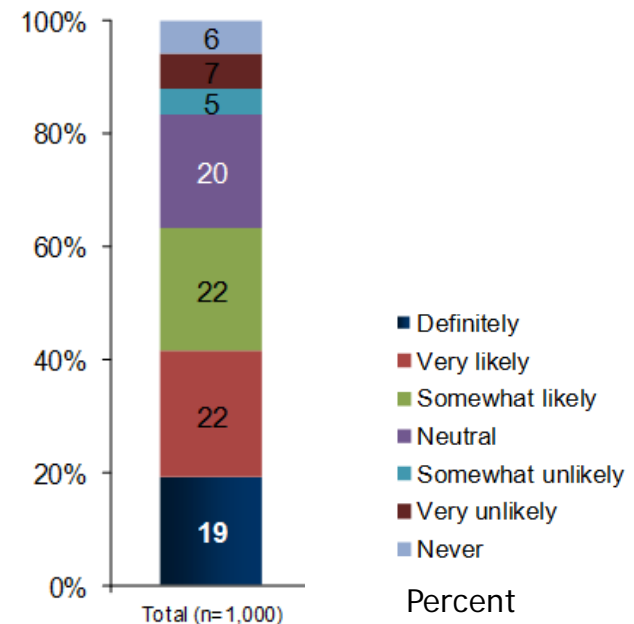
Washington, DC: Distributed Energy Financial Group LLC. <http://defgllc.com/publication/consumer-preferences-and-the-elusive-magic-of-dynamic-pricing/>

Market Research Supports Adoption of Time-of-Day Pricing

Preference of Time-of-Day Pricing



Likelihood of Enrolling

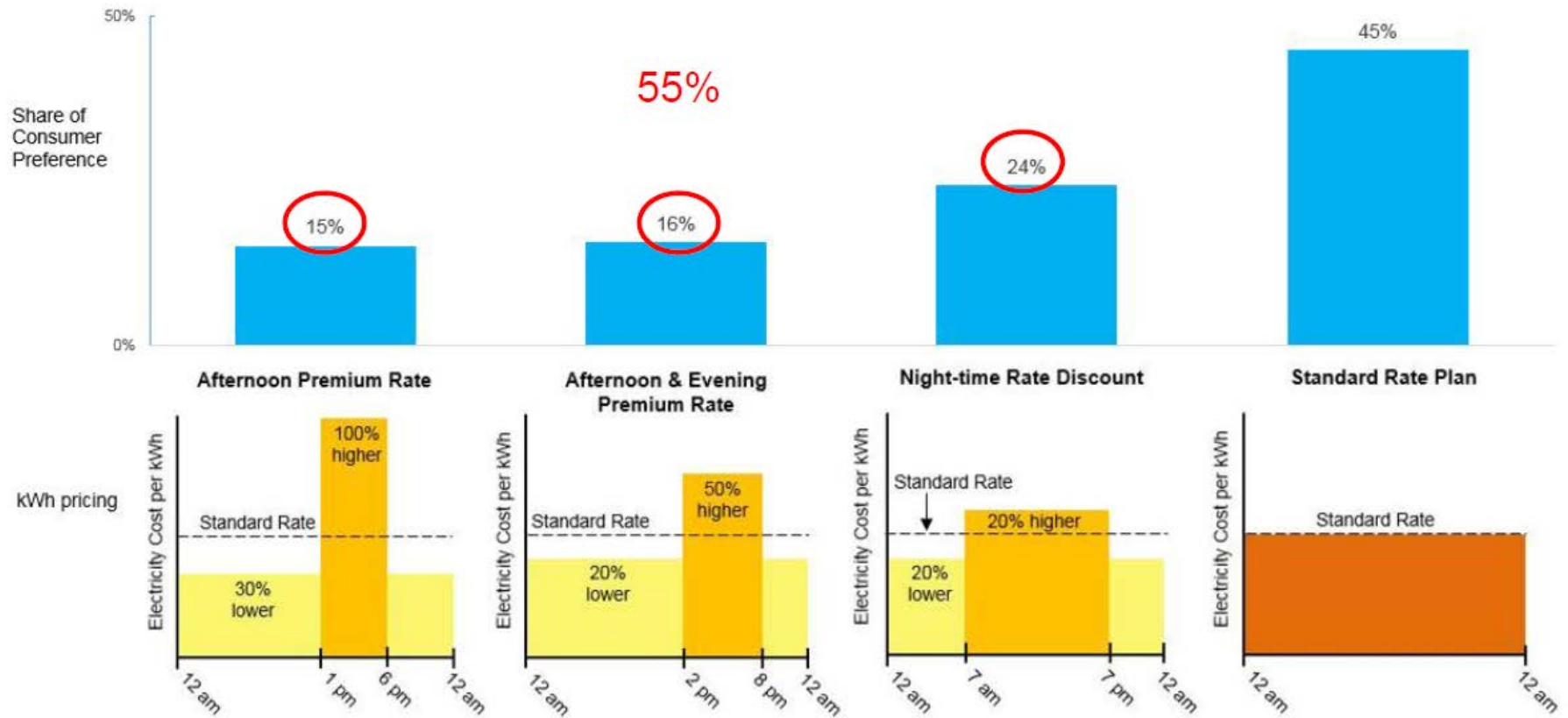


Q.4: From your perspective, does time-of-day pricing make sense for electricity?

Q.6: If a time-of-day electricity price was a voluntary option, and if you learned that your electric bill could be lowered by 5-15 percent if you shifted some of your electricity use to nights and weekends, how likely would you be to enroll in the program?

