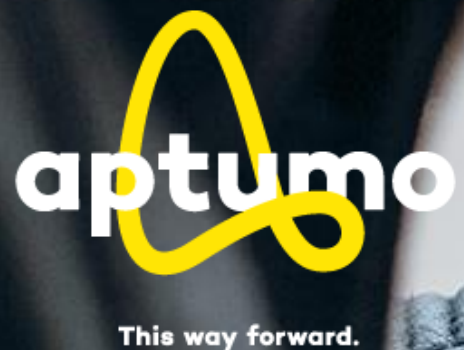




# The Secrets of Better Billing

# Foreword

The presentation of a water bill to a customer is a moment of truth for every water company – are they happy with their service, will they pay promptly, do they believe the bill is correct, and, if there is a problem, can the company prove its ability to listen and deliver a speedy resolution.

We see better billing as a key opportunity in maintaining successful customer relationships, crucial to helping water companies achieve sustainable success. Therefore, we've taken an in-depth look at the current state of water billing in Australia and what lessons can be shared to improve this aspect of customer contact.

This report presents the findings from a nationally representative survey of 1,000 Australian households, looking at how consumers feel about the water bills they are presented with, prevalence of good and bad practice and whether they feel there is additional help there for them should they need it.

We also examine some of the innovations customers would like to see from their water companies – such as greater transparency and bill smoothing - giving insight into how companies can stay ahead of evolving consumer desires when it comes to bills and the billing experience.



**Andy Mack**

Software Services Director, Echo Managed Services



# Paper based billing remains prominent

Paper based billing is still common practice in the Australian water sector, with just over half (55%) of consumers receiving a paper bill. This water sector paper bill dominance isn't isolated to Australia; in the UK – a similar water market, a recent consumer survey threw up like for like results.

Looking more closely at state differences, paper bills are most common in Tasmania (67%) and South Australia (64%). Western Australia (40%) is the only state where digital billing is more widespread than the more traditional paper-based alternative.

The results could show that some customers are simply happy with paper billing, or alternatively that they've not been asked to switch, or that they are not aware of the alternative options available.

Being easy to deal with and accessible means enabling customers to receive their water bill in the way that works best for them. It's clear that there is an opportunity to further digitise the billing journey, so long as consumers are happy to make the change - remembering that one size doesn't fit all and that great customer service relies on offering customers choice based on their own needs and circumstances.

Water companies will need to ensure they have the right tools and solutions to support them to become digitally enabled, and that the customer journey is well designed and thought out to suit different customer segments to provide the ease and convenience that e-billing sets out to achieve.

 Thinking of your water bill, which of the following statements is most accurate for you? (select one)



**55%**

I receive a paper bill



**35%**

I receive a digital bill via email



**10%**

I access my digital bill via my online supplier account page

# The bill is a key customer touchpoint

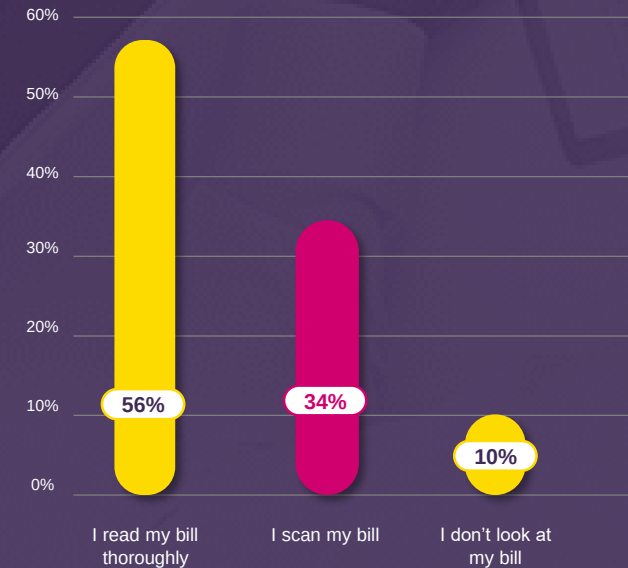
For water companies, the bill is a key customer touchpoint given that many customers won't regularly connect with their supplier unless they have an issue. It's important then that bills are clear and easy to understand and give consumers all the information they need.

However, what's apparent from our survey is that the information contained within the bill isn't reaching 1 in 10 consumers (10%), who choose to completely ignore their bill. A further 34% scan their bill, whilst just over half (56%) say they read it thoroughly.

Too much information on the bill, corporate jargon and complex design could be impacting on customer desire to more thoroughly read their bill. Engaging consumers around bill design, format and content can help water companies to better understand how they currently engage with bills and what would help make bills more clear and informative.

There's unlikely to be a 'one size fits all' approach, and water companies may consider a degree of personalisation to better meet individual needs; digital billing opens up the possibility to achieve this in a cost effective manner.

? Thinking of your water bill, which of the following statements is most accurate for you?(select one)





# Bills are not universally understood

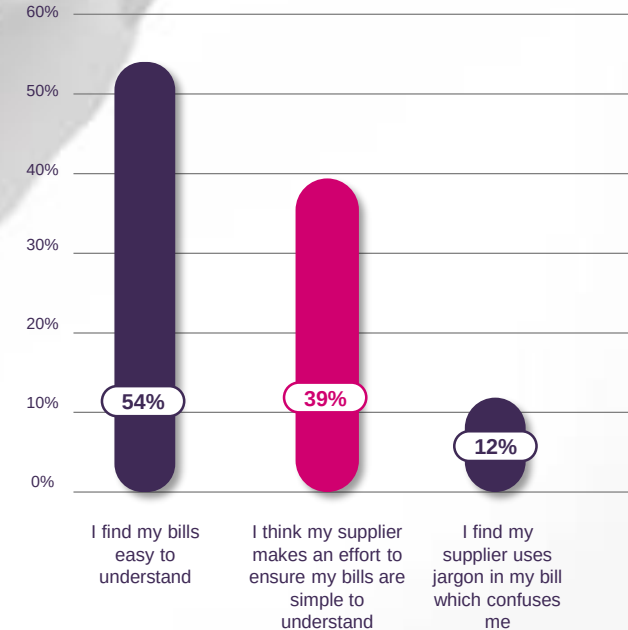
Bill clarity is an important element of good customer service – customers from all walks of life should be able to easily understand their water bill so they know what their charges are and how much they need to pay.

