

# SDG&E Commercial Segmentation Application & Examples

February 2015

# Business Customer Segmentation Approach

- Customer Segmentation Objective:
  - SDG&E’s obligation as the local energy utility is to provide safe, reliable energy infrastructure and services that allow our communities to grow and prosper.
  - Over decades of service, SDG&E has collected customer information through various communications channels that when combined with other available customer information allows us to segment our customers in the most effective way for delivering service.
  - SDG&E employs segmentation to better understand its customers and deliver the right service, to the right customer at the right time through the right channel.
- SDG&E’s business customers represent an extremely diverse group of customers...  
“From the nail salon to the Navy..”
- Customer demographics/preferences/other specific data collected through various means must be central to any segmentation approach - not just about demand size or industry/category
- Segmentation is most valuable when layered with multiple factors, including:
  - Customer size
  - Attitudinal profile
  - Industry
  - Previous engagement with utility
- Barriers and opportunities are unique to each customer based on the current state of their business, energy costs relative to overall operating costs and their facility energy use

# Fundamental Business Customer Needs & Wants

## Rates and controlling costs:

- Customers want fair and reasonable rates
- Customers want the utilities to help them control their costs

## Billing and payment:

- Customers want clear, easy to understand bills and reasonable payment policies
- High satisfaction with paperless billing and My Account

## Saving money on their bills:

- Customers want more control over their bill
- Tailored solutions specific to their business (not just their size or industry category)

## Customers want integrated channels and ease-of-use for their business:

- Website that answers questions
- Easy to use IVR
- One point of contact for personal touch solutions

**ALTHOUGH THESE ARE THE FUNDAMENTAL NEEDS AND WANTS OF BUSINESS CUSTOMERS, ADDRESSING THEM TO ENCOURAGE IDSM PARTICIPATION MUST BE DONE THROUGH AN “INDIVIDUALIZED” APPROACH WITH THE USE OF CUSTOMER SEGMENTATION.**

# Critical Success Factors To Impacting Business Customers Needs and Wants



Cost-efficient use of marketing dollars necessitates prioritization and the ability to target key drivers with greatest affect on customer behavior



Data & targeting must recognize the right person at the business; behavior & attitude is based on an individual and not an industry segment

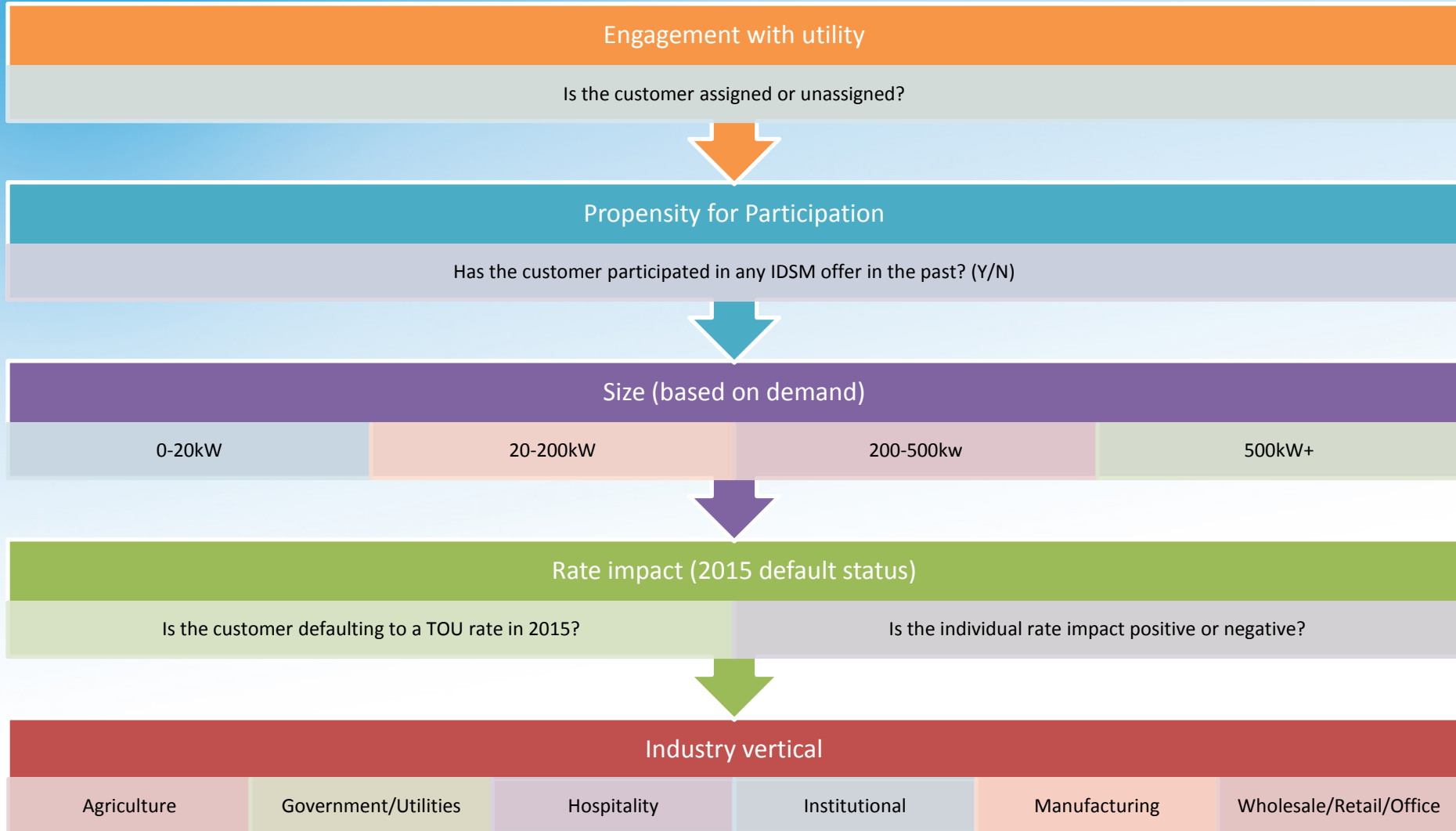


Businesses have a lot to think about; IDSM offers must overcome inertia and/or general lack of interest in energy as a topic



