BOOSTING CUSTOMER SATISFACTION WHILE REDUCING OPERATING COSTS

CREATING A CUSTOMER-CENTRIC CHANNEL ENGAGEMENT STRATEGY FOR UTILITY COMPANIES

DECISIONPOINT™ by WNS

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Overview

It is a paradox of sorts in customer communication as far as utility companies are concerned. Studies[1] suggest that the 24x7 multichannel customer experience (brought about by digital disruption) can potentially lead to lower customer complaints and operating costs, and higher acquisition of new customers. Yet, utilities, in particular, have actually witnessed a decline in customer satisfaction when multichannel customer engagement options are provided.

Customers who used one to two channels of communication were more satisfied than those who used three or more channels. While most companies performed well — in terms of increased First Contact Resolution (FCR) and lower average time to resolve — over voice channels, they could not provide a similar level of service over digital channels. And customers were willing to switch to competitors to obtain services through their preferred channels.

Clearly, there seems to be a big disconnect in how utilities respond to their customers over different channels of interaction. Does their inability to understand their customers' channel preferences hold them back from realizing the benefits of a multichannel approach?

To assess this gap in greater depth, WNS DecisionPoint™ conducted a survey of over 60 energy utilities and their customers across the U.S., the U.K., and Australia. The scale of agreement and disparity between customers' preferred vs. available channel options were examined through a correlation derivation.

The survey brought to light the following insights:

- While utilities focused on multichannel customer service, they lacked an understanding of the specific inherent capabilities of each channel
- In the United States and the United Kingdom, customers liked to interact through phone or e-mail for non-recurring communication but preferred the website self service portal for recurring communication (customers in Australia, however, preferred the mobile for recurring communication)
- Utilities that interacted with customers through their preferred channels of communication:
  - Financially outperformed their peer group in significant measure
  - Far exceeded the industry average of CSAT scores
  - Invested in much more forms of customer analytics techniques and tools
  - Offered a seamless omni-channel customer experience

The mandate for utilities is clear. They must gain a more thorough understanding of customer segments, expectations, and behaviors. Only then can they engage customers in effective and personal ways, and find ways to strengthen their competitive position.

1. Refer to our report on 'Rethinking Customer Engagement in the Digital Age'

Striking an optimal balance between customer channel preference and cost of engagement by leveraging analytics will help utilities enhance customer journey while reducing cost to serve thereby gaining an edge over peers.

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MULTICHANNEL CUSTOMER SERVICE – IS THERE A NEED?

The digital disruption has brought about a major transformation in the way customers communicate with organizations. Even if the company and its contact center are closed for the day, customers would still like to access the company through social media, mobile applications, web sites, and other digital channels. Companies acknowledge that they can no longer predict how and when their customers may reach them for customer service. In addition, there is a shift in the mode of communication from one-to-one conversations[2] to many-to-many[3] public interactions. Customers' inclination towards do-it-yourself channel options is also gaining traction. Consequently, the multichannel approach is being adopted by various companies across industries including the ones in the utility sector. Multichannel customer service aims at providing customers with different alternatives to connect with their utilities through an integrated network of channels. It includes traditional channels, such as phone, fax and direct mails; digital channels such as website, mobile applications and social media; and the always-on and always-available self service channels like frequently asked questions (FAQs), forums and interactive tools. Multichannel also includes the emerging digital technologies such as video and virtual assistants.

Customers are increasingly demanding more channel choices and this has a direct impact on their satisfaction with the utility service provider. As per the survey by the International Customer Management Institute (ICMI), a sizable number of companies accepted that emerging channels[4] have a great impact on customer service experience and customer engagement, as shown in Exhibit 1 below. Nearly 40% of companies stated that emerging channels have a positive impact on quicker response time, and over 30% witnessed a significant increase in customer satisfaction (CSAT), first-contact-resolution (FCR), and customer loyalty[i].

2. Interactions between companies and its customers on a one on one basis using a single channel

3. Many customers simultaneously interacting with the same company using many channels

4. Emerging channels include social media, mobile apps, and self service applications

Exhibit 1

Impact of Emerging Channels on FCR, Response Times, Customer Satisfaction and Loyalty

Source: International Customer Management Institute, 2013
Sample size - 361

Companies who have proactively deployed a multichannel (especially digital channel) strategy are realizing many benefits from this approach. Multichannel customer experience can potentially lead to lower customer complaints and operating costs and higher acquisition of new customers[5].

5. Refer to our report on 'Rethinking Customer Engagement in Digital Age'

BUT IS THE MULTICHANNEL APPROACH ENHANCING CUSTOMER SATISFACTION?

As per the survey by the Institute of Customer Service, in the UK utility sector, customers who used a lesser number of channels (one or two) to interact with their utility providers were more satisfied as compared to customers who used three or more channels[ii]. Despite the availability of multiple channels, customers suffer from channel inertia due to which they do not have the necessary motivation for switching the medium of communication.

Exhibit 2

Customer Satisfaction by Number of Channels used in Utilities

Source: The Institute of Customer Service, 2016
Sample size - over 39,000 respondents across 14 industries including utility

Lower satisfaction among customers in a multichannel engagement model was mainly driven by two factors

- Inconsistent customer experience across various channels[6]
- Inability of utilities to understand customer's preferred channel of interaction

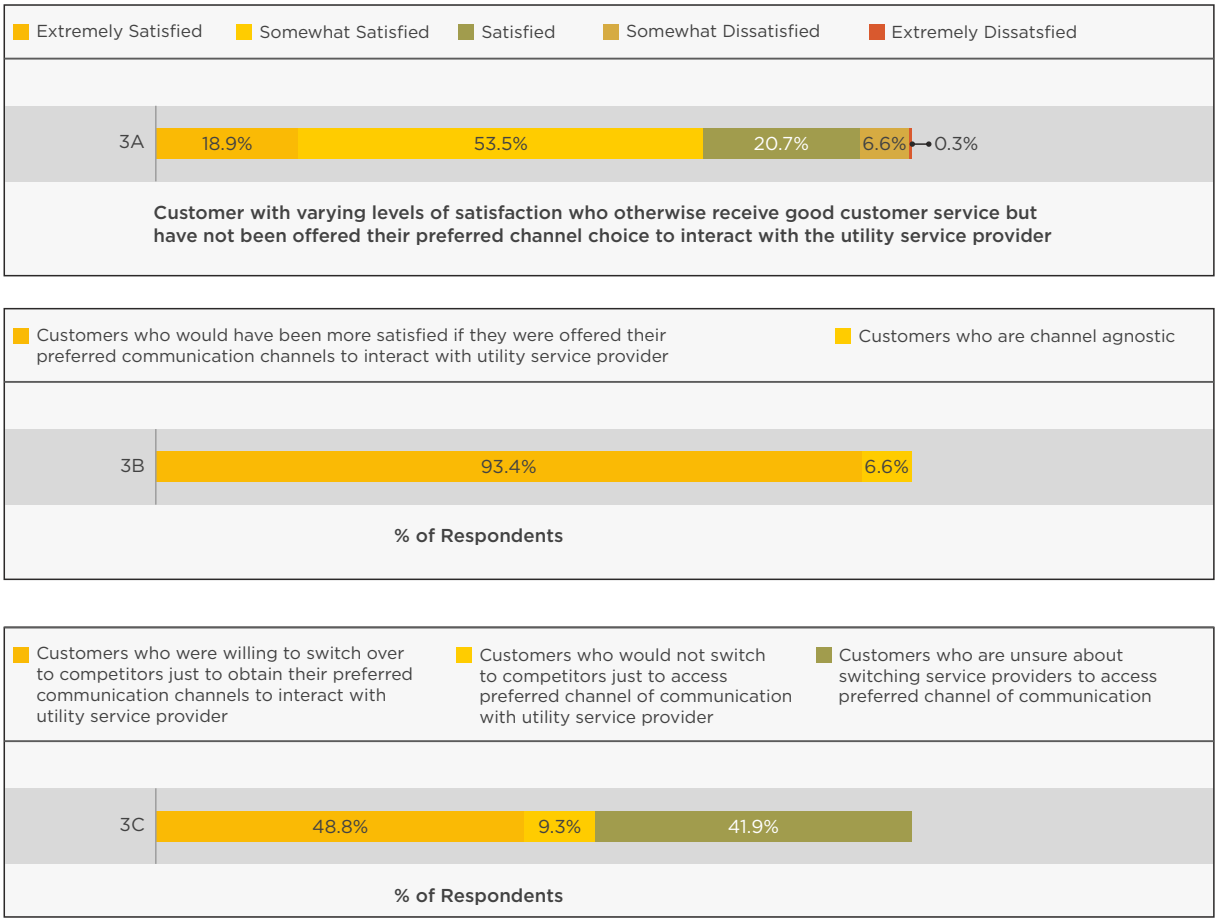
Most companies performed well in terms of increased FCR and lower average time to resolve an issue over voice channels, but strive to provide a similar level of services over digital channels, resulting in an inconsistent customer experience. Many companies are still unable to appropriately leverage digital channels to realize their business goals. As per the survey on customer experience across multiple communication channels, 40% of companies reported that digital channels were unable to meet their current business needs[iii].

