

# PREFERENCE FOR SERVICE BANDS AND CUSTOMER SATISFACTION IN THE POWER SECTOR: A CONJOINT ANALYSIS STUDY

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## **Abstract**

*The study examined consumer preference for Service-Based Tariff (SBT) electricity bands and its impact on customer satisfaction. The SBT categorizes consumers into service bands (A–E) based on the promised hours of electricity supply, with the aim of aligning tariffs with service quality. Using a survey of 5000 electricity consumers in Osun State, conjoint analysis was used to assess consumer preference for key service attributes including reliability of supply, tariff cost, compensation mechanisms and voltage stability. In addition, the study evaluated the level of satisfaction on the four key service attributes. The results revealed that reliability of supply emerged as the most valued attribute (40%), followed by tariff cost (25%), compensation for service shortfalls (20%), and voltage stability (15%). The results further highlight widespread dissatisfaction, with 75% of respondents expressing dissatisfaction with the reliability of electricity supply, and 65% feeling their tariff band does not reflect the actual service they receive. This study emphasizes the importance of aligning tariffs with actual service delivery, and it offers policy recommendations for improving service consistency, enforcing service standards, and transparent tariff adjustments to enhance customer satisfaction and emotional well-being. By examining consumer preferences for these different service attributes, the study aims to inform policy decisions that will improve service delivery and enhance satisfaction among electricity users.*

*Keywords: Service-based tariffs, Customer satisfaction, Power supply, Customer response, Conjoint analysis*

## **Introduction**

Nigeria's electricity sector faces long-standing issues of inadequate supply, with many consumers relying on alternative power sources. The World Bank estimates that power shortages cost Nigeria around \$28 billion annually, which is about 2% of the country's GDP (World Bank, 2021).

Around 47% of Nigerians lack access to grid electricity, and those who are connected often experience frequent outages. In response, the Nigerian Electricity Regulatory Commission (NERC) introduced a Service-Based Tariff (SBT) system in 2020. Under the SBT, consumers are categorized into service bands (A–E) based on the hours of electricity supply

they should receive, with higher tariffs for more reliable service (NERC, 2020). However, it has been observed that a significant gap exists between the service promised and the service delivered. Many Nigerians, including those in Osun State, face frequent outages, voltage fluctuations and inconsistent billing, which often do not match their assigned service band (Eshiett, Abubakar, Eshiett & Ekanoye, 2023). NERC has provisions for tariff adjustments if the service does not meet the promised hours, but enforcement is weak, leaving consumers feeling trapped and frustrated (Oladipo, 2024). This situation has led to loss of trust and heightened emotions like anger and anxiety.

Nigeria's Service-Based Tariff (SBT) policy sets clear benchmarks for consumer expectations within each band, however, as many reports indicate, there are differences between the policy's intent and the service delivered. It has been noted that unreliable power supply leads to coping behaviours such as purchasing generators and a general decline in trust toward service providers and regulators (Olamide, Akintunde & Daramola, 2025). As noted by Tunji (2024) Nigerians rely on generators for 40% of electricity consumed.

Such dissatisfaction affects the likelihood of customers paying their bills, as many feel they were not receiving adequate service for what they were paying. Consumers in urban areas, classified in higher bands (A or B), still experience downtime, and few consumers are promoted to higher bands due to distribution companies' reluctance to meet higher service standards (Oladipo, 2025).

Understanding consumer response, such as frustration and perceived fairness, is crucial for improving customer satisfaction. This study investigates consumer preference for service bands and the relationship between service band categorization and customer satisfaction in the electricity sector in Osun State using conjoint analysis. Prior studies (Ryan and Farrar, 2000; Mora, 2011) have applied conjoint analysis in various contexts, however, this study contributes to the literature by focusing on customer preference for different service attributes and how it influence customer satisfaction in the power sector. The study aims to determine whether the current categorization system aligns with customer satisfaction. It is expected that customer satisfaction is largely driven by the alignment between expected and actual service. Consumers in higher service bands who receive reliable electricity are expected to experience high satisfaction and low frustration. Conversely, consumers who experience discrepancies between promised and actual service levels will likely feel dissatisfied and frustrated.

While the technical and economic challenges of Nigeria's electricity sector have been extensively documented, there is a notable lack of empirical research on the customer experience under the new tariff regimes. Few studies (Eshiett et al., 2023; Olamide et al., 2025) have quantitatively linked the SBT band system to customer satisfaction outcomes. This study addresses these gaps by applying conjoint analysis. This approach provides opportunity to determine the preferred features and to measure whether consumers are satisfied with their current bands. Furthermore, this research responds to calls for more customer-centric studies in the power sector, viewing consumers not merely as passive recipients of electricity but as active stakeholders whose preferences and well-being should be considered in evaluating service quality and sector performance.

