

Billing Date: 23 Oct 17 Bill Number: 5300079740
Billing Period: 01 Apr 17 - 30 Apr 17 Customer reference: 00019301/02

How we have worked out your bill
Your bill for 01 Apr 17 - 30 Apr 17
TOTAL £106.57

Account Information
Your gas charges: £56.30
Your electricity charges: £102.63
Sub Total: £98.74
VAT: £7.83

Consumption Details

	Previous	Latest
Electricity used	4667A	5405E

My Account ▾

▾ My Bills

Your current bill £106.57	Bill date 23/10/2017	Current balance £0.00
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PAY MY BILL

THE SECRETS OF BETTER BILLING

The secrets of better billing

The presentation of a bill to a customer is a **moment of truth** for any company – are they happy with the service, will they pay promptly, has the company delivered what was expected, do they believe the bill is correct? If there is a problem, can the company prove its ability to listen and deliver a speedy resolution?

The answers to these questions are crucial to a business' success and profitability. Also, the way in which billing is handled and issues are dealt with is key to building customer trust, loyalty and long-term engagement.

The importance of better billing hit the headlines in September 2016, when the Consumer Council for Water's report revealed written complaints had risen for over half of water companies in England and Wales, with billing and charges accounting for just over 60% of complaints. In the energy sector the issue appears even more acute, according to data from Ofgem. Out of the 22.87 complaints per 100,000 customers that were received in Q2 2016, 19.77 (86%) related to billing. The top three billing complaints were late billing, disputed charges and inaccurate invoices.

At Echo Managed Services, we see better billing as a key opportunity in maintaining successful customer relationships, crucial to helping our clients achieve sustainable success. Therefore, we've taken an in-depth look at the current state of billing in the UK 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 households, looking at the performance of everyday service providers (water, energy, phone, mobile phone, broadband, TV subscriptions and local authorities). We assess how consumers feel about the bills they are presented with, prevalence of good and bad practice, and the impact for those companies getting it wrong.

We'll also examine what innovations customers would like to see from their service providers – giving insight into how companies can beat their competitors in the battle of the bills.

A handwritten signature in black ink, appearing to read 'Andy Mack'.

Andy Mack, Software Services Director



Key findings



77% of customers have experienced **poor billing practice** e.g. inaccurate bills, incorrect tariffs, bill shock and complexity.



71% of people who'd noticed an impact said that online billing gave them **more control** over their bills.



Almost **two thirds** of customers would consider **switching**, or definitely switch supplier, if they encountered billing issues.



70% of customers would prefer **digital methods** of billing, compared to 24% who prefer paper bills.



A **quarter** of people want greater **clarity** over their billing.



For 30% of customers, bills have become **easier** to understand over the years, but 70% said they had stayed the same or got **harder** to understand.



Mobile phone companies scored highest when it came to how customers feel about the way they deal with bills, whereas local authorities came bottom.



Approximately a **quarter** of customers are significantly **influenced by perks** offered by service providers, such as priority access to gig tickets, or restaurant vouchers.

How the UK manages its bills

The swing towards online

Perhaps unsurprisingly, our findings show a **clear swing towards online billing** with over half (57%) preferring this method and over a third (37%) stating this is the only way they want to receive bills.

Almost one in four prefer paper bills

However, it is perhaps just as significant that **many people still resist this option** (24% prefer a paper bill), especially considering the direct debit incentives that have been offered to bill payers in recent years.

With many service providers promoting online billing, and customers having already been offered incentives to move online, it is highly plausible that the 1 in 4 customers who currently prefer paper billing will continue to do so.

By introducing charges for paper bills or completely removing the option of paper billing, service providers risk frustrating almost one quarter of their customer base.

Newer technologies

More recent technologies such as SMS are proving a cost effective way of proactively supporting customers who receive bills online.

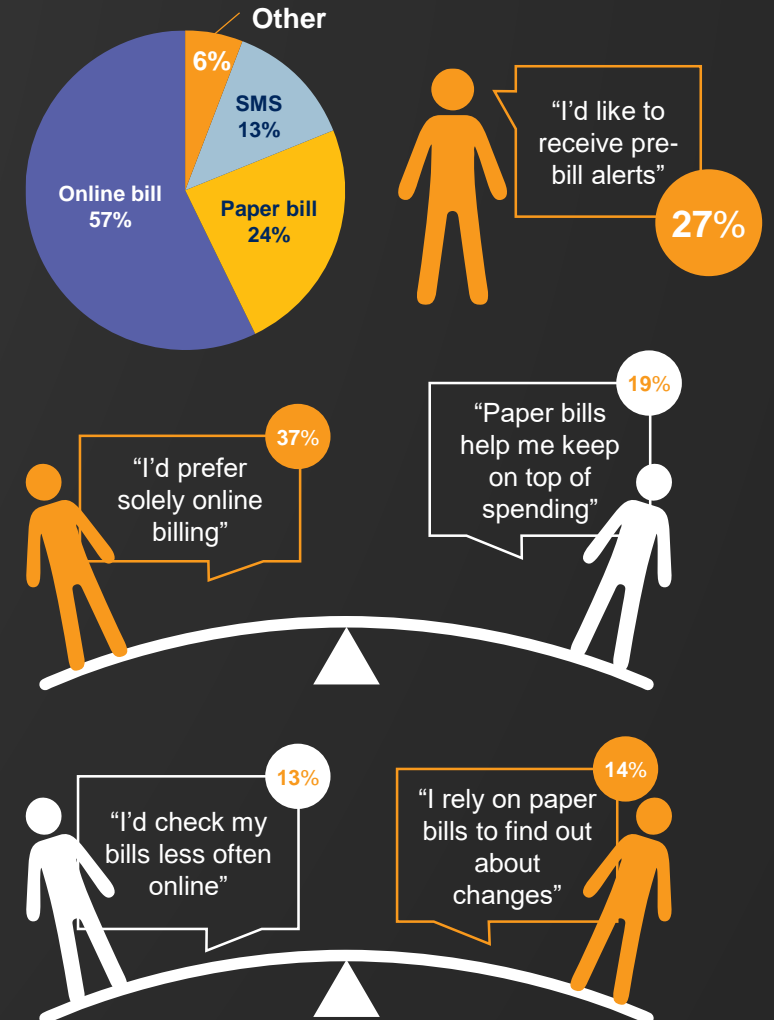
27% of customers wish to receive alerts that warn them a bill is due or that is **unusually high**, and a number of low cost or free digital and social channels can help achieve this. However, service providers must ensure that this adds value for customers - for example, by stating the value of the bill without the need for the customer to check online.

