

**CONSUMER UTILITY BENCHMARK SURVEY:
A COMPARISON OF CONSUMER PERCEPTIONS OF CUSTOMER SERVICE**

Francine Sevel, Ph.D.
Senior Consumer Affairs Policy Analyst

Ling Bei Xu
Graduate Research Assistant

The National Regulatory Research Institute
at The Ohio State University
1080 Carmack Road
Columbus, Ohio 43210-1002
Phone: (614) 292-9404
Fax: (614) 292-7196
www.nrri.ohio-state.edu

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INTRODUCTION

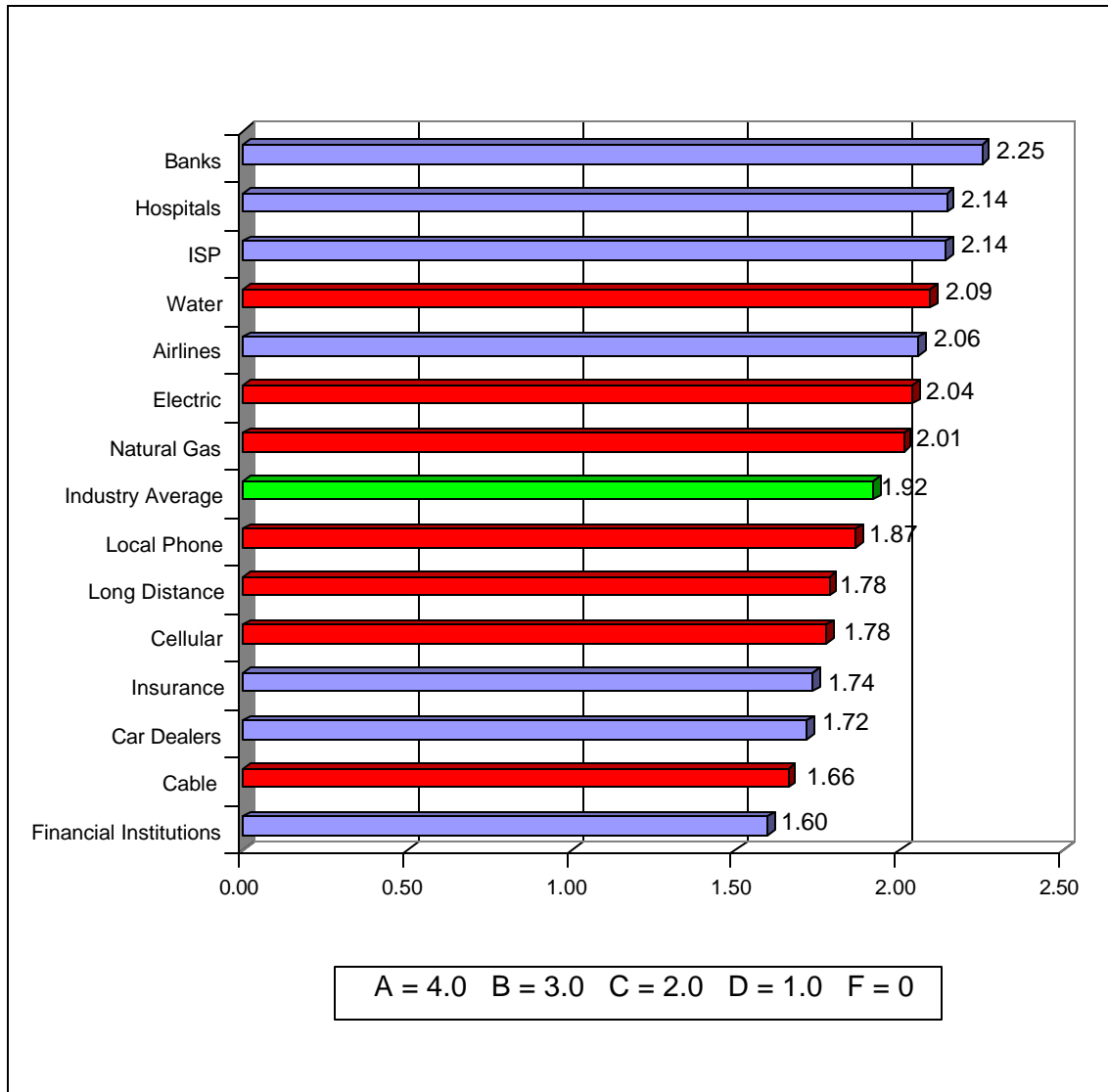
A total of 18,793 Internet users offered opinions on their utility service quality in a survey conducted by the National Regulatory Research Institute and BIGresearch between Jan. 9, 2003, and Feb. 3, 2003. The purpose of the survey was to provide state public utility commissions, utilities and other stakeholders with insights regarding consumer perceptions of utility service as well as the impact of competition on consumer perceptions of utility service and prices. Examples of the types of data collected in the survey are listed below.