## **LITERATURE REVIEW**

### **Theoretical Framework**

The study is underpinned by two theories, namely equity theory and expectancy-disconfirmation theory.

### **Equity Theory**

Equity simply means fairness. Equity theory was developed in 1963 by John Stacey Adams to describe the relationship between employee's perceptions of how fairly he/she is being treated and how he/she is being motivated to work (Ogolo, Obianuju & Chukwujama, 2016). The theory explains individual's perception of fairness in social exchange relationships, based on the perception of one's input into relations and the output of those relations compared against the ratio of the input and output of other people (Davlembayeva & Alamanos, 2023). The theory is relevant to this study because consumers are motivated when they find out that they are treated fairly and when there is transparency in their evaluations. Consumers are more likely to complain if they feel that they are treated inequitably. That is why Almusam (2016) posited that when people give too much in an exchange relationship and receive little or nothing in return, they would feel unsatisfied and unhappy. In this case, it means that if electricity consumers are made to pay so high and they are not getting power for the required number of hours, they will feel unsatisfied and unhappy.

### **Expectancy-Disconfirmation Theory**

Expectancy-Disconfirmation Theory was proposed by Richard Oliver in 1980 and it measures customer's satisfaction from difference between customer's expectation and experience in perceived goods and services (Spreng & Page, 2003). As noted by Lankton and McKnight (2012) the model consists of four elements: expectations, perceived performance, disconfirmation and satisfaction. Expectations define what customers anticipates about performance of a good or service while perceived performance indicates customer's experience after using the good or service which can be better or worse than customer's expectation. Disconfirmation is defined as the difference between customer's initial expectation and observed actual performance. When actual performance of specific good or service do not meet customer's expectation, negative disconfirmation will occur and it will lead to customer dissatisfaction. On the other hand, positive disconfirmation will lead to customer's satisfaction, if perceived performance of a specific good or service is able to exceed customer expectations.

The expectancy-disconfirmation model has become the predominant approach in explaining citizen satisfaction with public services (Zhang, Chen, Petrovsky & Walker, 2021). In this study, it posits that electricity users compare the performance of a service against their expectations of that service. Satisfaction occurs if the perceived performance meets or exceeds the expectations. According to the expectancy-disconfirmation theory, consumers will feel satisfied when performance meets or exceeds expectations. On the other hand, when performance falls short of these expectations, consumers experience dissatisfaction and feelings of unfairness.

### **Customer Satisfaction in the Power Sector**

Customer satisfaction is the level of fulfillment obtained from a service offering (Shen, Tan & Xie, 2000). Customer satisfaction in the power sector largely depends on the gap between expectations and actual performance. In regulated utilities, consumer expectations are shaped by prior experiences and official promises, such as a tariff band that guarantees a certain number of hours of supply. Research on electricity consumers in other Nigerian regions reveals that perceived service quality is a critical predictor of overall satisfaction (Eshiett et al., 2023). The increasing rate of end user disaffection and distresses on billing processes is on the rise due to their inability to equate the energy supplied and the amount

chargeable by the service providers. Consumers who experience frequent outages, voltage instability, and inaccurate billing report feelings of anger and helplessness, which undermine their willingness to engage cooperatively with utilities.

In addition to cognitive evaluations of service satisfaction, consumers experience specific emotional reactions, such as frustration, anger and anxiety. Frequent outages and unmet expectations can cause significant stress and frustration, as evidenced by numerous reports of Nigerian households and businesses coping with blackouts. Frustration intensifies when consumers feel helpless, such as when they continue paying bills despite poor or inconsistent service. These emotional responses can affect broader societal outcomes, such as reduced productivity and quality of life. Conversely, when a power provider meets consumer expectations consistently, it fosters trust and relief. Frustrated customers are more likely to lodge complaints or seek alternatives, such as installing generators or switching to solar power, while satisfied customers show loyalty and may even advocate for their providers.