A key element in greater bill clarity is the terminology that water companies use throughout their bills. 12% of consumers we surveyed do not fully understand some of the common terms they see on their water bills.

Customers in Queensland and Victoria were most likely to be confused by billing jargon; 15% and 14% of consumers living in these states expressed confusion.

Water companies shouldn't assume that customers know or understand common billing terms and might consider simplifying language or offering clear definitions as to what each term means. Also, offer customers easy ways to find out more if they don't understand. Clear-cut explanations and information on a well-designed and easy to navigate website can help, as well as signposting to a helpful and knowledgeable customer service team.

? When it comes to understanding your water bill, which of the following apply? (select all that apply)



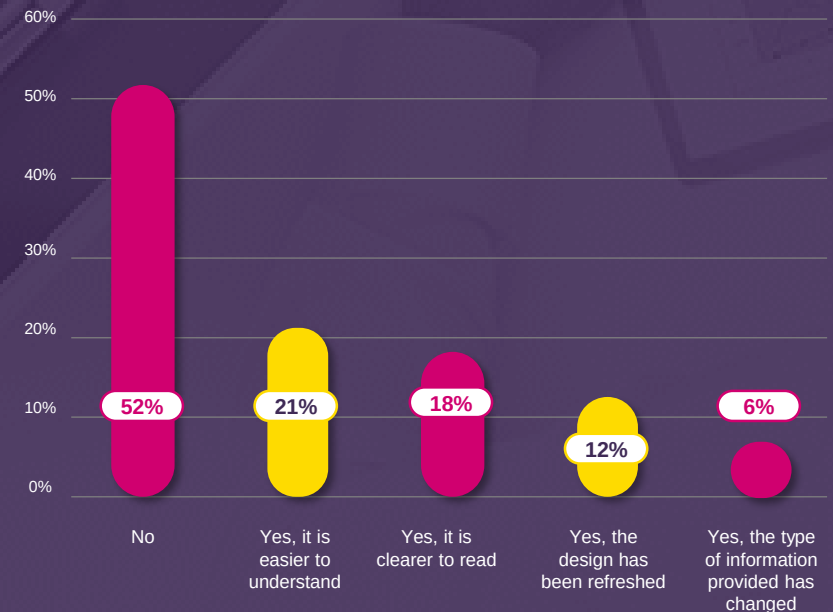
# More to do to make bills more engaging

Where water companies have taken steps to improve their bill design, this is appreciated by customers, with improved clarity and design noticed in particular.

The importance of a clear and easy to understand water bill cannot be underestimated. It can help water companies to reduce the number of customers who need to make contact or a raise a complaint due to a billing issue.

The water bill also provides a great opportunity to change consumer behaviour by, for example, signposting and encouraging the take-up of e-billing. When including this type of information on bills however, it's important that these messages are not easily lost and therefore missed by consumers who scan rather than thoroughly read their bills.

**?** Have you noticed a change in the look and/or feel of your bill in the last 12 months? (select all that apply)

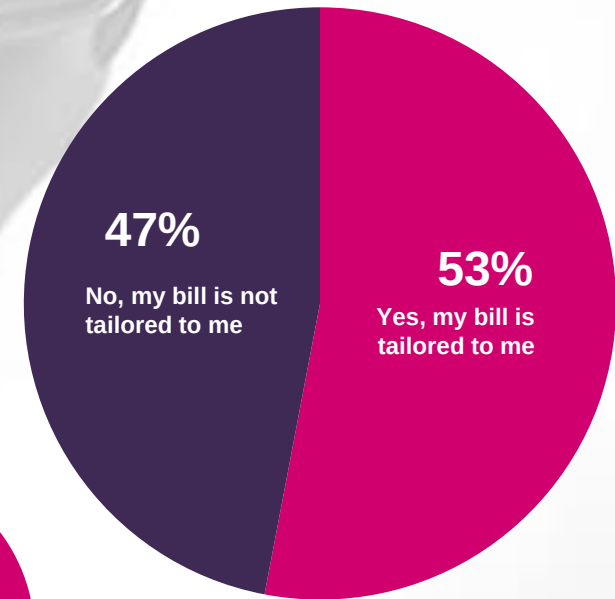


# Moving away from one size fits all

Verbatim comments from customers taking part in this survey indicate a limited understanding of the 'art of the possible' when it comes to tailored and personalised bills, with customers highlighting personalisation due to the bill being addressed to them, showing their usage and payment amounts.

If water companies work to create a deeper understanding of their customer base, this opens up new opportunities to deliver a truly personalised bill. For example, matching messages to customer segments such as those in circumstances of vulnerability, or more likely to fall into debt; tailoring language and the level of information to suit different customers; and driving behaviour change such as e-billing or consumption reduction.

 Thinking of your water bill, do you feel it is tailored to your needs? (select one)



"It is personally addressed to me with a graph showing which month I used the most water."

"Gives you a understanding of what you used and what is owing and sets out the info you want."

"It's broken down into easy to read sections & lets me know my water usage for same time last year."

"It specifies my consumption and the information I need to make payment."

"It gives me an idea of what others are paying and what is average water usage for my type of household."