Treadway, Nat (April 2013). *Consumer Preferences and the Elusive Magic of Dynamic Pricing*. EcoPinion Consumer Survey Report 17. Washington, DC: Distributed Energy Financial Group LLC. <http://defgllc.com/publication/consumer-preferences-and-the-elusive-magic-of-dynamic-pricing/>

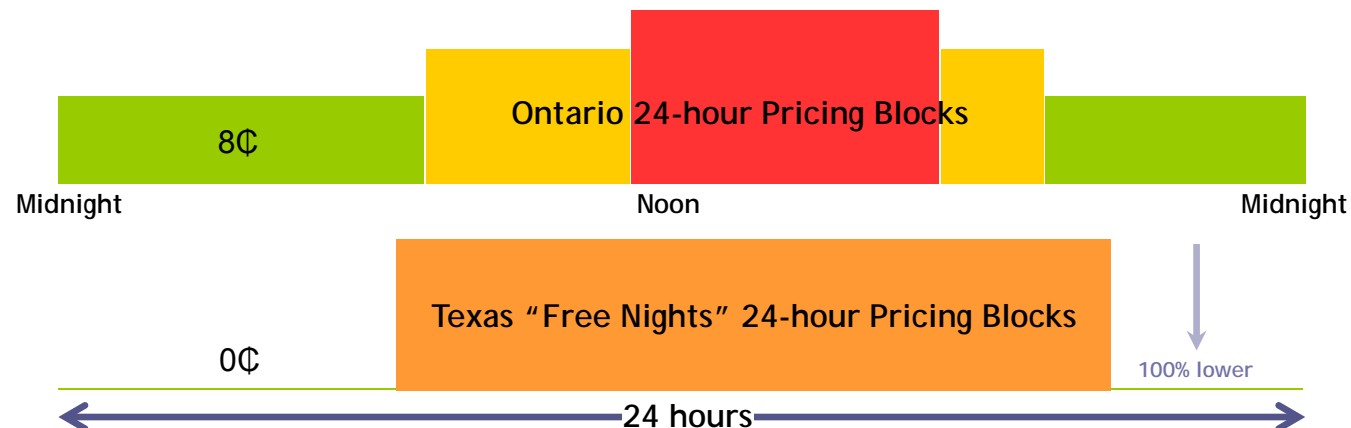
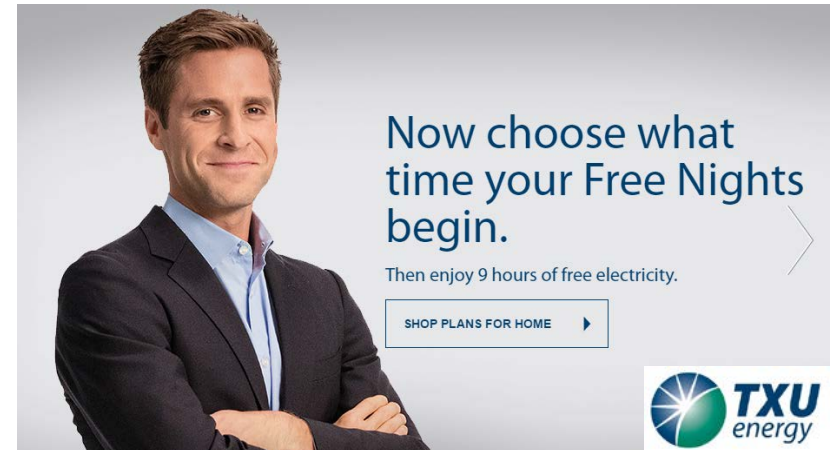
Time-Varying Rates are Appealing*



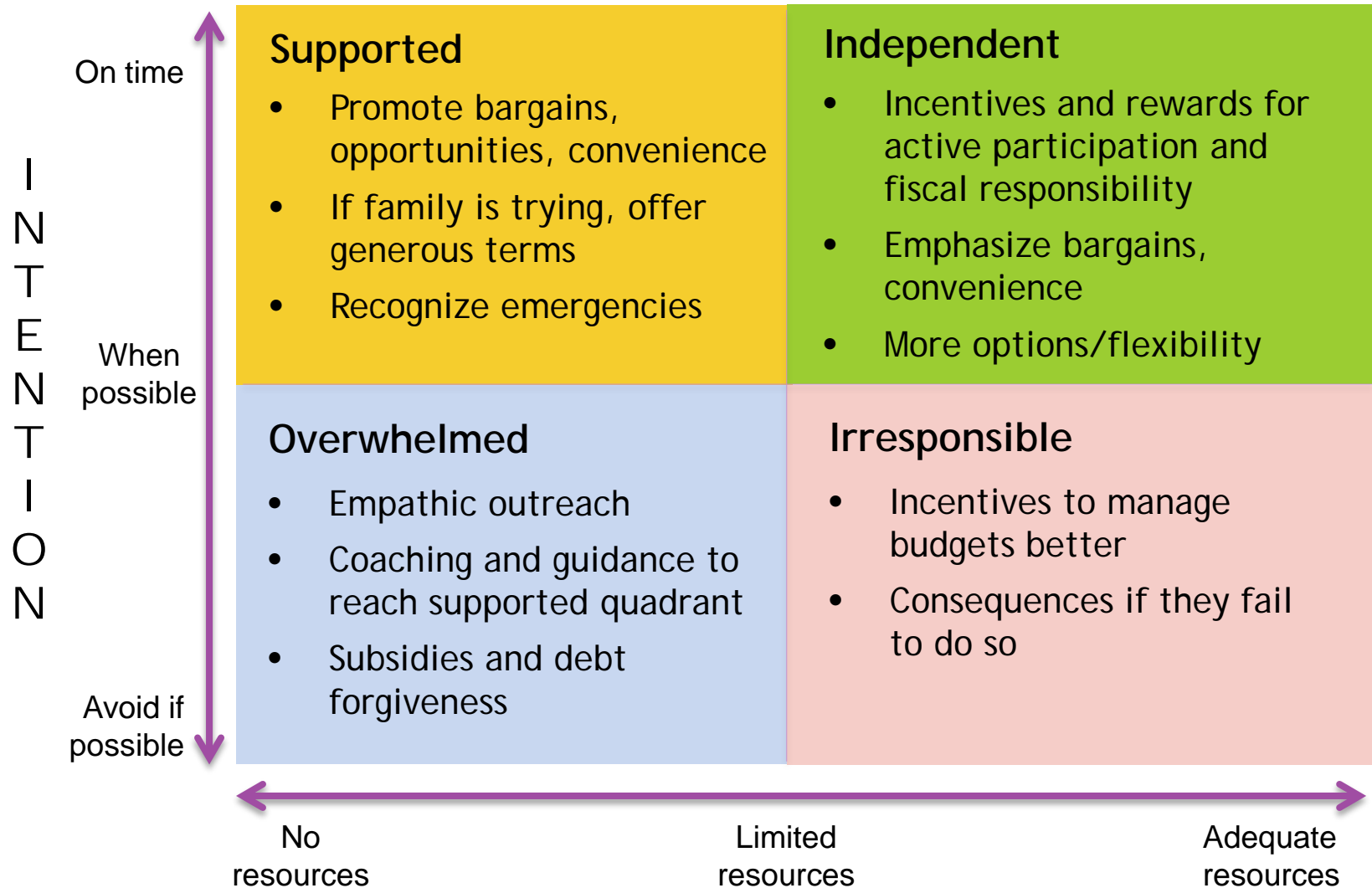
* Smart Grid Consumer Collaborative (2016) SGCC Research Brief Webinar Series "Engaging Today's Empowered Consumer" May 25, 2016

