

Surge Protection Program Branding & Pricing Study

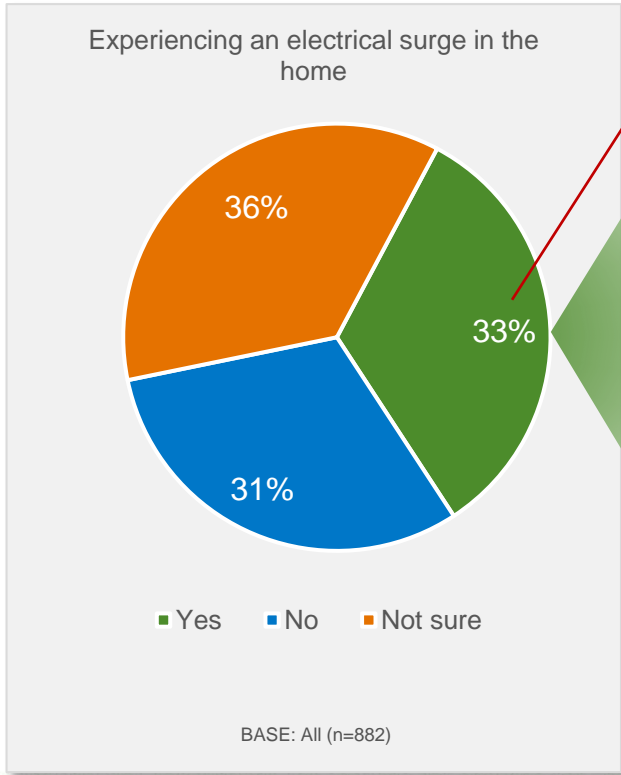
Prepared by Ameren Missouri
Customer Engagement & Research
April 2020

Executive Summary

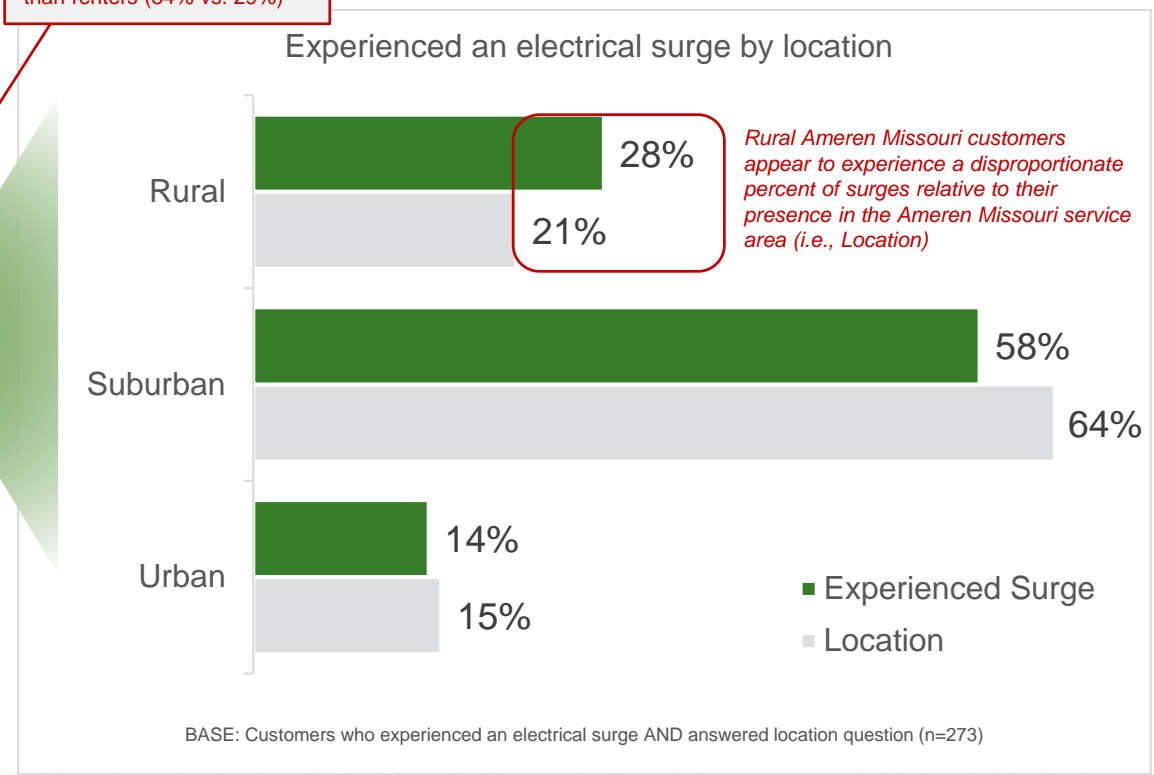


- Nearly all (91%) customers are at least somewhat interested in the surge protection program. More than half (54%) are very/extremely interested.
- The optimal price point customers are willing to pay for surge protection is \$5.02 a month. The range is between \$3.20 - \$10.01.
- Customers considered all names appealing, though *Whole Home Surge Protection* was the most appealing.
- Customer interest in the additional concepts was mixed.
 - Customers who own or plan to buy an EV are interested in a charger at their residence, though the percentage who fall into this category is only 7% of homeowners.
 - A majority (57%) of homeowners are not interested in the tree maintenance concept. After the \$9.99 price was revealed, interest decreased further.
 - About one-in-three (36%) homeowners are interested in the back-up generator.

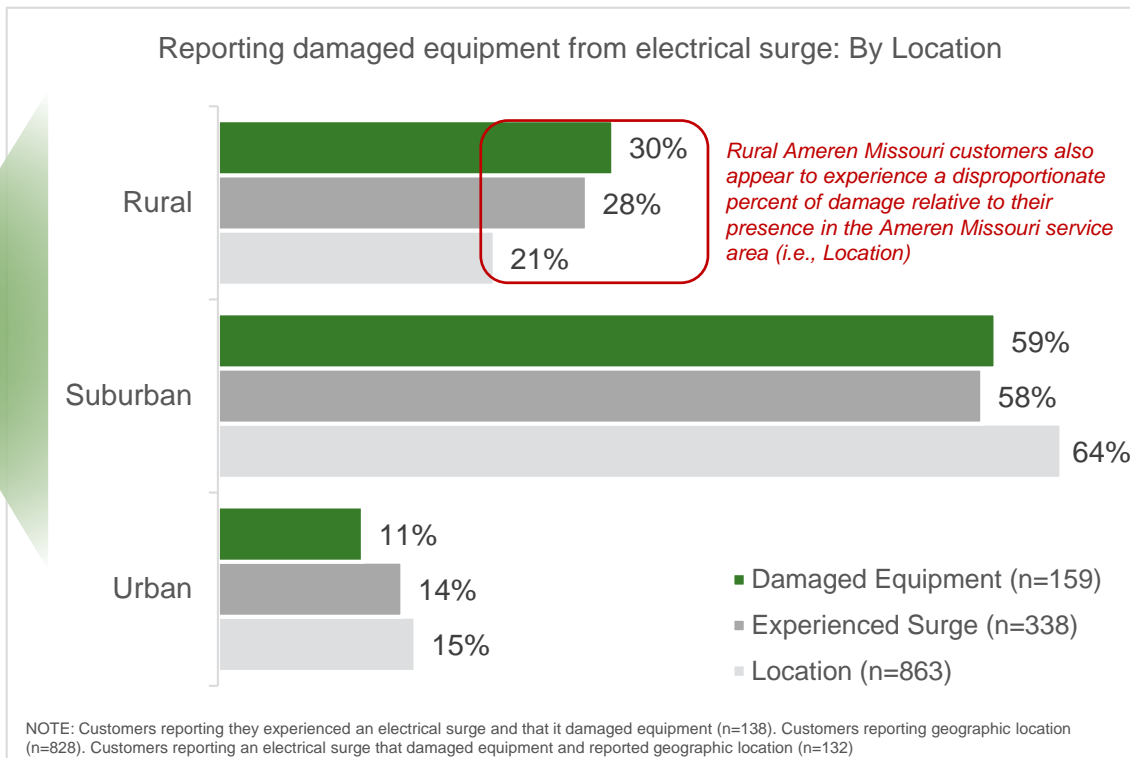
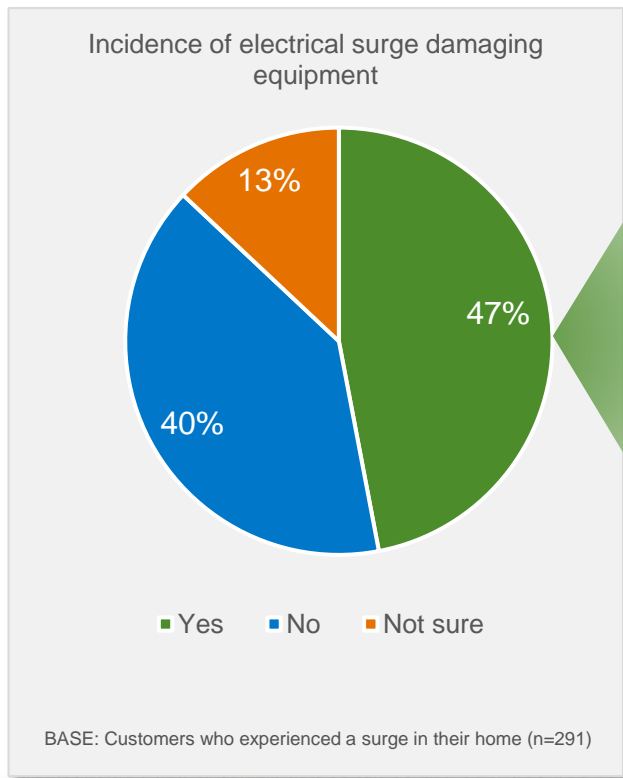
One-in-three have experienced an electrical surge in their home



Home owners experience surges at a slightly higher rate than renters (34% vs. 29%)