# Do consumers desire more frequent bills?

Most consumers we surveyed (72%) indicated a preference for quarterly billing, demonstrating that the majority are content with the current billing frequency largely used in the sector.

21% of people said that they would prefer to receive a more frequent, lower monthly bill. Introducing this would clearly have implications for the cost of meter reading and bill postage, however a proportion of this cost could be mitigated through increased take-up of e-billing.

And, monthly billing could also bring additional benefits, with smaller bills being perceived as more affordable for those customers in debt; potentially driving more of these consumers to make a payment rather than ignore their bill, and through this reducing debt levels and potential disconnections.

As with many aspects of customer experience, consumers have a mix of opinions when it comes to how frequently they receive their water bill. Offering billing frequency choice to consumers can support water companies in meeting the varying preferences of different consumers, ultimately driving a more personalised and tailored billing experience.

 Thinking about your water bill, how often would you prefer to receive a bill? (select one)





# Would customers value a fixed payment tariff?

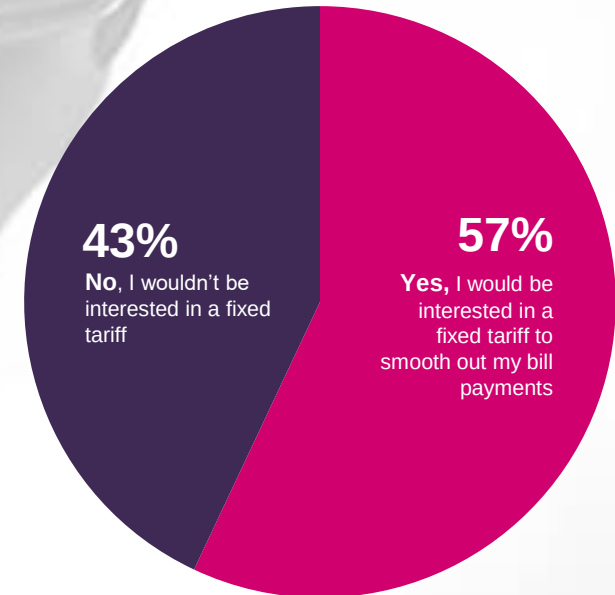
With some electricity suppliers in Australia already offering fixed tariffs to their customers, do consumers have an appetite for a similar offering for water, enabling them to smooth out their payments and avoid bill shock?

57% of those we surveyed said yes, they would be interested in moving to such a tariff, should it exist. Preference is linked to age, with younger consumers more likely to welcome a fixed tariff.

Geographically, Tasmania is the only state that breaks the mould, where there are more consumers who wouldn't want a fixed tariff than who would (58% vs. 42%).

These findings indicate that there is a real opportunity for water companies to trial and launch a fixed tariff concept to provide consumers with new choice in how they pay for their water to suit their own needs.

**?** Thinking specifically about your water usage and how it applies to your bills, which of the following do you believe? (select one)



| AGE            | 18-24 | 25-34 | 35-44 | 45-54 | 55+ |
|----------------|-------|-------|-------|-------|-----|
| Interested     | 64%   | 69%   | 69%   | 55%   | 44% |
| Not Interested | 36%   | 31%   | 31%   | 45%   | 56% |

# A call for greater transparency...

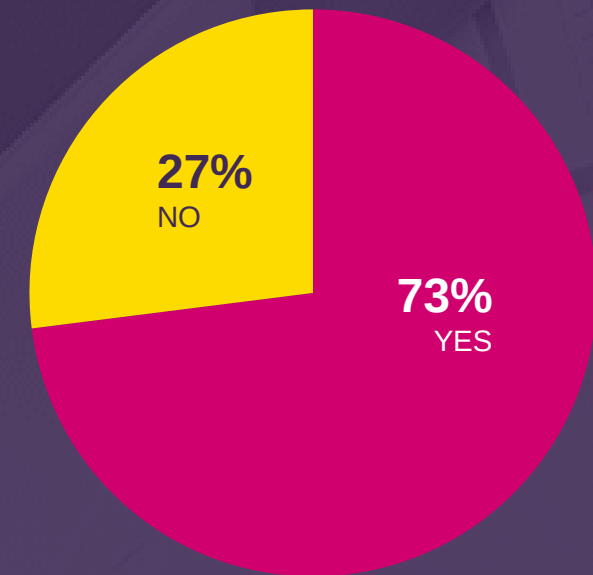
There is significantly more interest than not when it comes to consumers wanting to understand more about where their bill money goes, and how water companies spend it – particularly amongst younger age bandings.

Consumer comments around this issue indicate general curiosity; the desire to better understand why their bills are 'high'; concern over water conservation; and, in some cases, a mistrust of the sector and the companies that operate within it.

| AGE            | 18-24 | 25-34 | 35-44 | 45-54 | 55+ |
|----------------|-------|-------|-------|-------|-----|
| Interested     | 78%   | 84%   | 74%   | 69%   | 66% |
| Not Interested | 22%   | 16%   | 26%   | 31%   | 34% |

For the 27% who were not interested in greater transparency, the key themes sitting behind this were around the worry that their bill would become too complicated; the fact that they are simply too busy to digest such information; apathy around better understanding and, for some, the simple fact that they trust their supplier to do the right thing.

? Thinking about your water bill, are you interested in seeing information on your bill about where your money goes/how your supplier uses it? (select one)



## ...a call for greater transparency

? If yes, please explain why you gave this response

"So I don't feel like I'm just flushing money down the toilet."

"Because the rates keep increasing despite nothing else increasing to do with supply or demand so I would like to know where my money is being spent and what on."

"Because it is or should be a public utility I would like to see some accountability."

"It's nice to know if the water I use is properly purified, recycled and if there are plans for future upgrades and maintenance."

"Because clean water is the most valuable thing we have in Australia."