### **Service Band Categorization**

A service-based tariff is a tariff structure where electricity distribution companies are required to meet certain minimum hours of electricity supply to customers so as to pay a tariff that is closer to a cost-reflective electricity (Balogun, 2024). The categorizations are as follows:

<b>Service Band</b>	<b>Minimum Hours of Electricity Supply</b>
Band A	20 Hours
Band B	16 Hours
Band C	12 Hours
Band D	8 Hours
Band E	4 Hours

The introduction of service bands under cost-reflective tariffs, such as Nigeria's SBT system, represents a segmentation strategy aimed at improving equity in public utility management. The system aligns service quality with pricing, meaning consumers who receive more electricity should pay more, and those who receive less should pay lower tariffs. Ideally, such categorization should enhance fairness and increase overall satisfaction, as higher-end users enjoy premium service while lower-income users are protected from paying for services they did not receive. However, inequitable outcomes arise when consumers are billed for services they do not receive. For example, a customer in Band B, which promises 16 hours of supply, may receive only 8 hours, corresponding to Band D service, yet still pay a higher tariff. Procedural justice emphasizes that consumers react negatively when they perceive the allocation system as unfair, regardless of the actual service quality. Public commentary in Nigeria has underscored this issue, with many consumers expressing resentment over misclassification or failure to see improvements following tariff hikes. The Nigerian Electricity Regulatory Commission (NERC) acknowledges these concerns in its communications, noting that customers who experience service shortfalls should be billed at lower rates until the issue is resolved. However, challenges in enforcement and DisCos' reluctance to downgrade service bands due to revenue loss result in consumers paying for a level of service that is not delivered.

In the study of Eshiett et al. (2023) it was found that there is no relationship between the service provided and the amount billed customers in the Nigerian energy sector. Consequently, the authors recommended the need for all stakeholders in the energy sector to embark on a holistic measure that will equate amount billed with the exact value of service provided to enhance customers' satisfaction. Olamide et al. (2025) investigated customer satisfaction with the service quality of electricity service delivery after privatisation from available relevant publications and social media and found that majority of consumers have negative perception of service quality even after the privatisation of the power sector.

Dauda, Mawoli and Babandako (2014) examined the service quality of electricity services in Nigeria from manufacturers' perception and found that the service quality of electricity services is poor for tangibility, reliability, responsiveness, assurance, empathy and recovery dimensions. The authors also found a significant negative association between expected and perceived service quality of electricity supply and they recommended that the Nigerian government as well as stakeholders should ensure that the quality of electricity supplies in Nigeria is upgraded. Orovwiro, Awa and Ademe (2024) examined the dimensions of customer service of electricity distribution such as assurance, critical moments, focus on outcomes, and overall product experience and their effects on customer satisfaction. They found that all four dimensions significantly contribute to customer experience, which plays a crucial role in determining customer satisfaction.

Anyim and Egeruo (2016) examined the expectations of customers and the level of satisfaction that they have been able to get from electricity distribution companies in Nigeria and found out that a lot of bills are over estimated. The authors noted that the electricity distribution company in Nigeria need to improve in order to satisfy customers. The review indicates that Nigerians have low perception of electricity service and the level of satisfaction is low.

## **METHODOLOGY**

The study adopted a survey research design to evaluate consumer preferences. The study integrated descriptive assessments of current service experiences with a conjoint analysis experiment. The research was conducted in Osun State, Nigeria, with a focus on residential electricity consumers across various service bands. The target population for this study consisted of residential electricity consumers in Osun State, representing diverse service bands. The study employed a combination of purposive and convenience sampling to ensure that the sample included consumers from urban, semi-urban, and rural areas. The data was collected cross-sectionally, capturing responses from 5000 respondents at a single point in time in March 2025.

Data collection was carried out using a structured questionnaire hosted on Google Forms, which was distributed on online platforms. The questionnaire was divided into multiple sections, including demographics, current service satisfaction and a conjoint task (hypothetical scenario evaluation). The survey instrument was developed by the researchers and informed by literature and expert input. It included both Likert-type scales and conjoint choice tasks. In Section A, respondents provided background information and some context, such as how long they have been connected to electricity and whether they know their current service band classification. Section B asked questions on the current level of satisfaction while section C focused on conjoint scenarios.

### **Conjoint Analysis in Utility Research**

Conjoint analysis is an effective statistical technique used to understand how consumers value different attributes of a service (Ighomereho, 2011). It deconstructs consumer preferences by breaking down the overall evaluation of a service option into its constituent attributes, such as price, reliability and quality. Conjoint analysis has gained prominence in utility research, as it allows researchers to quantify the trade-offs consumers are willing to make between various service features (Green, Krieger & Wind, 2001). This study employs conjoint analysis to assess the trade-offs between key service attributes outlined in the SBT system by presenting respondents with hypothetical service scenarios that vary in terms of hours of supply, tariff rate, voltage stability, and compensation for service failures. This method provides a more comprehensive understanding of consumer preferences than analysing individual attributes in isolation, as it mimics the real-world experience of receiving bundled services.

