

DECREASE CUSTOMER EFFORT TO IMPROVE SATISFACTION

2015 Customer Effort Index in Utilities Study
Results

by Dave Nash and Jack Winter

BUSINESS
CONSULTANTS

DEEP
TECHNOLOGISTS





*DECREASE CUSTOMER EFFORT TO
IMPROVE SATISFACTION*

In the utilities industry firms are zeroing in on customer experience as a means of predicting and improving customer satisfaction. Their approaches to elevating customer experience vary significantly.

We have found that rather than waiting for stakeholders and regulators to force improvements, utilities gain more credibility and support by proactively designing customer interactions as “effortless” as possible across channels. Consistent ease across all channels is what ultimately creates differentiated value and what customers will most remember.

The West Monroe Partners’ 2015 Customer Effort Index in Utilities studied the level of effort required to do business with many municipal as well as investor-owned electric, water, and gas utilities across the country. Through this research, we identified “customer effort leaders and laggards” and the practices that utilities use to reduce customer effort. We also created actionable diagnostics with direct correlation to improving customer service performance and customer satisfaction rankings in comparative benchmarks.



DECREASE CUSTOMER EFFORT TO IMPROVE SATISFACTION

MEASURING CUSTOMER EFFORT – THE CUSTOMER EFFORT INDEX (CEI)

Increasingly, organizations across various industries are measuring “customer effort,” or the ease with which customers interact with an organization. The lower the effort required, the better the performance. West Monroe Partners’ technique for measuring customer effort is a multi-channel metric called a customer effort index (CEI).

Few metrics offer the predictive intelligence and tactical action orientation of a CEI. Unlike the Net Promoter ScoreSM (NPS[®]) or traditional customer satisfaction metrics, CEI evaluates customers’ overall ease of performing various tasks across channels. CEI is a tactical leading indicator and can work well in conjunction with lagging indicator tools such as NPS[®] and traditional customer satisfaction metrics. For utilities, the primary CEI channels include contact center interactions (live agent and interactive voice responses (IVR)), and digital technology interactions (public website, customer portal, and mobile applications). Because CEI highlights specific tasks that require greater customer effort, it helps utilities decide how and where to allocate resources to improve customer experience and make doing business easier. A utility can also benchmark its own CEI with that of peers to differentiate improvements.

APPLYING THE CEI TO STUDY CUSTOMER EFFORT AT UTILITIES

West Monroe Partners recently used this approach to benchmark customer effort in the utility industry. The West Monroe Partners’ *2015 Customer Effort Index in Utilities Study*—conducted in early 2015—included electric, water, and gas utilities across the U.S.

To benchmark performance with respect to customer effort, West Monroe Partners created a CEI that encompassed 105 discrete tasks across four channels:

- Public Website
- Customer Portal
- Contact Center- IVR
- Contact Center – Live Agent

Examples of task measurements included “start/stop service” and “outage information” on the public website and “statement accessibility” and “tracking historical usage” for the customer portal.

West Monroe Partners performed the assessment using a “mystery shopper” approach, evaluating 105 tasks for each utility. An evaluator scored each task on a scale of 1 (high effort; not easy) to 5 (low effort; very easy). The higher the score, the lower the customer effort. West Monroe Partners then aggregated scores to develop customer effort rankings by channel and overall.



DECREASE CUSTOMER EFFORT TO IMPROVE SATISFACTION

BENCHMARKING RESULTS – OVERALL AND BY CHANNEL

The study identified customer effort leaders, both overall and in specific channels:

- **Overall customer effort:** The highest overall score was 3.64. This utility had especially good website navigation, outage information, and email resolution. The second and third highest scores were 3.61 and 3.30. For comparison purposes, a similar study for banks and credit unions resulted in top performers scoring 4.92 and 4.24
- **Non-mobile digital channels (public websites, customer portal):** For public websites, the top score was 4.00. For the customer portal, the top score was 3.55. These utilities captured especially good functionality for statement accessibility and download, ability to track historical usage, and access to outage information. (Top scores for these channels in the banking study were 4.92 and 4.58).
- **Contact centers:** The highest customer effort score for contact center-interactive voice response was 3.36. This utility demonstrated particularly good capabilities with customer identification, bill payment, and upfront messaging. The highest score for contact center-live service agent was 4.00 and this utility provided particularly good IVR routing, bill payment, and customer follow up capability. (Top performers in the banking study produced scores of 5.0 in both areas).