- Perceptions of utility customer service versus other industries
 - Airlines
 - Banks
 - Cable Companies
 - Car Dealerships
 - Cellular Telephone Companies
 - Electric Companies
 - Financial Institutions (credit card companies)
 - Hospitals
 - Insurance Companies
 - Internet Service Providers
 - Local Telephone Companies
 - Long Distance Telephone Companies
 - Natural Gas Companies
 - Water Utilities
- Natural gas and electric prices by income level
 - Comparison of low-income vs. other respondents' perception of natural gas and electric prices
 - Comparison of low-income vs. other respondents' perception of natural gas and electric service quality since competition
 - Comparison of low-income vs. other respondents' perception of the impact of competition on natural gas and electric prices

- Cellular telephone companies issues
 - Consumer perceptions of cellular telephone companies' service
 - Consumer perceptions of the impact of competition on cellular service
 - Areas of consumer contact with cellular providers (such as billing, sales practices, termination problems, rates)
 - Consumer switching patterns
- Local telecommunications service
 - Consumer perceptions of local telecommunications service quality
 - Consumer perceptions of the price of local telephone service
 - Consumer perceptions of the ability to choose a local telephone company
 - Consumer switching patterns
- Electric prices by region
 - Comparison of consumer perceptions of electric prices by regions
 - Comparison of consumer perceptions of the impact of competition on electric service by regions
- Electric and natural gas service quality
 - Consumer perceptions of electric and natural gas service quality
 - Consumer perceptions of the impact of competition on electric and natural gas service quality
 - Consumer switching patterns
 - Areas of consumer contact with electric and natural gas utilities
- State of Ohio service quality data
 - Consumer perception of utility service vs. other industries
 - Consumer perception of the impact of competition on utility service quality
 - Consumer perception of the impact of competition on utility service quality
 - Areas of consumer contact with utilities

- Service quality in telecommunications
 - Consumer perceptions of local telephone, long distance telephone and cellular service quality
 - Consumer perceptions of the impact of competition on local telephone service quality
 - Consumer switching patterns
 - Areas of consumer contact with local telephone, long distance telephone and cellular services
- Low-income issues for all regulated industries
 - Consumer perceptions of utility service quality by income levels
 - Consumer perceptions of the impact of competition on service quality by income levels
 - Consumer perceptions of the impact of competition on price by income levels
 - Analysis of where low-income consumers would go to obtain help if they could not pay their utility bills
 - Analysis of where low-income consumers would go for information regarding energy conservation

GRADE POINT AVERAGES FOR ALL SERVICE INDUSTRIES



Source: NRRI and BIGresearch, survey of 18,793 U.S. respondents, January 2003

Fig. 1. Average grades for all industries

Respondents were asked to assign a grade of “A,” “B,” “C,” “D” or “F” to the customer service for each service industry. “GPAs” were computed by multiplying the indexed response from each grade by four points for “A,” three points for “B,” two points for “C,” and one point for “D,” with no points for “F.”

Observations

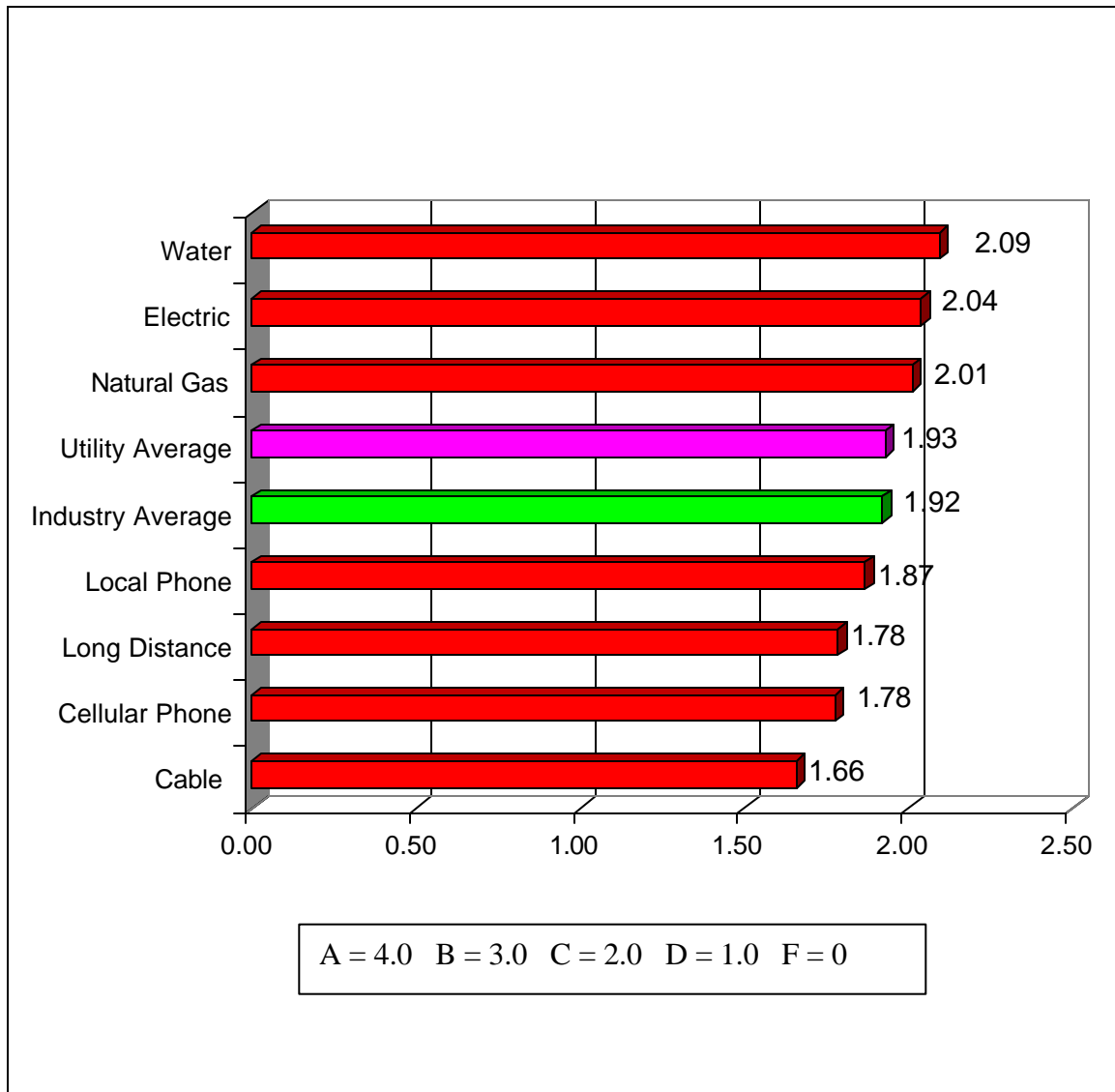
Results of the survey indicate that the highest service grade point average was slightly below a C+ (1.92) and the lowest customer service grade was slightly above a D+ (1.60). The rankings for service quality grades across the 14 industries range from the highest grade of 2.25 for banks to the lowest grade of 1.60 for financial institutions. The average service quality grade was 1.92. The following industries were above average:

- Banks
- Hospitals
- Internet Service Providers
- Water Utilities
- Airlines
- Electric Companies
- Natural Gas Companies

The following industries were below average:

- Local Telephone Companies
- Long Distance Telephone Companies
- Cellular Telephone Companies
- Insurance
- Car Dealerships
- Cable Companies
- Financial Institutions

**UTILITY AND TELECOMMUNICATIONS INDUSTRIES
GRADE POINT AVERAGES**



Source: NRRRI and BIGresearch survey, January 2003.

Fig. 2. Average grades for utility and telecommunications industries

Respondents were asked to assign a grade of “A,” “B,” “C,” “D” or “F” to the customer service for each service industry. “GPAs” were computed by multiplying the indexed response from each grade by four points for “A,” three points for “B,” two points for “C,” and one point for “D,” with no points for “F.”

Observations

Consumers perceived water companies as providing the best customer service of the seven utilities and telecommunications industries (cable companies, cellular telephone companies, water companies, electric companies, local telephone companies, long distance telephone companies and natural gas companies), and cable companies as providing the worst utility or telecommunications industries service. The average grade for the utility and telecommunications industries was 1.93 which is slightly higher than the average grade for all industries, 1.92. The three utilities (water companies, electric companies and natural gas companies) fell above both averages. The telecommunications companies (local telephone, long distance telephone, cellular and cable) all fell below the averages. With an average grade of 1.66, the cable companies were perceived as providing the worst service of any utility or telecommunications company.

GRADE DISTRIBUTIONS FOR INDIVIDUAL UTILITY AND TELECOMMUNICATIONS INDUSTRIES

The following charts show the grade distributions for each of the utility and telecommunications industries: cable companies, cellular telephone companies, local telephone service, long distance telephone, electric companies, natural gas companies and water utilities as compared to the average grade distribution for all industries.

