

Atlanta Gas Light

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Corporate: www.atlantagaslight.comHome audit: <http://www.energydepot.com/aglc/security/logon2.asp>Residential programs: http://www.atlantagaslight.com/content/for_residential/aglc_forres_enetoo.shtml

Ownership: Investor-owned gas

Number of customers and service territory:

Provides delivery service to more than 1.5 million customers in Georgia and Chattanooga, Tennessee.

**BACKGROUND**

Atlanta Gas Light Company is the largest natural gas distributor in the Southeast. It also is the primary subsidiary of AGL Resources Inc., a regional energy holding company with operations throughout the Southeast. The Gas Advantage™ Program is the over-arching brand that aims to:

- Increase Customer Loyalty by promoting natural gas as the fuel source of choice
- Improve Customer Retention by increasing burner tips and creating a forum for customers to leverage AGL's natural gas expertise through the web.
- Project a new Brand and Personality as a Modern and Forward thinking company that is Dependable and Trustworthy as well as Approachable and Available
- Focus on Residential and Mass Markets to address targeting the 25-54 age group

History:

Up until 1998, with the passage of deregulation of the state's natural gas market, Atlanta Gas Light Company was the supplier and seller of natural gas to residential customers. In 1999, AGL became the 1st natural gas utility in US to fully deregulate. Today, certified gas marketers 'own' the customer experience and billing function, with AGL still operating and maintaining the gas pipes and reading meters. The marketer is the first point of contact. However, an increase in competition from other fuel sources meant that retention of gas customer took on added importance for AGL as a commodity supplier. The entire program administration and marketing budget is intended to be self-funding. Under regulatory guidelines, advertising dollars for the type of promotion described in this study must come from shareholder, not ratepayer, dollars

RELEVANT PROGRAM NAME AND DESCRIPTION**Energy Tools**

AGL set out to remake the company's Website in order for it to be an integral part of all future marketing efforts. AGL does not offer onsite or mail-in audits. Enercom's Online Energy Audit is presented under an Energy Tools banner that includes its online energy audit, Calculator, Library, Advisor and rate comparison applications. Emailed questions to the Advisor are automatically routed to a marketing staff member to be answered within 24 hours of receipt.

AGL Store

Customers can also go online to shopping for appliances via Enercom's Energy Mall, in addition to learning more about how they are using natural gas and electricity. Customers can access through the recommendations of the online energy audit, or directly on the web site.

The first two products the company offered were gas water heaters and gas fireplace logs. Today, customers can view and buy Grills; Gas Logs; Water Heaters; Space Heaters; Generators and Gas Lights. Prices shown are determined by the retailer and can vary between market areas. A certified third party contractor completes product installations. Installers are paid directly by the consumer at time of service. The customer enters their zip to ascertain the availability of installation in their area. When ordering by phone, installation site is qualified by a salesperson and the customer is told up-front about any additional costs associated with bringing materials up to code, if applicable.

How marketed:

The re-launch of the corporate web site was handled very aggressively, much like a new dot .com launch, rather than like a typical utility program. Billboards, newspaper, direct mail, and broadcast advertising took on a light-hearted “useful vs. useless” theme to drive customers to the web site to learn about the audit and the product available for sale. Although gas retailers were initially curious about why AGL was taking this approach, they soon realized that AGL’s goal was to promote the value of natural gas to retain customers and expand load through more burner tips.

- The site is also promoted on banner ads that appear on www.weather.com and Yahoo. The ads can be tailored to specific locales and the rotation of ads on www.weather.com can even be triggered by temperature shifts.
- In the fall and winter of 2000, a campaign was launch to drive people to the web site and call center sales

As a sponsor of the Atlanta Braves, AGL leveraged an opportunity to partner with Publix Supermarkets, another Braves sponsor, for a “Grand Slam Grilling” campaign to promote their private label line of meat and chicken. In Spring 2001, 109 Georgia Publix locations and 25 Georgia grill dealers participated with co-sponsors WSB Radio, Cooks Warehouse, Broilmaster and Fire Magic. Seven Super Saturday Grill out events were conducted with proceeds donated to Junior Achievement. A Grill Master section was added to the web site with recipes, build your own grill interactivity, etc.

Media Vehicles Included: WSB Braves Radio, Publix Sunday Newspaper ads, AGL Newspaper Weekend Preview, Sponsorships and magazines. The marketing campaigns won awards in 2001 from the local American Marketing Association chapter as with as Utility Communicators International. In 2002, AtlantaGasLight.com won a Merit Award for Innovation in Marketing from the Association of Energy Services Professionals.