"It would indicate to me that my supplier is not just taking the money for their own profit - it would show how innovative and motivated they are to improve their services to their customers."

"Would just help to explain where my money is going, and why bills are so expensive."

"Transparency on our bills is essential as it allows people to feel they aren't paying unnecessary fees."

"I'd like to understand how much is spent on maintenance, environmental impacts and the future supply problems."

"So I know it's not going straight to their pockets."

# Half of consumers feel like ‘just another number’

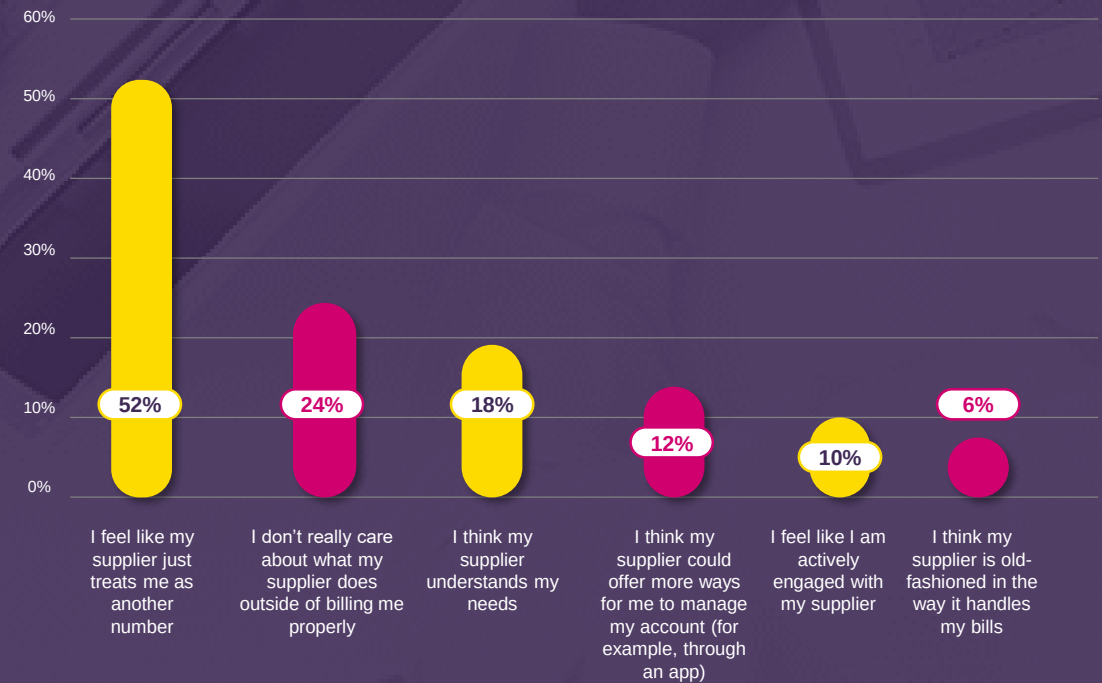
Are water companies truly engaging their communities and customers?

Only 18% of those we surveyed felt that their supplier understood their needs, indicating that water companies have a huge opportunity to create closer relationships with their customers; using segmentation to drive more tailored services and experiences to better meet individual needs.

Of course, this needs robust software that is able to create a single view of each customer and empower water companies to use data and AI to better service their needs. Too often, legacy software systems can prevent companies from cost effectively implementing real change to add value to their customer base.

With customer expectations continuing to grow, and technology opening up new opportunities, those who take steps to be more proactive around communication and customer engagement will be able to demonstrate to their customers that they understand them, work hard to keep them informed and, perhaps most importantly, that they value them as customers.