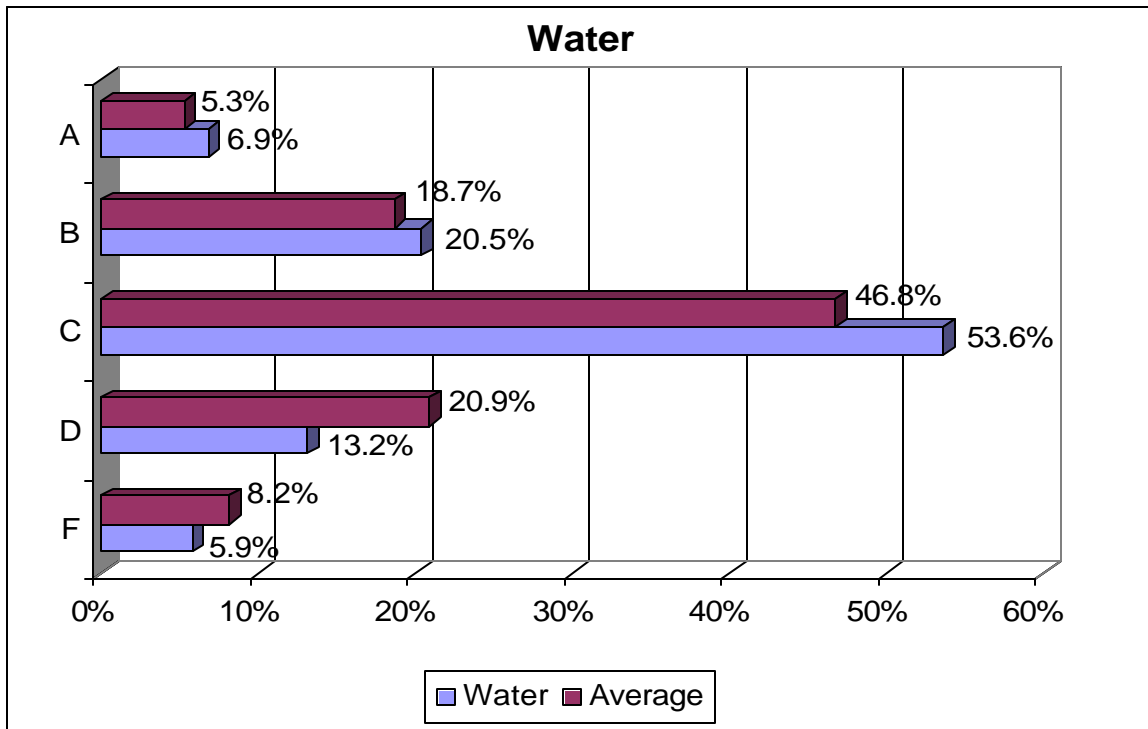


Fig. 3. Water utilities' grades

Percent of Respondents

<u>Grade</u>	<u>Electric Companies</u>	<u>All Industries</u>
A	6.9	5.3
B	20.5	18.7
C	53.6	46.8
D	13.2	20.9
F	5.9	8.2

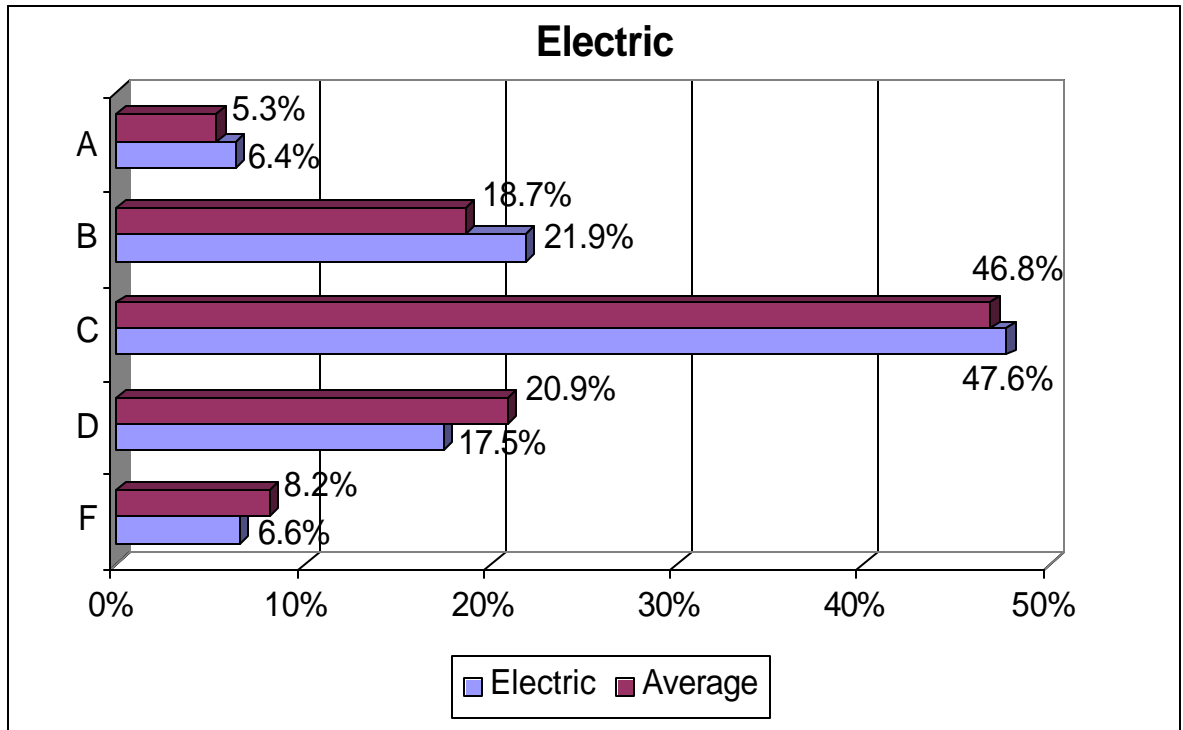


Fig. 4. Electric companies' grades

Percent of Respondents

<u>Grade</u>	<u>Electric Companies</u>	<u>All Industries</u>
A	6.4	5.3
B	21.9	18.7
C	47.6	46.8
D	17.5	20.9
F	6.6	8.2