The study analysed the survey responses using IBM SPSS and R. Descriptive statistics were calculated for demographic profiles and satisfaction levels. To analyse the conjoint data, weighted additive model formula was used to estimate part-worth utilities for each service attribute:

$$S = \sum_{i=1}^n (w_i x_i)$$

Where:

**S** represents the overall satisfaction score.

**W<sub>i</sub>** is the weight assigned to each service attribute: - Reliability, Tariff, Voltage, Compensation.

**X<sub>i</sub>** is the level of each attribute in a given service scenario: - 20 hours of supply, high tariff ₦225.

**n** is the total number of attributes (4 in this case).

Therefore, if the reliability of supply is assigned a weight of 0.40, the tariff a weight of 0.25, the compensation a weight of 0.20, and voltage stability a weight of 0.15, then, the overall satisfaction can be calculated by multiplying the levels of each attribute by their corresponding weights and summing the results. In addition, ordinary least squares regression was used to analyse the relationship between the satisfaction ratings and the attribute levels. This enabled the estimation of the relative importance of each attribute in shaping customer satisfaction.

## RESULTS

### Demographic Analysis

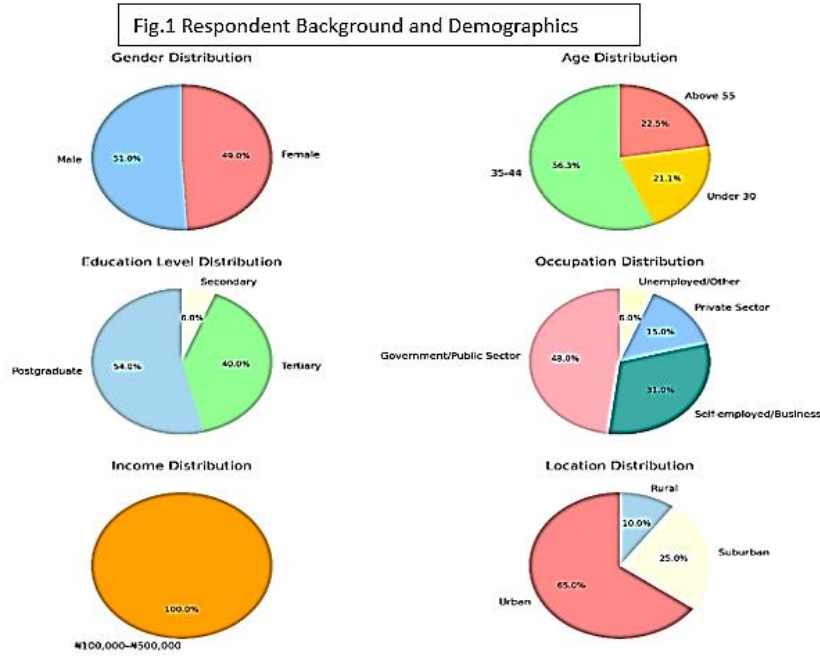
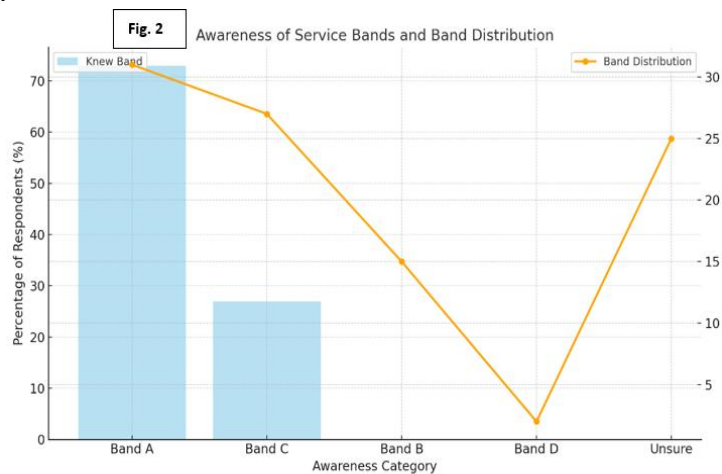


Figure 1 shows the respondents’ demographic information. The analysis revealed that 51% of the respondents are males while 49% are females. For age of the respondents, majority (56.3%) were between the ages of 35 to 44 years and with respect to level of education, majority (54%) are postgraduate holders. Most of them (48%) work in the public sector and they earn between N100,000 to N500,000. In addition, majority of them (65%) live in urban areas.