**?** When it comes to your water bill, which of the following do you believe (select all that apply)?



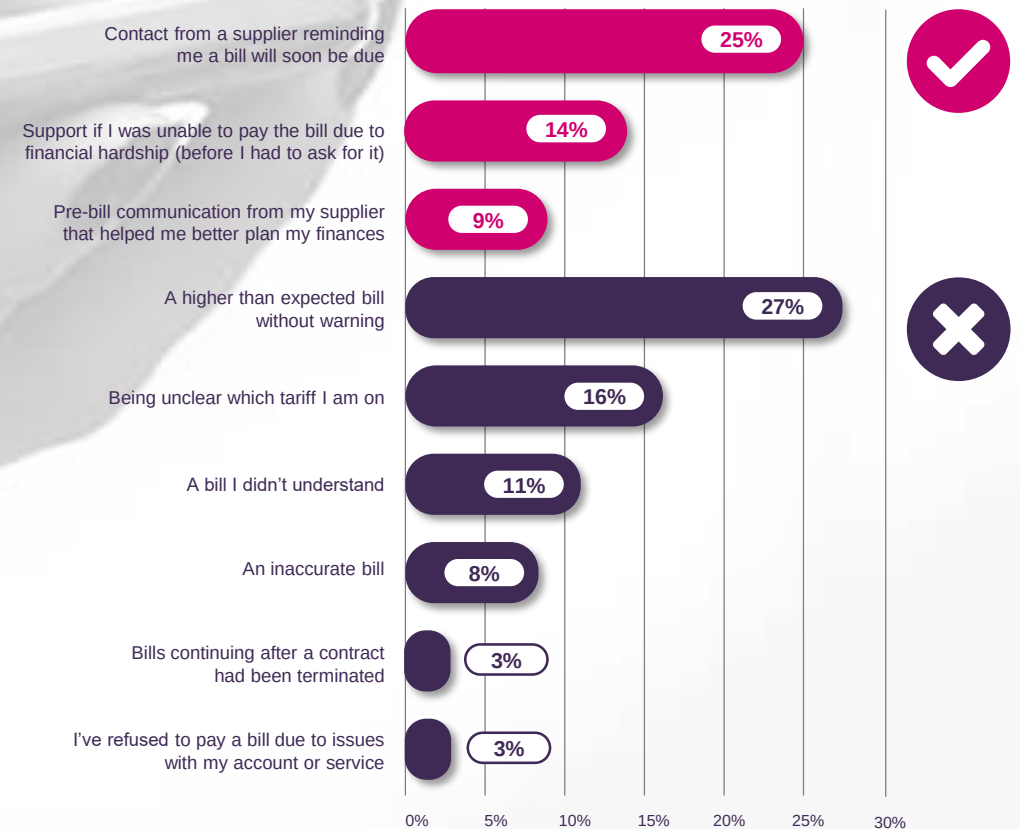
# Good practice and common frustrations

The top billing gripes experienced by consumers are receiving a higher than expected bill without warning (27%), followed by tariff confusion (16%), complex bills (11%) and billing inaccuracies (8%).

Proactive communication can help alleviate some of these common billing frustrations. Keeping lines of communication open, making it easy for customers to get in touch and signposting to relevant and useful information can all help improve customer billing experiences.

This relies of course on a deep understanding of customers, so that proactive communication is targeted at those who would welcome it to avoid irritating customers and adding service cost where unnecessary.

? Thinking of your water bill, which of the following have you experienced in the last 12 months (select all that apply)?



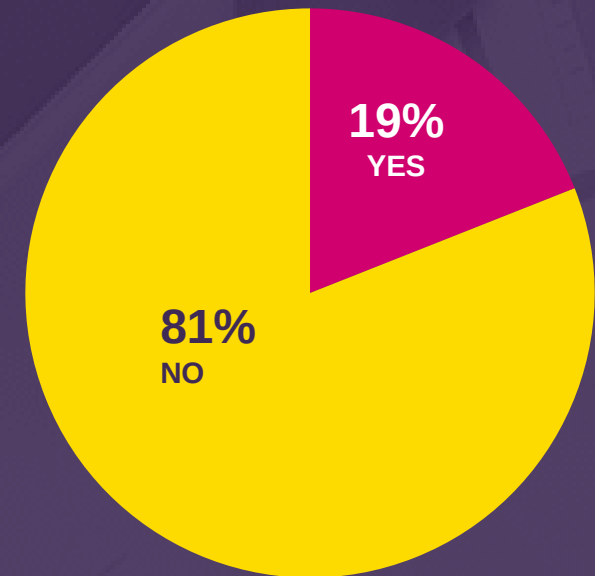


# Today's bills generate unwanted contacts

Almost 1 in 5 consumers we surveyed (19%) had to contact their water supplier about a water bill in the last year. When asked why this was, the main reasons were due to inaccurate bill details, wanting to understand a high bill, and needing additional payment support.

Water companies can look to reduce these unwanted contacts (from the consumers perspective) through taking a more proactive approach to billing processes, for example by contacting a customer pre-bill if the bill amount looks unusually high or by taking steps to predict which consumers may struggle to pay their bills and offering support before being asked.

**?** In the last 12 months, have you had to contact your supplier about a water bill? (select one)



"About hot water not running due to late bill payment."

"I contacted them because I wasn't getting any bills and it was strange."

"I received a higher than usual bill and didn't feel as though I had increased water usage or had any significant changes to using water at the property."

"Too high and I couldn't afford to pay needed hardship."

"To ask for an extension for payment due to not enough time to pay."

## A focus on putting things right

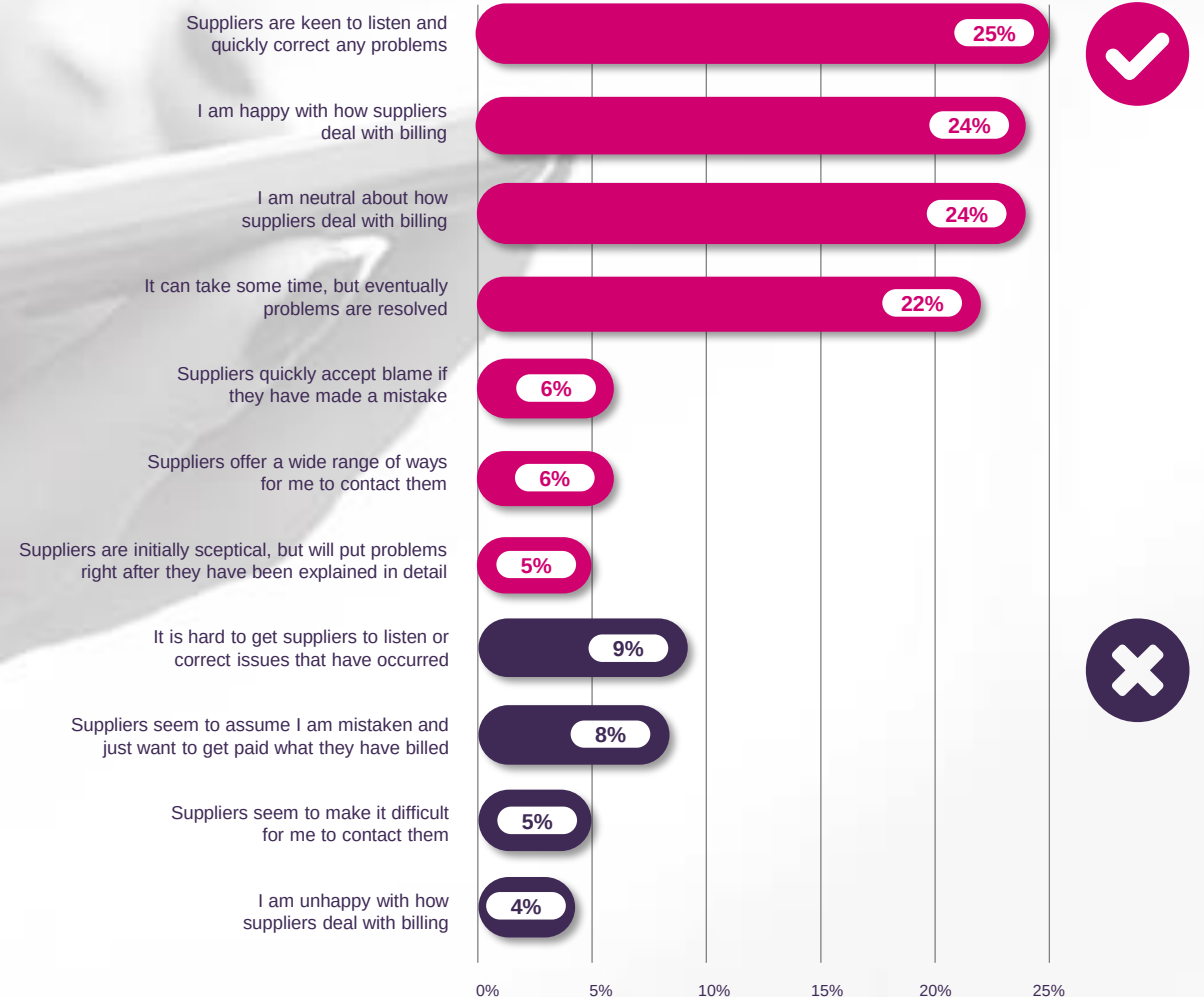
When billing errors occur, it's important that consumers feel that they can contact their water supplier and that the issue will be corrected quickly. A well handled billing issue that is resolved quickly can still lead to customer satisfaction.