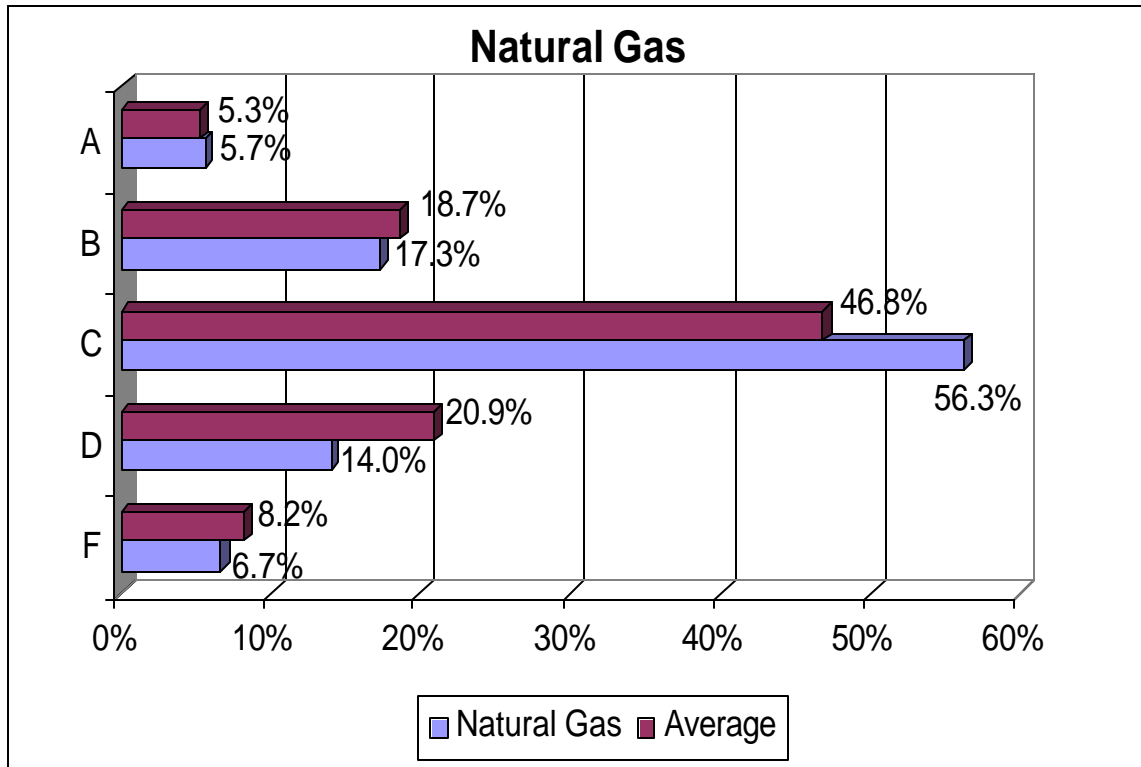


Fig. 5. Natural gas companies' grades

Percent of Respondents

<u>Grade</u>	<u>Natural Gas Companies</u>	<u>All Industries</u>
A	5.7	5.3
B	17.3	18.7
C	56.3	46.8
D	14.0	20.9
F	6.7	8.2