The results in Figure 2 suggest a substantial representation of higher-band customers in the sample, possibly because urban, higher-educated consumers were more reachable via the survey.

**Current Service Experience**

Series of statements to gauge perceptions of electricity service quality and satisfaction under the status quo were presented to the respondents. Respondents rated their agreement on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). The results are shown in Figure 3:

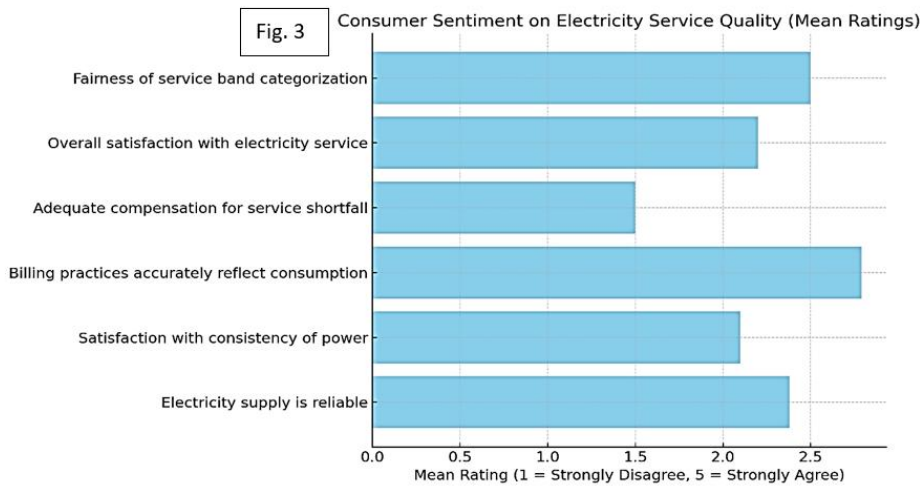


Figure 3 illustrates the mean ratings for each question. The chart reflects respondents' sentiments on various aspects of electricity service, such as reliability, consistency, billing accuracy, compensation for service shortfalls, overall satisfaction, and the perceived fairness of their service band categorization. Ratings closer to 1 indicate strong disagreement with the statement (negative sentiment) while ratings closer to 5 indicate strong agreement (positive sentiment). In Figure 3, all the ratings are less than 3 suggesting a generally negative sentiment which indicates dissatisfaction.

**Conjoint Analysis**

The core of the methodology is the conjoint experiment designed to evaluate consumer preferences for different service scenarios. Based on the literature review and Nigeria’s policy context, four critical service attributes were identified (reliability of supply, tariff, compensation mechanism and voltage stability).

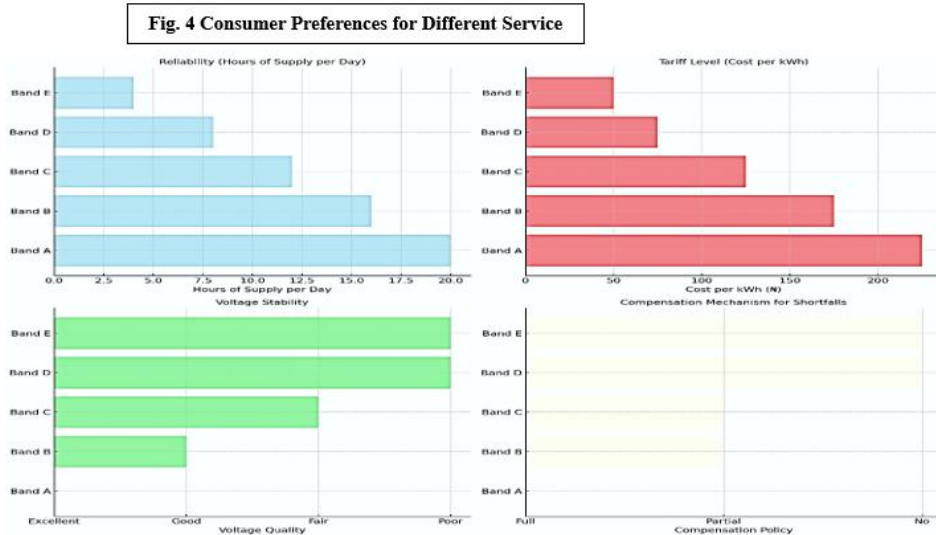


Figure 4 represents the service attributes for different service bands (A to E). Each plot in the diagram represents a different service attribute. Using an orthogonal fractional factorial design, a set of eight hypothetical service profiles was constructed, each profile being a unique combination of the above attribute levels. One profile presented a best-case scenario (20 hours supply, high tariff ₦225, excellent voltage, full compensation) while another profile represented a worst-case scenario (4 hours supply, very low tariff ₦50, poor voltage, no compensation). Other profiles mixed medium levels (12 hours, moderate tariff,

fair voltage, no compensation; or 16 hours, moderate-high tariff, good voltage, partial compensation, etc.).