A question of choice

Great customer service relies on offering customers choice based on their unique needs and preferences.

Whilst it's apparent that the Nation moves further towards online billing, forcing all customers down this route for the obvious cost advantages is neither customer-centric nor beneficial in the long term and must be balanced with customer satisfaction and loyalty concerns.

? HOW DO YOU PREFER BILLS TO BE PROVIDED?



How the UK manages its bills cont...

The easy way to pay?

Direct debits are the favoured method of payment - **65% of households** said they predominantly use this and it's clear to see why. Direct debits are easy to set up, save time, are secure and often save the customer money.

Unsurprisingly, direct debit arrangements are also preferred by service providers where a customer is unlikely to default. Many invest time and resource in promoting direct debit and offer incentives for sign up. The advantages are clear, increasing the chances of receiving payment in full and on time, every time.

A word of caution

Whilst customers may often pay less by direct debit, many people still prefer the **feeling of control** they get from manual payment. And who can blame them, with the media highlighting that headline lower prices for direct debits are not all they're cracked up to be.

A matter of trust

A Daily Mail article recently reported that energy firms charged households £1billion too much for heating last winter with around eight million households on fixed direct debits thought to be owed money.

There is a perception amongst customers that direct debits are an invitation for companies to 'help themselves', regardless of the actual sum due and, in some cases, seasonal fluctuations in usage.

A case of 'pay now and query later' should problems occur. Practices such as these simply serve to **undermine customer trust**.

Keep lines of communication open

The arguments in favour of direct debit are clear, but the reality of these arrangements obviously grates with some customers, and can lead to a reduction in trust.

Service providers should ensure that customers are set up on the best tariff for their needs and that fixed payment amounts are fully and clearly explained. It's also vital that customers are given more **choice and options**. This could be in terms of preferred dates of payment or even offering 'flexible direct debit' schemes that allow customers to change their monthly payments to suit what's happening in their lives.

Affordability

In households where money is tight, it's understandable that a pay as you go model allows customers to feel more in control. Therefore, service providers may be better to allow these customers to remain outside the direct debit regime. Continuing to put pressure on them, push them into unrealistic payment plans or deny access to lower charges may have a counter-productive effect on longer term customer relationships and instances of debt.



Online bills - a help or a hindrance?

There is a clear split in the nature of the impact of increased digital billing. For those bill payers who noticed an impact, the vast majority (**71%**) felt that they had **more control** – greater access to information, convenience, or 24/7 instant access.

Invisible Bills

However, for a significant proportion (**29%**), online billing has led them to become **more distant** from the bills they receive. This clearly has potential implications for service providers.

For example, it may mean that it's more likely that billing mistakes go unnoticed, storing up escalating problems for the future and thus increasing the potential negative impact on customer relationships.

It may also result in more instances of late payment and customer debt. Customers may simply forget they need to pay or not realise the bill was much higher than they expected until it's too late.

It also removes a potentially important opportunity for service providers to **engage** with their customers – for example, to recommend better or more suitable tariffs, or inform them about important service changes / enhancements.

It's important that service providers recognise the issue of 'invisible bills' and seek ways to engage with this group of customers in a proactive way – whilst also recognising of course the irritation that can be caused by unwanted communication.

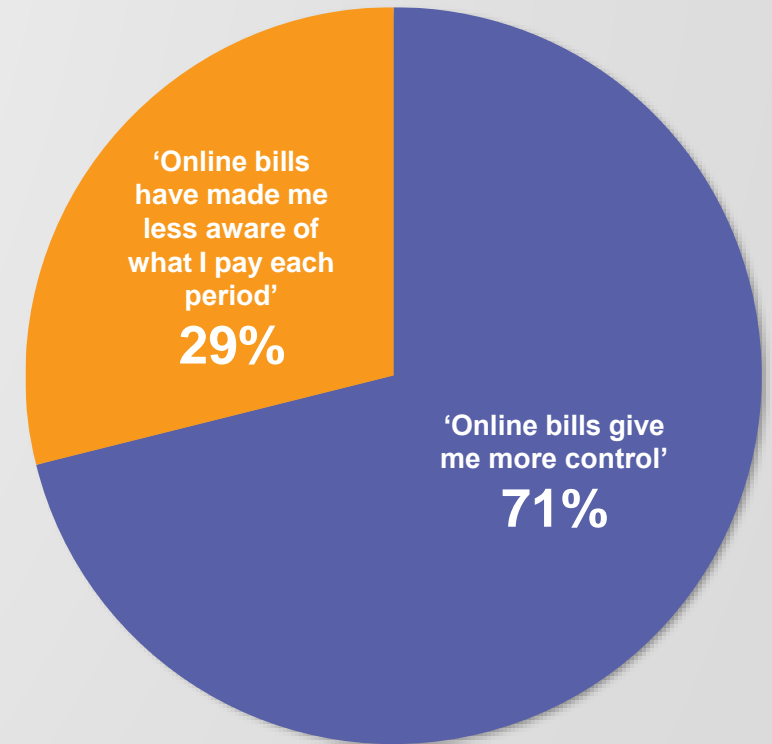
It's a difficult balance to strike, but by tracking the online behaviour of bill payers it is possible to tailor your approach and ensure that customers are kept well informed as and when required.

Just how convenient is online billing?

One of the main cited advantages of online billing is customer convenience, but are service providers doing all they can to deliver true customer convenience?