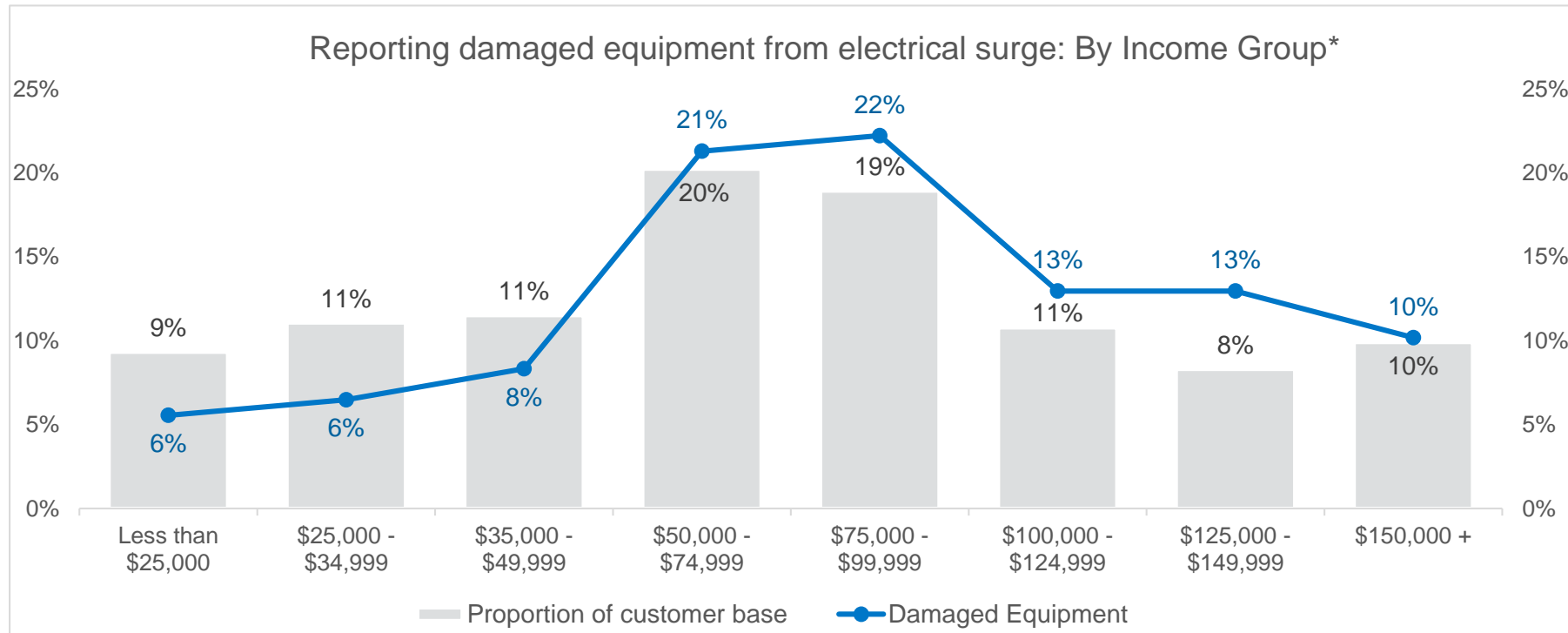
Of those who experienced an electrical surge, almost half report it damaged electrical equipment



Higher income groups are disproportionately more likely to report damaged electrical equipment



NOTE: Customers reporting they experienced an electrical surge and that it damaged equipment (n=132). Customers reporting an electrical surge that damaged equipment and reported household income (n=108)



* Includes all who answered this question, including those who later abandoned the survey

More than 9 out of 10 Ameren Missouri customers are at least somewhat interested in the surge protection program



More than half are very/extremely interested

Program Description

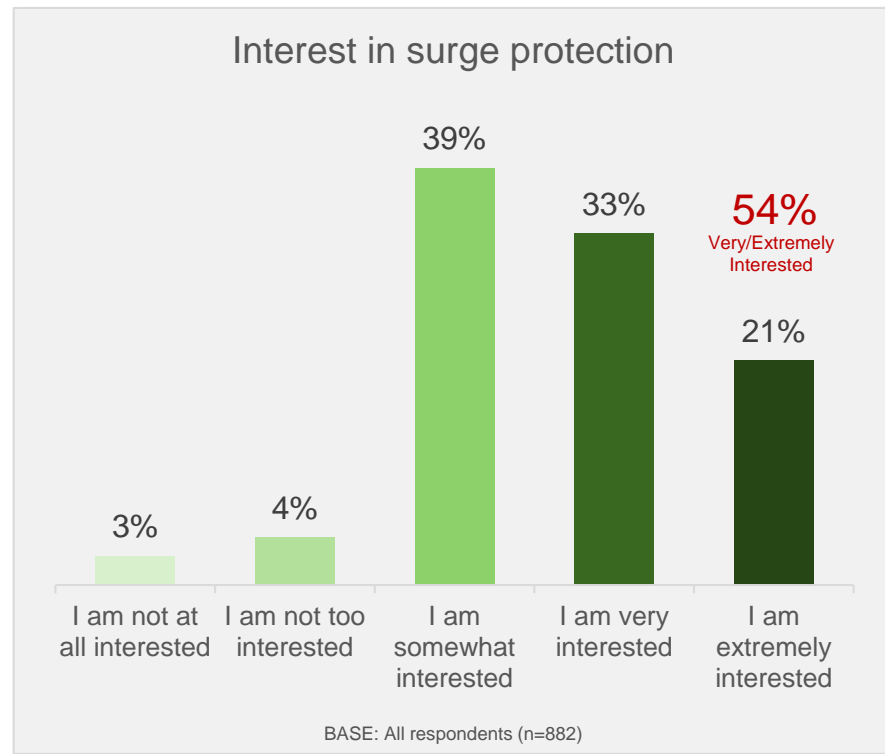
Ameren Missouri is considering offering surge protection.

This protection would require a collar device be placed behind your current meter, which would be owned and installed by Ameren Missouri.

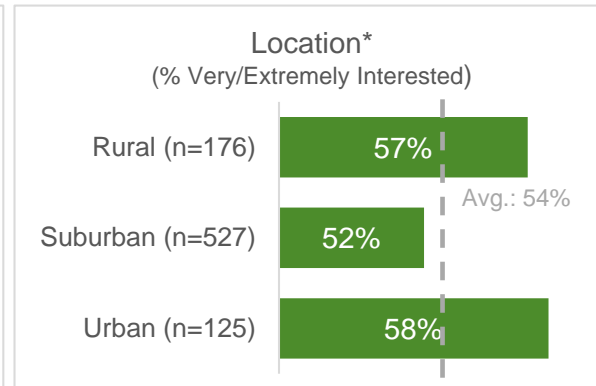
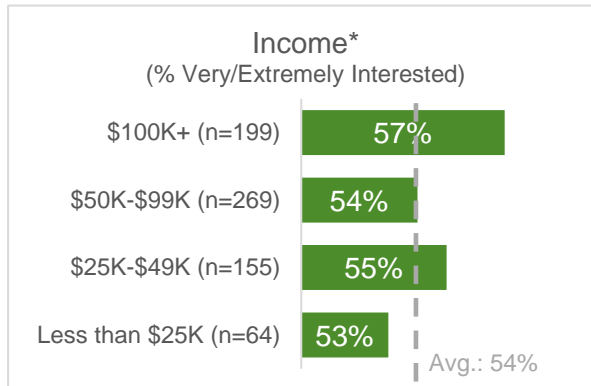
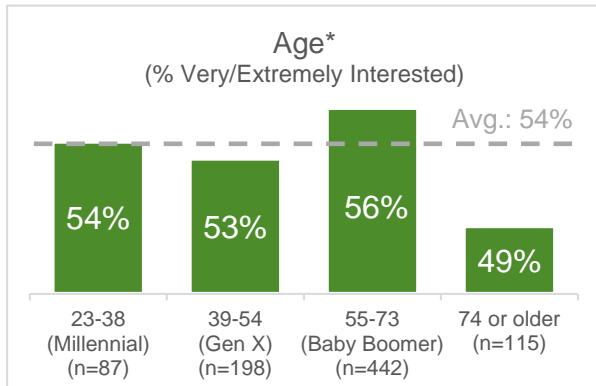
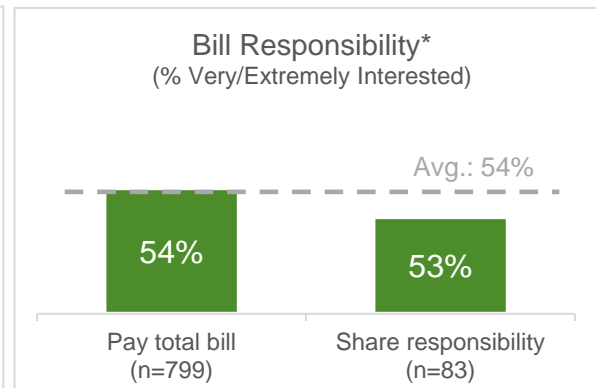
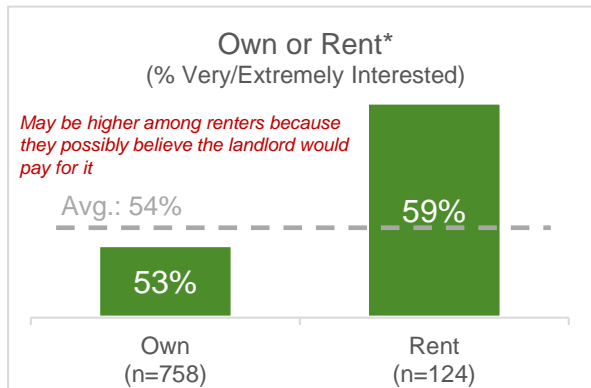
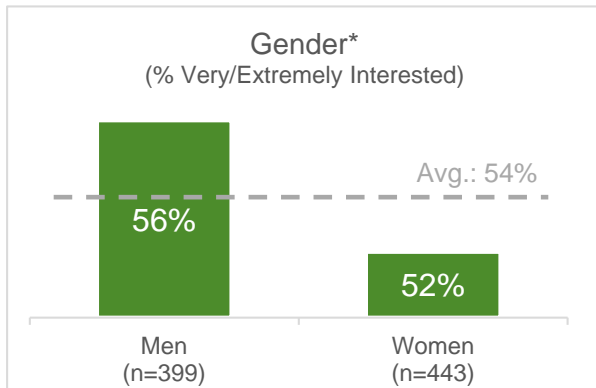
This would protect you from any incoming power surges attempting to enter your home through your electric meter. This could include, but is not limited to, lightning strikes, surge from a transformer, downed power lines, etc.

This device provides protection for your home's electrical circuits/fuse box and prevents damage to your electric and motor driven appliances.

With the Surge Protection Device, if any damage were to occur, Ameren Missouri would replace or repair the electronic devices in your home damaged from surges.