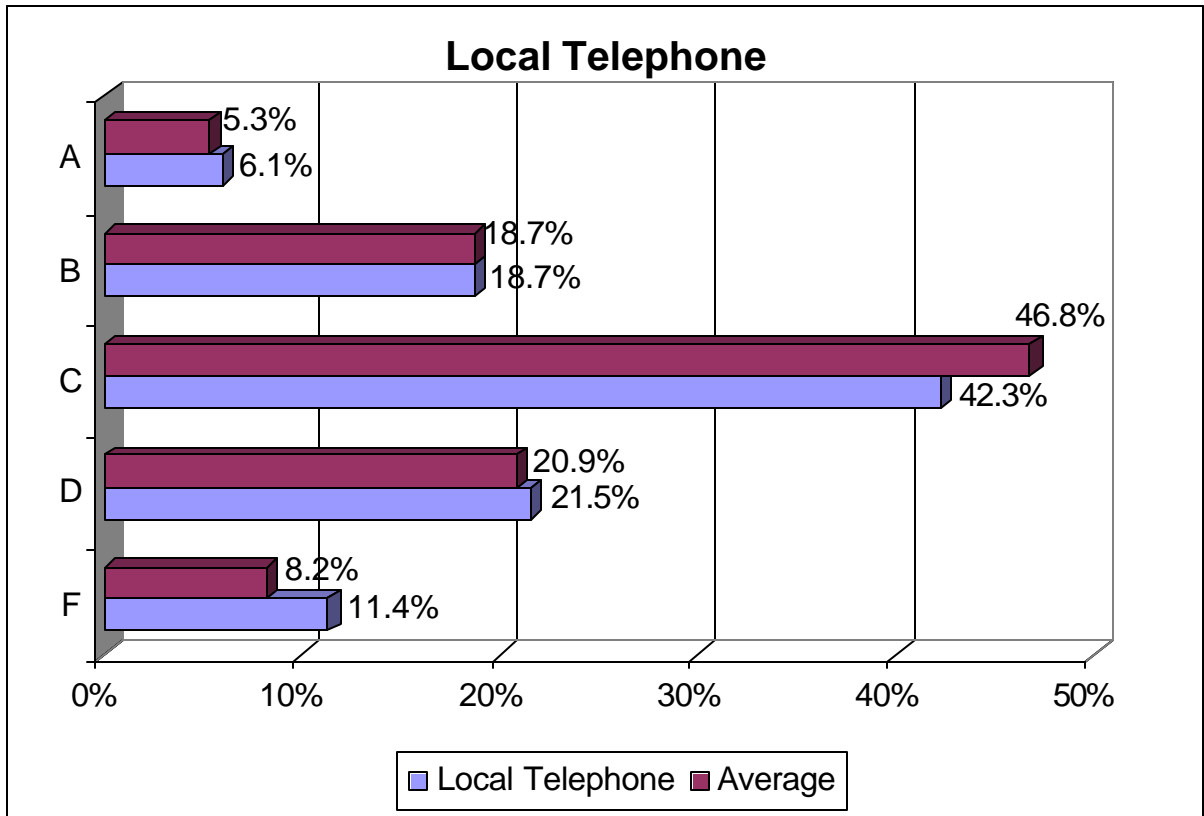


Fig. 6. Local telephone companies' grades

Percent of Respondents

<u>Grade</u>	<u>Local Telephone Companies</u>	<u>All Industries</u>
A	6.1	5.3
B	18.7	18.7
C	42.3	46.8
D	21.5	20.9
F	11.4	8.2

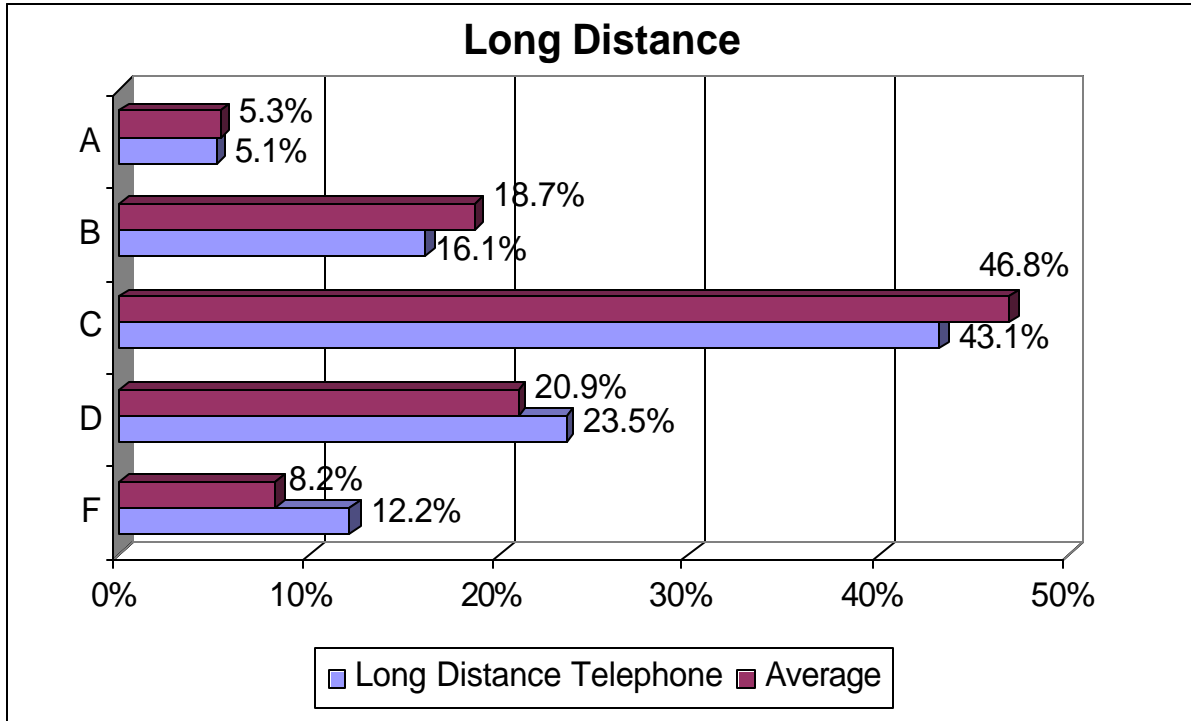


Fig. 7. Long distance telephone companies' grades

Percent of Respondents

<u>Grade</u>	<u>Long Distance</u>	<u>All Industries</u>
A	5.1	5.3
B	16.1	18.7
C	43.1	46.8
D	23.5	20.9
F	12.2	8.2