For example, sending an SMS alert that a bill is ready to view online but not disclosing the value of the bill means the customer must exert extra effort to go online to see the headline figure. And, how many times have we all gone to logon to an online account only to have forgotten our username or password, an added inconvenience!

As with any process, the customer should be at the heart of billing practices, and opportunities to further improve customer experience should be proactively sought in order to create real customer value.



The link between income and billing preferences

Affordability is a growing concern

More people contacted the StepChange Debt Charity in the first half of 2016 than in any previous six-month period. The average unsecured debt was £13,826, with customers having on average 5.7 debts. 4 in 10 StepChange clients have arrears on essential household bills, and credit cards continue to be the most common unsecured debt.*

“One in four clients with utilities arrears have had a repayment plan set at a rate that they cannot afford and 43% of respondents with utilities arrears have been threatened with having a utility service cut off.”**

StepChange

Lower income families more likely to prefer paper billing

The feedback from the less affluent respondents in our research underlines the importance of **flexibility and proactive support**.

For example, low income households are more likely to want the option of paper rather than online bills - just under a third (31%), compared to fewer than one in five (19%) of higher income households.

They are also less likely to want, or be able to qualify for, direct debit - but does this mean they should have to pay more?

Proactive communication and support

We know from our previous research on customer debt, that not only is caring for customers in financial hardship ethical, it can also pay long term dividends as the financial circumstances of those customers improve.

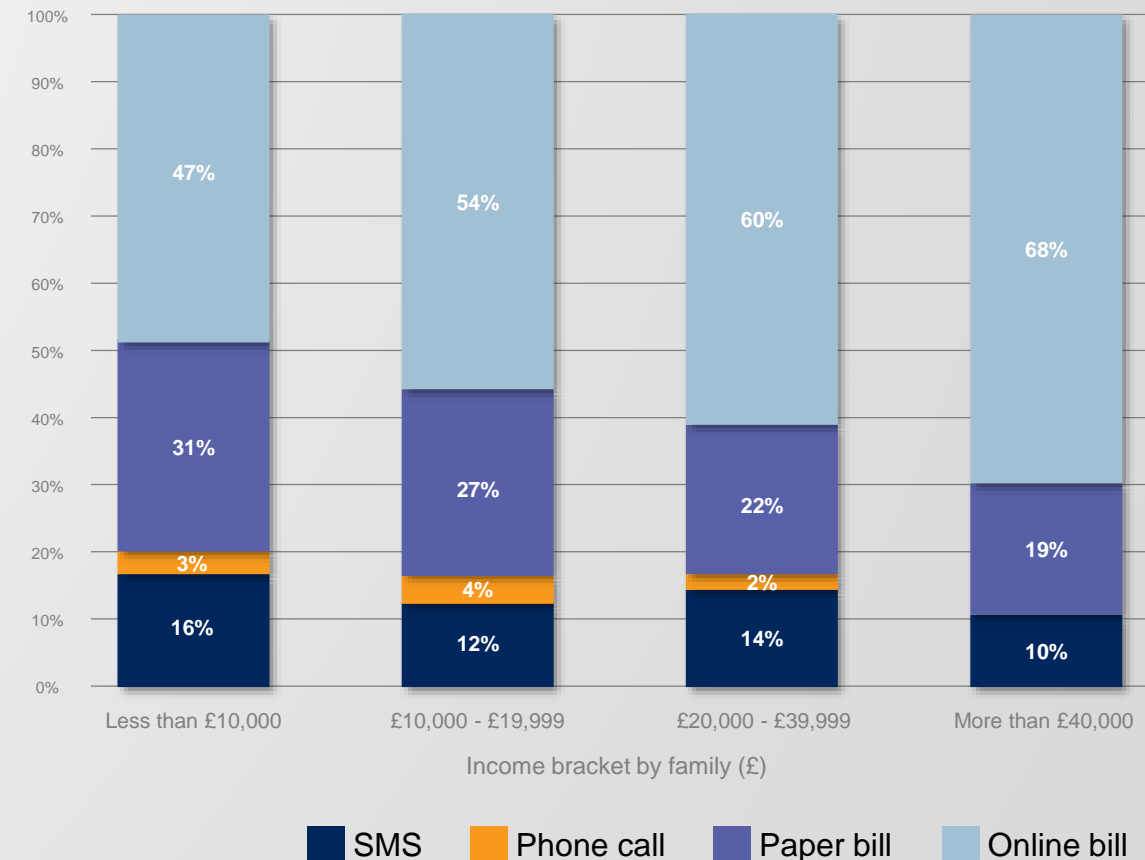
Being **open and transparent** with customers and offering all available billing options and payment frequencies can help ensure you deliver fair outcomes and support customers through a variety of convenient opportunities to engage.

*StepChange Statistics Mid-Yearbook 2016

** Creditor and Debt Collector Conduct: What's making debt problems worse. StepChange Debt Charity, 2016



How would you prefer your utility bill provider to alert you to the amount your bill is?