Interest is high among all groups, though some variation does exist



* Percentages are based on customers who answered these demographic questions

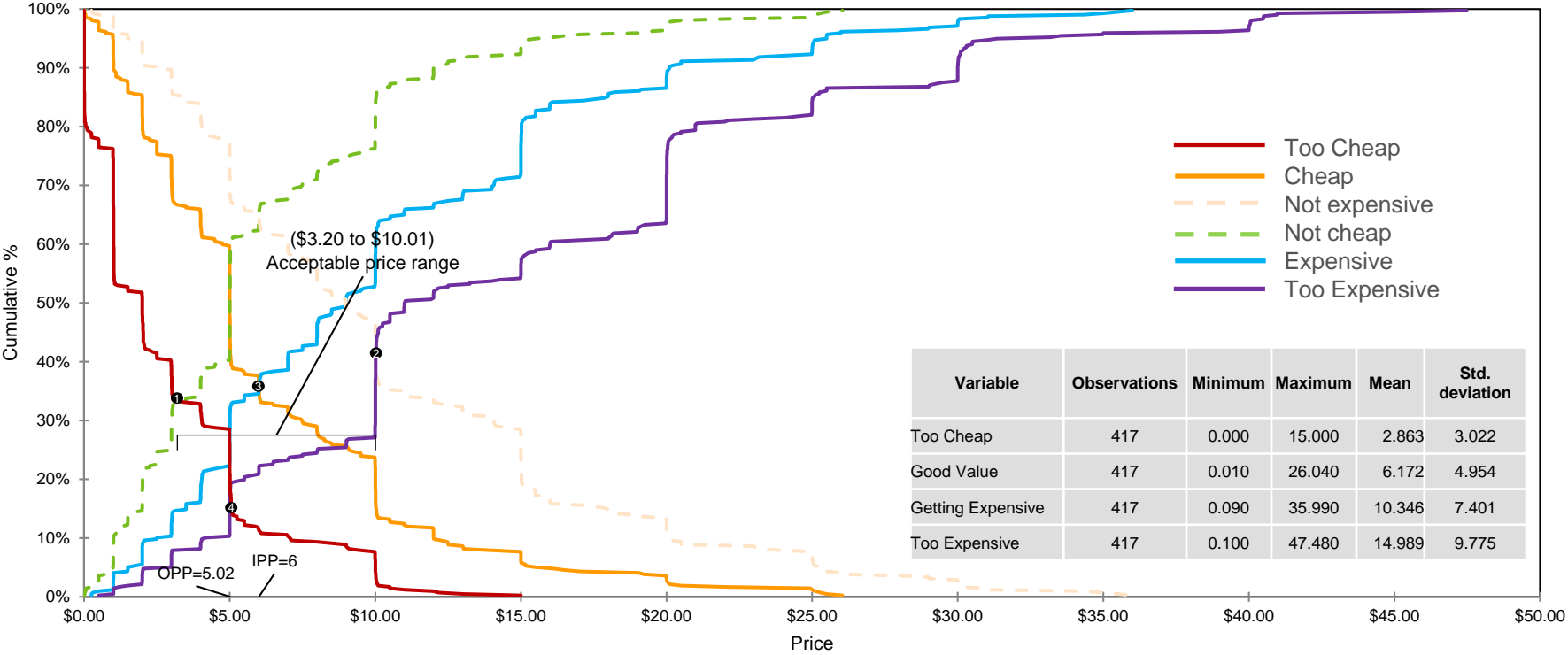
Terminology and pricing results (See next slide)

Van Westendorp Price Sensitivity Meter

- ① **Point of marginal cheapness (PMC) - \$3.20**
 - Price point where more sales would be lost due to questionable quality than would be gained from bargain hunters.
 - ② **Point of marginal expensiveness (PME) - \$10.01**
 - Price point above which cost is a serious concern, where it is felt that the product is too expensive for the value derived from it.
 - ③ **Optimal price point (OPP) - \$5.02**
 - At this price point, the percentage of customers that feel the product is too expensive is the same as those who feel it is so low that the quality is questionable.
 - ④ **Indifference price point (IPP) - \$6.00**
 - Point at which the same percentage of customers feel that the product is getting too expensive as those who feel it is at a bargain price. This is the point at which most customers are indifferent to the price.
- Range of acceptable pricing (RAI) - \$3.20 to \$10.01**
- The difference between the point of marginal cheapness and the point of marginal expansion.

Monthly price for surge protection

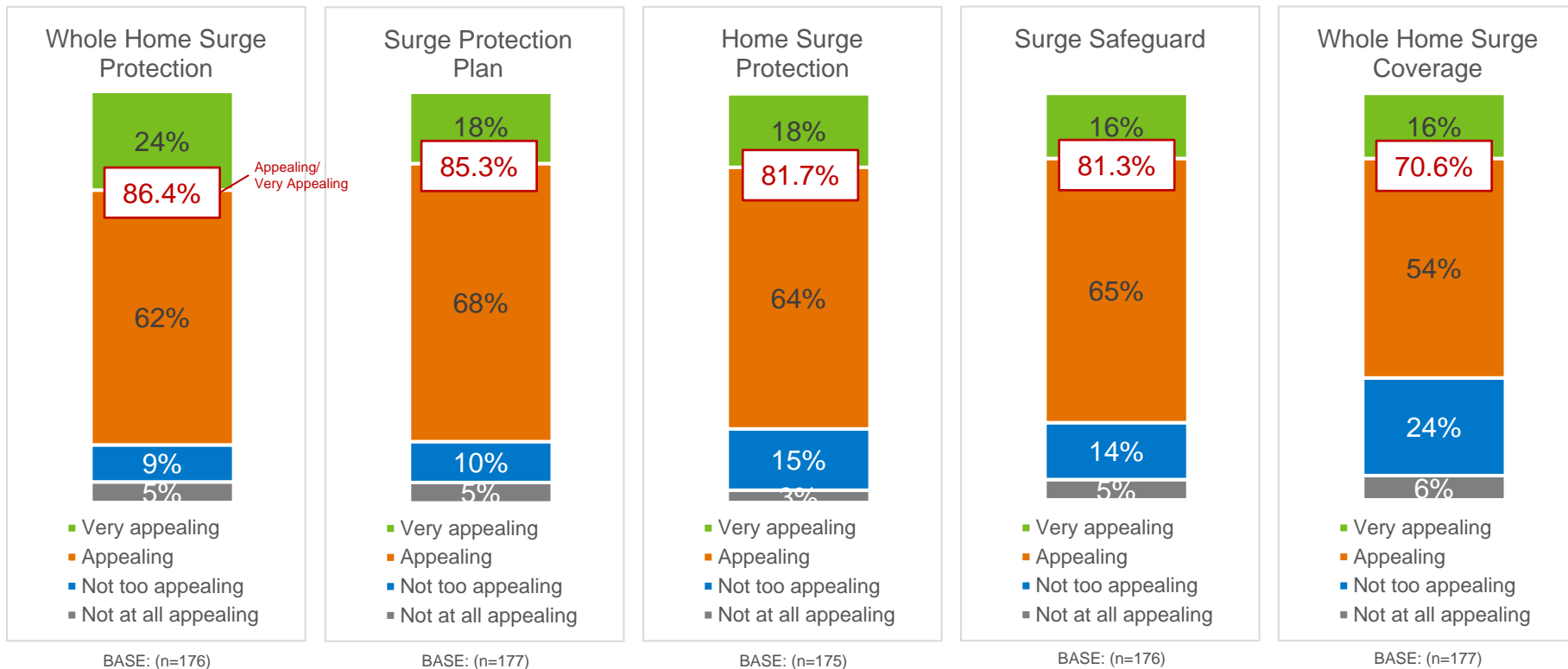
Van Westendorp Price Sensitivity Meter



Customers considered all names appealing, though *Whole Home Surge Protection* was the most appealing



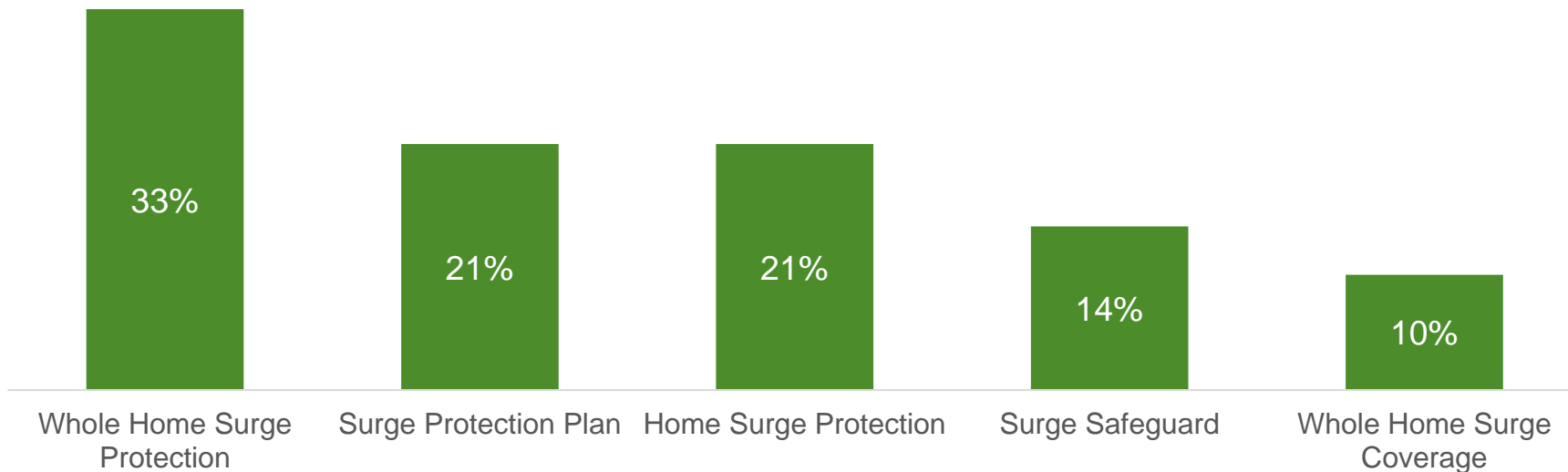
NOTE: Ameren Missouri customers were randomly assigned one of the five brand names to evaluate (monadic testing). In total, all 882 customers who completed the survey were included in the randomization of this question



Customers reaffirmed *Whole Home Surge Protection* is the most appealing name of the program



Brand name preference for surge protection program



BASE: All respondents (n=882)

Regardless which name customers initially evaluated, when asked to select the most appealing out of all five, customers were consistent in their choice

Selection bias does not appear to be an issue overall

Some bias does appear to exist for customers who were first shown the **Whole Home Surge Protection** name, but not enough to unduly influence the overall results

