

Utilities CRM Enters a New Era

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Customer Demand Assumes New Proportions in Utilities

In times of directional and structural changes within a company, or when an industry undergoes a major overhaul, customer service almost certainly takes a beating. Industry transitions of any kind are bound to have far-reaching effects on the customer, both good and bad. A case in point is the utilities industry, which has recently gone through a considerable amount of consolidation, re-structuring and de-regulation. The effects of these changes in the utilities industry have impacted the level and quality of customer service both positively and negatively. Customer service ratings have a very strong influence on the overall performance of utilities companies and can seriously impact parameters like market growth and stock price.

Prices are rising. Customers are, therefore, demanding more information and control over usage, and if dissatisfied, are switching over to other service providers. Customer wakefulness will continue to improve hereon, as the customer starts understanding and appreciating the social implications of his or her utilities' new policies on say, the adoption of smart grid technology, harnessing alternative energy sources and so on. Only those utilities companies that identify and implement solutions to these challenges will prosper in the future. It will be a challenging task ahead for utilities companies to figure out how to improve service and hold on to their customers.

Pricing versus Service – Utilities Grappling to Find the Right Way

Currently, many utilities companies are struggling to reduce customer service cost and at the same time increase customer satisfaction. There are others who are trying to win over customers based on prices only to lose them later because of poor service. Most energy companies in Britain have focused on residential markets

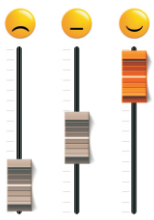
using price as their main competitive weapon. However, the cost of acquiring customers has gone up. Even with the most favourable business models, companies do not recover the cost of acquiring new customers for several years. The costs justify only if the energy company is able to retain customers for a long period of time. The pricing promise wanes fast if customer service is unsatisfactory. By no means can pricing substitute sound customer service.

A study conducted in the US by global marketing information services company J.D. Power and Associates (J.D. Power and Associates 2010 Electric Utility Residential Customer Satisfaction StudySM) showed how communication played a big part in raising customer satisfaction levels. The study found that though outages had a negative impact on customer satisfaction, detailed and accurate communication helped mitigate decline in satisfaction, or sometimes even increased customer satisfaction. The study also revealed how it helps to keep communication channels open with customers; information of any kind (like adoption of smart grid technology or community outreach efforts) that relates to the company and has an impact on the customer or the society at large, goes a long way in creating customer 'stickiness' if shared in a timely manner.

Superior Customer Service – The Way Forward

Considering the impact that customer service ratings have on a utilities company's market growth and stock price, questions that arise are how will utilities companies respond to the complex issues and ensure better customer service today and in the future? How can energy firms hang on to customers that they win?

Improving customer service levels involves a methodical approach. The energy provider should carry out an analysis of the current scenario; draw up contingency plans for any unforeseen situation that may disrupt energy supply and



factor in regional climatic concerns. For instance, a crisis could emerge with the steady depletion of conventional energy supply in the North Sea. Utilities companies in Europe have started pre-empting an energy crunch and have, therefore, started exploring other options, like utilizing renewable resources to meet the increasing demands of customers. In regions with extreme climate conditions, such as continuous snowfall, utilities are devising ways to help customers to track their day and night consumption and thereby control their energy budgets. These proactive measures, taken with the objective of the future of customer service in mind, will help utilities improve and manage customer satisfaction now and later.

Utilities must understand how well they are serving the customer today. This can be done by conducting a survey of existing customers on whether they would recommend the provider to their friends or colleagues. It should go with a target of a minimum response rate of 70 percent to the survey. Besides, surveys will act as a clear, timely and accurate way of providing feedback and measuring performance. This statistic, known as the Net Promoter Score (NPS), provides a benchmark to measure the level of service provided and its impact on customer satisfaction.

Second, the intention of good customer service must translate to quality at the front line. The person who responds to a customer should be able to provide first call resolution, empathize with the customer, understand whether the customer appreciates the service and take ownership. Overall, the business should target at achieving 90-95 percent resolution of customer issues. The remaining five percent may consist of complex issues that involve governmental policies, regulations and cases that require further investigation. To achieve this level of customer service requires adequate training of resources, a 'one-and-done' system that provides a detailed view of customer records and the right tools to resolve customer issues.

Solving a customer's problem should be the underlying aim rather than achieving a statistical goal, as most customer care teams set for themselves. A strong organizational goal of client centricity should be inculcated that encourages each employee to empathize with the customer while resolving problems.

Third, recognize the fact that all customers are different. Customers have different needs based on a variety of parameters such as income, age and so on. By investing in analytics, utilities can conduct customer segmentation and address each segment's needs accordingly. Customer segmentation will help impart more effective training to those who handle customer relations and design marketing programs that target customers better. These measures will go a long way in building strong customer service strategies for lasting business impact.

According to the IDC Energy Insights' predictions for 2012 released in December last year, smart meters will peak in 2012 and will propel a demand response. In another study, it found that utilities companies were registering a 35 percent spike in call volumes because of the deployment of smart meters. Smart meters will also give rise to large volumes of customer data that utilities can derive business value from. IDC Energy Insights expects utilities to invest in analytics this year to manage big data. Utilities can use this data to improve customer insights, the effectiveness of marketing initiatives and customer service.

Managing customer expectations has been a vexing issue with the utilities industry for long. In today's market scenario, if providers have to retain existing customers and maintain healthy growth, they have to pay more attention to customer service strategies. A third-party outsourcing partner with a strong customer service track record can help utilities in their quest for higher customer satisfaction. A mature BPO service provider like WNS with expertise in analytics is the ideal partner that can help a utilities company transition smoothly into this new era.

To learn more, please write to us at marketing@wns.com