Moreover, customers increasingly prefer to be communicated with through their channel of choice and are willing to switch to competitors in the absence of such customer service options. The survey by ICMI highlighted the fact that, despite receiving good customer service, over 60% of consumers were still dissatisfied or somewhat satisfied as they were not offered their preferred channel of choice (Exhibit 3A). Over 93% of the customers said they would be more satisfied if they are offered their channel of choice and around half of them were willing to move to competitors[iv] (Exhibits 3B and 3C).

6. Inconsistent customer experience is mainly caused by siloed communication channels. These channels are handled separately by different departments within the organization making it difficult for a contact center agents to access the complete details about customers' previous interactions.

Exhibit 3

Role of Preferred Communication Channel on Customer Satisfaction



Source: Extreme Engagement in the Multichannel Contact Center by International Customer Management Institute, 2013

The inability of utilities to appropriately understand their customers' channel preferences also holds them back from realizing the benefits of a multichannel approach. There is a wide gap between customers' channel preferences and the channels leveraged by utilities to interact with them. To assess this disconnect, WNS DecisionPoint™ conducted a survey of over 60 energy utilities across the US, the UK and Australia and their customers. The extent of consonance and disparity between customers' preferred vs. available channel options is examined through a correlation derivation. A gap analysis by region (Exhibit 4) highlights a wide disparity indicating the inability of utilities to understand their customers' favored channels of interaction.

In order to improve engagement with their customers, utilities must gain a more thorough understanding of customer segments, expectations and behaviors. With that data, they can embrace personalized communications and effective engagement strategies on the channels they prefer.

Exhibit 4

Level of Agreement and Disparity between Channels Preferred by Customers and Channels Offered to them by Utilities

Channels	Overall	United States	United Kingdom	Australia
Phone calls				
Emails				
Website - Live chat				
Website - Self service				
Mobile Website				
Mobile - Live chat				
Mobile - Self service				
Social Media				
SMS				
Direct Mail				
Utilities Outlets				

Correlation Scale	
Greater than 0.69	Strong Agreement
Between 0.50 and 0.69	Moderate Agreement
Between 0.25 and 0.49	Weak Agreement
Between 0.00 and 0.24	Very Low/No Agreement
Between -0.01 and -0.24	Weak Disparity
Between -0.25 and -0.69	Moderate Disparity
Lesser than -0.69	Strong Disparity

Source: WNS DecisionPoint™ Survey

Further, the survey observed that, although utilities are focusing on multichannel customer service, they lack an understanding of the specific inherent capabilities of each channel. WNS DecisionPoint™ has categorized various types of customer interactions into four broad functions and examined which channel(s) customers prefer for each kind of interaction.

Communication functions (non-recurring)

- Seek information
- Receive outage communication
- Report service/billing/payment issues
- Receive energy savings tips

Communication functions (recurring)

- Know billing and payment details
- Know account related details
- Send meter reading

Promotion functions

- Receive promotional offers

Transactional functions

- Purchase products/services
- Renew/change tariff/rate

The survey exhibited customers' strong preference to interact through phone or email for non-recurring communication, such as to receive information about a new tariff or other services. On the other hand, website self service

portal was the channel of choice for recurring communication such as to send meter readings and to know about billing and other details. This trend was stronger in the U.S and in the UK, while in Australia, customers prefer mobile self service channel for recurring communication (Exhibit 5).

Exhibit 5

Change in Customers' Channel Preference by Various Functions and Interactions

Type of Functions		Customer Channel Preference Scale			
Communication functions (non-recurring)	Promotion function	Preferences			
Communication functions (recurring)	Transaction functions	Very Strong Preference	Strong Preference	Low Preference	Very Low Preference

United States	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

United Kingdom	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											

United Kingdom	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Australia	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Source: WNS DecisionPoint™ Survey.
Note: Yellow cells indicate very low or no relation between the channel and the activity

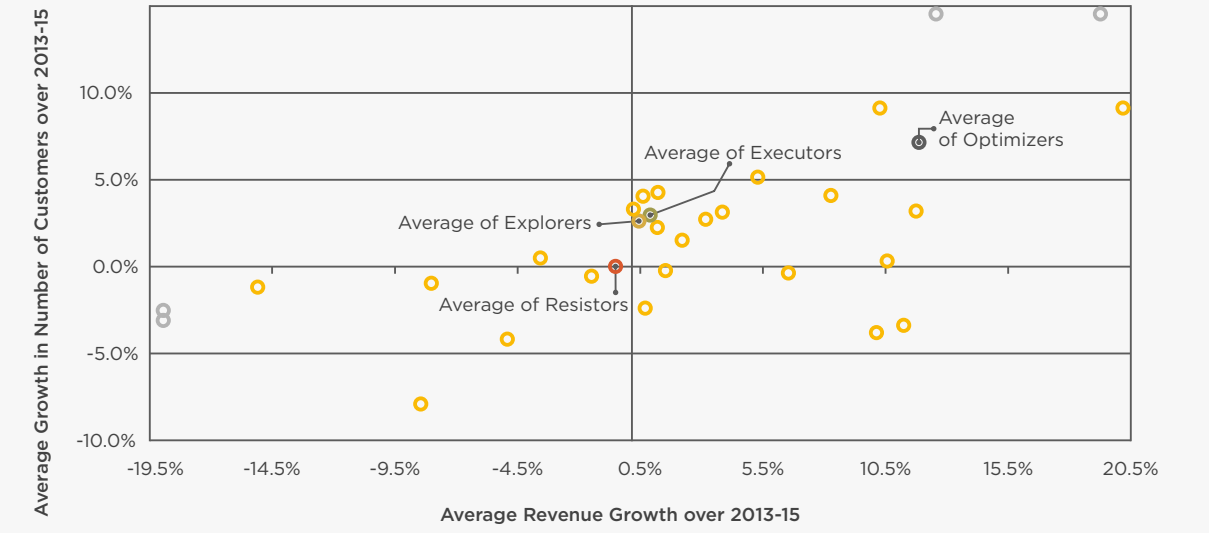
WNS DecisionPoint™ further measured the level of association based on the correlation between the channel preference of customers and the channels offered by utilities for the above mentioned four functions. Depending on the correlation scores, the utilities are classified into four groups;

- **Resistors** are utilities with very low/negative correlation scores. These companies lack understanding of their customers' needs and often provide a poor and inconsistent cross-channel experience
- **Explorers** are utilities that provide inconsistent customer experience across various channels
- **Executors** are utilities that lead their peers and are seeking more strategic value from the multichannel approach. They offer customer services across various channels on fairly consistent basis but still lag in terms of providing a seamless omnichannel experience
- **Optimizers** are utilities that have mastered the ability to understand customers' needs and provide seamless customer experience across their favored channels

It has been observed that utilities which understand their customers' requirements and interact with them through their channels of choice have reported improved efficiency in support operations, increased customer satisfaction, and a renewed sense of customer engagement and loyalty to the brand. Analyses of financial performance of utilities in the above categories revealed that Optimizers significantly outperformed their peer group in most of the areas. Examining the trends in customer base and revenues in the last three years highlighted the poor performance in case of Resistors, who witnessed an average negative growth in revenue and a negligible growth in customers. Executors reported better growth in both the parameters compared to Explorers.