Simple Time-Varying Pricing Works!

- Customer-centric TOU offers
 - One- or two-year contract
 - Two pricing periods
 - “Free Nights”
 - “Free Saturdays”
 - “Free Weekends”
 - “Free Mornings & Evenings”
- 5½% of Texans have selected TOU contracts
- Free means free (wires charges built into on-peak period)



Adjust Policies to Reflect Varied Attitudes



ABILITY TO PAY

Variable Pricing Lessons Learned

- The ability to choose—even between two items—is empowering and is expected by today's consumers
- Simple, straightforward, easy-to-understand pricing builds trust
- Most industries provide immediacy and clarity with respect to the attributes, price and value of the good or service purchased
- In contrast, electric service relies on commodity pricing of kWhs; these units power hundreds of devices in each household
- End use prices are not transparent; connecting the value of end uses with the price of the commodity will require new strategies:
 - Daily transactions (aligning daily cost with daily uses/value)
 - Transparency in the cost of operating devices (customized reporting)
 - Time-of-use pricing that is derived from consumer value, not system costs
 - A move away from per-unit commodity charges

Low Income Energy Issues Forum

innovative and integrated policies and approaches that help close the widening gap between what vulnerable energy consumers can pay and their current utility bills

- The Forum is comprised of state regulatory commissioners, utility directors and program administrators, energy assistance administrators, social service providers, consumer advocates, creative and marketing firms, vendors and service providers
- No charge for government or non-profit organizations; contact Nat Treadway
- Persons interested in low income energy issues should “Join Our Mailing List” and receive the publication announcements at: <http://defgllc.com/publications/>

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to the point ❖



Judith Schwartz is an entrepreneur, marketing strategist, and communications professional on the forefront of sustainability issues, the Smart Grid, alternative energy, and the digital home.

Her Silicon Valley-based firm, To the Point, designs human-centered strategies, conducts research and meta-analysis, creates narratives and messaging, facilitates cross-stakeholder conversations, and develops communications and outreach prototypes. Schwartz is also a Commissioner on the Palo Alto Utility Advisory Commission.



Nat Treadway is a co-founder of DEFG and leads DEFG's Low Income Energy Issues Forum—a diverse group of stakeholders focused on energy affordability—which encourages utility experimentation to assess alternative rate designs, billing and payment offering, and behavioral energy efficiency programs. Nat worked as municipal energy manager for the City of Ogden, Utah in 1982-85; a testifying expert on energy efficiency programs and capacity resource planning for the Public Utility Commission of Texas from 1985-95; an advisor to Texas regulatory commissioners from 1995-99; and as a consultant on distributed energy services and resources in the 21st century. Nat tracks innovations in retail electric services in North America.



Appendices

Other Industries—Low Income Case Studies

Relates to Slides 5, 6

Financially Challenged Consumer Mindsets

- **Frugal:** husbands resources carefully and with great restraint
- **Paycheck to Paycheck:** income supports existence without reserves to absorb unexpected shocks
- **Resourceful:** manages limited resources creatively, barter, bargains
- **Juggler:** variable income, robbing Peter to pay Paul or choosing medicine vs. rent or utility
- **Dependent:** Relies on kindness of strangers, charities or government
- **Under Water:** would pay if could; may be poor money manager
- **Gambler:** manages limited resources badly, gaming the system
- **Scofflaw:** truly delinquent, could pay but spends resources elsewhere
- **Careless:** has funds but manages them poorly
- **Desperate:** insolvent, no hope of being able to meet basic obligations
- **Changed Fortunes:** people who had middle class incomes but have lost jobs and sources of income