PRACTICES THAT CHARACTERIZE CHANNEL “LEADERS”

Increasingly, organizations across various industries are measuring “customer effort,” or the ease with which customers interact with an organization. The lower the effort required, the better the performance. West Monroe Partners’ technique for measuring customer effort is a multi-channel metric called a customer effort index (CEI).

Few metrics offer the predictive intelligence and tactical action orientation of a CEI. Unlike the Net Promoter ScoreSM (NPS[®]) or traditional customer satisfaction metrics, CEI evaluates customers’ overall ease of performing various tasks across channels. CEI is a tactical leading indicator and can work well in conjunction with lagging indicator tools such as NPS[®] and traditional customer satisfaction metrics. For utilities, the primary CEI channels include contact center interactions (live agent and interactive voice responses (IVR)), and digital technology interactions (public website, customer portal, and mobile applications). Because CEI highlights specific tasks that require greater customer effort, it helps utilities decide how and where to allocate resources to improve customer experience and make doing business easier. A utility can also benchmark its own CEI with that of peers to differentiate improvements.

Through assessment of individual activities, the study also identified “leading practices” for each channel. These are capabilities and practices employed by the utilities that earned the best overall score(s) for the channel; thus, these practices contributed to those utilities’ overall “low effort” ratings.

Public websites



DECREASE CUSTOMER EFFORT TO IMPROVE SATISFACTION

- **Website Navigation:** Best practices included a “sticky” navigation bar, and intuitive pick-list options used throughout the site. Additionally, users had to click-thru a minimal number of pages to reach desired information.
- **Outage Information:** Outage information was easy to locate with large call to action buttons accessible directly on the homepage. Outage maps were well integrated into the public website and easy to use/understand.
- **Email Resolution:** Email resolution service level agreements were established upfront and customers were answered in a timely manner. Email support was clear with links directly to information in questions as well as supporting images etc.

Customer Portal

- **Statement accessibility and download:** Statement information is easy to locate and statements available date back greater than six months. Download capability is offered in both PDF and Excel formats and information within the statements is presented in an easily digested format.
- **Track Historical Usage:** Historical usage is presented in dashboard/graphical format.
- **Access to Outage Information:** A link to outage information is available via the customer portal.

Contact center—live customer agent

- **Proactive Resolution:** Contact center live agent reps indicated a desire to actively address customer needs as well as identify alternative solutions to customer problems. Live agents are more than willing to transfer customers multiple times/to different departments
- **Pay a Bill:** Bill payment is a self-service option feature within the IVR; however, if the customer reached live agent before recognizing IVR capability, the agent was able to transfer the customer back to bill pay.
- **Customer Follow-Up:** Live agent asked for customer call back number/confirmed number upfront in case of customer disconnect. Upon disconnect, customer service representative called user back in timely manner.

Contact center – interactive voice response (IVR)

- **Customer Identification:** Best practice within the utility space is automatic identification of customer via phone number associated with the utility account
- **Bill Payment/Transfer:** IVR offered a self-service bill payment feature and directly transferred users



DECREASE CUSTOMER EFFORT TO IMPROVE SATISFACTION

to the service.

- **Upfront Messaging:** Important system messaging (e.g. heavy call traffic due to outages) was provided upfront.

“EFFORTLESS” EXPERIENCE CORRELATES TO CUSTOMER SATISFACTION IMPROVEMENT

The benchmarking study described above provides relevant insight that utilities can apply to reduce the effort required to conduct business—and thus improve customer experience. West Monroe Partners believes that a positive customer experience correlates directly with improved customer satisfaction. Regulators, board members, and governance leadership regularly review customer service satisfaction metrics and trends. The level of satisfaction is now as critical as access and fairness when reviewing utility business models and rates. Utilities and regulators often use third party benchmarks such as the J.D. Power customer satisfaction survey to drive change and incentives.

Why has customer satisfaction become more important in a monopoly industry? Customer satisfaction has become a driving concern in the utility industry as **technology, market, and stakeholder** trends increasingly focus on the customer/utility interface. Faced with rapid change and increasing oversight, utilities are investing in new customer-driven services, benchmarking and diagnostics. The CEI tool offers actionable diagnostics that help utilities transform their customer experience.

Technology trends

The accelerating pace of smart meter deployment has increased the information available for customer decisions around energy and water use. Armed with consumption information, the consumer is able to exert more control over the monthly bill. Technology has also elevated pressure on the utility to change the nature of information sharing. The dramatic increase in mobile information platforms and innovative user applications allows customers to use cellular phones, tablets, and lap top computers to make purchasing and lifestyle decisions. Widespread access to wireless broadband connectivity has increased the level of available information and accelerated the rate of information exchange through social media. Customers now expect their local utility to interact with them like other consumer organizations they deal with daily.