Exhibit 6

Customer and Revenue Growth Matrix of Utilities

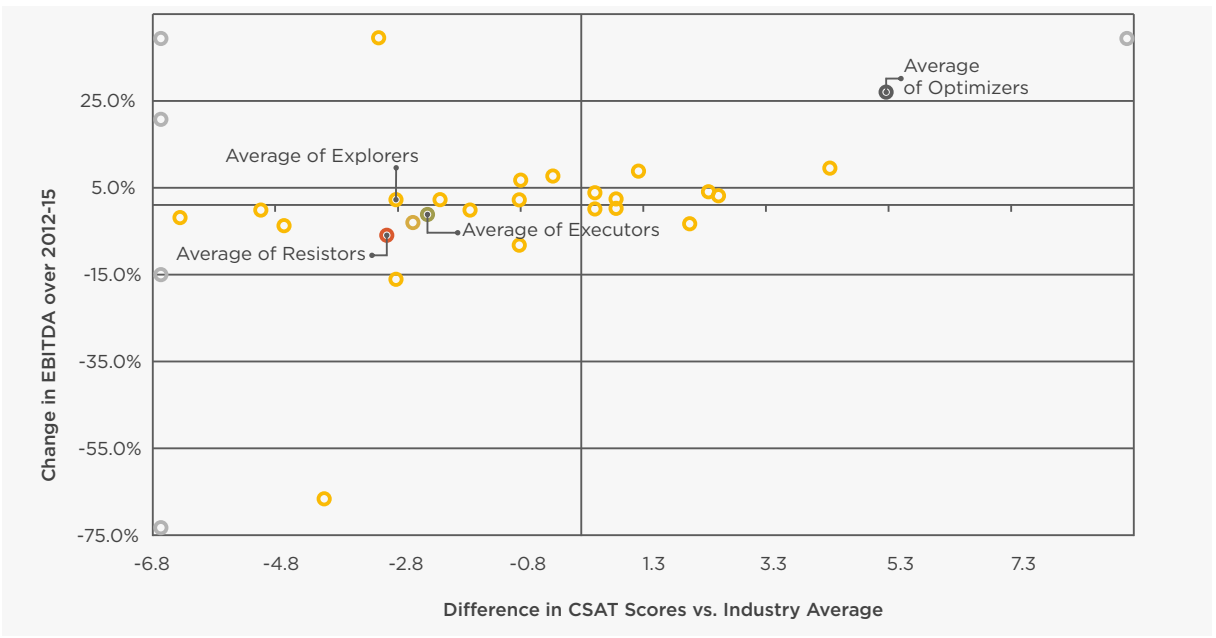


Source: WNS DecisionPoint™ Survey and analysis.
Note: Spheres in gray are the outliers

Currently, when utility sector is witnessing lower earnings and declining customer satisfaction scores (CSAT) scores, Optimizers not only overtook their peers in terms of EBITDA (Earnings before interest, tax, and depreciation) growth but are also gaining customers' confidence as witnessed by their CSAT scores that far exceed the industry average (Exhibit 7).

Exhibit 7

Benchmarking CSAT Scores vs. Change in EBITDA



Source: WNS DecisionPoint™ survey and analysis, JD Power, uSwitch - UK, and Australian Energy Regulator
Note: Spheres in gray are the outliers

HOW ARE OPTIMIZERS LEADING THE OMNICHANNEL RACE?

Optimizers differentiate themselves from other utility players through their ability to understand customer needs, offer services through their customers' preferred channels, and provide seamless customer experience.

OPTIMIZERS INVEST IN TOOLS AND TECHNIQUES TO PREDICT CUSTOMERS' CURRENT AND FUTURE NEEDS

The accelerated progress in customer experience in other sectors such as banking, retail and telecom are forcing utilities to better anticipate customers' requirements and offer more relevant and tailored custom solutions. Consequently, utilities are also investing heavily in customer analytics. U.S. utilities are expected to spend USD 1 billion by 2018 on customer analytics tools and technologies[v]. Customer analytics solutions, notably advanced applications benefitting both customers and utilities, are likely to witness significant growth during the period 2017-20.

WNS DecisionPoint™ survey observed that most Optimizers demonstrate higher adoption of customer analytics techniques compared to Executors, Explorers or Resistors, as shown in the graph below. Customer analytics techniques deployed by such utilities mainly have the following intentions:

- Segment customer base
- Reduce customer churn
- Increase customer lifetime value (CLTV)[7]
- Improve customer experience
- Up-sell or cross-sell

Exhibit 8

Use of Customer Analytics by Utilities

	Segment Customer Base	Reduce Customer Churn	Increase CLTV	Improve Customer Experience	Up-sell or Cross-sell
Resistors	54.5	9.1	36.4	36.4	27.3
Explorers	30.0	40.0	40.0	30.0	50.0
Executors	40.0	30.0	60.0	50.0	50.0
Optimizers	60.0	50.0	80.0	80.0	70.0

% of Respondents using Analytics

Source: WNS DecisionPoint™ Survey

7. Customer Lifetime Value is the amount of revenue or profit an utility generates from any customer during the period of his/her association

- **Segment customer base** – Many Optimizers and Executors have deployed statistical techniques such as clustering and predictive modelling to generate insights about future behaviors of customers. Based on analytics-driven insights, Optimizers and Executors are able to create better-targeted demand response programs, adjust billing strategies, design marketing campaigns, and determine pricing strategy that maximizes revenue and profitability. They are also using predictive analytics to anticipate and quantify impact of promotional incentives and to optimize their outreach campaigns. By leveraging big data generated by smart meters and other intelligent electronic devices in distribution and transmission grids and communications networks, these utilities are able to perform multi-factor segmentation of their customers based on past behavior, demographics, and energy usage, among others. However, utilities in Resistors category and few Explorers still follow traditional customer segmentation techniques based on customer income levels and strive to have better customer insights to address their current and future needs.

- **Reduce customer churn** – With regulations promoting competition in the market, utilities are witnessing rising customer churn. Intensifying price competition and higher customer acquisition costs compel utilities to rethink their customer retention strategies. The critical component of any retention strategy is identifying the most profitable customers the company wants to retain as well as the high-risk annual 'switcher' that it should not dedicate valuable resources to preserve. Utilities can leverage analytics to understand the specific needs of individual segments of customers that have the highest profit-improvement potential. Insights on their behavioral patterns will enable utilities to design tailored and cost-effective offerings such as price discounts, credit points for specified units of energy saved, and proactive service arrangements, among others.

The right customer analytics techniques and tools can accurately segment the customer base to highlight significant upsell and cross-sell opportunities, enhance customer experience, reduce customer churn and increase customer lifetime value.

- **Increase CLTV** ~ 80% of Optimizers have deployed CLTV analytics to optimize their customer acquisition strategies. Utilities leverage Big Data and predictive analytics to target customers with the highest propensities to respond to specific product or service offers. Each customer is assessed based on demographics and other data such as the period of owning a home, age of their home, electrical and gas appliances they use at home, green energy preferences, time period with current energy supplier, and their response rate to similar offers. By mining this data set using predictive analytics, utilities are able to reduce the pool of consumers chosen for outreach which decreases the cost of a campaign and increases the probability of customer acquisition. Utilities that leveraged analytics also experienced 70% reduction in the time required to design new campaigns and generate a target customer list.

- **Improve customer experience:** Most Optimizers have also deployed analytics to continuously improve customer experience. The ability to predict customer behavior and tendencies, and engage with customers more meaningfully, can help utilities personalize their services. For instance, utilities can proactively offer services such as alerts on higher energy usage, communicate new service plans to customers whose service contract nears the term-end or implement targeted marketing by rolling out new products and services to those most likely to enrol.

- **Up-sell or cross-sell** – Optimizers have also implemented advanced predictive analytics to determine the probability to cross-sell/up-sell the right products to the right customers. Micro segmentation with next best product recommendation model enables utilities to precisely target customers with highest cross selling and up selling probability.

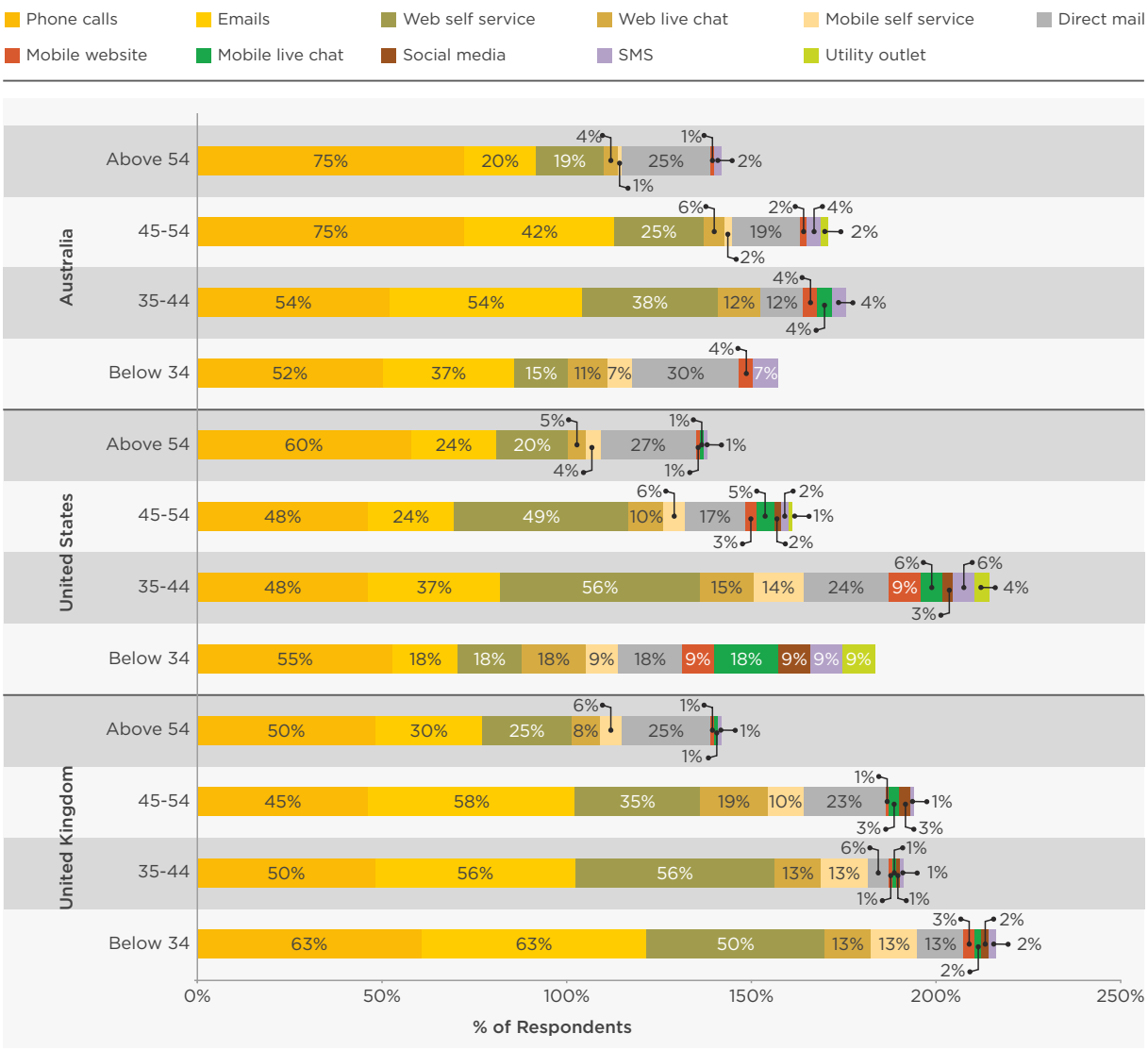
8. This model enables utilities to understand what products can be offered to which segment of customers, when to offer it and how