Mix of Tactics to Segment Accounts

- When responding to low-income program offerings with clear eligibility thresholds, people will self-select and volunteer information
- Algorithms like Experian's "Income Insight Score" used to confirm eligibility when they recertify (customers give permission as part of process) can also indicate if low income consumers are likely to have ability to pay
- If they are paying cable, telecom, rent consistently but not utility bill, then they are in "irresponsible" quadrant. First order of business is to guide them to a money management resource to help them budget better
- If they still refuse to pay, engage local advocates on policies. Is it fair to keep lights on at expense of "independent" customers making effort?
- "Supported" customers are visible through enrollment in LIHEAP, other assistance programs, or they have social service agencies involved
- If "supported" or "independent" customers sign up for saver rates, energy efficiency programs, offer extra slack on occasional missed payments and back arrearages so they stay current and don't fall into "overwhelmed" group
- If they truly are in the "overwhelmed" segment, then focus becomes how to identify resources and assistance for which they are eligible so they can move to "supported" category

BARGAIN, EMPATHIC

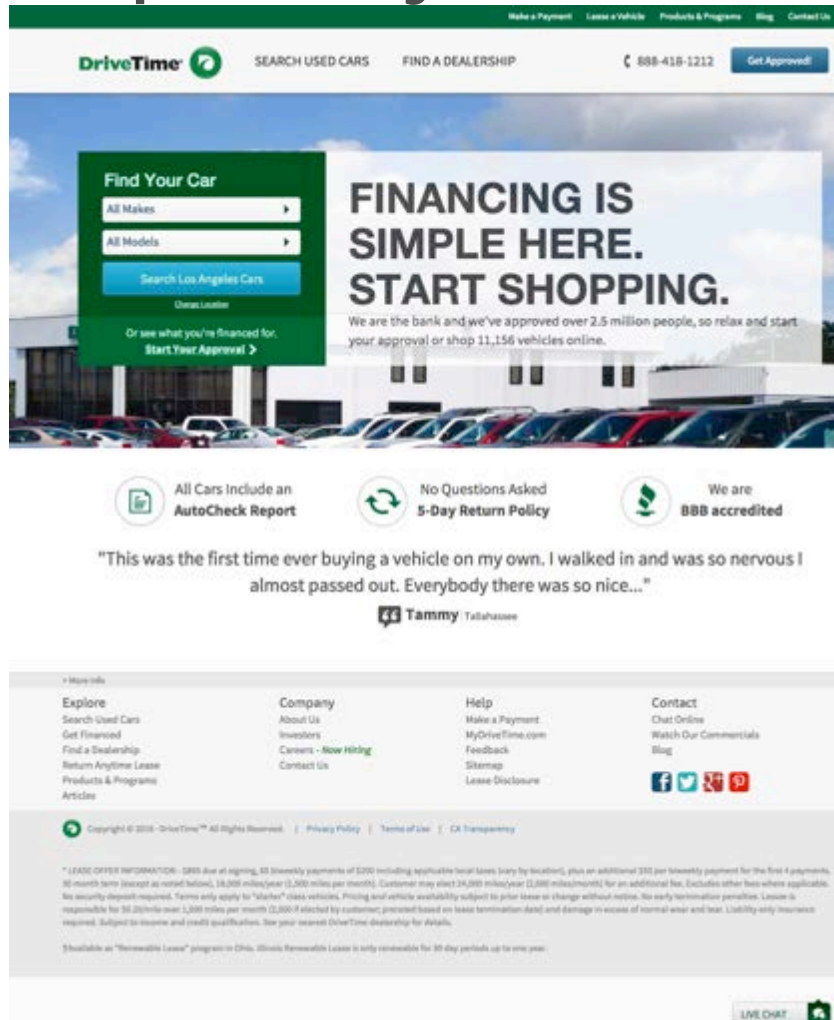
CreditKarma.com

- San Francisco-based company founded in 2007
- Target: younger consumers
- Crowd-sourcing community of over 35 million who answer questions, post experiences and rate financial products
- Online streaming and TV ads drive people to site
 - Mix of funny, staged and sincere stories by real people
- Elegant site and mobile app
- Automatic credit alerts
- Education about credit scores and how to protect them
- Easy-to-read articles
- Tailored offers
- Online tools and calculators available

Credit Karma Commercial: Before You Apply – Hard Inquiry:
<https://www.youtube.com/channel/UC-kXZuu9iuFFzfGZKcVOamQ>
My \$42 Gas Bill went to Collections – Michael's My Money Story
<https://youtu.be/yg5nUEodvu4>

CONVENIENCE

Simple, Easy, Trustworthy



DriveTime

- Major player in sector
- High quality production values
- Clean design aesthetic
- Interactive bells & whistles
- Customer testimonials
- Good behind-the-scenes video and clever webisode series
- Interesting online customer response suggests a different reality

DriveTime Ad

<https://www.youtube.com/channel/UCNUVy6SLZLk-b1bTjupMcyw>
 DriveTime Car Sales Complaint
<https://youtu.be/3F1KPgZ0lxM>

OPPORTUNITY, EMPATHIC, LIFESAVER

Option of Last Resort: Reverse Mortgages

- Target: seniors with equity in home but limited assets
- Feeds on **desperate** need to generate retirement income
- Ads are **positioned as proactive and reasonable** planning tool
- Borrower gets a lump sum or receives monthly payments but still lives in the house
- Still a mortgage. Borrower has responsibilities
- Late night TV ads create misconceptions
 - **Often perceived as “government benefit”**
 - **(Falsely) guarantee people can stay in their homes**
 - **Viewed as “free money”**
- Ads do not include interest rates, show fine print, or mention it is possible to lose home through foreclosure
- Can't borrow more than house is worth (less outstanding balance)
- Without a financial plan, people can outlive their money if tapping into a home's equity too soon

OPPORTUNITY, EMPATHIC, LIFESAVER

Option of Last Resort: Reverse Mortgages



Home / Customer Reviews

Our Customer Reviews



Our customer testimonials tell our history of bringing you excellent service and peace of mind throughout the reverse mortgage process. It is our desire to offer our customers the best reverse mortgage terms accompanied by extraordinary customer service.

