

# Mastio & Company's Midstream Services Customer Value & Loyalty Benchmarking Study

5<sup>th</sup> Edition 2016

Metrics to Manage the “Midstream Customer Experience”



## OVERVIEW

MASTIO recently published its 5<sup>th</sup> Edition Midstream Customer Value & Loyalty Study in September 2016. This study identifies and quantifies the perceptions and needs of companies throughout the U.S. and Canada who utilize Midstream Service Providers. The 2016 study findings are based on interviews with 292 customers providing nearly 700 total observations. There were 100 midstream service companies rated of which 15 had a sufficient number of ratings to be included in this 2016 report. The electronic edition allows the inclusion of all rated companies for additional analysis.

The 2016 study also includes approximately 3,300 qualitative responses to nine open-ended questions about individual midstream service companies. The data was collected by telephone interviews with key decision makers from June until September of 2016.

### PERFORMANCE ATTRIBUTES MEASURED IN THE MASTIO MIDSTREAM STUDY

Representatives who listen well.	Proactively responds and fixes operational problems.
Easy to contact the right person for help.	Timely well connections.
Personnel respond quickly to requests.	Adequately provides the agreed upon service.
Expertise of personnel.	Flexible and easy to use scheduling system.
Timely and fair resolution of problems.	Provides timely notice of scheduled downtime events.
Ease and flexibility of contract negotiations.	Appropriately allocates capacity during downtime events.
Timely and accurate invoices and statements.	Overall system reliability.
Equitable contract terms.	Builds mutually beneficial relationship.
Clarity of the contract.	Supplier is honest and trustworthy.
Willingness to support your long term expansion and growth plans.	Historically dependable in meeting commitments.
Knowledge of my business.	Scheduled projects completed on budget.
Eagerness in reaching out to capture my business.	Scheduled projects completed on time.
Availability of system capacities.	How would you rate each midstream company on Overall Performance?
Measures and/or reports on reliability performance.	Competitive fees for service.
Completes scheduled maintenance events timely.	Value received for the money paid to the midstream company.
Willingness to make modifications to handle your volumes i.e. construction, adding compression, etc.	How likely would you be to recommend this company to a colleague (Scale: 1 - 10 with 10 being the most likely)
Takes steps to minimize downtime.	

### LIST OF MIDSTREAM SERVICE COMPANIES INCLUDED IN THE PRINTED REPORT

Anadarko	EnLink Midstream	Plains All American Pipeline
Crestwood	Enterprise	Shell Midstream Enterprises
DCP Midstream	Hess	Summit Midstream
Enable Midstream	Kinder Morgan	Targa
Enbridge	Markwest Hydrocarbons	Williams Midstream
Energy Transfer	ONEOK	

## WHY A MASTIO STUDY?

Successful organizations collect competitive customer metrics because they understand that it is the customer who has the money, and without customers they don't have a reason to exist! Organizations succeed by offering a "package" that wins more loyal customers than the competition. This is not to say that it does not take great executives, directors and managers to set the tone, articulate the corporate culture, see the vision, and empower employees, foster innovation and integrity, and all of the other things that make good companies successful. But in the end, if you do not have customers who want to do business with you, especially in tough times, you are destined for failure. Possessing competitive customer metrics that approximates the market instead of relying on hunches or just talking to your customers alone allows organizations to align their strategy, processes, structure, people and rewards to deliver maximum value to customers and shareholders.

## STUDY ANSWERS

Subscribers to **MASTIO's Midstream Services Customer Experience Study** learn customer perceptions of Supplier Performance, Value, and Loyalty by a multitude of data segmentations (i.e. geographic, volume, service, etc.) that will specifically answer questions such as,

1. How do customers' make their purchase decisions? What factors are the most important drivers of customers' perceptions of overall value and loyalty? What key buying factors (attributes) customers consider to be the most important when selecting between suppliers both from a **stated** and **derived** basis? The key buying factors will be classified as a *Baseline Requirement*, *Conscious Differentiator*, *Latent Differentiator* or *Low Impact Factor* to make it easier to understand what is really most important to customers.
2. What are the factors that lead to **defection**? What are the factors that result in **retention** - greater share of the wallet? This is a further refinement of the customer needs mentioned above where the key buying factors will be prioritized regarding defection. Thus, subsequent monitoring systems can be established after the proposed study to track and respond in real time to mitigate defection. Note: most defection is partial.
3. How do customers perceive your overall value and loyalty relative to **key competitors**? How competitive is your position in the marketplace? Where do you and your competitors fall on a value map - *inferior*, *economy*, *superior*, or *premium position*? Who should be losing or gaining market share? What are the biggest drivers of you and your competitors' position? What is required to change your position?
4. Also, how do customers perceive your performance on the key buying factors? What do customers perceive as **strengths** and **weaknesses** relative to key competitors? Which factors should you target for improvement? Which factors will have the greatest impact on your ability to win and retain more business? What factors should be emphasized in marketing communications that will resonate with customers?
5. How large a role does price play in the purchasing decision? What performance factors will allow a premium?
6. Which competitors are the most vulnerable and which are strongest in their ability to gain and retain customers? How do customers perceive the performance of competitors on the key buying factors? How do you use this knowledge to have a direct impact on your growth and profits?