OPTIMIZERS ROUTINELY EVALUATE CUSTOMER CHANNEL PREFERENCES AND PRIORITIZE THE ONES ON WHICH TO FOCUS EFFORTS AND RESOURCES

Apart from understanding customer's needs, Optimizers have also invested in learning the channel preferences of their customers, especially those of Millennial. It is clear from Exhibit 9 that the older segment of respondents prefers verbal communication as compared to those under 45 who are far more likely to choose the E-mail or web self service communication mode.

Exhibit 9

Channel Preference by Age Group and Countries



Source: WNS DecisionPoint™ Survey

Analytics-driven insights have enabled Optimizers to:

- Understand customers' experience journey and their channel preferences as per various interactions and by different customer groups (age, location - urban or rural, education, etc.)
- Identify triggers that influence channel hopping
- Determine which interaction needs drive their channel preference

Being able to deliver the right message at the right time using the right channel set Optimizers apart from competitors. As evident in Exhibit 10 below, Optimizers witness a good positive correlation (>50) for most interactions whereas almost all Resistors demonstrated a negative correlation for most interactions.

Exhibit 10

Level of Agreement and Disparity between the Channel Preference of Customers and what they are Offered by Utilities– by Interaction Type

Type of Functions		Correlation Scale		
Communication functions (non-recurring)	Promotion function	Greater than 0.70 Strong Agreement	Between 0.69 and 0.25 Moderate Agreement	Between 0.24 and -0.24 Weak Agreement or Disparity
Communication functions (recurring)	Transaction functions	Between -0.25 and -0.69 Moderate Disparity	Lesser than -0.69 Strong Disparity	

Optimizers	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Executors	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Explorers	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Resistors	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Source: WNS DecisionPoint™ Survey and analysis.
Note: Yellow cells indicate no correlation between the channel and the activity

OPTIMIZERS PROVIDE A SEAMLESS CUSTOMER EXPERIENCE

To understand the maturity of the omnichannel customer experience offered by these utilities, WNS classified utilities' customer engagement approach into three areas:

Multichannel

- Channel choices are offered to customers wherein utility companies use one channel for a single interaction
- The contact center processes in these utilities are disintegrated
- The context and contact history are lost when customers change channels

Multimodal

- Customers use more than one channel in the same interaction (for instance, the customer can update his/her account details on web self service platforms while interacting on the phone with customer service agent)
- Contact center is unable to generate a single and unified view of the customer as only few communication channels are integrated with the customer relationship management (CRM) system

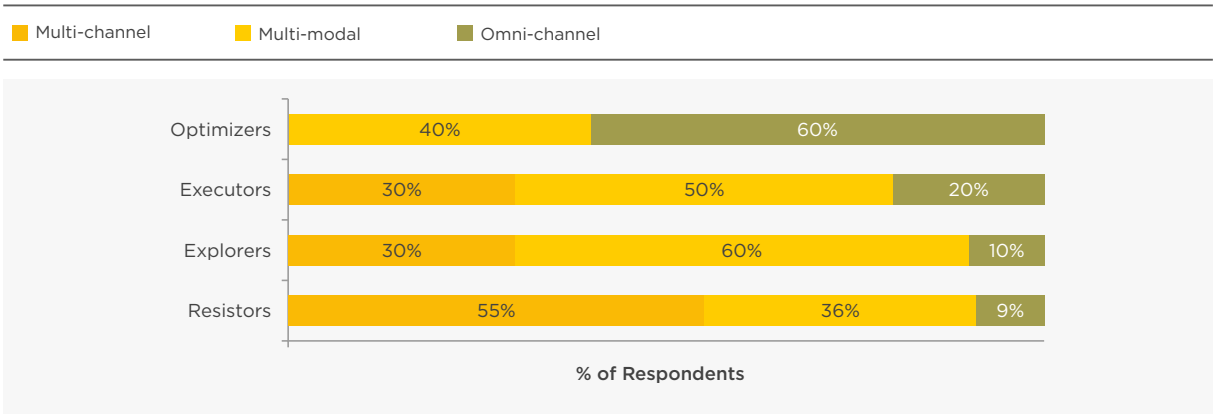
Omnichannel

- Customers are able to use more than one channel over multiple connections, while the contact history and background of the initial inquiry are retained by the contact centers
- The technology, processes and services are integrated and utilities are able to create and leverage an accurate, comprehensive, up-to-date customer view for operational, marketing and analytical purposes

On examining utilities' contact center processes from customers' experience standpoint, it was seen that most Optimizers are offering an omnichannel experience to their customers as compared to peers (Exhibit 11).

Exhibit 11

Customer Engagement Approach Adopted by Utilities



Source: WNS DecisionPoint™ Survey

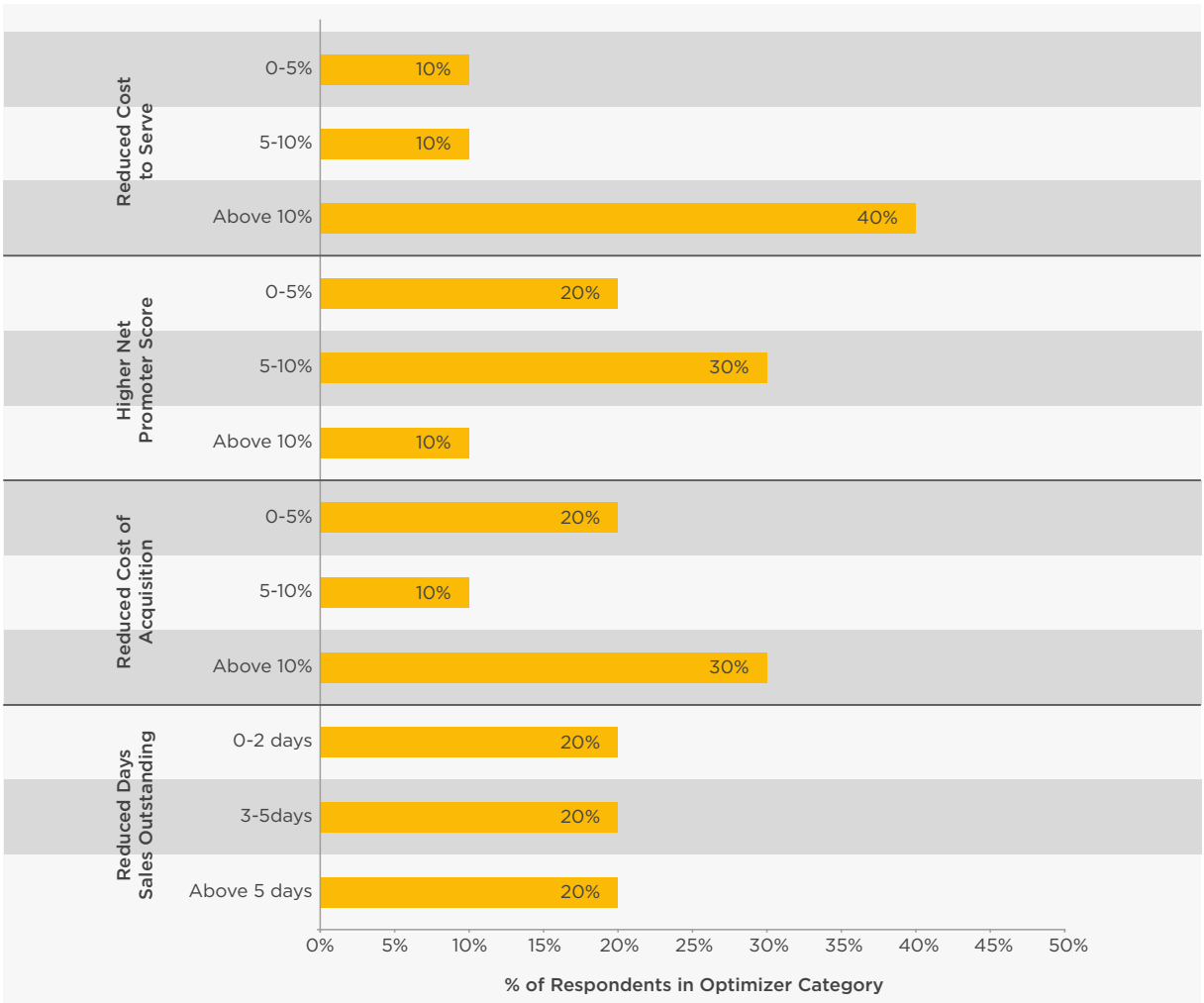
A multichannel contact center provides utility service providers with a unique opportunity to gain a deeper-level understanding of their customers by accessing a plethora of external information on their activities and feedback. For example, companies can integrate social media information with their internal systems to enhance their view of customer behavioral data, which helps customer service agents personalize each interaction based on customers' needs and historical activity.