1 in 4 consumers (25%) told us that their water supplier was happy to listen to their problem and resolve it effectively; with 48% of consumers either being happy or neutral about how their supplier deals with billing.

26% of consumers we surveyed had a negative experience when facing an issue with their bill; 9% found it was hard to get their supplier to listen to them, 8% felt that their supplier didn't want to take responsibility for their error, and a further 9% were either unhappy with how their supplier deals with billing, or felt that their supplier made it difficult for them to get in touch.

Ensuring customer service teams are empowered and well-equipped to deal with billing concerns is crucial to ensure consumers can easily access the support and help they need. This includes making sure that employees are able to access a 'single view' of the customer in systems; with all the history and information they need to be able to resolve the customer's problem and get it right first time.

? Thinking of your water bill, what is the typical response you get when issues arise with bills (select all that apply)?



# An omni-channel customer experience

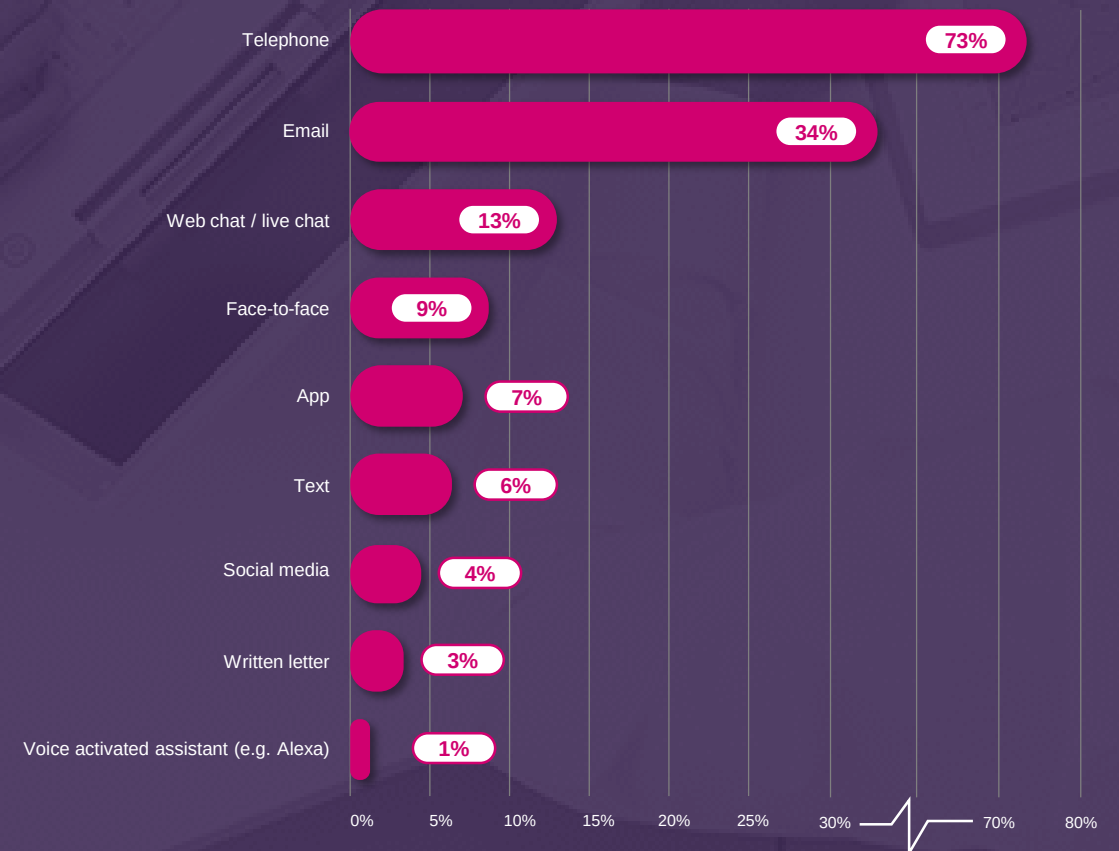
73% of consumers said that they prefer to contact their water supplier via telephone should they have an issue with their water bill. This is a high percentage of consumers in relation to other service sectors and water sectors in different geographies. This may be partially due to the limited contact channel choice available for some customers.