Appeal of brand names based on what name customers evaluated in Q.12						
		Whole Home Surge Protection	Home Surge Protection	Whole Home Surge Coverage	Surge Protection Plan	Surge Safeguard
Q.13 Which of the five names appeals to you the most	% <i>Selecting as Most Appealing</i>	33%	21%	10%	21%	14%
	Whole Home Surge Protection	44%	35%	37%	34%	31%
	Home Surge Protection	20%	21%	20%	21%	25%
	Whole Home Surge Coverage	10%	13%	9%	9%	10%
	Surge Protection Plan	17%	25%	21%	17%	21%
	Surge Safeguard	11%	6%	14%	19%	14%

Whole Home Surge Protection has the highest appeal among all groups, though variation exists among groups



* Numbers and percentages are based on customers who answered these demographic questions (does not include those who responded "Prefer not to Answer")

Brand Names	Grand Total	Men	Women	Millennial	Gen X	Baby Boomer	Age 74+	<\$25K	\$25K-\$49K	\$50K-\$99K	\$100K+	Urban	Suburban	Rural
Number of Customers*	882	399	443	87	198	442	115	64	155	269	199	125	527	176
Whole Home Surge Protection	33%	38%	29%	29%	31%	34%	36%	38%	32%	28%	37%	32%	34%	35%
Home Surge Protection	21%	20%	22%	18%	20%	21%	25%	14%	24%	24%	23%	18%	21%	22%
Surge Protection Plan	21%	17%	27%	18%	24%	23%	16%	20%	24%	23%	20%	24%	20%	23%
Surge Safeguard	14%	14%	14%	25%	15%	12%	15%	20%	12%	16%	13%	13%	15%	11%
Whole Home Surge Coverage	10%	12%	8%	9%	10%	10%	9%	8%	8%	10%	8%	13%	10%	9%

The appeal of these names increases with age, perhaps because of the use of the word 'Protection'

Customers think the names describe the program



NOTE: Total of all responses can exceed 100% because multiple responses were allowed

See next slide for other coded responses	Total %	Whole Home Surge Protection (n=291)	Home Surge Protection (n=188)	Whole Home Surge Coverage (n=88)	Surge Protection Plan (n=188)	Surge Safeguard (n=125)
Accurate description. Describes what it does.	29%	28%	29%	24%	37%	25%
Clear, concise name. Easy to remember. Simple, direct, to the point	20%	3%	33%	5%	29%	38%
Name implies it covers everything. Protects entire home. Comprehensive	14%	27%	9%	15%	6%	4%
Best name to describe of service	10%	14%	9%	9%	5%	6%
Like "Whole Home". "Whole Home" implies it covers everything/protects entire home.	7%	16%	1%	15%	0%	0%
Appealing, catchy. More appealing than other names	6%	3%	8%	1%	5%	13%
"Protection" is protecting. Providing protection for everything	4%	7%	5%	1%	2%	0%
Sounds like insurance/insurance plan. "Coverage" implies insurance*	3%	3%	1%	14%	1%	1%
Easy/easiest to understand	3%	1%	4%	6%	3%	2%
Best name of them all.	3%	1%	3%	1%	6%	3%
Just like it	2%	1%	3%	5%	1%	2%
Word "Plan" sounds like an ongoing, paying service. You're paying and getting something in return*	2%	0%	0%	1%	8%	0%
Implies safe/safety, secure	2%	1%	1%	1%	1%	5%

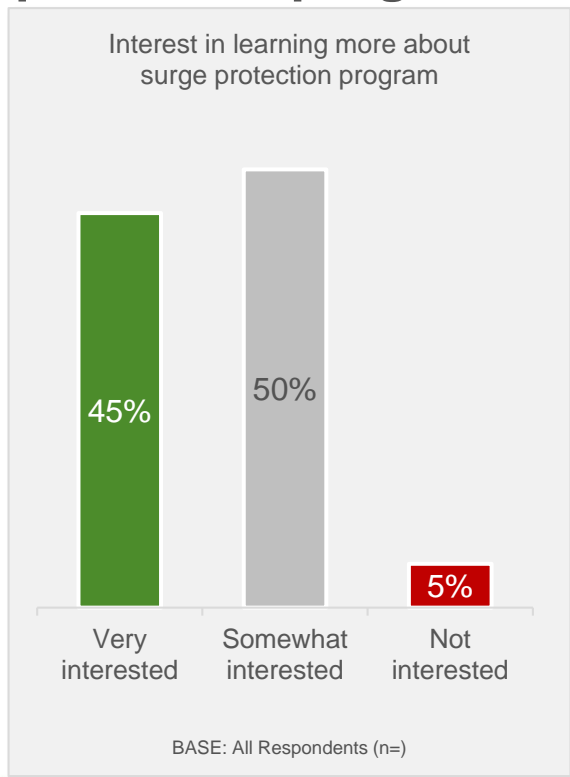
Coded responses (cont.)



NOTE: Total of all responses can exceed 100% because multiple responses were allowed

	Total %	Whole Home Surge Protection (n=291)	Home Surge Protection (n=188)	Whole Home Surge Coverage (n=88)	Surge Protection Plan (n=188)	Surge Safeguard (n=125)
Generic: Like the word "Protection"	1%	1%	1%	-	2%	-
Like "Coverage". "Coverage" implies completely taken care of/covered. Better than "Protection"	1%	-	-	8%	-	-
Don't like the word "Whole"	1%	-	4%	-	-	-
Like "Home". Home is better than House	1%	-	3%	-	-	-
Alliteration	1%	-	-	-	1%	3%
Generic: Like the word "Whole"	<1%	1%	-	2%	-	-
Sounds comforting, personal	<1%	<1%	1%	-	1%	1%
Sounds professional, official	<1%	-	-	-	2%	1%
"Home" implies whole house, full protection	<1%	-	2%	-	-	-
Like "Safeguard", word "safe"	<1%	-	-	-	-	2%
Generic: Like the words "Protection Plan"	<1%	-	-	-	1%	-
Provides piece of mind, reliability	<1%	1%	-	-	-	-
Other	4%	4%	2%	4%	4%	7%
Just because. Don't know	5%	3%	9%	4%	3%	10%

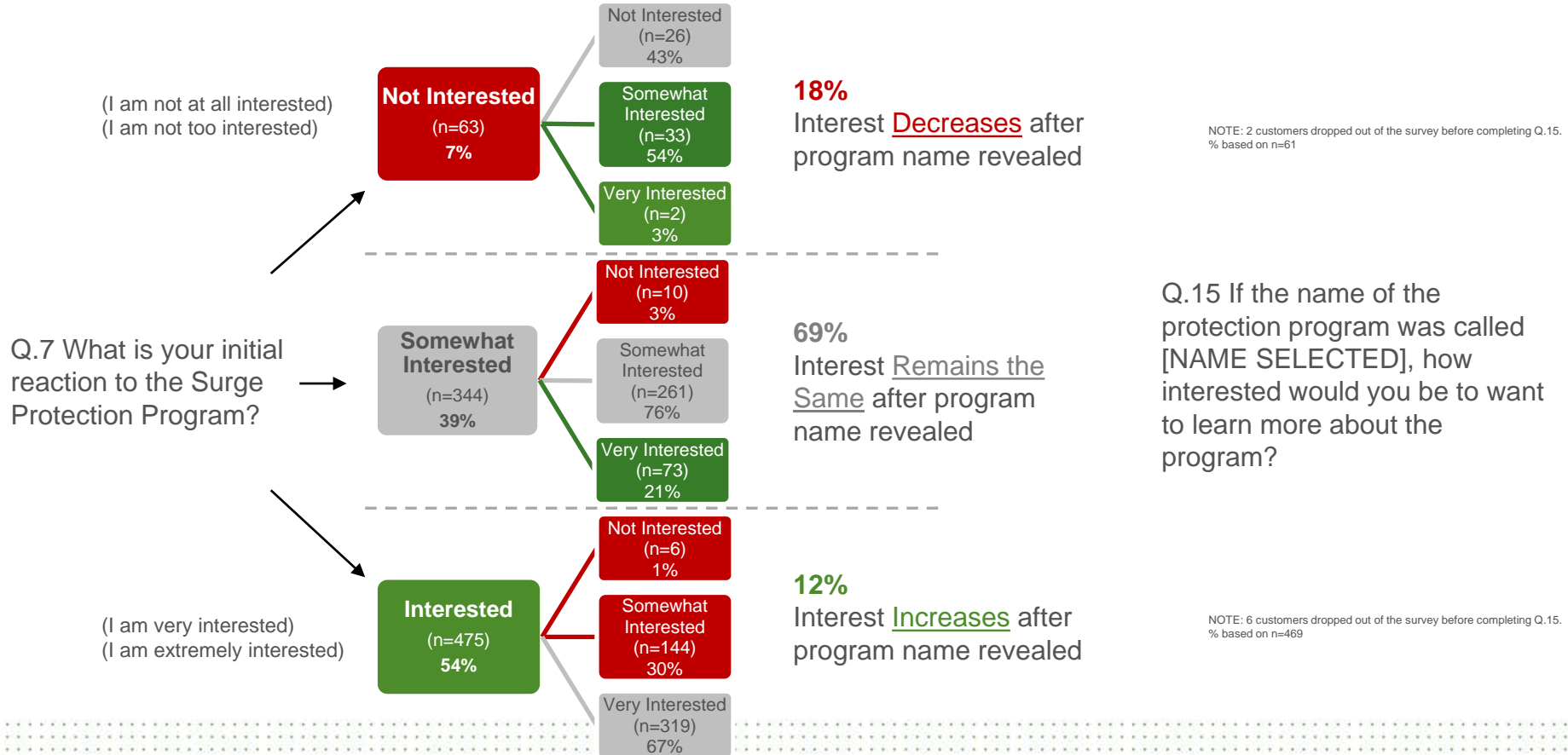
More than 9 out of 10 Ameren Missouri customers are at least somewhat interested in learning more about the surge protection program



