

Can the humble utility bill help save the planet? Yes, says Steve Blackwell, if it's brought into the 21st Century – and it can save utilities money too

# Super bill



It is a given that nobody looks forward to receiving their utility bill. The product is invisible, it won't make you thinner and you can't drive it, so receiving an invoice for it is generally viewed as a bad start to the day. And the deflating effect of picking the envelope off the mat is compounded by the document inside. "Uninspiring" is the kind of description a politician might use.

It is also somewhat ironic that a utility bill is of almost no utility at all. That isn't to say that the bill lacks information. On the contrary, and usually on the back, there is a lot of information. It's just that hardly any of it is of use to the customer and even if it is, it is doubtful that it will be read. It looks like small print and plain English seems to be treated as a resource more scarce than the product itself.

The obvious question is why? Why in a commoditised industry where customer loyalty is limited is the customer contact point such a poor one? There are probably many answers, the most frequently cited being technical difficulty. But an economist, in a rare moment of brevity, might offer a more illuminating answer – competition, or rather the lack thereof. Although there have been changes to

## Why in a commoditised industry is the customer contact point so poor?

the appearance of utility bills since the arrival of competitive supply markets, none of them can be described as unmitigated successes. One utility bill still looks pretty much the same as another.

But change may be about to become a legal requirement. Climate change has many

consequences and addressing them has implications for the utility bill. In December 2005 the Energy Services Directive was agreed in Brussels. Article 13.6 contains a series of provisions that affect billing. The directive requires member states to ensure that retail energy sales companies make available on bills, contracts, transactions and receipts, in clear and understandable terms the following:

- information about current energy prices and consumption;
- comparative information showing the customer's consumption for the same period in the previous year, preferably in graphical form;
- wherever possible and useful, comparative information for an average normalised or benchmarked user in the same category.

The UK government has been active here too. Last November it went to the industry with its Billing and Metering consultation. The Energy Review had already contained proposals to use metering and billing to help reduce energy consumption. The November proposals went on to suggest that historical consumption information should be provided in graphical form on domestic gas and electricity bills. The

*continued overleaf*

continued from previous page  
consultation was on what useful comparative benchmarking information could be provided on bills.

The industry's responses were received by government in February this year. In them the major retailers indicated some resistance to providing historic consumption data for customers – mostly on cost grounds. One might immediately think that the cost of changing billing systems is less important than helping people to reduce their energy consumption. But on the other hand, one might feel a little sympathy for an industry that is being asked to use its branded communications to sell less product in a "turkeys voting for Christmas" kind of way.

The good news is that changing the presentation of bills is not as difficult or as expensive as many might think. Some, such as Andrew Smith, utilities director at StreamServe, believe that such change is self-financing. StreamServe is a software vendor that offers an SAP-endorsed business solution to utilities and whose core business is the improvement of presentation and distribution of branded communications.

Smith reports that many utilities across the world – companies such as Irish power utility ESB, Oklahoma Gas & Electric, China Light and Power and Spain's Aguas de Murcia – are updating their facilities to improve customer communications via their bills. While dynamic graphs representing usage can be added in line with the European directive, there is much more that can be done with a bill than just the addition of consumption patterns.

Personalised messaging can be used to give an indication that the supplier knows and values the customer. Targeted marketing messages can be used to great benefit, including, for example, to accelerate the uptake of e-transacting, which is good for the customer, good for the supplier's performance and great

**Too much information: utility bills today contain plenty of data, but much of it is incomprehensible to most consumers**



for the environment. The same applies to the use of the bill to make offers or "onserts". One of Smith's customers reports a 300 per cent improvement in responses to onserts over inserts. Another plus point is the fact that onserts cost nothing to print and distribute.

There is soundly-based research support-

ing these claims. Verify Communications used eye scan camera analysis with a sample of 700 consumers in the Benelux countries to compare customer reactions to and understanding of a conventional utility bill versus one that had been transformed to look like the one pictured on the first page of this article.

Customers spent twice as much time reading the transformed utility bill and 25 per cent were positively attracted to the marketing messages on the bill. The consumers also found the bill clearer, more informative, easier to understand and more customer-friendly. Brand image scored higher by 20 per cent too.

One of the less obvious, but nonetheless valuable, benefits of increased clarity is impact on the call centre. One utility reported that 54 per cent of calls to its call centre resulted from unclear bills. Simply using the customer's first language would be a great start in many cases. There are up to four million people in the UK for whom English is not their native tongue.

Clear bills could also aid customer retention. While price is always going to be a key driver of switching in a commoditised market such as energy, research from Accent suggests 25 per cent of customers switch because of poor customer service, while a further 20 per cent stay because of good service. Within Accent's survey, "easy to understand information" was one of the factors that helped define what customers perceive as good service.