In short, the study will identify improvements and marketing actions that will make customers choose a specific Midstream Service provider more than its competitors.

## DELIVERABLES

The comprehensive study will come with a printed report, a Microsoft Excel version of the raw data, custom tagging features of the data, and a proprietary segmentation software package that includes tools to conduct your own detailed analysis including a head-to-head comparison with key competitors. The segmentation software also allows subscribers to segment the data by demographics selected by you such as region, volume, strategic importance, etc. to see where you stand vs. the competition and thus be quickly underway with actions to improve performance.

MASTIO's software also provides clients with a custom tagging feature. The custom tagging is proprietary for each client. This feature allows the grouping of your customers, for example, by the key person responsible for each customer interaction, customer service teams, profitability, strategic importance, volume, etc. These options are virtually unlimited. This powerful feature allows additional in-depth analysis and the customization of the data.

## ANALYZE PERFORMANCE ACROSS CUSTOMER SEGMENTS

- **Volume Level** – segment the data based on production levels.
- **Midstream Service Provider Usage** – Does the respondent only use one provider or do they work with multiple providers.
- **Respondent Role** – Is the respondent a Primary decision maker or does he/she share in the decision process.
- **Third-party midstream services utilized** – segment and analyze the data on one or multiple services.

Gas Gathering	Gas Transportation	Gas Processing
NGL Transportation	NGL Fractionation	Gas Treating
Compression	Platform production handling	Crude-gathering & transport
NGL Storage	Gas Marketing	Other Crude related services

- **Operating region responsibility** – segment and analyze the data on one or multiple areas.

Gulf Coast - South Texas	Mid-continent - Oklahoma, Kansas, Texas panhandle	San Juan Basin (SW CO & NW New Mexico)
Gulf Coast Shelf	SW Wyoming (Greater Green River Basin)	West Texas - Permian Basin, SE New Mexico
Gulf Coast Deepwater	Barnett Shale (North TX)	Marcellus Shale/Utica
Arklatex	Haynesville Shale	Piceance Basin
Powder River Basin - Rockies	Bakken	DJ Basin/Rockies
Other _____		

## METHODOLOGY

Unlike customer satisfaction, our approach is grounded with empirical evidence of its validity; thus, you are ensured actionable results that can be implemented to win more business profitably. MASTIO utilizes two key methodologies - **Customer Value & Customer Loyalty**. Both methodologies show, on average, a strong correlation between a company's performance i.e. growth rate, market share, profitability, etc. and their respective Customer Value or Loyalty Scores. These two dashboard type of metrics allow managers an easy way to track performance in achieving customer relationship goals just as the use of financial reports allows managers to monitor whether they are meeting their profit goals. For example, empirical evidence shows the Loyalty (Net Promoter) leader has superior growth - averaging more than twice the rate of growth vs. their competition.

## BACKGROUND

Mastio & Company is a research-consulting firm that helps its clients maximize business performance by conducting studies that address three critical aspects of managing every business, which are to understand your customer, your competition, and your organization.

Mastio & Company conducts numerous multi-client and proprietary studies on a yearly basis. The majority of our engagements deal with organizational alignment. This concept uses metrics to design an organization that is better aligned with customers than the competition to win more business and increase profits. We also help clients bridge the gaps between analysis, interpretation, actions and successful deployment of a value based strategy.

Mastio & Company is celebrating nearly 30 years of providing actionable information to its clients. We are headquartered in St. Joseph, Missouri with an additional location in Houston, Texas. Our research is done primarily through telephone interviews from our call centers in the U.S. and the U.K. We also collect data from web-based platforms, mail and focus groups. All research is collected by an industry-experienced staff that adheres to stringent quality-control procedures. Mastio has served over 300 clients and has developed and managed over 450 successful business-to-business industry-focused projects, primarily in commodity driven industries such as but not limited to energy, utilities, transportation, logistics, plastics and chemicals. Our staff has extensive experience guiding successful research projects in North America, Europe and AsiaPacific.