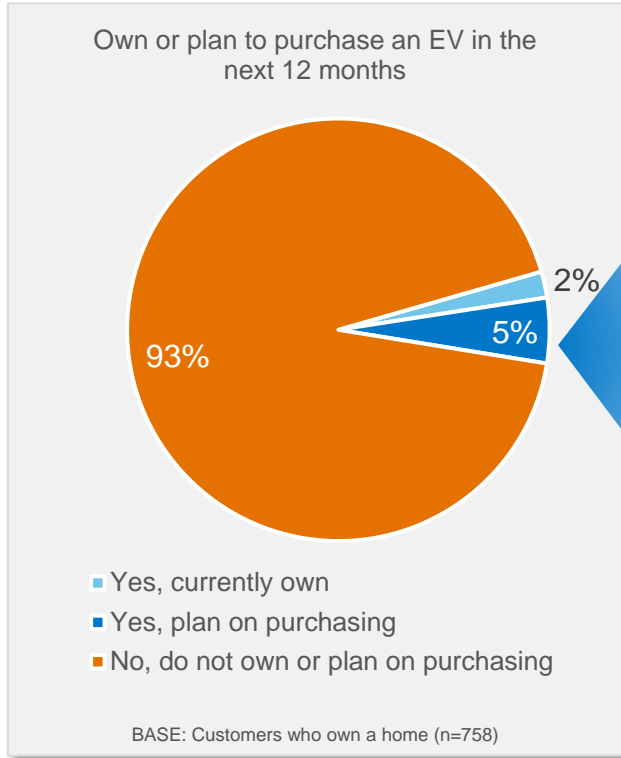
Interest based on name customers selected as most appealing	Q.13	Q.15 How interested are you in learning more about the program?		
	% selecting as most appealing	Very Interested	Somewhat Interested	Not Interested
Whole Home Surge Protection	33%	56%	42%	2%
Home Surge Protection	21%	40%	53%	7%
Surge Protection Plan	21%	38%	58%	4%
Surge Safeguard	14%	38%	58%	5%
Whole Home Surge Coverage	10%	47%	44%	9%

Although **Home Surge Protection** and **Surge Protection Plan** garnered the same percentage of customers saying the names are appealing (21.4%), a higher percentage of customers say they are not interested in learning more about the program if it were named **Home Surge Protection**

Initial interest in the concept is fairly high at 54%, but decreases somewhat based on the potential names of the program

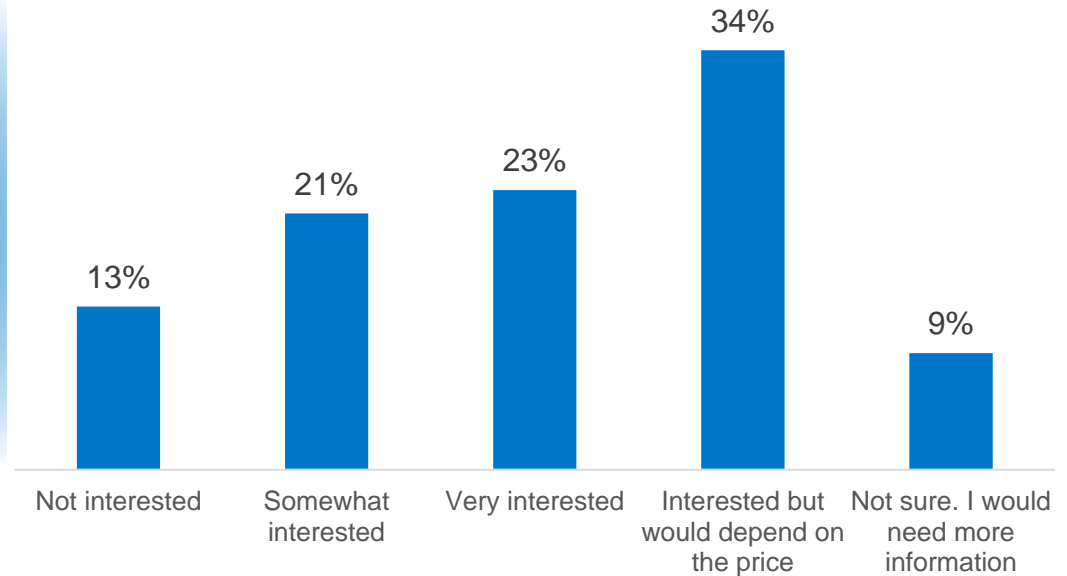


Customers who own or plan to buy an EV are interested in a charger at their residence



Q.16 Do you or a spouse/partner living in your household currently own an Electric Vehicle, or are you planning to purchase an EV in the next 12 months?

Interest in installing an EV charger in the home



BASE: Customers who own or plan to buy an EV (n=53)

Q.17 How interested would you be in an EV charger at your residence? Ameren Missouri would sell, install and make necessary upgrades at the home for the EV charger station.

A majority of customers are not interested in the tree maintenance concept



Tree Maintenance Concept

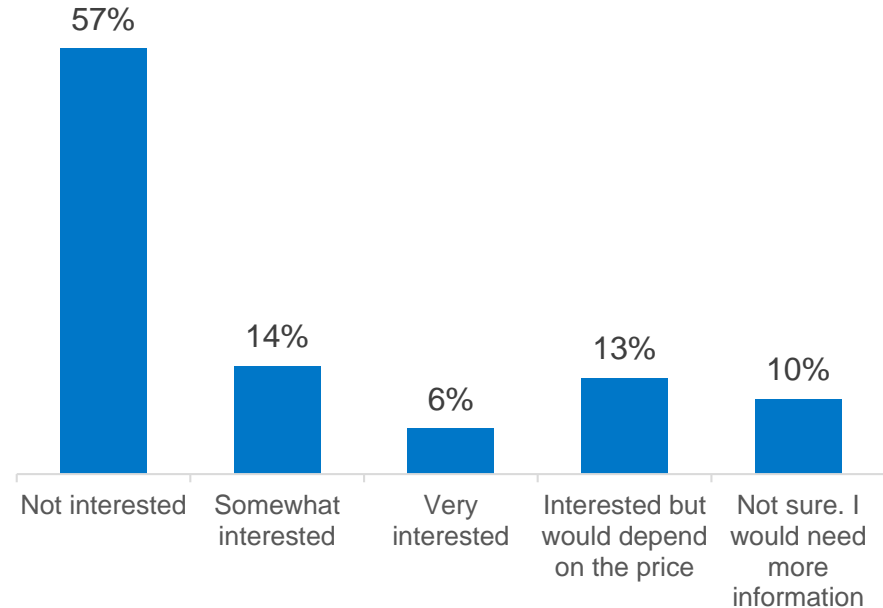
As a homeowner you are responsible for keeping trees and vegetation on your property from affecting the power lines, between the electric pole and your home.

Knowing this, how interested would you be in Ameren Missouri providing **tree maintenance**?

This service would include preventative tree trimming and if a tree-related power outage affects the service line, Ameren Missouri will clean up the debris and restore power as obligated.

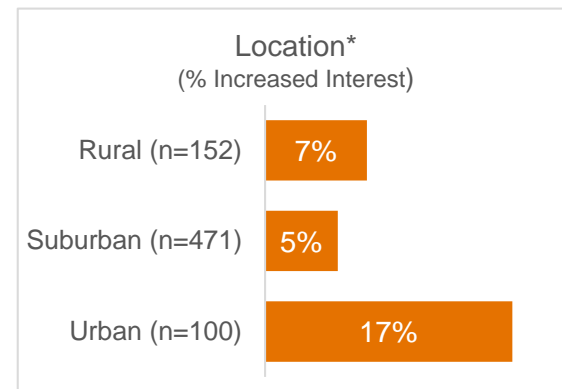
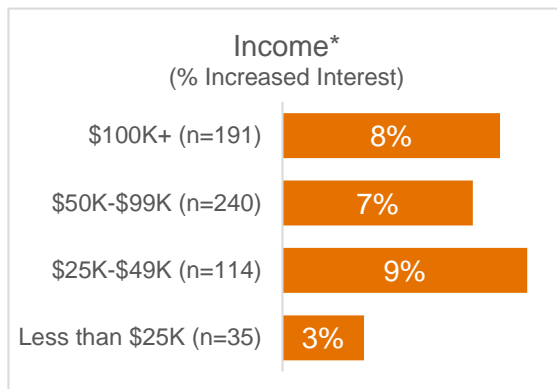
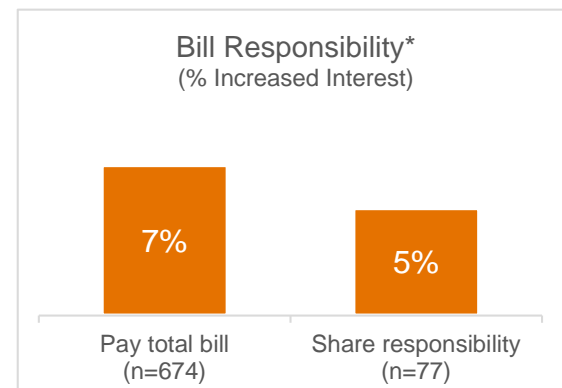
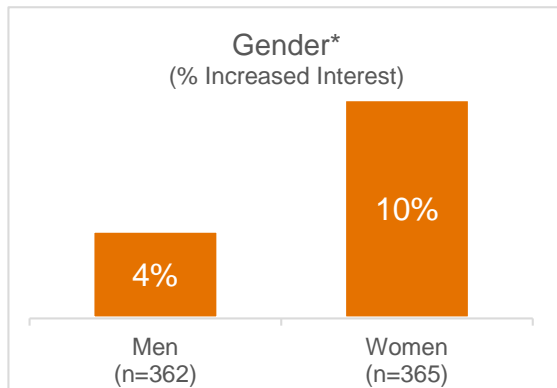
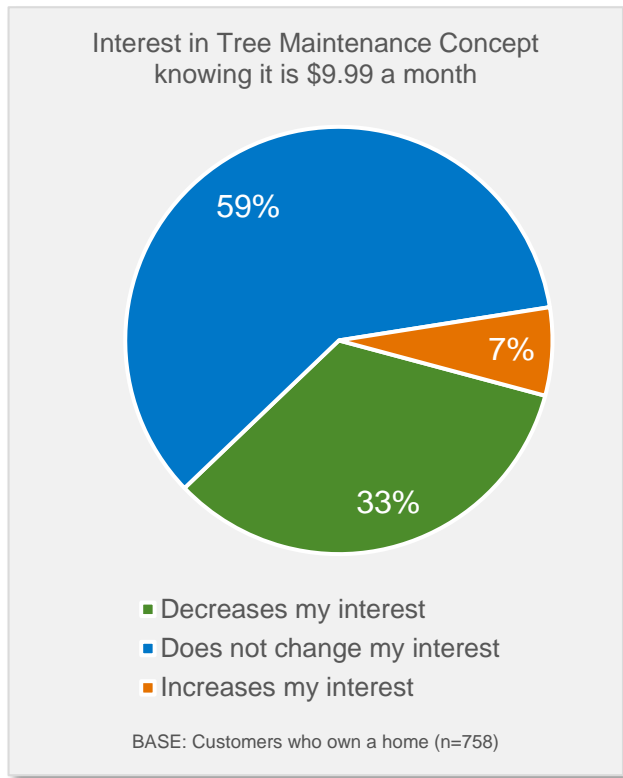
The homeowner would pay a monthly fee for this service.