The design ensured that each attribute’s levels varied independently across the profiles, allowing estimation of each factor’s effect. These profiles were not labelled by “Band” explicitly, but it is implicit (for instance, a 20h scenario corresponds to what Band A, 12h to Band C, etc.). Each respondent was randomly assigned one of the eight profiles to evaluate to keep the survey length reasonable and avoid fatigue (so that, in total, each profile was evaluated by roughly 625 respondents given a sample of 5000). The profile description was given as a short paragraph detailing the service conditions (hours per day, typical voltage situation, monthly tariff rate, and what would happen if outages exceed the promise).

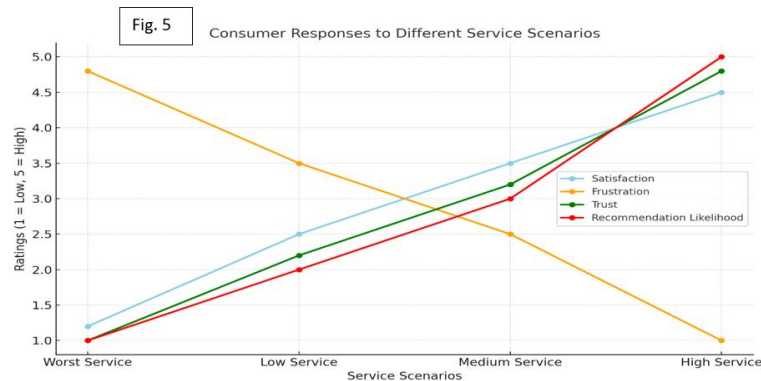


Figure 5 illustrates consumer responses to different service scenarios based on four key metrics: satisfaction, frustration, trust and recommendation likelihood. Each line represents the trend for one of these variables across the service scenarios (from worst to high service). It can be observed from Figure 5 that satisfaction increased with service quality while frustration decreased. Trust and recommendation likelihood also show improvement with better service. These measures were used to capture emotional and attitudinal responses to the controlled scenario. By varying the scenario across respondents, between-subjects conjoint experiments were conducted where each person’s ratings reflect the utility of that particular combination of attributes.

**Level of Customer Satisfaction**

Table 1: Customer satisfaction rating

Survey Item	Mean Rating	Percentage Agree/Disagree
General Satisfaction with Electricity Service (Q20)	2.38	23% Agree, 75% Disagree
My Electricity Supply is Reliable	2.38	60% Strongly Disagree, 40% Disagree
I am Satisfied with the Consistency of Power Supply	2.1	60% Strongly Disagree, 40% Disagree
The Billing Practices Accurately Reflect Usage	2.79	30% Disagree, 20% Strongly Disagree, 25% Neutral, 25% Agree
When There is a Shortfall in Supply, I Receive Adequate Compensation (Q13)	1.5	85% Strongly Disagree, 15% Agree
My Current Service Band Reflects the Quality of Service I Receive (Q24)	2.1	65% Disagree, 21% Agree, 14% Neutral
Likelihood of Filing Complaints if Service Disruptions Continue		82% Likely, 44% Strongly Likely
Likelihood of Switching Providers if Service Does Not Improve		72% Likely
Willingness to Pay Higher Tariffs for Improved Service		42% Willing, 40% Unwilling

Table 1 summarizes the results from the survey regarding consumers' satisfaction with electricity service in Osun State. These results clearly point to widespread dissatisfaction with electricity services, with issues such as reliability, compensation, and billing accuracy being primary sources of dissatisfaction.

### Conjoint Analysis Findings

The conjoint analysis provides insights into which attributes of electricity service most influence consumer preferences. Each respondent evaluated a hypothetical service profile with specific attributes (supply hours, tariff, voltage stability, and compensation policy) and rated how they would feel under that scenario.

#### Scenario Profiles:

**Profile A (High Service/High Cost):** With 20 hours of supply, excellent voltage, a high tariff (₦225), and full compensation, this profile received high satisfaction ratings. Respondents were mostly pleased, though some were frustrated by the high cost.

