



Press Release

J.D. Power and Associates Reports: Utilities Face Consumer Awareness and Engagement Challenges with Smart Meters and Related Technologies

WESTLAKE VILLAGE, Calif.: 24 October 2012 — While many of the smart meter products and services utilities provide encourage their customers to actively participate in managing their energy costs, utilities still face challenges to smart meter introduction in the marketplace, according to the J.D. Power and Associates 2012 Smart Pulse StudySM and 2012 Customer Engagement Strategies StudySM released today.

The inaugural Smart Pulse Study examines key customer engagement indicators—such as smart grid and smart meter awareness levels; smart meter installation satisfaction levels; and customer adoption levels of products and services—among residential utility customers who have a smart meter installed. Respondents interviewed for this study are customers of utilities that have a smart meter installation rate of at least 85 percent.

While still being rolled out by many utility companies across the United States, smart meters have been met with both enthusiasm and concern from customers and media alike. Customer perception challenges exist not only with the smart meter monitoring technology, but also with how well utilities communicate with customers regarding smart meters and their benefits, both before and after installation.

“The customer communication and education efforts of utility companies are an integral part of any smart meter technology initiative,” said Christopher Perdue, director of the smart energy practice at J.D. Power and Associates. “Ensuring that customers are knowledgeable of smart meters and that their questions are answered has a great impact on customers’ favorability toward their utility company.”

Slightly more than one-third (36%) of customers surveyed for the study are unaware of any smart meter efforts made by their utility company, while the remaining 64 percent are aware of some effort, whether it be regarding smart grid, smart meters only, or both smart grid and smart meters. However, not all utility companies excel in raising awareness of their smart meter efforts, as there is a gap of 56 percentage points between the highest and lowest levels of customer awareness (84% vs. 28%, respectively).

The study finds that customers of Georgia Power, PPL Electric Utilities, Portland General Electric and SMUD have the most positive opinions of their utility after smart meter installation.

The method through which customers receive information from their utility also impacts both awareness levels and sentiment toward their utility. Among customers who receive smart meter information via text message or the utility’s blog, more than 50 percent say they have a more positive opinion of their utility than those who do not receive text messages. Among customers who receive information via other communication channels, such as bill inserts, door hangers and direct mail, more than 60 percent say the information did not change their opinion of the utility.

“The top four methods of smart meter communications that have the most positive impact on customer opinion are mobile- and Web-based, indicating that customers want quick and easy accessibility to the information, as well as the potential for interaction with the utility, if desired,” said Perdue.

Looking forward to forthcoming technologies and customer interaction methods, the 2012 Customer Engagement Strategies Study measures the effectiveness of smart energy educational messaging aimed at motivating customers to enroll in Green Button¹ online accounts, and social gaming strategies designed to reward customers for reducing unnecessary electricity use.

The study tests Green Button educational communications, identifies their comparative impacts on customer enrollment, and defines optimal communication platforms for targeting discrete customer segments. The study also identifies the positive impacts of educational communications on utility brand image, such as perceived customer focus and innovativeness, underscoring the business value of effective communications.

However, motivating customers to enroll in Green Button initiatives is just the first step. The study also focuses on how companies might then incentivize their customers to use the energy information to reduce usage or demand. The study tests the effectiveness of social gaming strategies as incentives for motivating customers to save energy in pursuit of reward points, prizes and recognition.

“The utility industry is beginning to employ game mechanics as a supplement to traditional energy efficiency incentives,” said Peter Shaw, senior director of the energy practice at J.D. Power and Associates. “Our research identifies the power of individual rewards and community-based competitions to motivate smart energy behavior. We expect gamified energy conservation and demand response to grow as an instrument in the smart energy utility’s toolbox.”

The 2012 Smart Pulse Study is based on 9,368 online interviews conducted from August 29, 2012, through September 10, 2012, among residential customers of 17 electric utility brands across the United States and Canada in which at least 85 percent of customers have a smart meter installed.

The 2012 Customer Engagement Strategies Study is based on 16,712 online interviews conducted from September 10, 2012, through September 23, 2012, among residential customers of 70 U.S. electric utilities that represent all of the industry’s leading electric utility brands.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing forecasting, performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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¹ Green Button refers to a new generation of utility programs that give customers access to their electricity usage information in a standardized format, via the utility website.

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