Although Executors lead Explorers and Resistors in terms of better understanding of customer preferences for specific channels, they still lag behind with Optimizers in fully integrating their customer support operations. Most Executors (80%), Explorers (90%), and Resistors (91%) have very limited or no coordination among various channels resulting in the creation of multiple customer profiles and contact histories. The customer data generated from various channels is isolated in disparate systems and used by individual processes in a siloed form. The disintegrated systems limit the ability of contact center to share customers' recent and historical data with other agents, thereby requiring customers to reiterate their contact purpose to every agent with every transfer. This slows down the interaction process and leads to an increase in average handle time (AHT) and adds to customers' displeasure. As a result, these utilities lag behind industry in customer satisfaction scores (Exhibit 7).

Most Optimizers provide omnichannel experience to their customers. These utilities have a centralized knowledgebase of customer details (such as customer's tariff plan, energy consumption patterns, location, meter readings, and payment details, among others) and are able to gain access to all customer intelligence, generated from any channel, on a single screen/ desktop. This enables them to promptly share customers' data and contact history with other agents when customers switch channels or get transferred to another department. Optimizers offering an omnichannel experience to their customers also enjoy many other benefits (Exhibit 12).

Exhibit 12

Benefits Reported by Optimizers Offering Omnichannel Experience

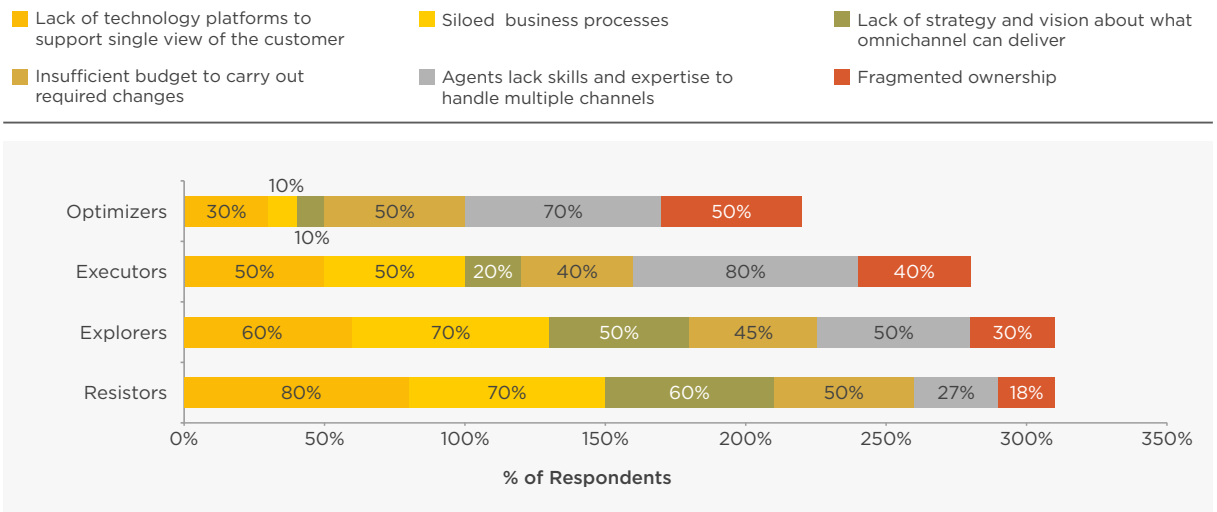


Source: WNS DecisionPoint™ Survey

Although utilities recognize the significance of the omnichannel strategy to boost customer experience, only 24% of utilities were able to deploy this approach, as per the WNS survey. Major challenges holding back Explorers and Resistors from initiating and executing this approach include lack of technology infrastructure to support a single view of the customer and siloed business operations.

Exhibit 13

Barriers to Omnichannel Approach



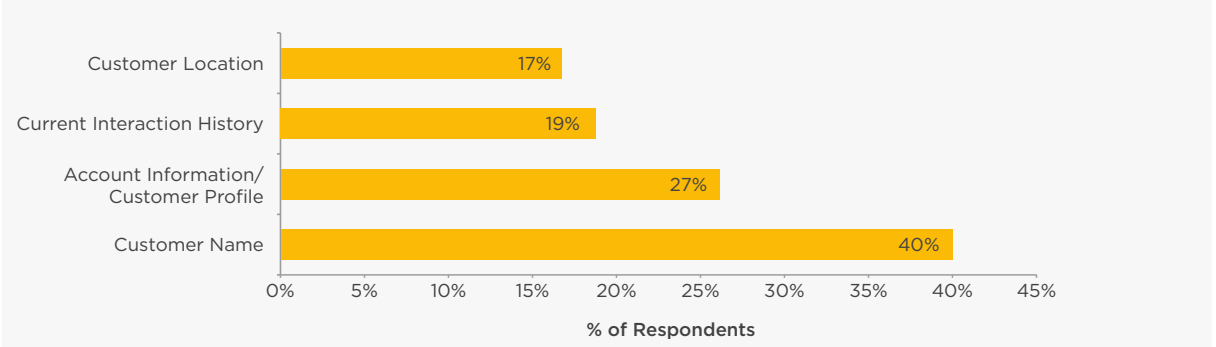
Source: WNS DecisionPoint™ Survey

Although, all utilities in the Resistor and Explorer categories offer multiple interaction channels, 55% of Resistors and 50% of Explorers still have disintegrated operations.

As depicted in the survey (Exhibit 14) by Contact Babel[8], fragmented processes pass only standard customer data, most often the customer name, rather than key fields such as the contact history of the customer, his/her account details, or location details[vi].

Exhibit 14

Customer Data Handover from Mobile Medium to Other Channels



Source: 'The Inner Circle Guide to Omnichannel Customer Contact', by ContactBabel, 2016

Most Resistors (~80%) and Explorers (~60%) also lack the ability to generate a single view of customers as investing in such technologies to develop a complete picture of customers' needs and opportunities is not considered a priority area. Moreover, lack of resources and capabilities further delay the adoption of such technologies.

While contact center agents of Executors lack the expertise to handle multiple channels, utilities in Optimizers category reported decentralized ownership of multichannel customer contact operations. For instance, functions such as telephone calls, emails, and live chats are documented as contact center services, whereas customer interaction through social media is often considered as a part of marketing, and self service operations is embedded within Information Technology (IT) function. Lack of centralized ownership of multichannel customer contact operations restrains utilities from maintaining consistent service across channels and also delays the transition to an omnichannel model.