Interest in tree maintenance concept



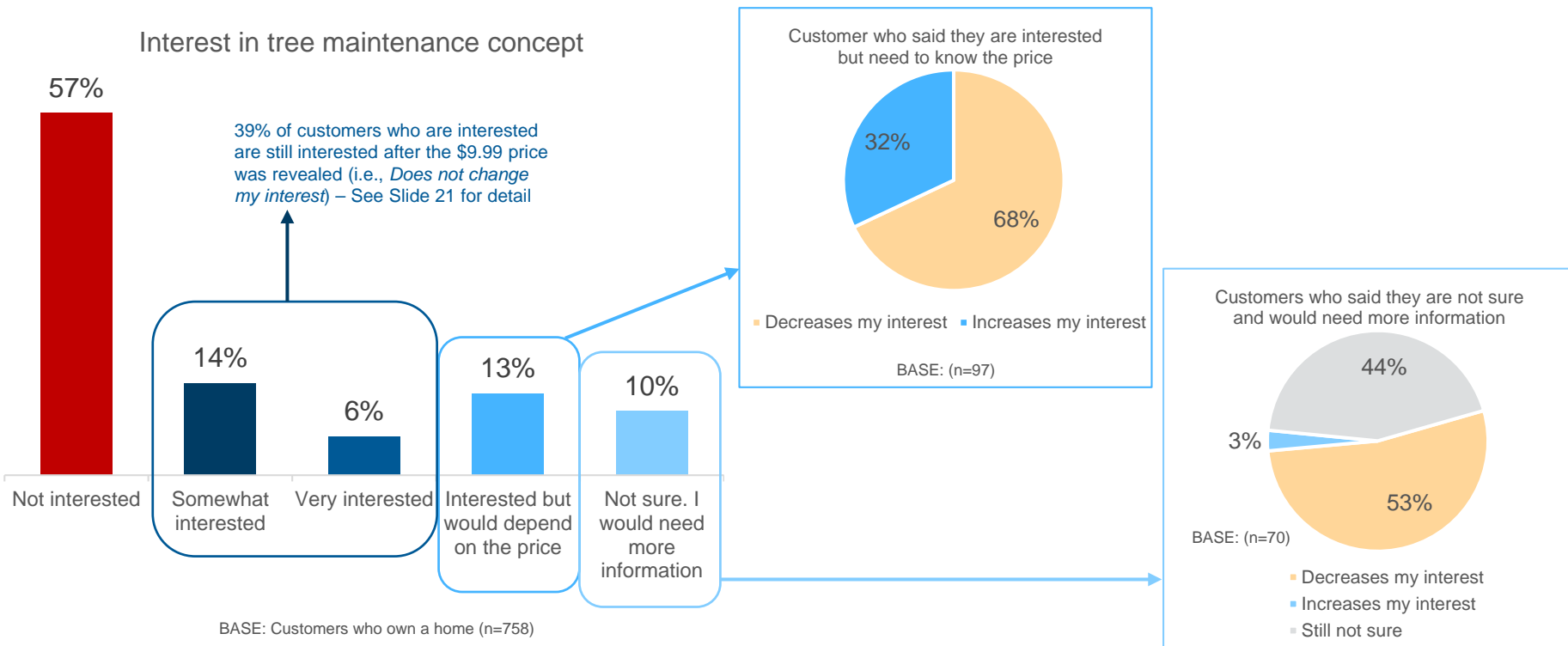
BASE: Customers who own a home (n=758)

Revealing the price did not increase interest much, but variations in interest exists among demographic groups



* Percentages are based on customers who answered these demographic questions

A majority of customers who need additional information were not interested after the price was revealed



Q.18 How interested would you be in Ameren Missouri providing tree maintenance?

Q.19 If the price for the tree maintenance service was \$9.99 a month, would this change your interest?

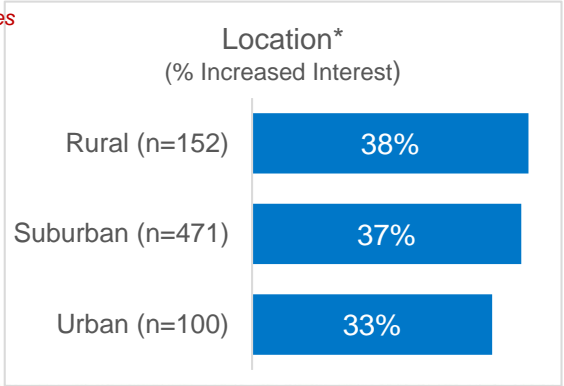
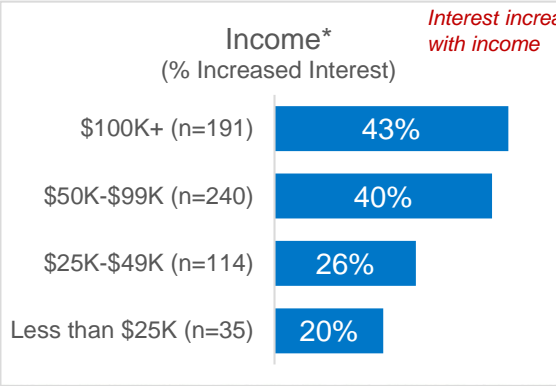
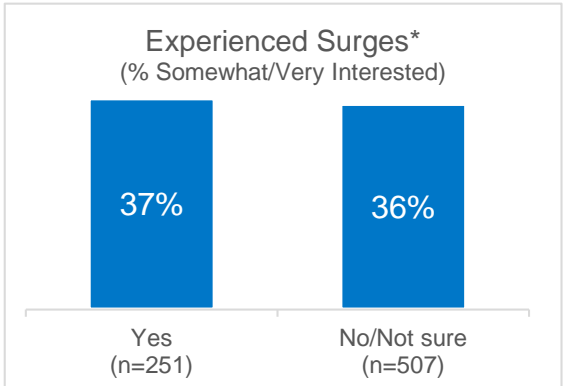
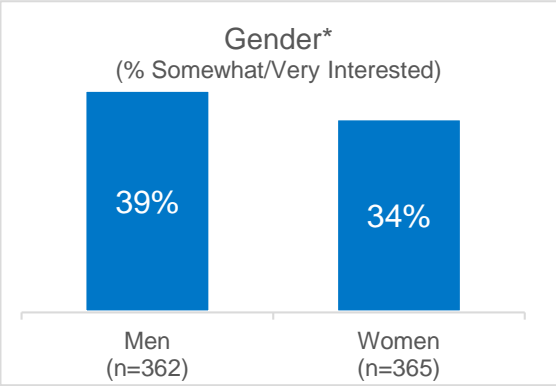
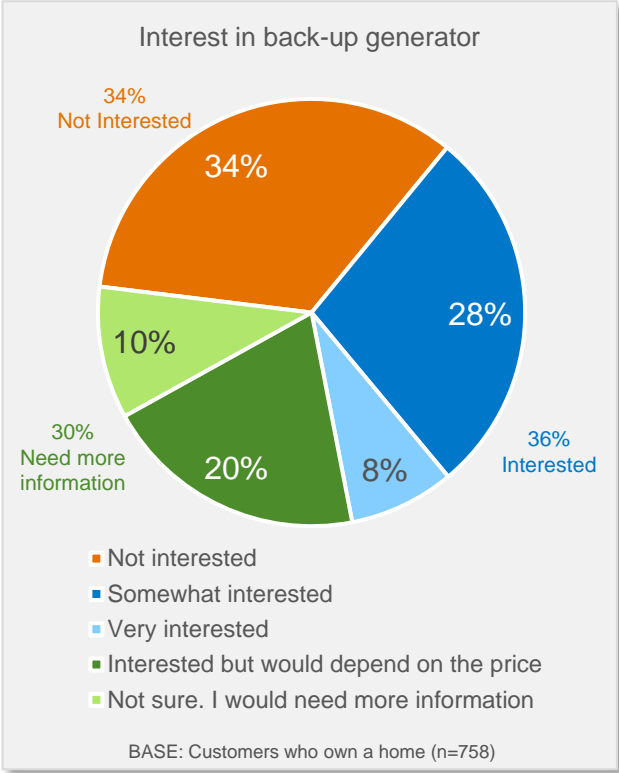
Breakdown of interest after price is revealed

Q.18 How interested would you be in Ameren Missouri providing tree maintenance?	Q.19 If the price for the tree maintenance service was \$9.99 a month, would this change your interest?	(n=)	(%)
Not interested (n=429) 57%	Decreases my interest	100	23%
	Does not change my interest	319	74%
	Increases my interest	10	2%
Somewhat interested (n=109) 14%	Decreases my interest	56	51%
	Does not change my interest	41	38%
	Increases my interest	12	11%
Very interested (n=46) 6%	Decreases my interest	20	43%
	Does not change my interest	19	41%
	Increases my interest	7	15%
Interested but would depend on the price (n=97) 13%	Decreases my interest	40	41%
	Does not change my interest	38	39%
	Increases my interest	19	20%
Not sure. I would need more information (n=70) 9%	Decreases my interest	37	53%
	Does not change my interest	31	54%
	Increases my interest	2	3%

- 39.5% of customers who are interested or unsure, lost interest after the price was revealed.
- 38.7% of customers who are interested are still interested after the \$9.99 price was revealed.