**Profile B (Mid-level Service):** With 12 hours of supply, fair voltage, a moderate tariff (₦125), and no compensation, this scenario received lukewarm reactions. Satisfaction was moderate, and respondents were often frustrated by the lack of compensation.

**Profile C (Low Service/Low Cost):** With only 4 hours of supply, poor voltage, a very low tariff (₦50), and no compensation, this scenario caused strong dissatisfaction. Many respondents expressed anger and disappointment, with very low satisfaction and trust.

By comparing responses across different scenarios, we can infer the relative importance of each attribute. Table 2 summarizes the estimated utility impact and importance of each attribute derived from the conjoint data.

Table 2. Conjoint Analysis Results: Importance of Service Attributes

Service Attribute	Levels (range)	Relative Importance (%)
Reliability of Supply	4 hrs to 20 hrs per day	40% (most influential)
Tariff (Cost)	₦50 to ₦225 per kWh	25%
Compensation Mechanism	None, Partial, Full Compensation	20%
Voltage Stability	Poor to Excellent	15% (least influential)

**Note:** Importance percentages are an approximate indication of each attribute's contribution to overall preference. Higher values mean the attribute had a greater effect on respondents' choice in the conjoint scenarios.

Table 3 CONSUMER PREFERENCES DATA

Service Attribute	Weight (%)	Part-worth Utility (Highest Level)	Mean Satisfaction for High Scenario	Mean Satisfaction for Low Scenario
Reliability (Hours of Supply)	40	3	4.5	1.6
Tariff Level (Cost per kWh)	25	-1.5	3.8	2.1
Compensation Mechanism	20	1	4.2	2
Voltage Stability	15	0.5	3.5	2.5

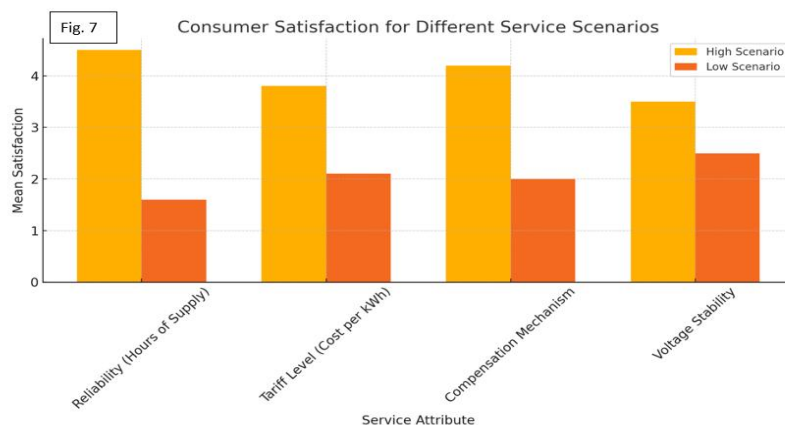
**Reliability (Hours of Supply):** The most influential factor affecting customer satisfaction is the reliability of electricity supply. Consumers placed the highest value on having consistent power. Scenarios with 4–8 hours of supply per day have low satisfaction scores (1 out of 5). On the other hand, scenarios with 16–20 hours of supply resulted in much higher satisfaction. The contrast between 4 and 20 hours showed a clear difference in satisfaction, with a significant statistical impact ( $p < 0.001$ ). Small improvements in supply duration, like moving from 12 to 16 hours, noticeably improved consumer happiness. The tariff level was

the second most influential attribute, though consumers were somewhat willing to tolerate higher costs if it resulted in better service.

A very high tariff (₦225) had a negative effect on satisfaction when the service quality was held constant. However, when high tariffs were paired with excellent service, many respondents expressed higher satisfaction. Interestingly, some consumers preferred a moderately high tariff with good service over a low tariff with poor service. The tariff had a relative importance of 25%, indicating that while it mattered, it was less important than reliability. Policymakers should consider gradual tariff increases accompanied by service improvements, as large hikes without visible service upgrades may provoke negative emotions.

The presence of a compensation mechanism significantly influenced customer satisfaction. Scenarios with no compensation for service failures led to lower trust and higher frustration. In contrast, scenarios offering full compensation (e.g., bill reductions for unmet service promises) resulted in higher trust and reduced frustration. The importance of compensation was about 20%, highlighting its role in maintaining consumer goodwill, even though it cannot replace actual service delivery. Statistically, moving from no compensation to full compensation had a significant positive effect on satisfaction ( $p < 0.01$ ). Voltage stability had the lowest relative importance at 15%. Although voltage quality can affect customer satisfaction, it was not as important as supply hours and cost. Severe voltage fluctuations, however, did lower satisfaction slightly. Consumers assumed baseline voltage quality and did not prioritize it as much compared to having reliable electricity. This suggests that while voltage stability is important, ensuring consistent power supply remains the higher priority.