Consideration must be given to offering the right products and services that balance statewide priorities with customer needs

# Business Customer Segmentation Approach



# Overview of Segmentation and Product Offer Strategy

For the “Unassigned” and “Previously unengaged” customer

What customer size?

- 0-20kW
- 20-200kW
- 200-500kW
- 500+

Which industry segment?



Ag/Const.



Gov't/Utilities



Hospitality



Institutional



Manufacturing



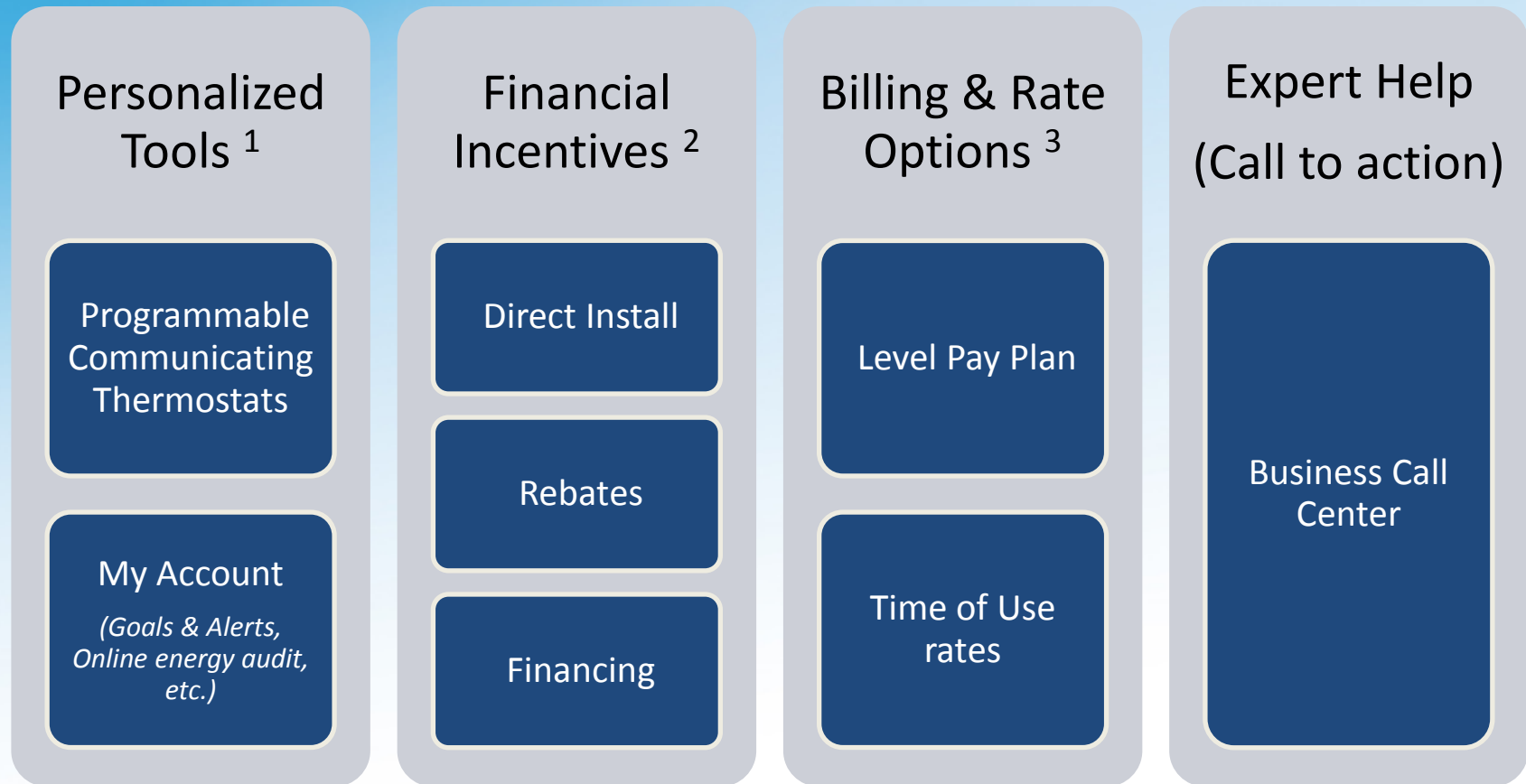
Wholesale  
Retail  
Office

Which solution category?



1. Expert Help
2. Personalized Tools
3. Financial Incentives
4. Rate & Billing Options

# Example of Small Commercial (0-20 KW) Segmentation and Product Bundle



1 “Personalized Tools” offer dependent on customer load analysis eligibility for PCT installation




2 “Financial Incentives” offer dependent on participation propensity and industry type


3 “Billing & Rate Options” offer dependent on rate impact for upcoming default to TOU rates

# Example of Actual Customized Email to Target Customer

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