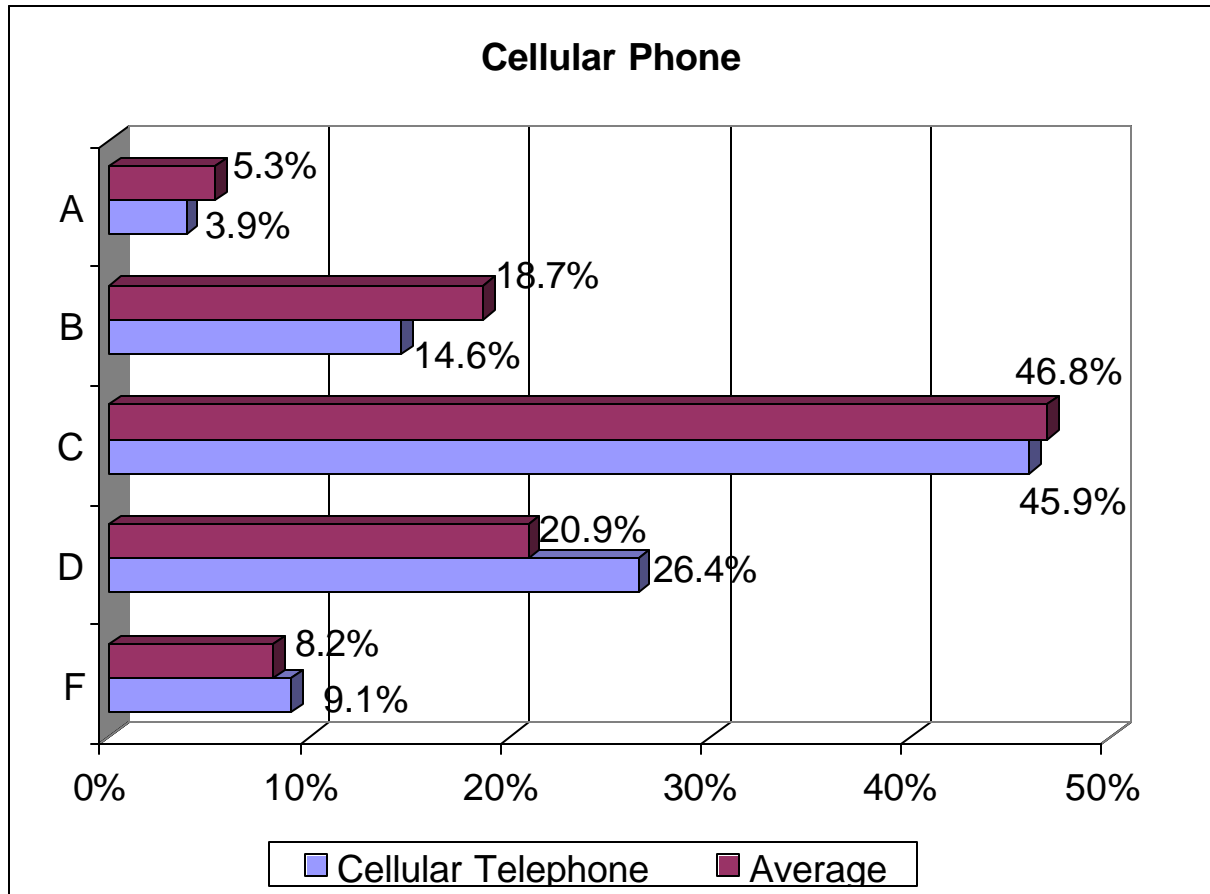


Fig. 8. Cellular telephone companies' grades

Percent of Respondents

<u>Grade</u>	<u>Cellular</u>	<u>All Industries</u>
A	3.9	5.3
B	14.6	18.7
C	45.9	48.8
D	26.4	20.9
F	9.1	8.2