Market trends

The monopoly utility business model is in transformation. Industry deregulation and restructuring has resulted in unbundling the once-integrated utility organization. Many utilities have off-loaded generation assets and only operate transmission and distribution assets. Independent System Operators (ISOs) and Regional Transmission Operators (RTOs) now control transmission investment and operations. Reliability concerns have created an oversight framework that monitors utility planning and operations and forces



DECREASE CUSTOMER EFFORT TO IMPROVE SATISFACTION

compliance with significant performance expectations. There are many states that have even created competition at the distribution level, creating new markets and incenting new retail energy suppliers. Each of these changes has accelerated expectations for improved customer service and information exchange.

Stakeholder trends

In addition to customers comparing utilities to other consumer interactions, the utility industry itself has changed the nature and level of customer interaction. Concerns over energy efficiency have spawned numerous programs and incentives for customers to save energy and water – each requiring voluntary registration and action. Favorable economics for distributed generation have accelerated the mandated development of renewable resource portfolios – more and more customers now own and operate their own energy sources. Aging infrastructure and high profile natural disasters have increased customer expectations for safe, dependable, and high quality energy and water services. When there are interruptions, customers expect accurate and timely information and restoration estimates. All of these trends increase the frequency and importance of customer interactions.

Actionable diagnostics

CEI assessments can be directly related to specific utility changes in people, processes, and technologies. Other benchmark tools provide a broader and less granular perspective and the surveyed elements can be subject to uncontrollable events. For instance, consumer concerns about power quality and reliability are the highest following a storm outage or system incident. Customers are more concerned about pricing just after their bills increase. Utility community involvement ratings are directly related to personal awareness and impact as well as timing of corporate announcements. Thus the results of surveys following these uncontrollable events cannot easily offer specific and cost-effective solutions.

There are three components of the J.D. Power benchmark that can offer more specific feedback on the customer experience: billing and payment, communications, and customer satisfaction. West Monroe Partners believes that the CEI diagnostic offers a deeper level of granular information that can be directly tailored to specific survey feedback. Thus, the CEI tool can support utility concerns over their relative J.D. Power rankings.

CEI drives directly to the heart of the customer experience: frequent interactions and contact with the local utility. Through comparative CEI rankings utilities can implement best practices in each of the evaluated channels. Moreover, the CEI directs attention and offers improvement in critical meter-to-cash processes that inform and leverage these channels. Thus, CEI results can directly influence changes of internal initiatives that improve external customer satisfaction results. This actionable nature of the CEI diagnostic offers a cost-effective and efficient first step in designing changes in the utility customer experience.

Combining the CEI results with a broader customer experience transformational platform allows West Monroe Partners to assist utilities in:

- Updating and integrating digital technologies;



*DECREASE CUSTOMER EFFORT TO
IMPROVE SATISFACTION*

- Improving resource allocation and management;
- Establishing useful key performance indicators (KPIs); and
- Transforming critical abilities in the contact center, credit and collections groups, and field services teams.

STAYING AHEAD OF THE CUSTOMER

Customer experience for the utility industry has taken on new importance and dimensions resulting from trends in technology, markets, and customer expectations. The CEI study offers actionable insights for utilities facing external pressures and a need to balance limited resources. This research concludes that taking steps to ensure that customer experiences are as effortless as possible across channels can help utilities anticipate customer trends and avoid expensive regulatory mandates. Staying ahead of the customer provides real improvements in regulated return on investment, operational savings, and stakeholder confidence.

For more information on West Monroe Partners' Customer Experience Index for Utilities including full benchmarking results, please contact:

Dave Nash

Director-Customer Strategy & Insights

dnash@westmonroepartners.com

Jack Winter

Senior Principal – Energy & Utilities

jwinter@westmonroepartners.com

Contributions by:

Hattie Winter, Consultant – Customer Experience

Benjamin Snyder, Experienced Consultant – Customer Experience

Carolyn Sarb, Manager-Customer Experience

Tim Fox, Consultant – Advanced Analytics

Jeremy Wortz, Senior Architect – Advanced Analytics

Tom Hulsebosch, Managing Director – Energy & Utilities

Tom Gruba – Innovation Network Lead

Mazen Ghalayini, Director – Customer Experience

Simmons Seymour, Consultant – Customer Experience