BEGINNING THE SHIFT FROM MULTICHANNEL OR MULTI-MODAL CUSTOMER ENGAGEMENT TO AN OMNICHANNEL ENVIRONMENT

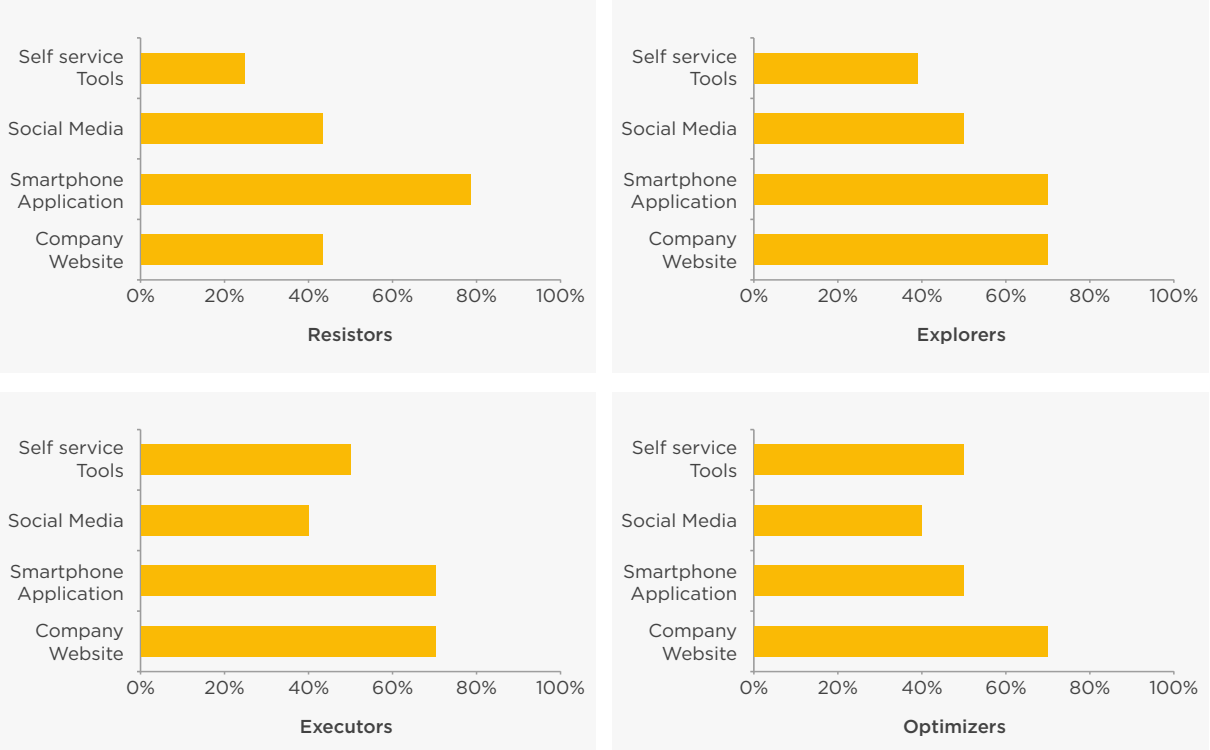
Omnichannel customer engagement enables organizations to resolve customers' issues and cater to their needs in one contact regardless of the communication channel used by them. When the initial channel of interaction fails, the utility, through its omnichannel customer service solution, enables customers to switch to an alternative/next preferred channel seamlessly without requiring them to repeat tasks they have already completed in the initial channel, such as a customer identity verification process. Building an omnichannel environment creates uniformity across all contact points, and allows customers to benefit from cohesive, familiar experiences when dealing with the utility service provider. Moving from a multichannel to an omnichannel environment requires utility company to consider following key strategies.

Provide Multichannel Options

Allowing customers to select which communication they want to receive, when they receive it, how often they receive it, and through which communication channel (e.g., text message, email or telephone) is the first step towards a holistic omnichannel customer experience. Consequently, mobile application additions and upgrades are the primary area of focus for most utilities over the next 24 months (Exhibit 15).

Exhibit 15

Channel Investment by Utilities in Next Two Years



Source: WNS Decisionoint™ Survey

Identify Customer Preferences for Channels

Like the Optimizers, other utilities also need to figure out the channel preferences of their customers. They need to understand that leveraging multiple channels (voice, email, SMS messaging, and push notifications) of customer engagement to communicate is not enough, as customers can have a disjointed experience if the various channels and associated systems do not communicate with each other. Leveraging the range of analytics solutions mentioned above in Exhibit 8 will enable utility service providers to know the channel preferences of each customer segment and to deliver relevant and personalized content through the most appropriate channel.

Consistently Provide Unified and Integrated Customer-centric Experiences

Customers demand continuity across touch points to complete an interaction and consistency in services across channels. They can promptly figure out if service is better in one channel versus another and this triggers channel switching. Thus, utilities must deploy integrated tools and processes that support uniform user interfaces across channels and also contribute greatly to ease and efficiency of customer journey. WNS DecisionPoint™ survey highlights that there is an increasing requirement for multichannel/omnichannel analytics to get a 360 degree view of the customer journey in a single interaction and also to identify and improve any channel that failed to fulfill the interaction requirements.

Further, to ensure a smooth transition towards an omnichannel customer experience, utilities must focus on building essential infrastructure, anticipate vital agent skill set gaps, and ensure close coordination between various departments that directly or indirectly interact with customers.

Develop Infrastructure Support

Saddled with legacy systems and siloed operations, the typical cost of customer operations remains high. To cope with the rapidly moving target of customer expectations, utilities should focus their immediate efforts on:

- Creating a unique customer identification irrespective of engagement channels
- Deploying omnichannel tools to engage with customers via the 'best-fit' channel for a particular type of interaction
- Aggregating engagement data by investing in an IT infrastructure that can serve as a central repository for all transactional and interaction data
- Providing a 360^0 view of customers wherein agents can view the full context of a customer's contact status, account history, and consumption pattern, irrespective of any channel

Anticipate Agents' Skill Sets

With the advent of digital channels, agents are further burdened with the responsibility to handle as many as 17 different contact channels[vii]. Utilities should provide their contact center agents with an omnichannel CRM or similar infrastructure to enable them to promptly access product/service information on a single screen/desktop. Utilities are required to evaluate the gap in the skills they currently have within the contact center, what they require to support an omnichannel environment and how they can bridge the knowledge gap. Partnering with professionals that have expertise in omnichannel solutions is one of the ways to overcome the knowledge gap and accelerate the adoption of omnichannel customer experience.

Make Organization Ready for the Change

This not only includes technology to back the transition to an omnichannel support model but also aligning the entire organization towards the same goal. Omnichannel requires integration between various channels and coordination among the ownership and management of the various business processes (invoicing, demand response, bill generation, meter reading, among others) and departments (billing, payment, metering and sales) affected by customer interactions. Thus, to successfully execute omnichannel, utilities are required to have senior executive sponsorship, vested with the authority and responsibility to make changes to any and all appropriate business units.

MOVING FORWARD TO OPTIMIZE THE OMNICHANNEL EXPERIENCE

Utilities should now look ahead to optimize customer-facing operations and increase accountability, while lowering cost-to-serve and raising customer satisfaction. Based on the WNS DecisionPoint™ survey, primary and secondary channel choices were identified for each interaction among different age groups.

Exhibit 16

Primary and Secondary Channel Preferences for Specific Interaction Types Among Customers of Various Age Groups

Type of Functions	Channel Preferences of Customers
Communication functions (non-recurring)	Primary preferred channels
Communication functions (recurring)	Secondary preferred channels
Promotion function	Low preferred channels
Transaction functions	

Type of channels used for various interactions by customers in the age group of below 34 years	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Type of channels used for various interactions by customers in the age group 35-44 years	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Type of channels used for various interactions by customers in the age group 45-54 years	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Type of channels used for various interactions by customers in the age group of above 55 years	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
Seek information											
Receive outage communication											
Report service/billing/payment issues											
Receive communication on energy usage and savings tips											
Send meter readings											
Know billing and payment details											
Know account related details											
Receive promotional offers											
Renew/change tariff/rate											
Purchase products/services											

Source: WNS DecisionPoint™ Survey

Utilities should segment their customers based on multiple sub parameters including age, income level, location, usage pattern and payment history and should then assess the channel preference of each group for each function and interaction type. However, for illustration purpose, we have segmented customers based on their age group only. Utilities should then measure, understand and compare the costs associated with each channel. The range of cost of contact per customer (CoC) for each channel is depicted in the table below.

Exhibit 17

CoC Per Customer by Channel Type

Channels	Website - Live chat	Website - Self service	Mobile Website	Mobile - Live chat	Mobile - Self service	Social Media	SMS	Phone Calls	Emails	Direct Mail	Utilities Outlets
CoC per customer (In USD)	$1<=$5	< $1	$1<=$5	$1<=$5	< $1	< $1	< $1	$5<=$10	$1<=$5	>$10	$5<=$10

Source: WNS DecisionPoint™ Survey

As seen in the above Exhibits (16 and 17), customers below 34 years mostly use low-cost digital channels such as mobile self service and social media as their primary interaction channels for recurring communication such as sending meter readings, obtaining records of past bills and payment history, as well as receiving promotional offers. Channels such as SMS and web self service platforms are comparatively less preferred modes to interact with utilities for transactional and non-recurring communication. This group also considers email as an important channel of communication for almost all interactions.