BASE: Customers who own a home (n=758)*

More than one-third (36%) homeowners are interested in having a back-up generator at their residence



* Percentages are based on customers who answered these demographic questions



Appendix:

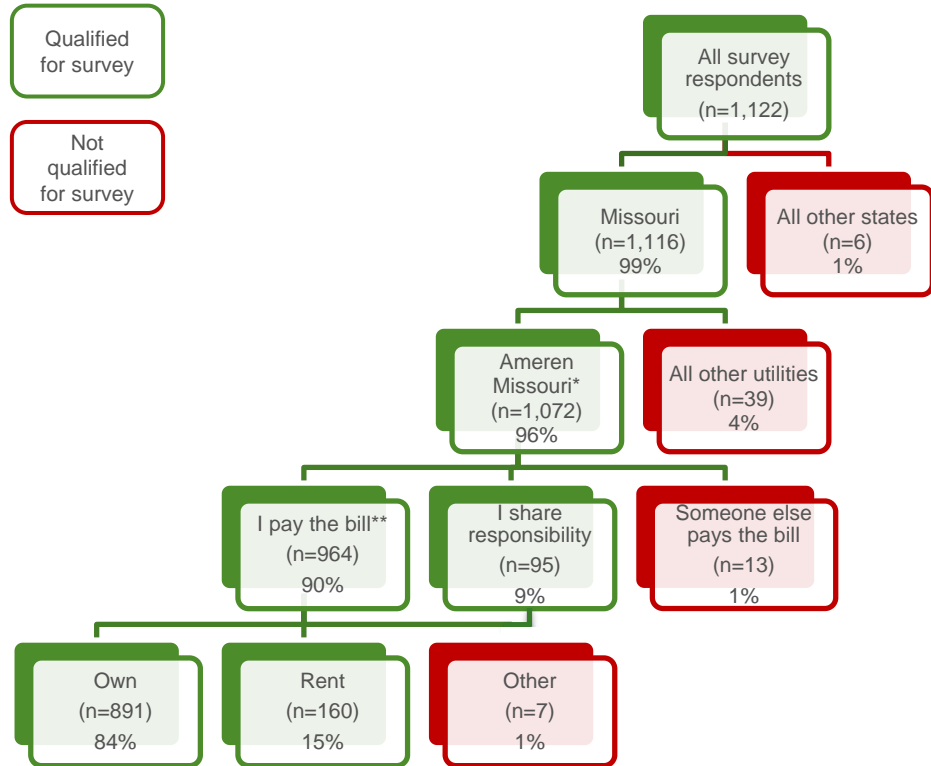
Methodology & Respondent Data

Survey Methodology



- Online survey deployed to Ameren Missouri's Your Voice Panel, which consists of approximately 4,200 customers.
- Survey fielded April 6 through April 13, 2020.
- 1,122 customers replied to the email invitation for the survey.
- After disqualification during screener questions and abandon surveys, 882* Ameren Missouri customers completed the survey (see slide 25).
- Used Van Westendorp Price Sensitivity Meter (i.e., research technique) to determine price range customers are willing to pay for the Surge Protection Program on a monthly basis (see slide 26-28).

Ameren Missouri Your Voice Panel screener questions



Q.1 What state do you currently live in?

Q.2 Which one of the following utilities do you get your electricity from?

Q.3 Who is primarily responsible for paying the Ameren Missouri bill for your household?

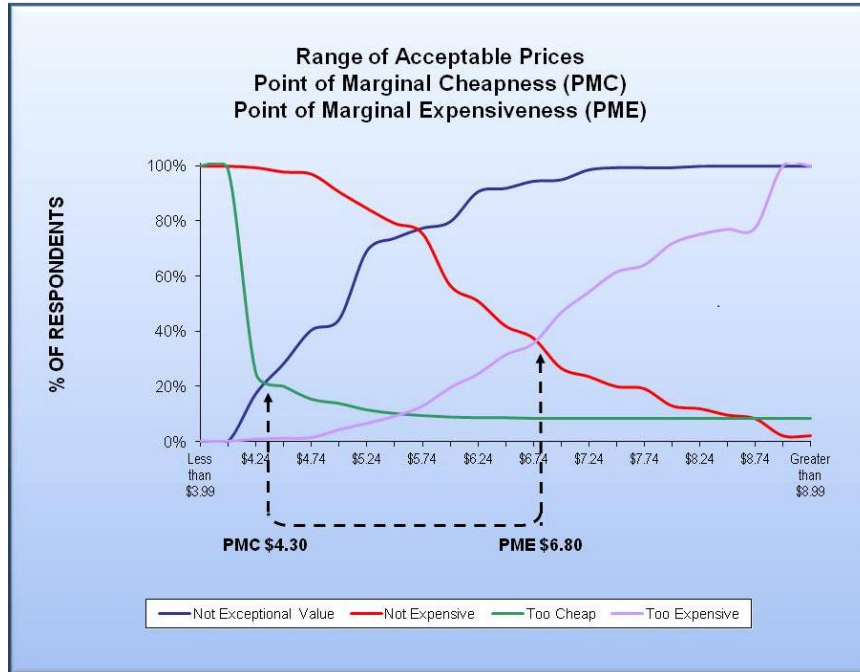
Q.4 Do you currently own or rent?

* 1,072 does not include the 5 Missouri residents who abandoned the survey after completing Q.1.

** 1 customer abandoned the survey after answering Q.3

Van Westendorp Price Sensitivity Meter

Example of pricing results



- The Price Sensitivity Meter is a market research technique for determining consumer price preferences.
- Use of four questions to determine the price range consumers are willing to pay for a product or service.
- The four questions reveal the Point of Marginal Cheapness (PMC) and the Point of Marginal Expensiveness (PME).
 1. At what monthly price would you consider the product to be **so expensive** that you would not consider spending it? (Too expensive)
 2. At what monthly price would you consider the product to be priced **so low** that you would feel the quality couldn't be very good? (Too cheap)
 3. At what monthly price would you consider the product **starting to get expensive**, so that it is not out of the question, but you would have to give some thought to it? (Expensive/High Side)
 4. At what monthly price would you consider the product to be a **bargain**—a great find for the money? (Cheap/Good Value)

Pricing Questions and Methodology

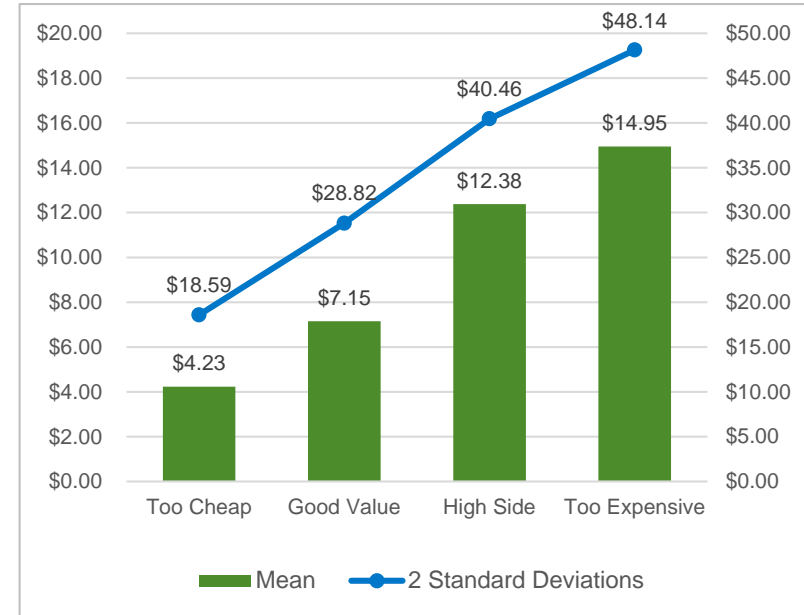
Van Westendorp Price Sensitivity Meter

- Customers were asked how much they would be willing to pay on a monthly basis to participate in the surge protection program. A monthly price was calculated via the customers response to four different price questions.
- The prices customers provided in questions 8 though 11 for the 882 completed surveys were used to determine the mean and standard deviation.
 - Q.8 At what monthly price would you consider the product to be so **expensive** that you would not consider spending it? (Too expensive).
 - Q.9 At what monthly price would you consider the product to be priced **so low** that you would feel the quality couldn't be very good? (Too cheap).
 - Q.10 At what monthly price would you consider the product **starting to get expensive**, so that it is not out of the question, but you would have to give some thought to it? (Starting to get expensive).
 - Q.11 At what monthly price would you consider the product to be a **bargain**—a great find for the money? (Good value).
- Customers could put in a price ranging from \$0.00 to \$99.99 for each of the four questions.
- 520 unique prices were given, ranging from \$0.00 to \$99.99.
- After cleaning, we were left with 324 unique price points ranging from \$0.00 to \$47.48 (see next slide).

Pricing Questions and Methodology (cont.)

Van Westendorp Price Sensitivity Meter

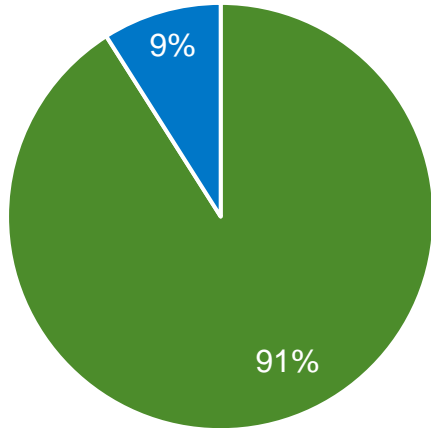
- Any prices that fell outside two standard deviations beyond the mean were excluded.
- Additionally, customers had to provide prices in a pattern that indicated they understood the questions. For example, if a customer provided a price for 'Too Cheap' that exceeded the price they provided for 'Good Value', that customer's prices were excluded.
- In all, we ended up with 417 sets of prices that were used to determine the pricing model.



Respondent Data

Q.3 Who is primarily responsible for paying the Ameren Missouri bill for your household?

Pays Bill

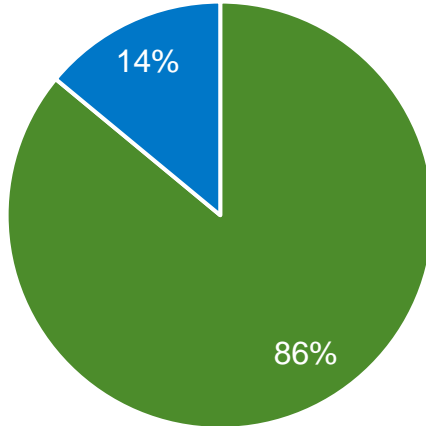


- I pay the electric bill
- I share responsibility for paying the bill

BASE: All respondents (n=882)

Q.4 Do you currently own or rent?