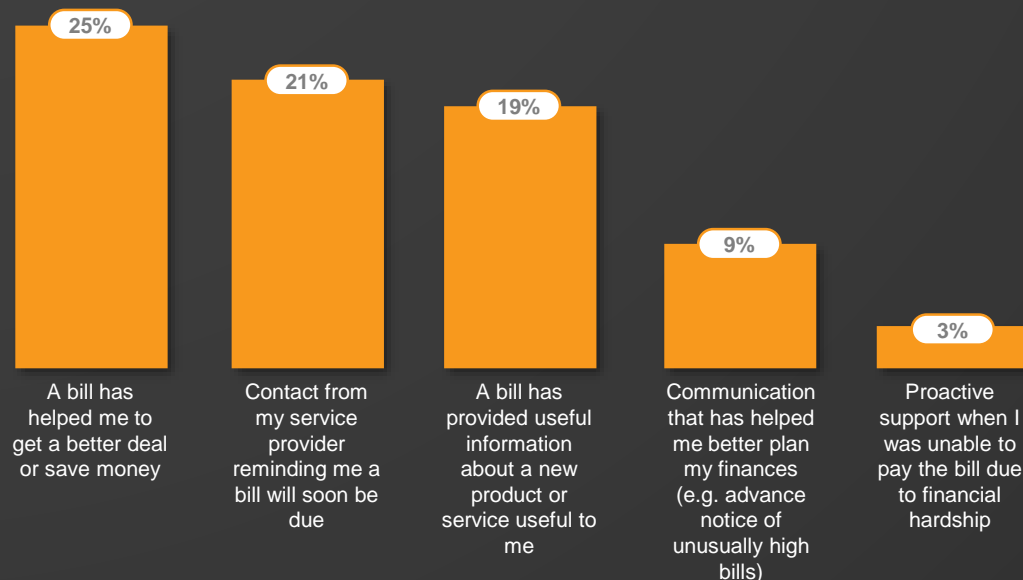


Good practice benefits customers and companies



In some aspects of billing, our findings highlight regular occurrences of good practice. Whilst in other areas it's disappointing to see that good practice is rare. Where there is good practice, both the customer and the service provider benefit; often reducing the likelihood that a payment is missed, or helping a customer feel better about the deal they are getting for services. It can also help sell additional products or services, with 19% of households appreciating having such items of interest brought to their attention.

? WHICH OF THE FOLLOWING HAVE YOU EXPERIENCED WITHIN THE LAST 12 MONTHS?



An important customer touchpoint

A quarter of people said a bill had helped them to save money and a further one in five said a bill had provided useful information about a new product or service.

This highlights that, if used effectively, the bill is an **important customer touchpoint** that can add value for the customer. However, with bills becoming more invisible in today's online world, service providers must continue to find effective ways to engage and inform customers.

The value of pre-bill engagement

30% of people asked had experienced pre-bill engagement – either as a bill due reminder or advance notice of a high bill. Over two thirds of people are, in contrast, receiving no information before the bill lands.

Not only could this increase instances of late payment due to for example forgetfulness, incorrect charges or other bill mix ups, it could also be a factor in a customer's perception of a company's customer service.

Reminding a customer when a bill will be due, what the bill is for, how much they will be charged and ways they can save money is not just helpful and relevant. Such a **proactive approach** to customer service is likely to improve customer satisfaction, loyalty and trust.

The deepening of financial hardship?

Only 3% of respondents felt they'd received proactive support when they were unable to pay their bill. This is a worrying statistic as in our experience around 12% of customers could be in financial hardship at any one moment in time.

In a recent report, StepChange called for the adoption of **sustainable, affordable repayments** rather than applying undue pressure to financially vulnerable customers* and we wholly support this view and recommend that service providers put processes in place that will better support those customers in most need.

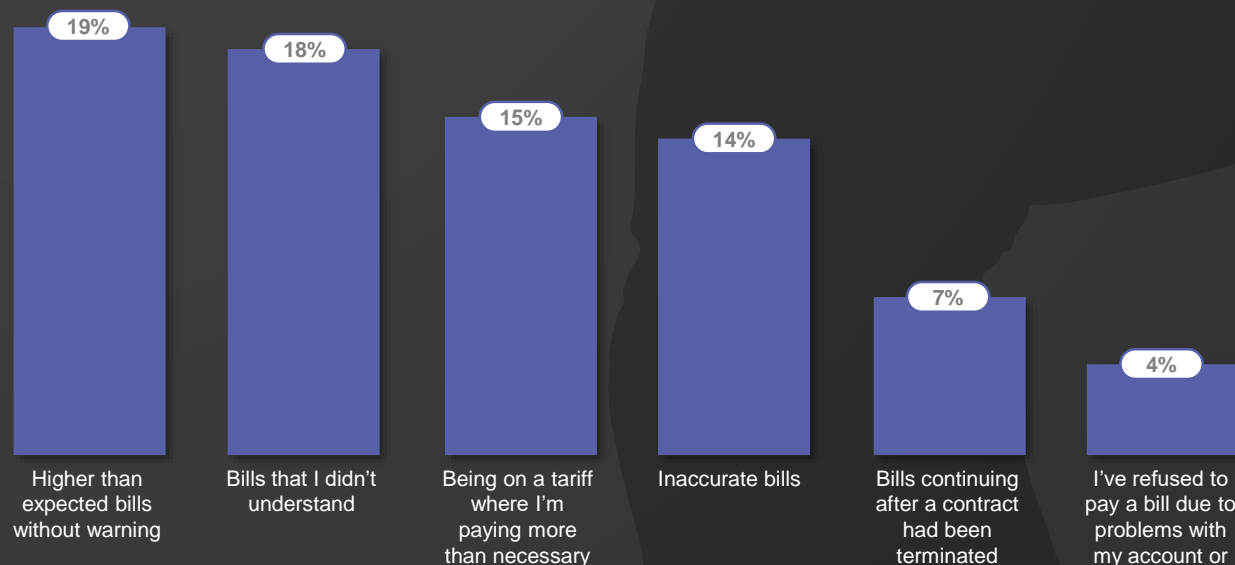
*Creditor and Debt Collector Conduct: What's making debt problems worse. StepChange Debt Charity, 2016

Common billing issues that frustrate customers



Bad practices flag up recurring themes most mentioned by customers – a lack of proactive, clear and transparent communication, inaccurate billing and poor support with managing finances. Correcting some of these most common issues should be straightforward, with investment in the right systems and skills.

? WHICH OF THE FOLLOWING HAVE YOU EXPERIENCED WITHIN THE LAST 12 MONTHS?



Investing in systems and training

Accurate bills rely on a number of factors. A robust billing platform and well trained and knowledgeable employees are without doubt absolutely essential.

Billing blunders such as double charging, applying the wrong price tariff and inputting incorrect meter readings do not only inconvenience and dissatisfy customers. Widespread mistakes can be costly and a company's reputation hit by damaging headlines.