Customers in the age group of 35-44 years prefer low-cost digital channels such as web self service for transaction related and recurring communication and, to some extent, for non-recurring interactions. Customers in this age group also leverage low-cost digital channels such as mobile website and smartphone apps as their next

preferred choices of communication to receive updates on outages and promotional offers.

Customers in the age group of 45-54 years prefer a mix of digital and traditional channels for varied types of customer service interactions. Costlier traditional channels are mostly preferred by customers aged 55 years and above for reaching out to the utility service provider including promotional offers which this age group prefers to receive through direct mails.

Digital technologies can help utilities become more cost competitive by transitioning specific interactions from high-cost channels such as direct mail, phone calls and face-to-face interactions at utility outlets to primary or secondary preferred low cost digital channels. However, utilities need to fully comprehend the drivers for usage of a specific channel(s) for various interactions. WNS DecisionPoint™ proposes a conceptual framework (Exhibit 19), that provides a theoretical understanding of Channel Determination Criteria (CDC). Each customer interaction is required to be assessed from the customer's perspective and rated as high, medium, or low on basis on three criteria; criticality, complexity, and sensitivity.

Exhibit 18

Mapping Business Functions and Customer Interactions based on CDC

Type of Functions

- Communication functions (non-recurring)
- Communication functions (recurring)
- Promotion function
- Transaction functions

L - Low I **M -** Medium I **H -** High

Interaction Type	Criticality	Complexity	Sensitivity
Seek information	L to M	Low	Low
Receive outage communication	M to H	Low	L to M
Report service/billing/payment issues	M to H	Low	M to H
Receive communication on energy usage and savings tips	L to M	M to H	L to M
Send meter readings	Low	Low	Low
Know billing and payment details	L to M	Low	Low
Know account related details	Low	Low	Low
Receive promotional offers	Low	Low	Low
Renew/change tariff/rate	L to M	L to M	Low
Purchase products/services	M to H	M	L to M

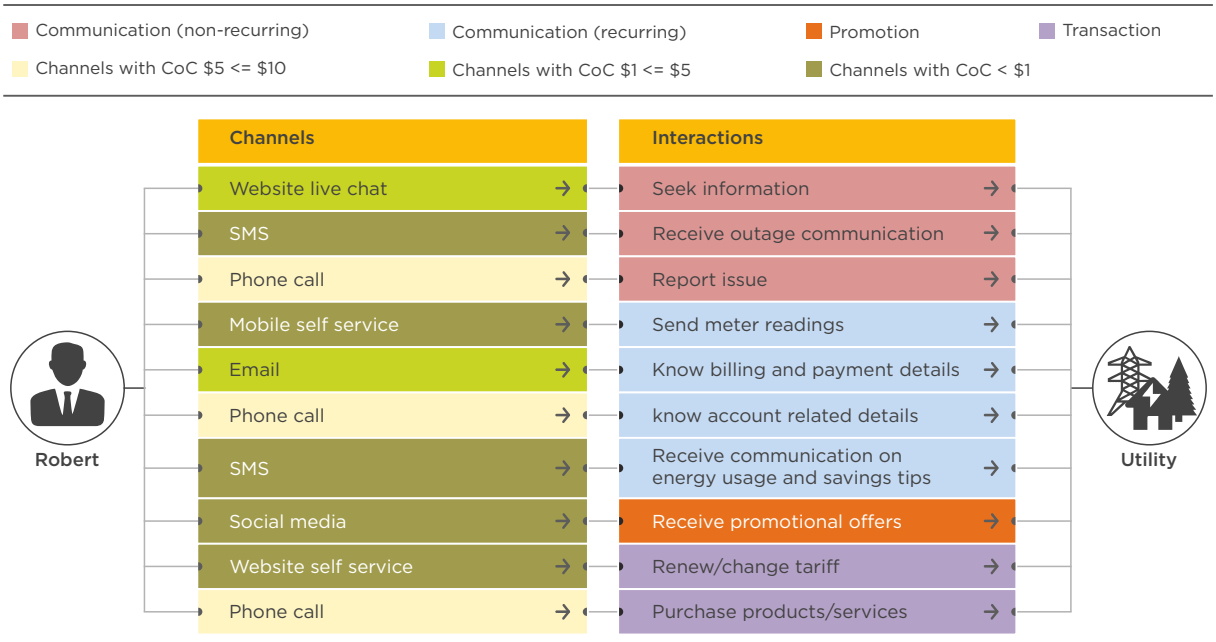
Source: WNS DecisionPoint™ Survey

Each interaction of various segments of customer needs to be quantified on a scale of 1 to 5 to generate a 'Channel Shift Probability Score' (CSP score). The CSP will enable utilities to assess the probability for shifting a particular interaction(s) of specific customer segment(s). This framework will also enable utilities to develop an optimal strategy for a more effective and profitable management of these interactions. Below is a hypothetical example to illustrate the value gained by a utility from switching a customer to the low-cost channels.

Illustration - Robert, a middle-aged (44-55 years) US resident, interacts with his electricity utility provider through various channels (Exhibit 19).

Exhibit 19

Channels Used by Robert to Interact with his Utility Provider



Source: WNS DecisionPoint™ Survey

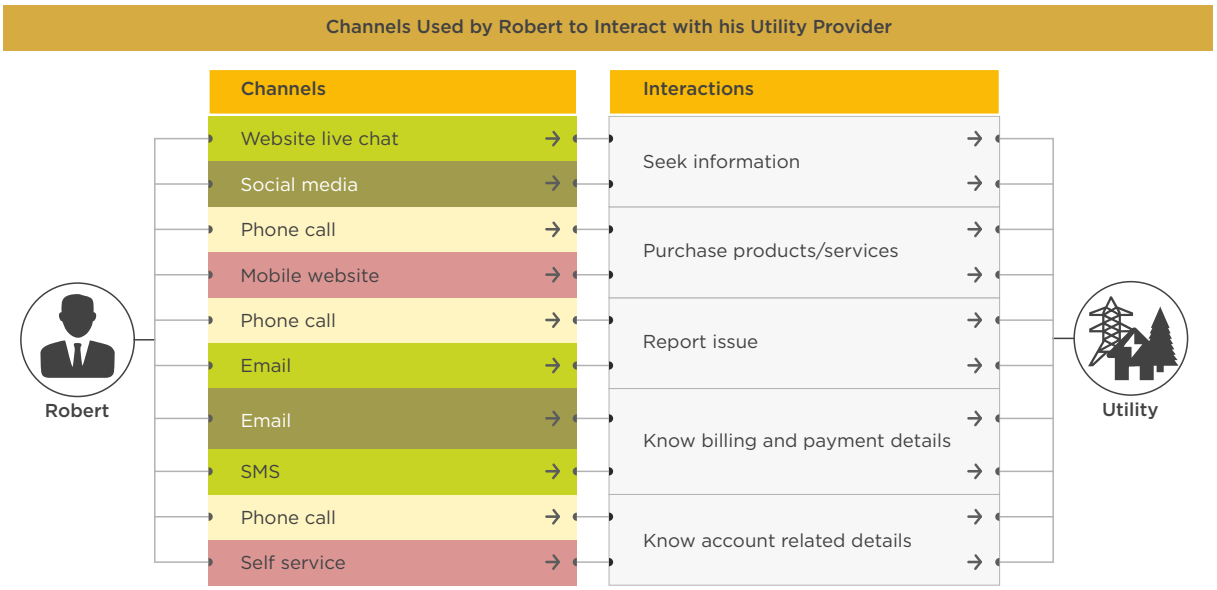
On analyzing the channel preferences of Robert for each interaction, it was found out that Robert mostly prefers to use low-cost channels to receive promotional offers, and also to complete transactions such as signing up for a new tariff plan. Robert also uses high-cost traditional channels for transacting with his utility provider and for recurring communication such as checking account balances.

The utility should compare the channel preferences of Robert with those with similar demographic characteristics. This assessment enables companies to ascertain interactions where CoC can be reduced further. For instance, in the above illustration, Robert's interactions for seeking information and knowing the details of historical bills and payments can be shifted to channels with CoC below $1. Exhibit 20 highlights the alternative channels of choice (both primary and secondary) by U.S. residents in the age bracket of 45-54 years and also the interactions which can be completed using the most cost effective touch point, thereby improving customer engagement and maximizing channel efficiency.