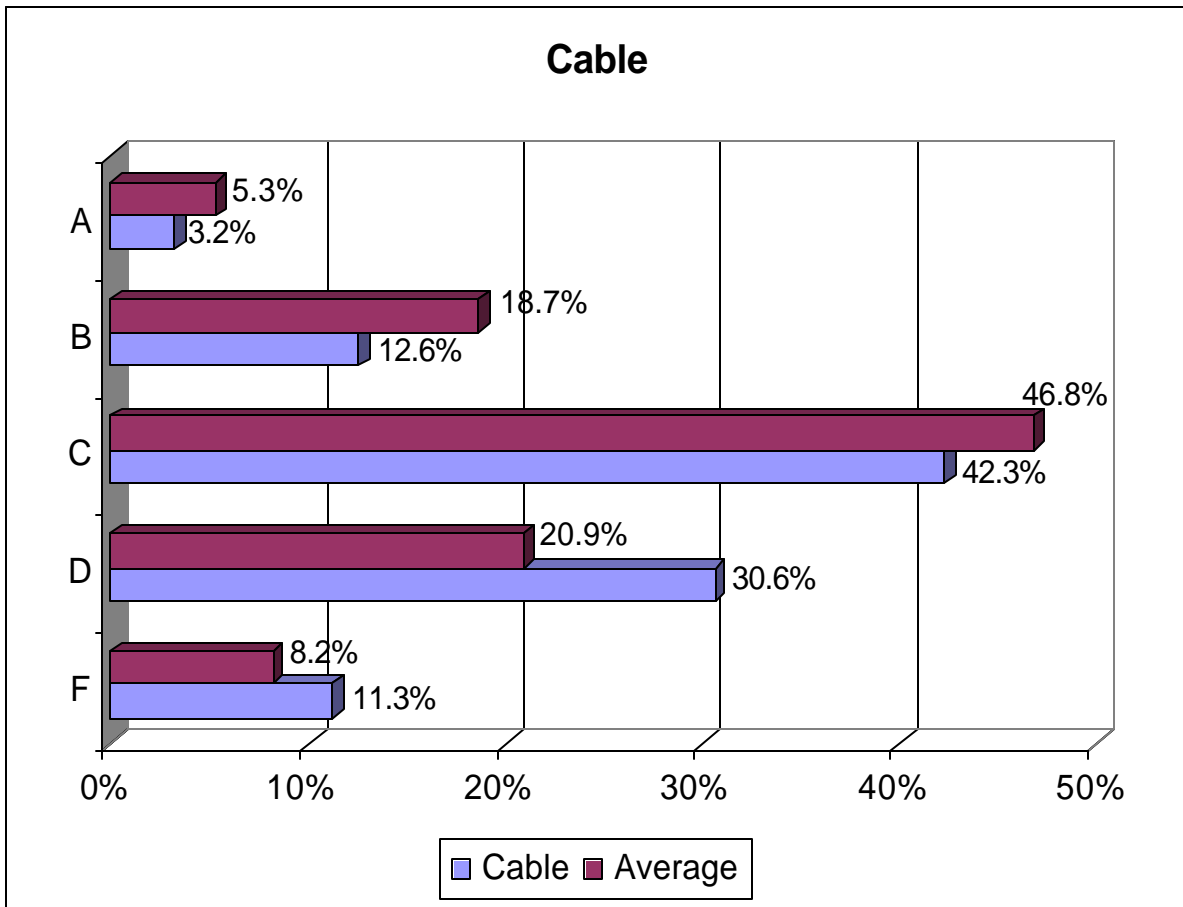


Fig. 9. Cable companies' grades

Percent of Respondents

<u>Grade</u>	<u>Cable Companies</u>	<u>All Industries</u>
A	3.2	5.3
B	12.6	18.7
C	42.3	46.8
D	30.6	20.9
F	11.3	8.2

CONCLUSIONS

The survey results indicate that consumers do not perceive utilities and telecommunications providers to be providing stellar service. The electricity, natural gas and water utilities (which includes both municipal and regulated, privately owned suppliers) averaged 2.04, 2.01 and 2.09 respectively. However, none of the telecommunications companies did that well. Local telephone service was 1.87; long distance telephone, 1.78; cellular, the same as long distance; and cable companies, 1.66. Cable companies received lower grades than car dealerships but higher than financial institutions. Results of the survey will provide valuable insights regarding the factors that influence consumer perceptions of utility service quality. Insights garnered from the data analysis will help state public utility commissions to better fulfill their consumer protection mandate.

METHODOLOGY

BIGresearch collects all responses online from the largest online community of over 60 million people. BIGresearch surveys are anonymous, self administered and free of interviewer bias. Questionnaires are designed to be completed very quickly, usually in less than 5 minutes. BIGresearch's collection method is an excellent example of the application of human factors engineering principles to eliminate barriers to consumer participation. It's easy and fun to participate.

A computer controlled system tied to market realities ensures more than adequate representation of all consumer groups defined by age, sex, income, ethnic composition and geographic distribution. BIGresearch takes 14 samples simultaneously - seven age groups for males and seven age groups for females. These fourteen large samples are woven together for a huge market sample usually between 5,000 and 10,000. Samples of this size allow for detailed cross-tabulation and for a more accurate measurement of the market. Each cross-tabulation is dynamically balanced, through computer intensive statistical procedures, to known market realities. The benefits of this are:

- The collection of "mega" samples to insure representation of all types of consumer groups.
- The utilization of 14 sampling frames with short age spans, (i.e., Males 14-17 yrs., 18-24 yrs, etc.) to insure far greater homogeneity within groups.
- Market balancing with a computer model driven by known, real world, information, which adjusts the samples to the marketplace.
- The short (unannounced) time period over which the data are collected precludes merchants and advertisers from modifying behavior to influence results.
- As an online research company, we adhere to a survey standards policy which is based upon a "well posed random sample", and is

weighted to reflect the U.S. population. A similar policy has been adopted by others such as American Demographics

Ongoing technical review process of data collection methodology and BIGresearch's application of computer intensive statistics to analyze and manage the data.

- The gender distribution of online uses is identical to that of the general population (as reported by the US Census).
- The marital status along all dimensions is identical to the general populations
- The age distributions of online individuals is also approaching that of the general population

CONSUMER UTILITY BENCHMARK STUDIES FROM THE NRRI/BIGResearch

The NRRI was established by the National Association of Regulatory Utility Commissioners in 1976 at the Ohio State University. The NRRI provides client-driven research and services to inform and advance regulatory policy. NRRI programs of regulatory research and service include utility infrastructure; utility markets; consumer affairs and education; and commission organization, process and development.

BIGResearch is a consumer market intelligence firm that provides unique consumer insights that are gathered online utilizing very large sample sizes. BIGResearch's syndicated *Consumer Intentions and Actions* survey monitors the pulse of more than 7,000 consumers each month providing insights for identifying opportunities in today's competitive and changing marketplace. <http://www.bigresearch.com>.