Such errors can usually be avoided by ensuring billing platforms have been robustly tested and that employees are well trained and vigilant when it comes to billing procedures.

Customer engagement

Proactive communication can help alleviate common frustrations including bill shock generated by high bills, issues of billing complexity and instances of protest debt – refusal to pay due to service issues. 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 billing experiences.

However, with proactive communication, the balance can be hard to get right. Unwanted communications are irritating for customers and expensive for service providers. Knowing when to communicate comes down to knowing your customer – identifying the patterns that indicate where such communication will be wanted, or giving customers the ability to tailor the alerts received, for example.

Being trustworthy

Many respondents understandably felt irritated that service providers don't automatically put them on the cheapest available tariff, leading to concerns over transparency and trust.

Trust is arguably an organisation's greatest asset and we'd call on service providers not to underestimate the damage that higher than necessary tariffs will cause in the long term.



Which sectors are performing best and worst?

Local authorities trail behind

Local authorities receive the lowest overall scores. In 2015/16, the Local Government Ombudsman received over 19,000 complaints in relation to local authorities and upheld 51% of these and made over 3,500 recommendations for service improvements.

Some of the common issues highlighted included inaccurate council tax bills, excessively late billing, failure to reverse incorrect parking fines and disputes over care charges. Improving billing practices would clearly have a positive impact on complaint reduction within this sector.

Mobile phone providers lead the way

On the other hand, **mobile phone companies came out as the top performing sector** when it comes to billing, closely followed by credit card companies.

It's worthy of note that those sectors where there is perhaps the most intense competition for customers (mobile phones, credit cards and broadband) are the ones getting it right most often, with typically 30% of customers scoring billing as 8 out of 10 or above. Here, service excellence can act as a key differentiator and companies are often more customer service centric.

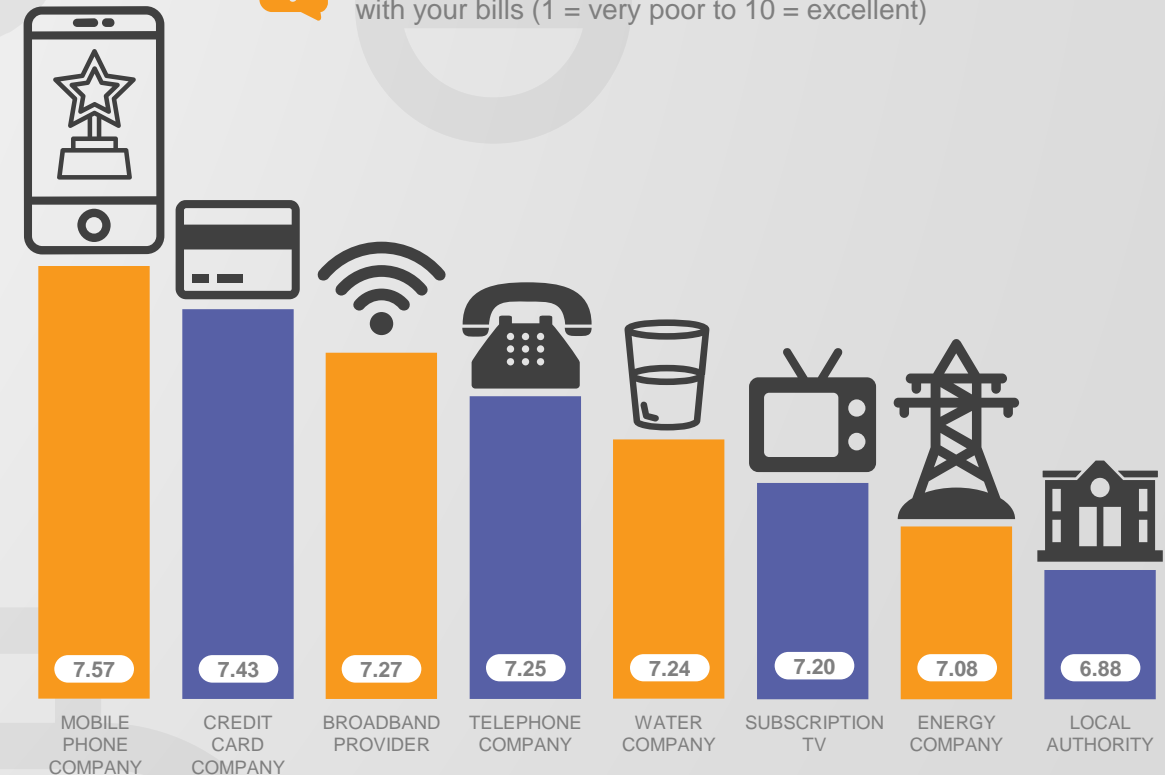
Regulated market opening

For the water industry, as the sector plans to open the market to competition, companies would be wise to learn from the best performing competitive sectors in order to leverage a higher reputation for billing to foster trust and loyalty.

The relatively low scores for energy companies should also act as a warning for water providers, not to repeat the mistakes of energy deregulation when it comes to billing.



Please rate the following providers for how well they deal with your bills (1 = very poor to 10 = excellent)



The implications of getting billing right or wrong

Many customers are understandably very sensitive to billing issues, and the potential impact on revenue is clear.

An increase in customer churn

Just under half (45%) of customers will consider switching supplier following issues with billing. And around one in seven (14%) say they would switch without hesitation.

Better billing is clearly not just good for reputation, it is crucial for maintaining a successful, profitable business – we all know that acquiring new customers is more costly than retaining the ones you already have. Providers must up their game to prevent customers leaving in droves.

Billing issues have a direct impact on the number of customers in arrears

And that's not all, our recent research into the reasons why UK consumers fall into debt found that **36% of late payments** were due to billing issues such as bill shock, inaccurate bills and bills customers could not understand.

Getting billing right the first time more often, and putting things right quickly and efficiently when things do go wrong, can help mitigate many instances of avoidable customer debt.



How would billing issues affect your relationship with your provider?