A Few Words From Our Customers

I currently work for a top lender in the reverse mortgage industry and when it was the right time for my mom to get her reverse mortgage, I went straight to my friends at All Reverse Mortgage Co. I've worked with them professionally for several years, watching how caring they are toward their customers, and when it was time for my mom and me to be cared for, they did not disappoint. They know this business inside and out, backwards and forwards. Not only was this transaction smooth, timely and a great deal, I've watched so many they've done just like this. Worried yours might be a little complicated? These guys dive in, get their hands dirty and help to figure out any solution they can. I enjoy working with them on a professional level and was impressed and grateful for what they did on a personal level.
- Cheryl C.

"Could not be more satisfied. Product is one of the few structured financial instruments that may be fair to consumers under appropriate circumstances. (That's why Wells Fargo and Bank of America are leaving the market.) All reverse got my paper because of superior service, including pointing out a better deal than I had been ready to sign for."

Hand Written Reviews

Click on any image to enlarge it.



Testimonial emphasis:

- Professionalism
- Understanding of borrower's situation
- Attention, sympathy
- "Peace of mind"
- Online search reveals many positive reviews with satisfied customers
- Authentic-feeling handwritten reviews

ASPIRATIONAL

Hitting the Jackpot: Lotteries

- Playing the Numbers: predecessor to lotteries in poor neighborhoods
 - Illegal, 600:1 odds, possible to bet small amounts of cash, organized crime
- In 1960s, states began to see legal lotteries as way to raise revenues
- Promoted to public at large (no stigma attached)
- More low income consumers view lotteries as chance to dramatically reverse fortunes rather than entertainment (attitude of affluent players)
- Allow a sense of hope and optimism
- Small investment of time and money, big life-altering reward possible



ASPIRATIONAL, CONVENIENCE, BARGAIN

Play Anytime - Anywhere!: Online Gambling



PLANET 7 CASINO (R) (S) (S) (S)

JOIN NOW AND GET AN EXCLUSIVE
\$4,000 BONUS
 MAKE YOUR FIRST DEPOSIT & GET
400% BONUS UP TO \$4,000
 Use Coupon Code: **CASINO400**

PLAY NOW

Top 3 Reasons to Play at Planet 7 Casino:

- ★ BEST ★ WINNING ODDS
- ★ BEST ★ BONUSES ONLINE
- ★ 24/7 ★ CUSTOMER SUPPORT

1-888-402-2065 LIVE CHAT SUPPORT

VISA AMERICAN EXPRESS NETELLER eCheck DEBIT CARD

SECURE REVENUE ECOMMERCE REALTIME CDS & PFC

- Poker, casinos, sports betting, bingo, horse racing, mobile, in-play, advance deposit
- Online gambling makes access ubiquitous and opens market to people without resources to visit casinos or proximity to betting parlors
- Positioned as games of skill, not mere chance
- Participants ignore truism, “the house always wins”
- Words often used to promote: fun, easy, exciting, choice, trusted, bonus

“Choosing an online casino can be hard but for the most part it should be an easy and fun exercise. Some of the questions you need to answer are, what am I looking for? Do I want quality graphics and playability? Which casino hosts my favorite online casino game? Do I want higher deposit bonuses? Is safety my highest concern?”

“The support that the software offers you is very important, ensuring that the casino room that you are choosing has 24 hour online support and a phone number as well as an email address. The response times may vary but the more options you have to contact them the less likely you will feel abandoned with your choice.”

---onlinegambling.com

GET PAID FOR

Take This Check, Please: Fraud

- Target: People with legitimate bank accounts
- Person receives a large check in the mail and is asked to deposit it in their account, then wire most of the money to a 3rd party
- Money is being laundered, participant becomes criminal accomplice

New check fraud scheme makes you commit crime

JOHN DOE
1 EASY ST.
ANYTOWN U.S.A. 12-18-01
Pay to the order of \$ **300**
DOLLARS
GEO GEGG
MEMO
⑆078488703⑆ 0874 ⑆780482 5⑆

- Check instructions:
- Cash Check at your bank
- Pay yourself \$300
- Go to nearest Western Union

NEW CHECK FRAUD SCHEME ARRIVES IN DENVER

OFFICERS INJURED WITNESS ACCOUNTS HUSBAND ACCUSED

The “mark” is asked to do a task to make it look like this is legitimate work; in this case observe the quality of the Western Union transaction



Other Industries—Variable Pricing Case Studies

Pricing Strategy Takeaways from Other Industries

Sectors	Observation
Hospitality	Generic terminology (“happy hour,” “early bird,” “weekend getaway”) implies savings resulting from consumption choices made by consumers
Telecom	Consumers may focus on measured units of service or select a comprehensive package; there is a range of available choices
Gasoline	Gas station location, brand names and octane grades give choices; world events trigger price volatility; gradual shifts to alternatives
Airline	Dynamic pricing provides options to consumers about when to shop
Transit	Convenience of prepayment plus time-variant pricing gives choices
Parking	Dynamic pricing based on scarcity increases availability of scarce resources, providing low-cost option for those whose time is valuable
Sports	Scarcity pricing and ticket resale increases market fluidity & transparency
Car Service	Consumers choose attributes of service; scarcity pricing determines price
Consumer Appliances	On-line shopping increases transparency and serves a greater variety of consumer preferences with regard to shopping experience
Grocery	Market-driven prices reveal a range of choices with regard to brand, quality and numerous other attributes of service

