ScottishPower plc

Transformation in the utilities market
Chartered Institute of Marketing
K. Boyfield (2001)

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Outline

- Background
- Strategy pre-2001
- Problems
- Strategy post-2001
- Challenges
- Recent developments
- Take-home lesson
Background

- Privatised in May 1991
- Market Capitalisation and Turnover trebled
- 24,000 staff, 8m customers (UK & US)
- One of the world's leading utility businesses

Strategy Pre-2001

A multi-utility business

ScottishPower plc

Holding

- Energy
- Electricity and Gas

Manweb

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Southern Water

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Financial Services

- Water

- Telescoms

- Telecoms

- PacifiCorp

- Joint venture with RBS

- Mirroring Centrica's strategy
- Entering US market
- Joint ventures and marketing alliances
### Problems

- California energy crisis
  - Price going up $63 to $750 per kW/hour
  - Failure of Utah-housed power station
    - Losses of $1 million a day
- Regulatory hurdles
  - US & UK
  - Energy and Water market
- Competition in Telecoms and Financial services

### Strategy Post-2001

- Pilot schemes
- Re-focus on core energy business
- Focusing about customers needs
- Branding

“We do not have a multi-utility strategy anymore, we now have an international energy strategy”
Challenges

- Ofgem’s price control
- Recovering lost revenue in US
  - $93/$293 million recouped
- Sale of SouthernWater
  - valued at £1.7bn in 1996 now only £1bn
- Centrica and PowerGen

Recent Developments

- Southern Water sold to FirstAqua in March 2002 for £2bn.
- PPM Energy, Inc in US
  - based on clean energy
    - gas storage hubs and generation
    - renewable energy
    - regional approach to growth
Take-home lessons

- Copying another company’s strategy does not always work

- Carry on doing what you are good at (‘core business’) i.e. in this case selling energy

- “Excellent service at good prices” - very important for brand success