Issues would lead me to consider switching supplier

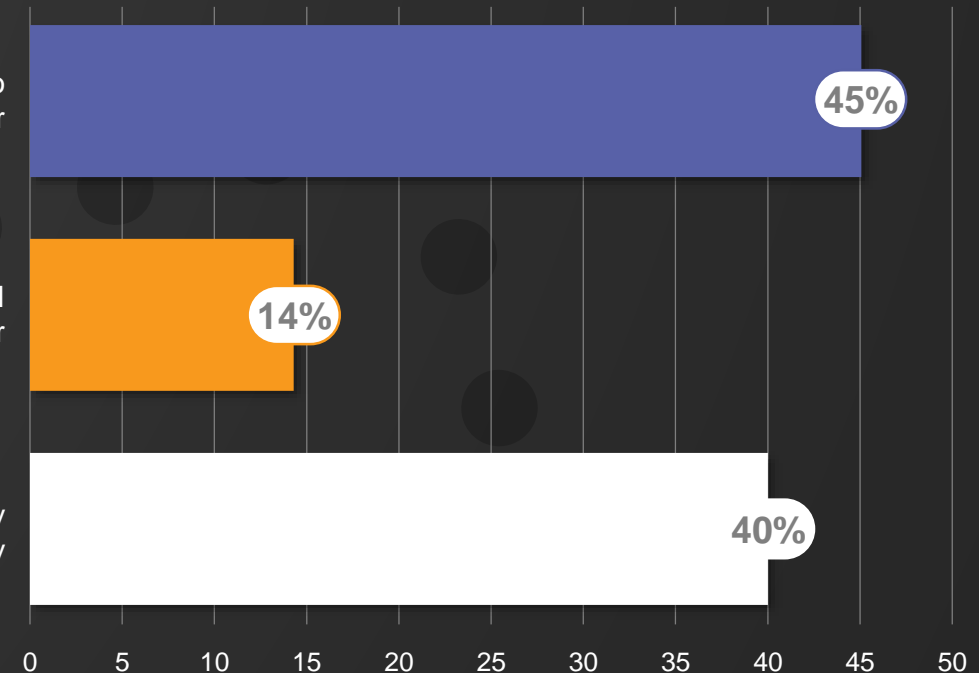
45%

If I experienced billing issues I would definitely switch supplier

14%

Issues do not affect my brand loyalty

40%



? Tell us about a bad experience you've had with billing from a main service provider...



The top themes were:

24%
Complexity of the bill

10%
Poor customer service

8%
Method by which bill is provided

7%
Accuracy / estimated reading issues

Customers are experiencing a wide range of experiences that they perceive as unsatisfactory; with many citing examples of confusing or inaccurate bills, terrible customer service and reactive communication. Simplifying the process for customers, offering choice and actively engaging customers pre-bill, have proved in our experience to be effective ways to reduce billing issues and complaints.

? Tell us one way that your billing experience could be improved?

The top themes were:

33%

Clearer, simpler bills

17%

Improved customer service

12%

Improved pricing and tariff structures

9%

More choice and options when it comes to the method of billing

Survey respondents offered many diverse views on how they felt that service providers could improve billing practices. It's clear that customers have a range of different priorities when it comes to billing and service providers should seek to fully understand these in order to improve billing experiences, whilst balancing this with budget concerns.



The number one improvement would be... greater clarity

Despite a number of schemes, the use of expensive consultants and the input of regulators, service providers are **making little impact when it comes to making bills easier to understand**.

It's the number one area customers want to see improvement in and for every customer that thinks bills have got clearer, there's another who thinks they are more complex.

Once again, we believe the solution is choice. Think of customers as being on a spectrum of detail – some want every last fact to ensure they are getting the right deal, others just want the headlines and will put their trust in suppliers to proactively help them if needed.

What should providers do?

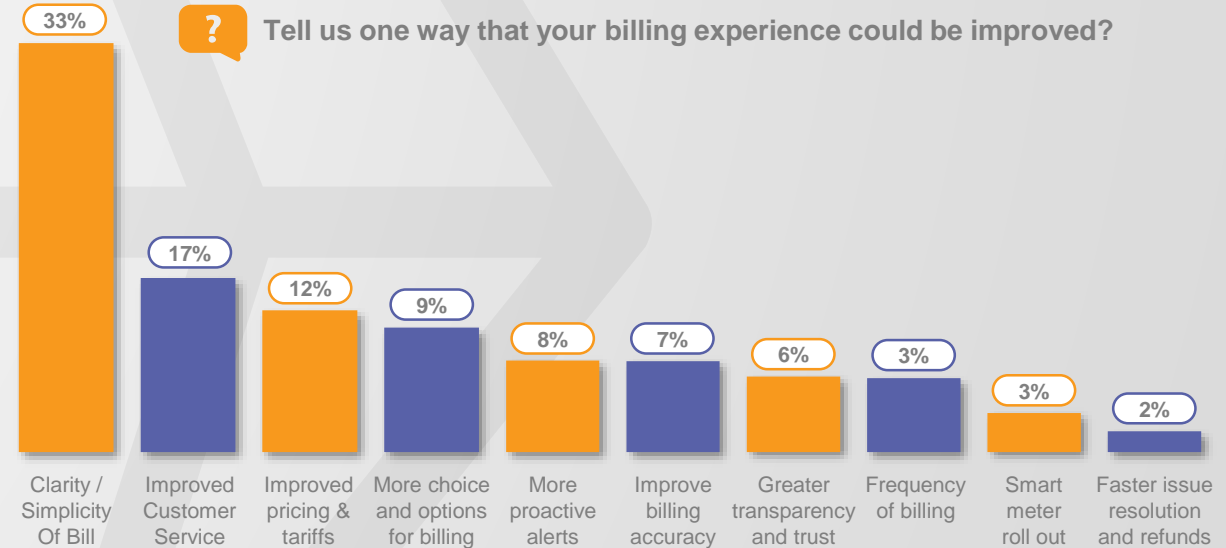
Systems need to be adaptable, with customers able to access the billing style that suits their own needs. In addition, look at how online resources, such as FAQs with layered levels of detail, or well-trained

contact centre staff can add the extra layer of support that some customers need.