Telecom 2011

The screenshot shows the T-Mobile website's 'Shop Plans' section. It features a navigation bar with 'Shop', 'Explore', 'Coverage', 'Support', and 'Business'. Below the navigation bar, there are tabs for 'Individual', 'Family', 'Mobile Broadband', and 'Value Packages'. The main content area lists 'All Classic individual plans include:' with bullet points: 'Whenever Minutes® you can use anytime', 'Two-year agreement—great discounts on phones', 'Unlimited T-Mobile® to T-Mobile calling', 'Unlimited Nights and Weekends', and 'Free domestic long distance and no digital roaming charges across the US'. A 'Data Calculator' link is also present. Below this, there are 'FEATURED PLANS' with three options: 'Classic Unlimited - Premium with Smartphone Mobile HotSpot Service' at \$34.99 per month, 'Classic Unlimited™—Plus' at \$79.99 per month, and 'Classic Unlimited—Talk + Text' at \$59.99 per month. Each plan has an 'Add to Cart' button. On the right side, there is a 'Viewed cart' section showing 'Your cart is empty to' and a 'New line 1' section with links for 'Plan', 'Phone', 'Service', 'AM services', and 'Accessories'. A 'FAQ' section is also visible on the right.

Volume + time + peak rates

- T-Mobile still offers volume use off peak suggesting network constraints
- Features prepaid phone service: “no contract, pay as you go”
- If user exceeds service quantity for phone or data at peak times, higher rate applies
- Free domestic long distance and no digital roaming charges across US offered
- Unlimited talk, text, and data for a flat rate with contractual commitment

Time-Variant, Volume

The screenshot shows the T-Mobile website's main promotional area. It features a navigation bar with 'Shop', 'Explore', 'Coverage', 'Support', and 'Business'. Below the navigation bar, there are several promotional banners and product categories. The main banner is for the 'Samsung GALAXY S III DESIGNED TO SHARE' with a 'SHOP NOW' button. To the right, there is a 'WEB-ONLY SALE' for the 'FREE HTC RADAR™ 4G SMARTPHONE'. Below these, there are sections for 'Phones', 'Plans', and 'Prepaid'. The 'Phones' section shows a 'Samsung Galaxy S III' and a 'T-Mobile Test Drive'. The 'Plans' section shows 'Individual, family, prepaid, and data plans'. The 'Prepaid' section shows 'Monthly4G™ and Pay as You Go plans'. Below these, there are sections for 'Save on your monthly rate plan', '50% off all tablets', and 'Get FREE Android Apps'. The 'Save on your monthly rate plan' section shows a 'Shop Value Plans' button. The '50% off all tablets' section shows a 'SHOP NOW' button. The 'Get FREE Android Apps' section shows a 'Check it out' button. Below these, there are sections for 'Accessories', 'Internet devices', and 'Small business, big savings'. The 'Accessories' section shows a 'Shop accessories' button. The 'Internet devices' section shows a 'Shop internet devices' button. The 'Small business, big savings' section shows a 'Learn more' button.

Event Triggered

Event Triggered Rates: Retail Gasoline

- Consumers are accustomed to frequent changes of retail prices in response to location of the gas station, price per barrel of crude oil, weather, capacity, or geo-political events without a real-time connection with “cost-of-goods-sold”
- Regional variations for same brand are common (consumer ability to pay)
- Spread between top tier and bargain brands in same geographic area
- Top tier brands distinguished by additives (and ad campaigns)
- Brand loyalty declining
- Some consumers shop by price while others choose station for convenience of location
- Gas prices have a big impact on other decisions such as travel, political choices, major purchases



Time-Variant, Scarcity

Scarcity Pricing: Airline Travel

- Same route can cost two-three times as much, depending on purchase date
- Airline loyalty programs provide benefits over ticket prices for same seat
- Bundle with hotels and car rentals to increase perceived value

San Francisco, CA to New York, NY
Tue, Sep 11, 2012 - Fri, Sep 14, 2012 | 1 Adult
[Change Your Search](#)

Find Cheap Flights! [continue](#)

[About Terms & Airline & Agency Fees](#) [Additional baggage fees may apply](#)

	Delta Air Lines	American Airlines	Frontier Airlines	US Airways	JetBlue Airways
1-Stops Only 22 flights	\$328.70 9 flights	\$329.20 9 flights	\$330.20 2 flights	\$330.20 1 flight	\$325.20 1 flight
All 32 Flights displayed below	\$328.70 9 flights	\$329.20 9 flights	\$330.20 2 flights	\$330.20 1 flight	\$325.20 1 flight

Select Flight for Tue, Sep 11 [Search more airlines](#) [Show All Airlines](#) [Search](#)

Sort By: ☐ Price ☐ Duration ☐ Departure Time ☐ Arrival Time ☐ Airline 22 flight options: 1

Airline	Departure Time	Arrival Time	Total Travel Time	Rounding Price
Delta Air Lines Flight 1119 / 1104	12:00pm San Francisco, CA (SFO)	12:10pm New York, NY (LGA)	7hrs 10min - 1 Stop Change planes in Cincinnati, OH (CVG)	\$328.70 total price per person Select
American Airlines Flight 3400 / 1104	12:30am San Francisco, CA (SFO)	11:30am New York, NY (LGA)	8hrs - 1 Stop Change planes in Dallas/Ft. Worth, TX (DFW)	\$329.20 total price per person Select
American Airlines Flight 1084 / 1104	6:00am San Francisco, CA (SFO)	4:15pm New York, NY (LGA)	7hrs 15min - 1 Stop Change planes in Chicago, IL (MDW)	\$329.20 total price per person Select
American Airlines Flight 1108 / 1104	7:10am San Francisco, CA (SFO)	6:00pm New York, NY (LGA)	7hrs 50min - 1 Stop Change planes in Dallas/Ft. Worth, TX (DFW)	\$329.20 total price per person Select