Offering channel choice to customers, including cost effective online and self-serve channels, not only provides options for customers, it also supports water companies to drive down service costs by enabling customers to interact with their accounts online for more simple queries and transactions.

It is however important that with increased channel choice, water companies ensure that customers receive a consistent and quality experience no matter what channel they choose.

With customer expectations growing, and regulation driving a more customer-centric approach, what's clear is that it is fast becoming expected for customers to be able to interact with their water supplier via an on or offline channel of their choice.

 If you had an issue about your water bill, which method would you prefer to use to contact your supplier (select all that apply)?



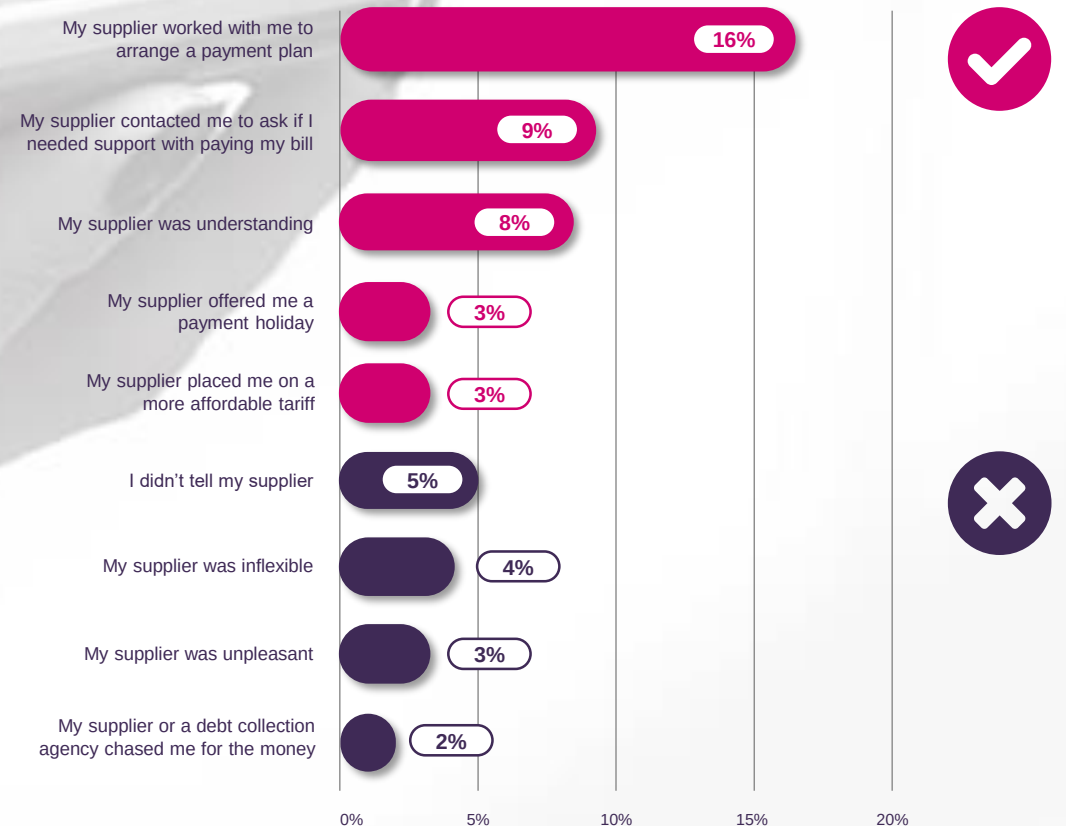
# Help and support for those who need it

Additional support for customers who need it is a key aspect of service commitment for any essential services provider and should be a priority given that customers are unable to choose their supplier or switch to one who is more supportive.

Our survey has indicated that there is more work to do around the information customers can access on paying their bills when they are experiencing some kind of financial stress, as well as the support they receive from their water supplier when making contact to seek additional help.

Being more proactive in offering the right support depends on a deeper understanding of customers and their circumstances; including being able to record rich information in billing and CRM systems to ensure contact centre teams can take decisions based on customer data to drive personalised service and support for those customers who really need it.

**?** If you have ever been in a position where you haven't been able to afford a bill, what was your experience with your supplier ? (select all that apply)



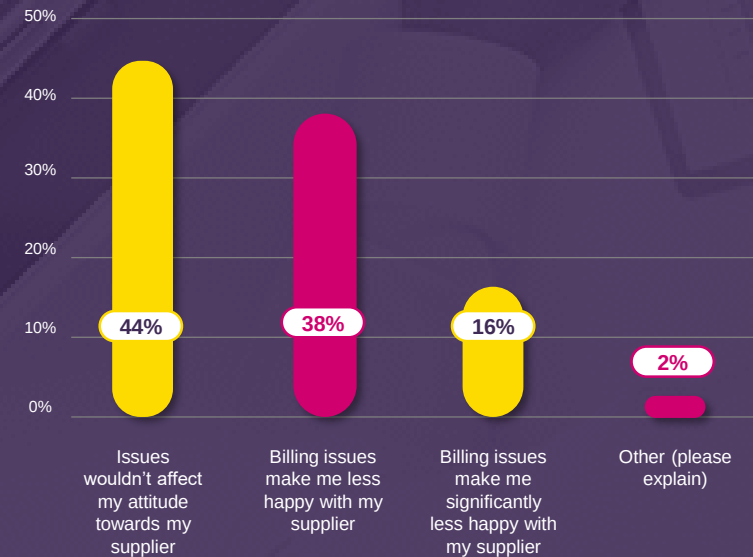
# Billing experiences impact customer relationships

Many customers are understandably sensitive to billing issues, and the potential impact on customer satisfaction and relationships can be damaging.