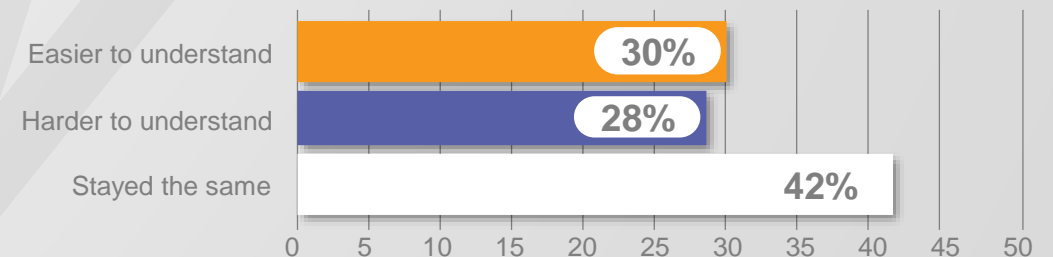
As customer expectations continue to evolve, should service providers consider **letting customers design their own bills** both on and off-line? Despite the initial cost outlay, could completely personalised and tailor-made bills be a new way to create competitive advantage and build reputation?

Don't forget the importance of good service

Almost one in five customers felt that **improved customer service** would enhance their billing experience. Effectively correcting billing mistakes, being easily accessible for customers to speak to when needed and proactively supporting customers throughout the billing cycle are all important ways in which providers can deliver good customer service, engage their customer base and rectify any errors in a positive manner without damaging valued customer relationships.



? Do you think your bills have become, easier to understand, harder to understand, or stayed the same, over the years?



Which is the UK's most baffling bill jargon?

A key element in greater bill clarity is the terminology that service providers across various industry sectors use throughout their bills.

It's clear from our findings that many customers do not fully understand some of the most common terms they see on their bills. Despite many service providers having already worked on making their bills clearer and more easily understandable, for a large proportion of the Nation, these strategies have simply not worked.

Tariff information label is the worst offender, with three quarters of respondents unclear as to what this means. Even simpler terms such as account balance baffle almost one in three people.

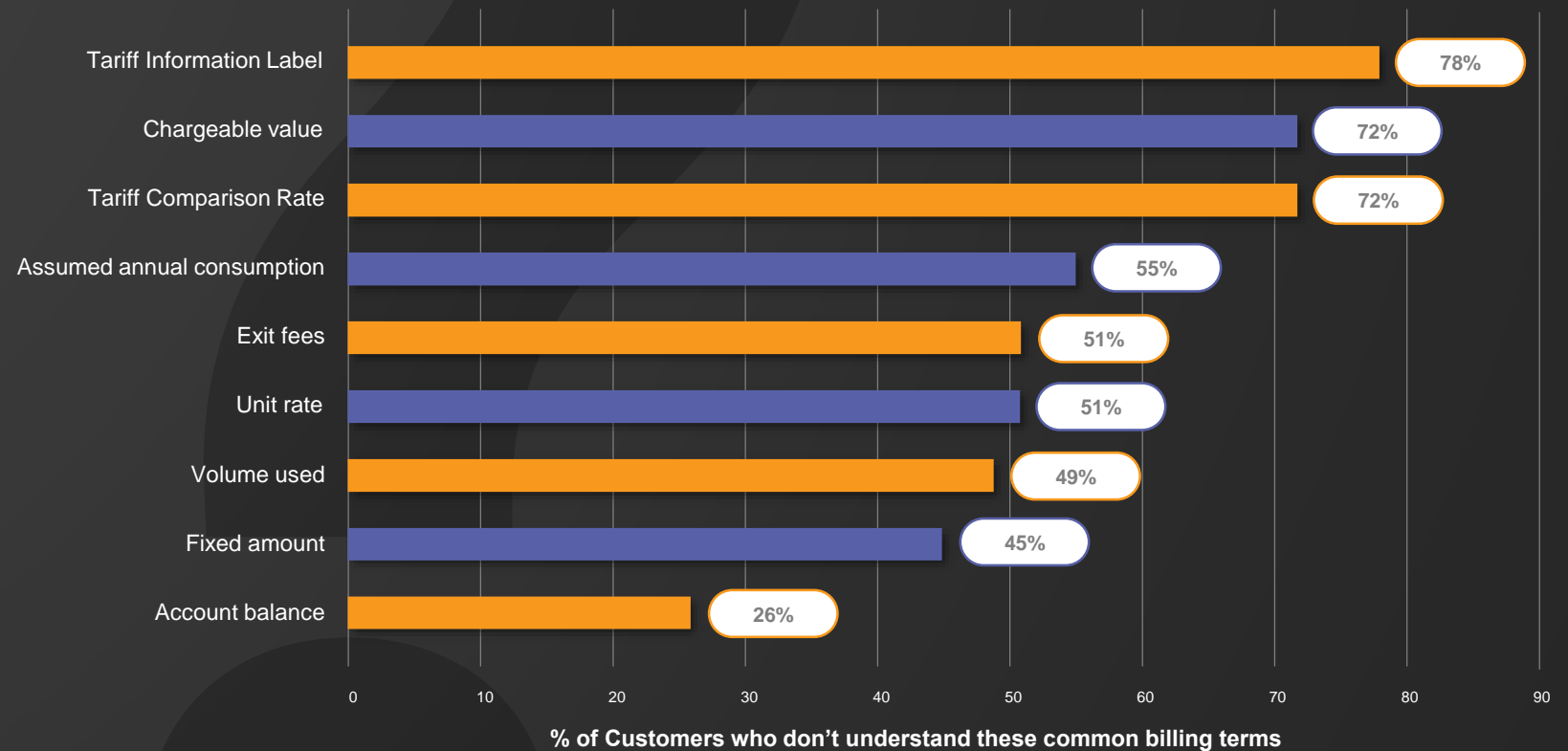
Be clear and be there to support

The lesson here is **not to assume** that your customers understand common billing terms and to consider simplifying billing terminology 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 contact centre team.