Flight Details
This flight + 3 Nights Hotel
\$767.93
total price per person
[Options](#)

Step 1: Select a Departing Flight From San Francisco, CA to New York, NY
Fri Aug 24, 2012 - Tue Aug 28, 2012 | 1 Adult

Flights Starting at \$650.80
total per person

Lowest Fare Summary ☐ By Departure Time ☒ By Airline

	Non-Stops	1-Stop	2+ Stops
Multiple Airlines	---	\$1111.20	\$650.80
US Airways	---	\$727.70	\$915.50
American Airlines	---	\$759.20	---
United	---	\$829.20	\$763.00

[To show original results, reset filters](#) [Additional baggage fees may apply](#)

Important Information Flights departing within 6 hours are not displayed for purchase.
• Flight schedule questions? Get detailed flight information with Flight Status.

Sort the Flights Shown Below by: ☐ Price (Low to High)

Frontier Airlines
Flight 982
American Airlines
Flight 380
Depart: 6:55 PM San Francisco, CA (SFO)
Arrive: 1:20 PM New York, NY (LGA)
Connect in Denver, Chicago
Total Travel Time: 12 hrs 25 mins
Guaranteed Best Price \$650.80
total per person
[SELECT THIS DEPARTURE](#)

US Airways
Flight 1492 / 1170
Depart: 10:35 PM San Francisco, CA (SFO)
Arrive: 8:00 AM New York, NY (LGA)
Connect in Philadelphia
Total Travel Time: 7 hrs 20 mins
\$727.70
total per person
[SELECT THIS DEPARTURE](#)

American Airlines
Flight 1312 / 1104
Depart: 11:40 PM San Francisco, CA (SFO)
Arrive: 11:30 AM New York, NY (LGA)
Flights on Phoenix
\$759.20
total per person
[SELECT THIS DEPARTURE](#)

Filter Your Results
By Number of Stops
☒ All Flights
☐ 1 Stop
☐ 2+ Stops

By Time
☒ All Times
☐ Afternoon (2 pm to 4 pm)
☐ Evening (5 pm to 2 am)

By Airlines
☒ All Airlines
☐ Multiple Airlines
☐ US Airways
☐ American Airlines
☐ United
☐ JetBlue Airways
☐ Delta Air Lines
☐ Southwest Airlines

[Reset Filters](#)

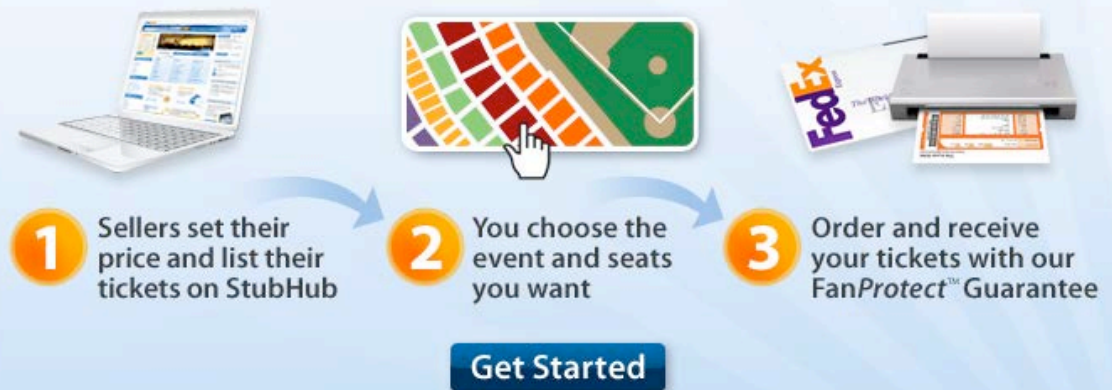
[Change Your Search](#)
From: San Francisco - SFO

Market-Driven, Scarcity

Scarcity Pricing: Secondary Ticket Market

- StubHub, owned by eBay, is the dominant player (SeatGeek, FanSnap)
- Rapidly replaced informal, risk-intensive “scalper” practices and ticket brokers
- Uses technology to protect buyers and sellers and create a transparent market
- Allows venues to sell more tickets (more subscribe because they can resell)

How StubHub works



Important to know

We're a marketplace – which means we're not selling any of the tickets listed on our site. Instead, tickets are listed and priced by other fans. Once you place your order, we coordinate delivery and payment – so you know you'll get your tickets in time.

Event Triggered, Scarcity

Secondary Ticket Market

- Sellers need to be educated as well as customers about dynamic pricing

The screenshot displays the StubHub! website's 'Competitive pricing' tutorial. The page is titled 'Tutorials' and 'Competitive pricing'. It features a sidebar with an 'Intro' section and a main content area with a 'Price your tickets' form.

Intro: We want you to experience the thrill of selling your tickets. And to help you get that thrill, you can use our powerful pricing tools that – with just a little research – will help you price your tickets to sell. Before you start, we'd like to share these pricing tips from our top sellers:

- Price competitively from the start. [More]
- Compare your tickets to recently sold listings. [More]
- Compare tickets similar to yours. [More]
- Check your listings often to make sure your prices are still competitive. [More]

Price your tickets:

Sale type:

- ☒ **Fixed price**
Keep your listing at a fixed price, which you can change at any time.
- ☐ **Dynamic price**
Gradually reduces your price to help keep your listing competitive.