So, while climate change may be the main driver of clearer utility bills, there are also sound commercial drivers. A judicious use of better information and presentation will, in the end, pay for the additional technology. It will reduce churn, reduce cost, sell more and improve customer satisfaction. Now that's got to be a good reason for saving the world. ■

● Steve Blackwell is director of utility strategy and marketing specialist Solution Brokers. Email: SteveBlackwell2@aol.com. Andrew Smith can be contacted on andrew.smith@streamserve.com

**Top billing: EDF Energy and Eon modernise to add better design and more information**

● EDF Energy has redesigned its bills for UK residential and small to medium-sized business customers to make them simpler and clearer. This followed two years of in-depth research into the needs of consumers.

Key features of the new design include a consumption graph – the first of its kind in the industry – to help customers track their energy usage and compare it with previous quarters. There is also a simple summary page and a more detailed breakdown so that customers can obtain as much information as they require.

The revamp is just the first stage in a continuing process, and future plans involve printing information on both sides of the bill plus full-colour reproduction of graphs and other information.

EDF Energy also aims to tailor bill messages and special offers to specific customers, as well as reducing bill inserts by incorporating any offers within the bill itself.

● After extensive customer research, Eon, working with Dialogue, created OneBill, which combines all utility charges for each customer into one statement for greater clarity.

Eon has also redesigned the documentation it sends to new customers when they sign up. This can be personalised and walk customers through the whole transfer process, with colour flowcharts, diagrams and images to explain exactly what they will receive, when they will receive it and what the process is. This clear communication helps manage customers' expectations and, as a result, there have been fewer calls to Eon's contact centre. Previously, new Eon customers received a black and white letter with a coloured leaflet insert. The communication was generic, so customers would sometimes receive information on products and services they already had or that were not relevant.

The new documents have allowed Eon to cut the amount of paper it uses. There were approximately 40 different inserts that had to be split into separate print streams and many different postal runs. Now Eon has a single print stream, significantly reducing costs.

Eon can also now react quickly to customer requests and get key messages to market faster. Lead times have been greatly reduced from up to ten weeks to just a matter



of days. Because materials are now all prepared in-house, there is also reduced external co-ordination and therefore less space for errors to creep in.

by Steve Hobson

**The white stuff: Sutton and East Surrey Water takes the plunge**

Like all utilities, water companies are reluctant to change billing procedures because a failure to bill accurately and on time would cause serious cashflow problems. But Sutton and East Surrey Water (SESW) has successfully taken the plunge and switched to a plain paper bill printing system – the White Paper Solution (WPS) from DSTi Output – that has both saved money and halved the time customers take to pay their bills.

The WPS system prints full colour bills on both sides of plain paper rather than pre-printed stock. This allows more opportunity to target bills at different customer groups and avoids wastage.

"Our old bills were printed in mono on a pre-printed base stock," says SESW customer accounts manager Nigel Hammond. "We had to change the regulatory information printed on the back of the bill annually, so there was inevitably an element of wastage at year end."

Around one-third of SESW's customers are on measured charges and these were moved to the WPS system first. Bills were initially the same design with added colour.

The latest design takes full advantage of the colour printing to make bills easier to understand and highlights calls to action such as the date payment is due.

"The most important information is what, when and how to pay," says Hammond. "We have a freephone number for customers who wish to pay their bills by credit or debit card and those wishing to set up a direct debit. Initially, we used red to highlight important

information, but some customers objected because they thought it looked like a 'red reminder' bill. That is the sort of thing we learned as we went along."

Cash customers are alerted to different payment options, customers with meters can be reminded to check for leaks and households can be given advice on their options if they are having difficulty paying their bill.

SESW has cut paper costs by around 50 per cent, largely as a result of having no base paper stock, and the increased clarity has led to unexpected spin-off benefits. Hammond explains: "Our main billing this year was completed in record time and our cash collection rate at the start of the year improved by more than 50 per cent. We expected this to tail off after the initial surge but it hasn't yet. We have also noticed a definite reduction in calls to our customer accounts team."

Because each bill could in theory be tailored to each of SESW's 275,000 customers, the possibilities for the future are endless.

For example, SESW has a sister company, SESW Services, that provides plumbing and insurance services and the two companies are looking at adding promotional messages for this commercial operation on water bills. SESW also offers customers an online facility to view and pay bills, and for measured customers this site shows a graph of consumption. With the WPS system there is no reason that this could not be printed on the quarterly bill.

by Steve Hobson