Exhibit 20

Alternative Primary and Secondary Preferred Low-cost Channels

- Channels with CoC $5 <= $10
- Channels with CoC $1 <= $5
- Primary Preferred Alternative Lower Cost Channels
- Secondary Preferred Alternative Lower Cost Channels



Source: WNS DecisionPoint™

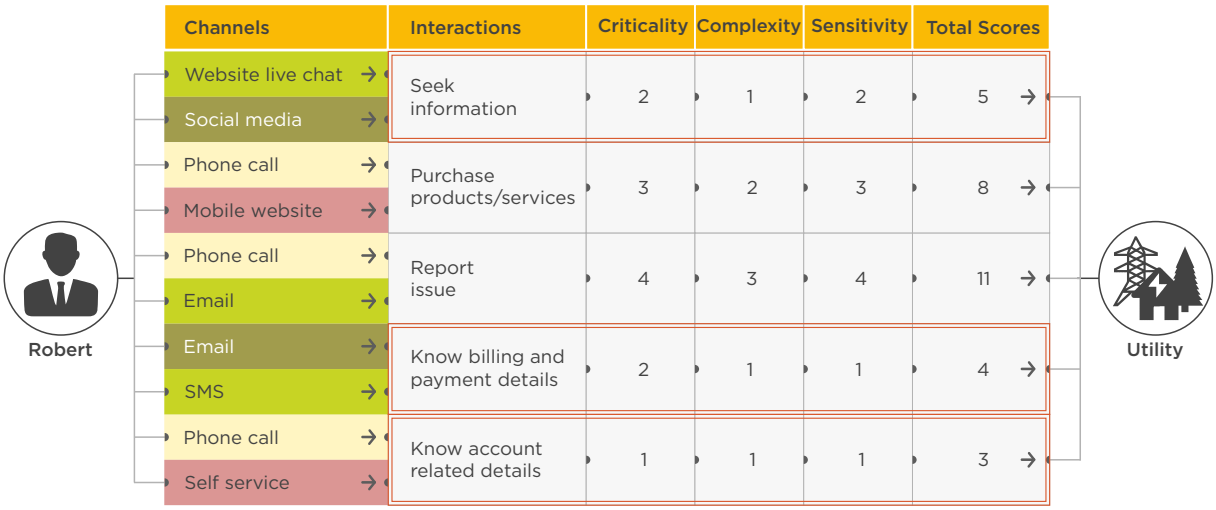
The next step is to determine the CSP score for each of the above interactions based on channel determination criteria –criticality, complexity, and sensitivity, as depicted in Exhibit 21. Interactions with scores 2 or below 2 for each of three criteria are most amenable to be shifted to cost effective channels. Whereas, scores higher than 2 for each criteria indicate discomfort or reluctance of customers to shift. In the exhibit below, interactions marked in the red boxes are the ones that can be considered for channel shift.

Exhibit 21

Deriving CPS Scores

- Channels with CoC - $5 <= $10
- Channels with CoC - $1 <= $5
- Primary Preferred Alternate Lower Cost Channels
- Secondary Preferred Alternate Lower Cost Channels
- Low 1 ◄——► High 5 Scale of Criticality, Complexity and Sensitivity
- Interactions that can be Shifted to Low Cost Channels

Channels Used by Robert to Interact with his Utility Provider



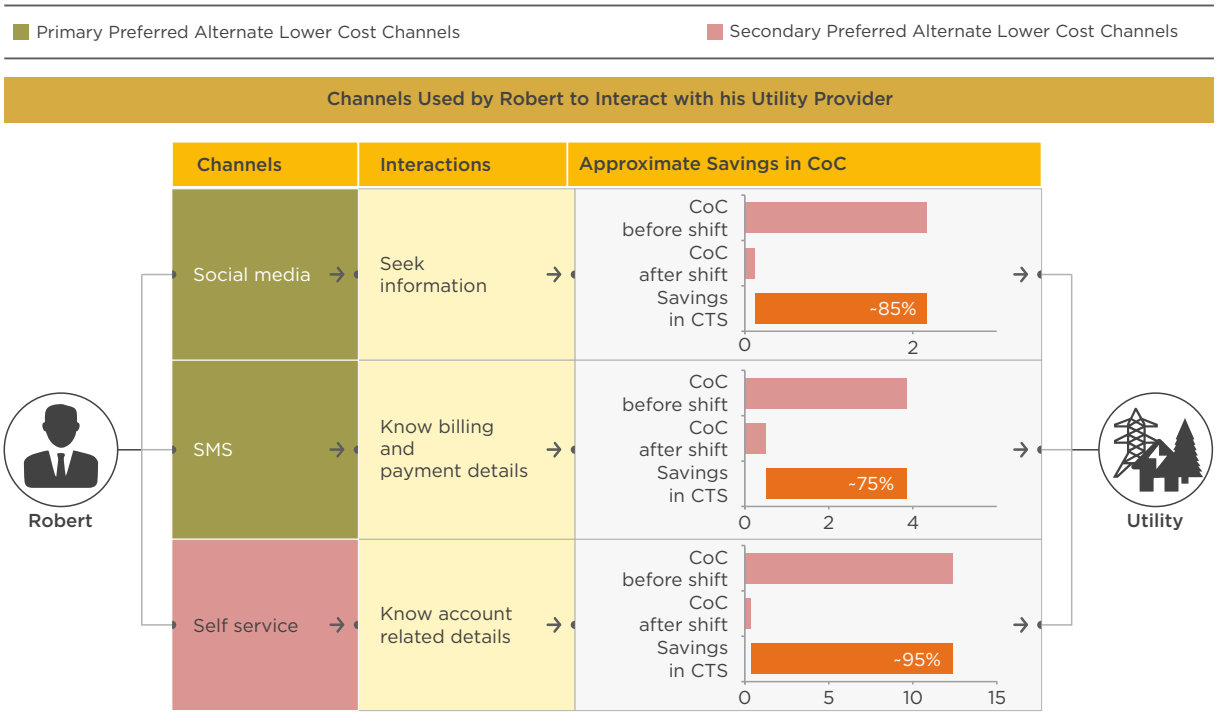
Channels	Interactions	Criticality	Complexity	Sensitivity	Total Scores
Website live chat	Seek information	2	1	2	5
Social media					
Phone call	Purchase products/services	3	2	3	8
Mobile website					
Phone call	Report issue	4	3	4	11
Email					
Email	Know billing and payment details	2	1	1	4
SMS					
Phone call	Know account related details	1	1	1	3
Self service					

Source: WNS DecisionPoint™

Utilities can realize significant cost savings by switching highlighted interactions to alternate preferred channels (Exhibit 22).

Exhibit 22

Estimated Business Value Gained by the Utility Company through Channel Optimization Approach (for illustrative purpose only)



Source: WNS DecisionPoint™

CONCLUSION

Increasing presence of Millennials makes the need for strong omnichannel strategies inevitable. They are utilities' future customers and are strong adopters of technology. The Millennial population in the US, the UK, and Australia is expected to growth at a CAGR rate of 3.1% between 2015 and 2020. This customer group is more socially conscious, strongly influences the purchase decisions of other customers and demands instant resolution/self-resolution of their queries through their channels of choice. With millennials expected to account for nearly 3/4th of the adult population by the end of 2020[viii], are utilities ready to meet the omnichannel expectations of the bulk of their future customers?

Simply rushing to switch to digital forms of communication is not enough. Customer satisfaction will take a hit if moving between these channels is not seamless or if a customer is forced to communicate via a channel they do not wish to. These channels do have the potential to both increase customer satisfaction and utilities' profitability, but the transition must be strategic.

Utilities must use various types of data to segment customers which outline important aspects of customer needs, behavior and preferences. The choice of channel can provide competitive differentiation, by providing an optimum level of service, balancing both satisfaction of customer needs with the cost of the channel. Coupled with this, utilities must work to make the experience seamless for the customer, regardless of channel. In this way, utilities will ensure that every customer interaction is performed via a channel that the customer likes, and continuity is maintained with all previous interactions.

About DecisionPoint

Making key decisions that improve business performance requires more than simple insights. It takes deep data discovery and a keen problem solving approach to think beyond the obvious. As a business leader, you ought to have access to information most relevant to you that helps you anticipate potential business headwinds and craft strategies which can turn challenges into opportunities finally leading to favorable business outcomes.

WNS DecisionPoint™, a one-of-its kind thought leadership platform tracks industry segments served by WNS and presents thought-provoking original perspectives based on rigorous data analysis and custom research studies. Coupling empirical data analysis with practical ideas around the application of analytics, disruptive technologies, next-gen customer experience, process transformation and business model innovation; we aim to arm you with decision support frameworks. Drawing on our experience of working with 200+ clients around the world in key industry verticals, and knowledge collaboration with carefully selected partners, including Knowledge@Wharton, each research asset draws on "points of fact" to come up with actionable insights which enables 'bringing the future forward'.

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