Lower Box 105 | Row 6 | Seats 1, 2, 3, 4

Arizona Diamondbacks at San Francisco Giants Tickets at AT&T Park
Fri, 09/08/10, 7:15 PM (PDT)

What are buyers paying?
Click sections or select zones on the map to compare prices. [Pricing tool]

Arizona Diamondbacks at San Francisco Giants Tickets at AT&T Park
Fri, 09/08/10, 7:15 PM (PDT)

Lower Box 105
Avg. sold ticket price: \$37.00
Avg. unsold ticket price: \$52.00

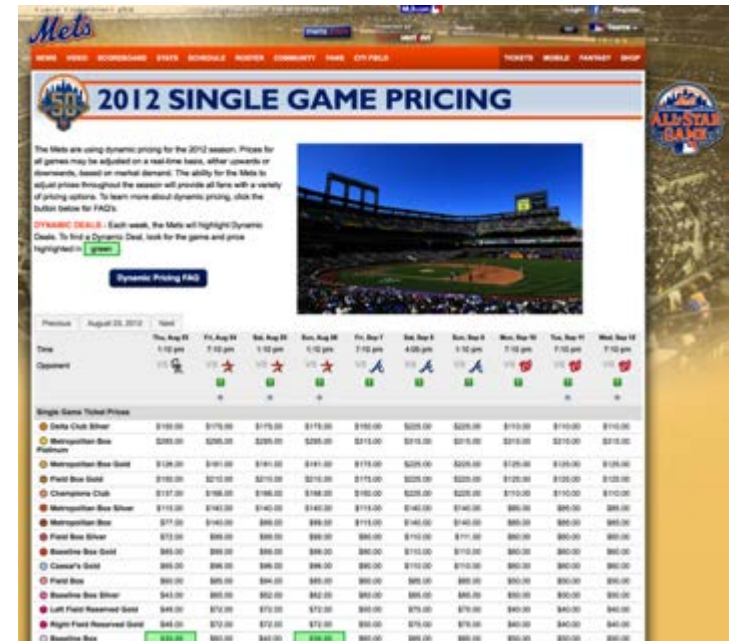
Check your listings often to make sure your prices are still competitive.
In a dynamic marketplace like StubHub, prices change frequently. If you can't check back often, it's even more important to price aggressively from the beginning.

Select zones:

- ☐ Outpost Club
- ☐ Field Club
- ☐ Lower Box
- ☐ Lower Box Left Field
- ☐ Center Field Bleachers
- ☐ View Box
- ☐ View Box Left Field
- ☐ View-Reserve Infield

New Trends in Sports (Primary Market)

- Prices for all Mets games may be adjusted on a real-time basis, either upwards or downwards, based on market demand for competing teams, weather, momentum
- Goal: fill seats and preserve revenue even when team is out of playoff contention
- Positioned as “Dynamic Deals”
- Moneyball analytics applied to fans

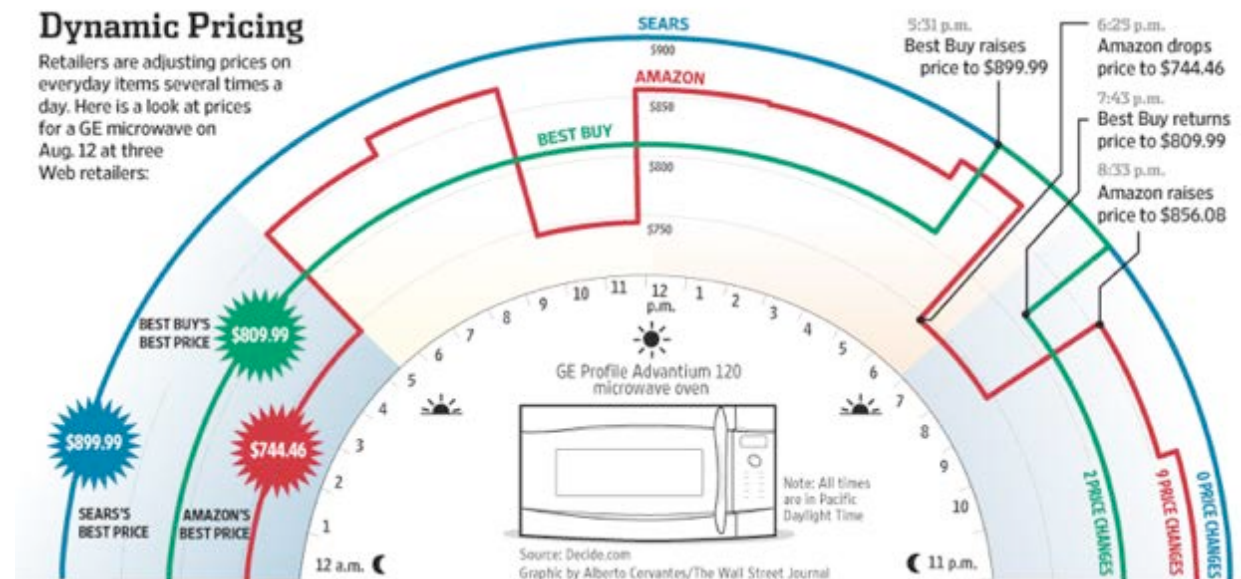


Market-Driven, Scarcity

Major Consumer Appliances

Amazon, Sears, Best Buy, et al. modifying prices on the fly

- Goal: get to top of search results for online comparison shoppers
- Changing prices create a sense of urgency to make the purchase
- That friction leads to a marketplace of choices
- WSJ article identifies risks, methods, and opportunities
- Many competitors w/same products
- Undercut their own prices



<http://online.wsj.com/article/SB10000872396390444914904577617333130724846.html>