Number of customer sign-ups:

- In fall 2000 campaign, web site hits went up from 45,000 to over 600,000 with Unique user sessions quadrupled and average length of visit increased from just over 2 minutes to over 14 minutes
- Sold 1200 sets of gas logs (also sold space heaters, water heaters and generators)
- In spring 2001, sustained over 550,000 web site hits and customers spent an average of 11 minutes on the web site
- Over 5,000 customers entered to win grills and other prizes
- \$5,000 raised for Junior Achievement

How service delivered and billed:

- Customer Care Center/Sales Teams were formed to provide Marketing Program Training and create Collaborative efforts to prepare materials and deliver training modules. The groups come together to work on project teams across departmental boundaries
- Can purchase products on the web or by phone and pay by credit card or check upon delivery.
- All orders placed are automatically routed to the closest of 25 Gas Advantage™ specialty retailers for delivery and installation. The retailer fulfills the purchase at the web price and pays a referral fee to AGL.

- Inquiries for HVAC equipment are pre-qualified for utility financing through a partnership with Sun Trust Bank, then referred directly to one of 225 certified Gas Advantage™ HVAC dealers.
- One full-time AGL employee monitors and manages Gas Advantage™ dealer relationships, while another coordinate sales, delivery and installation through the electronic storefront.

Key vendors/partners/allies:

- Enercom for web applications
- Area specialty retailers for order delivery;
- Certified contractors for installations
- Manufacturers and distributors
- Publix Supermarkets
- Junior Achievement

Lessons Learned:

- Proactive destruction rules, or, if it ain't broke, break it. Utilities can make quantum leaps when they shed stodgy images and business practices to integrate the web into everything they do. This is as true for utilities as it has been for brokerage houses to booksellers to General Electric.
- Utilities must follow a consistent, thoughtful media plan. AGL's annual plan calls for a rotation of sales-oriented as well as brand-building messages. Regardless of the message, the constant images are home comfort centered around the use of gas appliances
- Customers react very positively to the online energy audits. Numerous customers have told AGL that they have used the online energy audit to show their children the potential for energy savings.
- Emails must be answered promptly and professionally. All customer service and marketing staff are in the rotation to automatically be routed emailed inquires to the Energy Advisor. Staff is required to respond within 24 hours.
- It's not enough to satisfy customers; utilities must delight them. AGL works hard to exceed the expectations of customers and strives to create Nordstrom-like legends such as the customer who wanted a gas log set just before Thanksgiving and was astonished to receive same-day installation.
- Leverage Trade ally relationships to lower out-of-pocket promotional expenses. Specialty manufacturers and their distributors have identified enormous benefits from working with the utility to place their products in key locations. In some cases, the manufacturers private label the equipment with the AGL logo. In the parking lot grill promotions, the market paid for the food and labor, manufacturers provided the equipment as well as promotional specialty items such as cute chef hats, and both AGL and Publix provided the advertising support. AGL could never have afforded to put on such an event entirely at its own expense. AGL relies heavily on outside resources in the form of both partner and vendor relationships to reduce up front capital expenses and shrink implementation time.
- AGL has focused on partnering with smaller retailers because they typically have greater knowledge about the products and will promote natural gas more readily than large mass retailers. Smaller retailers are eager for a marketing edge and like being able to leverage a relationship with the utility. In addition, working with smaller businesses allows AGL to keep a quality control.
- More gas utilities are now considering the value of promoting their commodity online. High gas prices in other areas of the country are leading other utilities to embrace AGL's approach to promote efficiency and new products in a highly interactive and high tech manner

Future enhancements planned/anticipated:

- Expand the program in 2002 to a Commercial and Industrial web offering
- Automate the order process and create new opportunities for low income customers
- Implement web strategy for sister utilities Virginia Natural Gas and Chattanooga Gas Company
- Repeat spring and summer parking lot promotions in partnership with Publix.
- Create new partnerships and alliances with additional product partners, marketers and non-traditional areas
- Continue consumer research as well as investigate online research and instant customer surveys
- Perform additional usability testing on web sites
- Continue to listen to the customer and make their needs actionable plans
- AGL is establishing an interactive data warehouse, initially for market research purposes, to cross-reference customer email addresses with other information such as location and product interest to test receptivity to new offers.

Key staff individuals:

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If you are interested in getting more information about the study by Market Development Group, please contact them at:
<http://www.marketdevelop.com>.