Which of the following terms from your everyday bills do you not understand?



The impact of perks and benefits

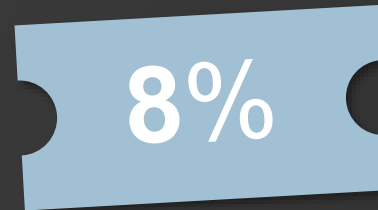
As with most aspects of billing, there isn't a one-size-fits-all approach when it comes to offering perks and rewards. There is a clear section of the market that are very appreciative of the extras they can receive alongside their bills. Approximately a quarter of customers are significantly affected by perks. Of these:



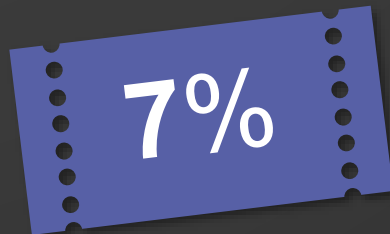
...of UK customers would remain loyal to a service provider offering good perks.



...would decide between similar alternative providers based solely on their perk package.



...think perks significantly improve their perceptions of brands.



...say that they remember brands based on the perks they offer.



...are only with a service provider because of the perks on offer.

However, perks aren't for all, with 53% of UK customers claiming to be immune to the pull of a perk. In fact, 17% find perks annoying and would rather they weren't offered at all.



Know your customer and tailor benefits accordingly

As with so many aspects of billing, providers must learn which of their customers are turned-on or turned-off by certain perks - tailoring their communications, marketing, sales and retention activity accordingly; **offering the right and relevant benefits to the right people in order to add real value.**

Don't be afraid to ask customers what benefits they value and to provide choice. Customer behavioural data can also help providers make benefits more bespoke and valued.

What should service providers take from this report?

Billing experiences impact the bottom line: billing is a key touchpoint in the customer journey, get it right and trust and loyalty will surely follow. Get it wrong and you put customer retention and profits at risk – **14% of people will not give you a second chance.**

Protect and build customer trust: overcharging, tariff changes without notice and slow credit refunds are just some aspects of billing that not only frustrate customers, but also **risk the trust needed to retain and attract customers.**

Keep lines of communication open: for a worrying number of online billers and direct debit payers, payments are becoming invisible - storing up potential future problems and distancing you from them. Communicate and engage to **maintain relationships and avoid escalating issues.**

Pre-bill engagement can add value: warning customers of higher than expected bills and letting them know a bill will shortly be on its way not only improves **customer experience** but also helps avoid instances of customers **falling into debt.**

Don't force customers down one billing route: solely online billing may make sense to your accountants, but it will limit your ability to appeal to all customers. **Allow choice to satisfy your customers** and build satisfaction and loyalty.

What should service providers take from this report?

Direct debit is not for everyone: despite having its advantages, it can make you more invisible to your customers and be aware that, for some, the ability to stay in complete control over their finances is important. **Don't push reluctant customers down this route.**

Be clear, but make further information accessible: avoid jargon where possible and you'll reduce the three-quarters of people who are currently scratching their heads. But, recognise some customers want finer detail and make this easily accessible. Are we entering the era of **more tailored and personalised bills?**

Use perks wisely: don't be afraid to ask customers what perks they value and adopt a test and learn approach in order to refine your strategy. Customers are not all the same, ensure you target incentives and promotions accurately to **add real value and avoid annoyance.**

Billing is just part of the customer journey: and just one of many moments of truth. How a service provider handles billing issues is as important as getting the process of billing itself right. **Great customer service cannot be underestimated.**

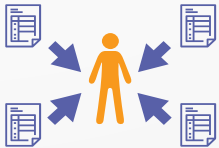
What does the future look like?

The customer of the future



Customers are becoming better informed, more critical and demanding. In turn their loyalty towards organisations has decreased and is more conditional. Service providers must invest in insight in order to keep up with evolving expectations and also demonstrate they are trustworthy. Delivering accurate bills, correcting mistakes quickly and being more transparent when it comes to tariffs are all ways in which a business can **build customer trust**.

True convenience



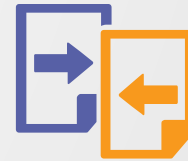
Online billing is often cited as being more convenient for customers, but is it really as convenient as we think? Is true convenience not a world where all the information we want is at our fingertips on a single platform and one click. Surely with the pace of technological change as fast as it is, it won't be long before super apps are on their way, serving us our social media feeds, our emails, online shopping and even bills.

Supporting vulnerability



We're all likely to experience vulnerability at some stage in our lives, often bringing a direct emotional and financial impact. Identifying vulnerability can be challenging where customers don't openly reveal it, and this will only get tougher as touch points such as billing become increasingly digital. Whilst services and practices must become more flexible to cater for a wider range of people, what's really important is that businesses adopt a proactive approach to identifying vulnerability as well as changing their approach as customers move in and out of circumstances of vulnerability.

The era of the multi bill?



A shift towards multi-utility billing and service providers offering all the services a customer requires from one place seems inevitable. The challenge will be in finding a way to ensure that bills do not become even more complex and that they are easy to digest and simple to compare. Those providers that can offer true convenience and simplify the billing process for customers will surely come out on top.

Tailor made bills



Today's customers are demanding increased personalisation; with products and services that are highly relevant and meet their own unique needs. This applies to customer contact processes such as billing too. Tailor made bills may prove more costly to deliver but the perceived value to the customer in a world of personalisation cannot be underestimated.

The death of billing?



Experts have talked about the death of billing as we know it for a few years now. Could the domination of digital interactions together with technological advancements mean that billing will move more and more to real-time fulfilment? In comparison post-paid billing seems overly complex and cumbersome! If this is indeed the future, what will remain vitally important is finding ways to continue to engage customers in order to build loyalty and trust.

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

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