Living Situation

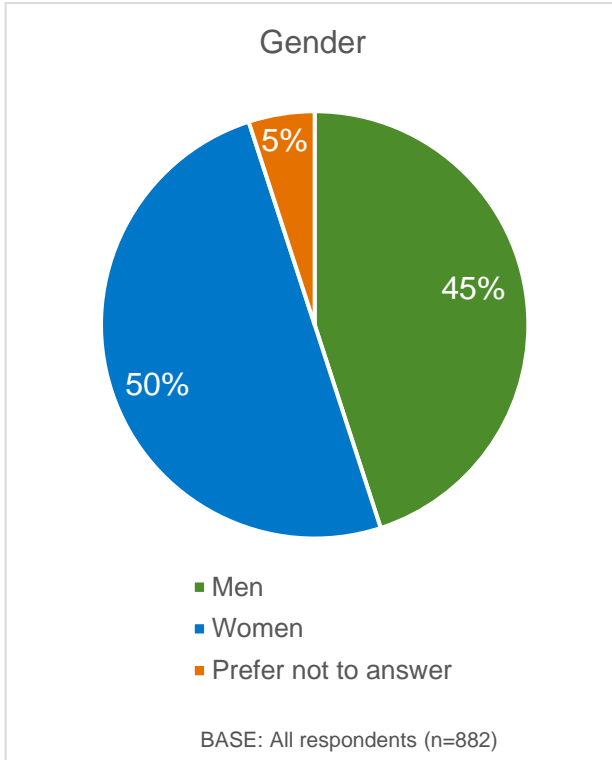


- Own
- Rent

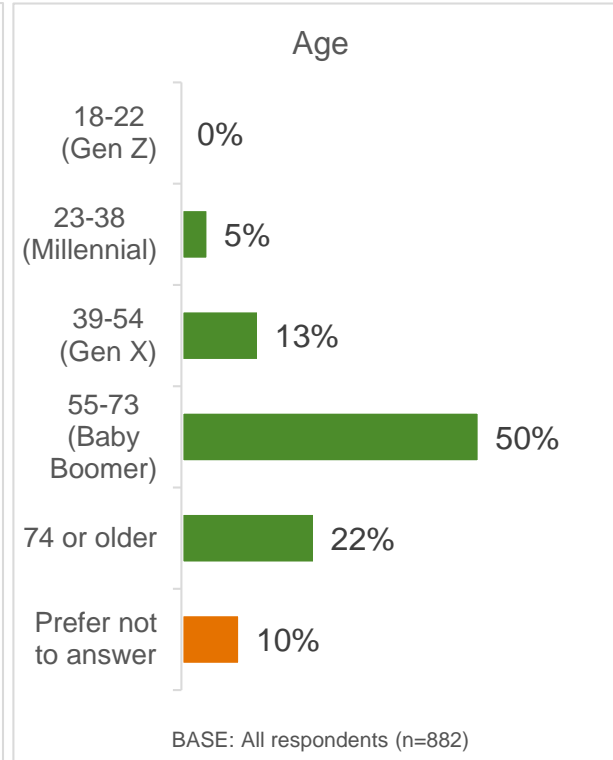
BASE: All respondents (n=882)

Respondent Data

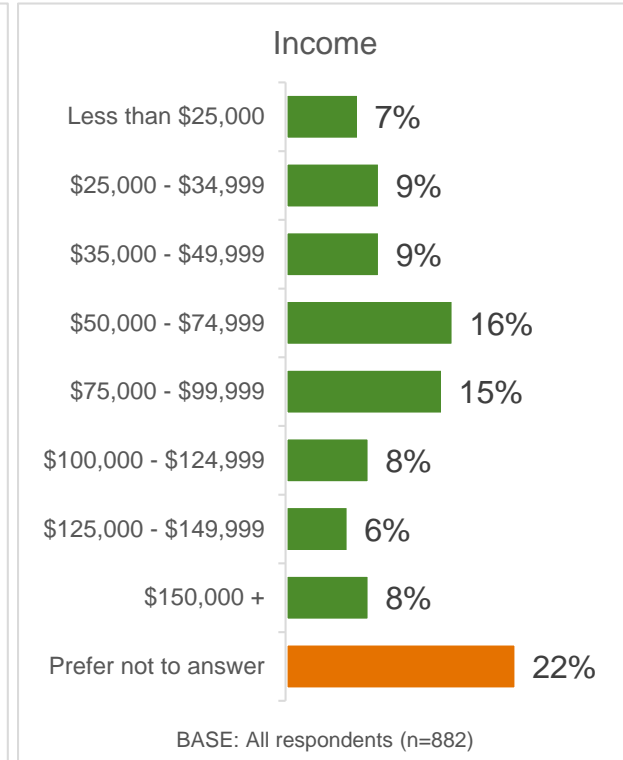
Q.21 What is your gender?



Q.22 Which of the following categories describes your age?

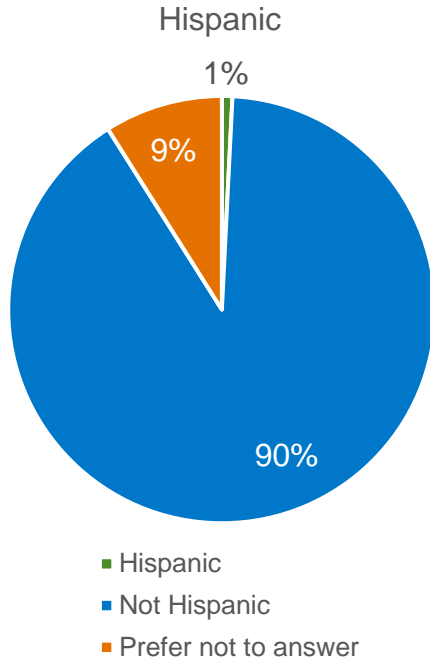


Q.23 Which of the following categories best describes your total household income before taxes?



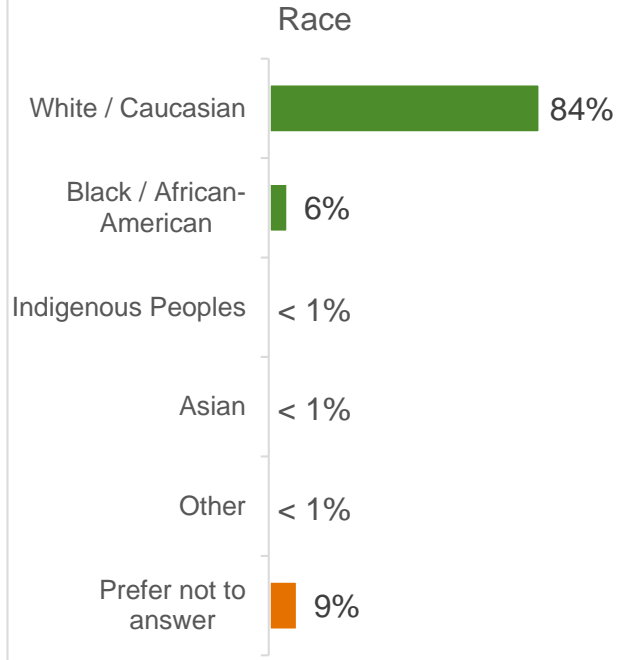
Respondent Data

Q.24 Are you of Hispanic or Latino origin?



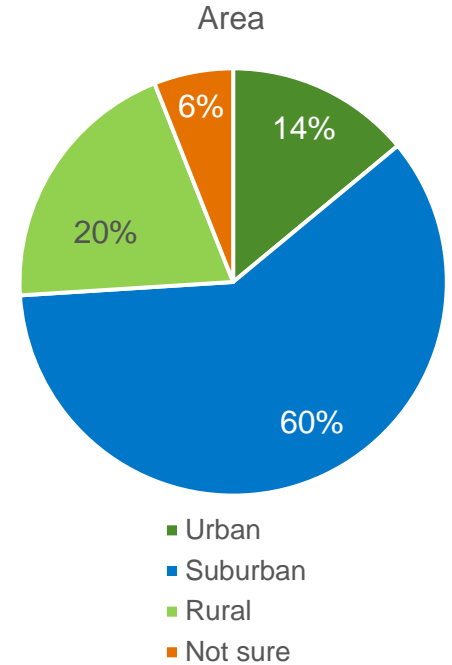
BASE: All respondents (n=882)

Q.25 Which of the following best describes your race?



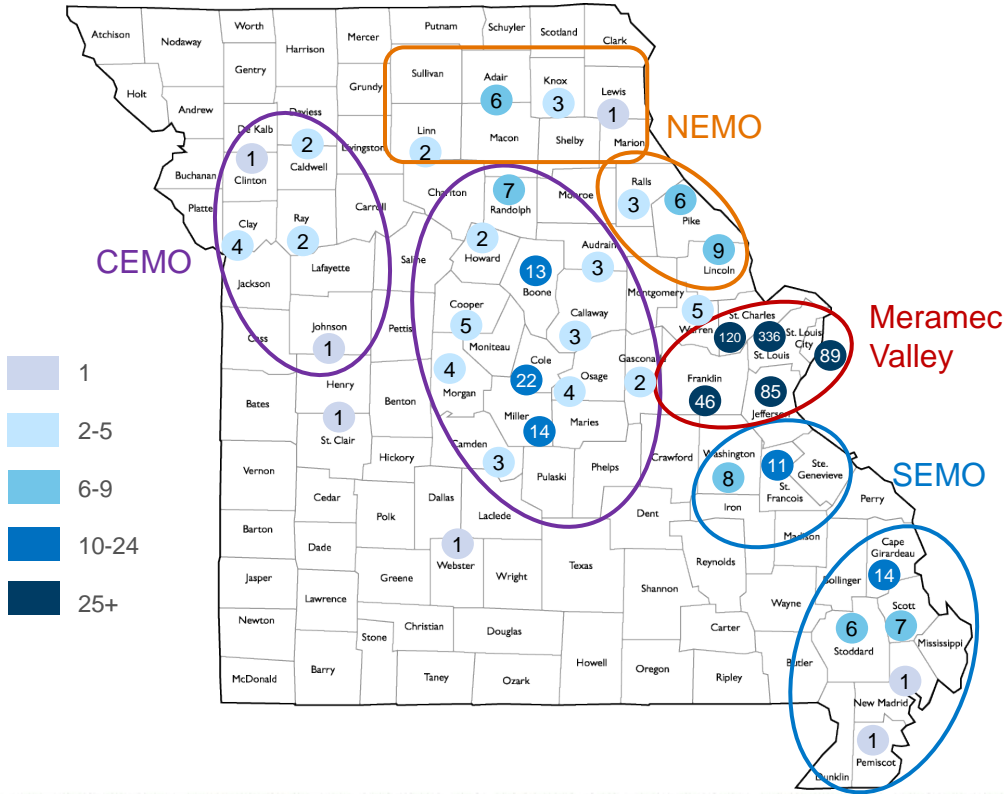
BASE: All respondents (n=882)

Q.26 Would you describe the area in which you live as urban, suburban or rural?



BASE: All respondents (n=882)

Respondent Data



CEMO	#	SEMO	#
Clinton	1	New Madrid	1
Johnson	1	Pemiscot	1
St. Clair	1	Stoddard	6
Webster	1	Scott	7
Caldwell	2	Washington	8
Gasconade	2	St. Francois	11
Howard	2	Cape Girardeau	14
Ray	2		
Callaway	3	Meramec Valley	#
Camden	3	Franklin	46
Clay	4	Jefferson	85
Morgan	4	St. Louis City	89
Osage	4	St. Charles	120
Cooper	5	St. Louis	336
Randolph	7		
Boone	13	Multiple Divisions	#
Miller	14	Audrain	3
Cole	22	Warren	5
NEMO	#		
Lewis	1		
Linn	2		
Knox	3		
Ralls	3		
Adair	6		
Pike	6		
Lincoln	9		