The emotional reactions to service scenarios varied. Scenarios with the lowest hours of supply and no compensation led to overwhelmingly negative emotional responses, including feelings of frustration, disappointment, and hopelessness. In contrast, scenarios with higher supply hours and compensation elicited positive emotions such as satisfaction and trust. Consumers were more likely to feel positive about service when they received better power supply, even if the tariff was higher.



The data reveals that reliability (hours of supply) is the most influential attribute affecting customer satisfaction, with a significant increase in satisfaction when service reliability is high. Tariff level also plays a crucial role, but its impact is less than reliability, while compensation mechanisms and voltage stability have a smaller effect on satisfaction. Overall, higher service quality leads to substantially improved customer satisfaction, whereas lower reliability and no compensation result in considerable dissatisfaction. These

results indicate that service reliability and the presence of compensation mechanisms are critical factors influencing customer satisfaction, while tariff levels and voltage stability play a less significant role. To improve customer satisfaction, utilities should focus on increasing supply reliability and offering compensation for service shortfalls.

## **DISCUSSION**

The study aimed to explore the preference of consumers on the categorization of electricity into service bands and how it affects customer satisfaction in Osun State. The findings clearly show that the expectations set by the Service-Based Tariff (SBT) system have not been met, leading to widespread dissatisfaction among consumers. This finding supports the findings of Eshiett et al. (2023); Orovwiroro et al. (2024) and Olamide et al. (2025). Similar to the finding of Dauda et al. (2014) the study identified reliability (supply hours) as the most important service attribute. Consumers value having consistent electricity supply. The difference in satisfaction between scenarios with only 4 hours of supply and those with 20 hours was substantial. Delivering on promised supply hours leads to significant improvements in satisfaction, whereas failure to do so results in a major loss of goodwill.

While tariff levels also impact customer satisfaction, consumers are willing to pay higher tariffs if they receive more reliable service. However, the study highlights that consumers strongly oppose high tariffs when service quality does not match the promised level. This aligns with equity theory, where consumers feel it is unfair to pay higher rates for lower service levels (Almusam, 2016). The presence of a compensation mechanism significantly influenced customer satisfaction. Consumers who receive compensation when service falls short tend to have higher satisfaction and lower frustration levels. On the other hand, the absence of compensation leads to a sense of unfairness and aggravates frustration. Voltage stability was the least important factor, with only a minor impact on customer satisfaction. Although it is still relevant, consumers prioritize having electricity supply over consistent voltage. Severe fluctuations in voltage can cause dissatisfaction, but overall, consumers seem to take voltage stability for granted as long as they receive reliable power.

## **CONCLUSION AND RECOMMENDATIONS**

The implementation of consumer categorization through service bands in Nigeria's power sector was a bold policy move aiming to balance financial sustainability with service delivery. This study's findings from Osun State reveal that the success of such a policy ultimately hinges on delivering services that matches the promise. Consumers have clearly articulated that reliability is non-negotiable as it is the cornerstone of their satisfaction. When they receive significantly less than what is pledged for their tariff category, dissatisfaction soars, trust erodes, and they seek alternatives or recourse. On the other hand, when service improvements are tangible, consumers respond with a willingness to engage (even to pay more) and a restoration of confidence. As such, regulators and utilities must not only get the technical pieces right (more megawatts, better infrastructure) but also the customer relations pieces (fair billing, compensation, communication). Aligning tariffs with service in practice, as intended on paper, should be a priority. Thus, addressing the inconsistency either by upgrading service or adjusting tariffs is essential to rebuild trust. The context of Osun State may likely reflect other parts of Nigeria and perhaps other developing countries facing similar dilemmas of tariff hikes vs. service delivery. Thus, utility providers must view their customers as partners whose satisfaction is crucial for long-term viability.

The study recommends improve reliability, accountability and treating consumers fairly. By doing so, the power sector in Nigeria can hope to turn the tide on public perception from one of disappointment to one of cautious optimism and, eventually, to satisfaction. The people of Osun State, like all electricity consumers, ultimately want what was promised, that is, a fair deal where the lights stay on for the amount of time they pay for, or they pay only for the amount of time the lights stay on. Achieving that will not only light up homes and businesses but also lighten the emotional burden that has long darkened the populace's experience with electricity.

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