For 38% of consumers, a billing issue would negatively impact on their relationship with their water company, and for 16% of people, billing issued would significantly affect their customer satisfaction for the worst; potentially reducing 'value for money' ratings.

It's important for water companies to consider the clear connection between billing experiences and customer satisfaction. Improving the customer billing experience can generate a positive return on investment; strengthening customer relationships and satisfaction.

**?** How would billing issues affect your relationship with your supplier (select one)?





# Moving from contentment to delight

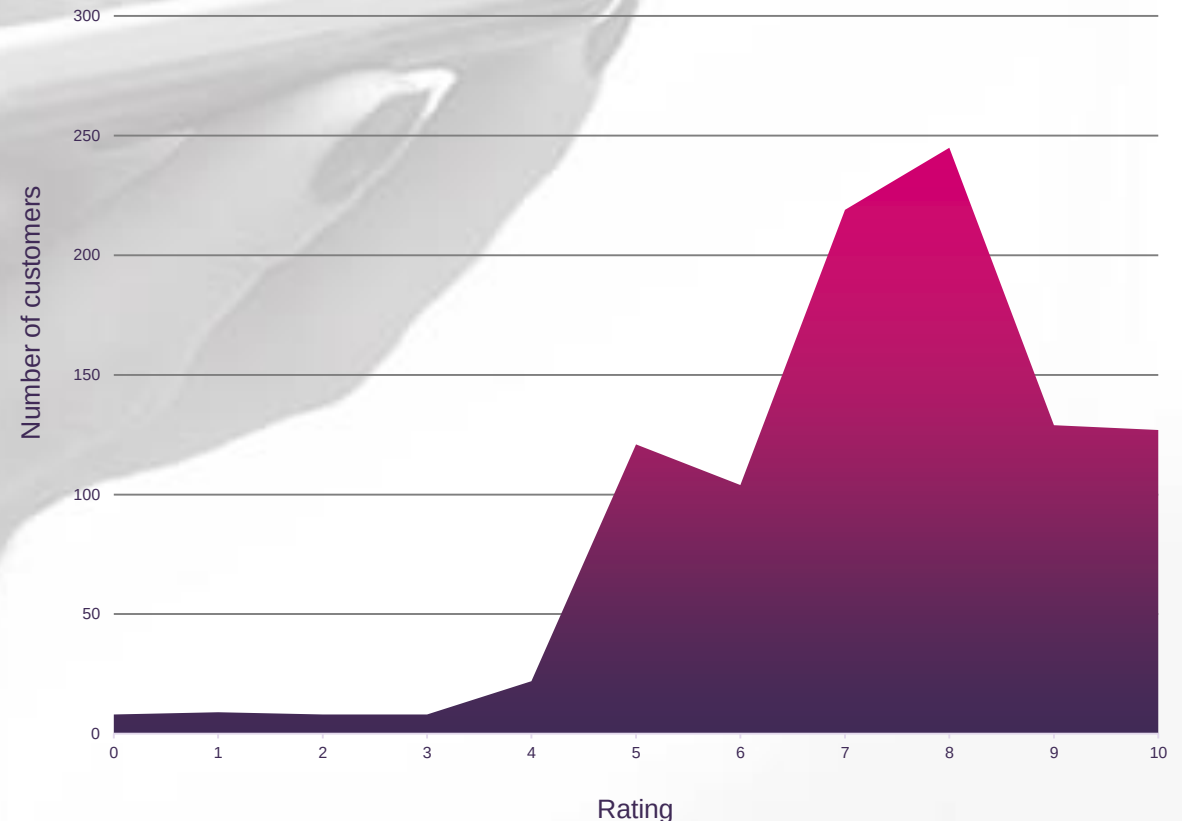
On average, consumers scored their water billing experience as 7.3/10. This is by no means a poor result, suggesting that on the whole consumers are neutral about billing or at best content with how water companies deal with bills and billing. It does however highlight a lack of high customer engagement.

Geographically, consumers in South and Western Australia are the most satisfied, averaging 7.6/10. Satisfaction also varies by age, with the over 55s being the age group who rate their billing experiences highest (7.5/10).

These scores suggest there is further scope for water companies to improve the billing journey and strive to delight consumers rather than settle for contentment. In total, only 26% of consumers we surveyed gave their billing experiences top marks (9 or 10 out of 10).

As new technologies and forward-looking companies drive improvements in all aspects of customer service, including billing, the danger is that companies who don't invest will see their ratings fall as consumers increasingly compare their experiences with their water suppliers against the very best service experiences from other service providers.

? Please rate your billing experiences with your current water supplier from 1 to 10? (select one)



## Key takeaways from this report

**Take steps to become digitally enabled.** Offer your customers choice in how they receive and pay for their water bills.

**Be more transparent.** Many customers have questions over where their money goes and how it is being spent.

**More than a number.** Tailored bills are a big customer engagement opportunity; educate your customers on the 'art of what's truly possible'.

**Ensure your systems and people are ready for better billing.** Empower your people to deliver great service that delights your customers.

## Key takeaways from this report

**Offer greater tariff choice.** Many customers would welcome a fixed tariff, for example, to smooth their payments.

**Be there for those who need support.** Water is an essential service, and this is a key part of a water company's service commitment.

**Billing and customer satisfaction are connected.** Improving customer billing experiences will provide ROI through enhanced customer satisfaction.

**Omni-channel customer service is a must.** Offer customers easy to use and convenient channels to reduce reliance on telephony and reduce service costs.



**This way forward.**

To discuss this report further or to find out more about our water billing software, get in touch:

+44(0)845 12 12 122

hello@aptumo.com | ask@echo-ms.com

www.aptumo.com | www.echo-ms.com