

ARTICLE

TRANSFORMING CUSTOMER ENGAGEMENT IN UTILITIES

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Customer engagement is a key differentiator of successful utility companies. A study on the digital experience of utilities found that the industry in general lagged behind other sectors in digital experience.¹ However, utility companies that are focusing on customer engagement are creating economic gains for both the customer and business. Creating a superior customer experience can significantly increase revenue and decrease cost-to-serve.

While the utility industry has woken up to the importance of customer engagement, their efforts have borne mixed results. Many utilities have struggled to move fast enough and adopt new digital tools and techniques.

¹ <https://www.navigantresearch.com/news-and-views/customer-engagement-is-on-the-rise-but-not-all-utilities-are-ready>

WHAT HAS WORKED FOR OTHER INDUSTRIES?

Utility companies have not been able to fully realize the business value that other sectors have achieved from their customer engagement models. Hence, it is important for utilities to draw best practices and trends from other industries. In retail, customer experience has overtaken price and product as the key differentiator. Artificial Intelligence (AI)-powered conversational bots are gaining traction.

In healthcare, integrated automation solutions are gaining momentum. These solutions integrate the systems and application in one console, building a unified knowledge base and delivering meaningful insights in real time. Across the telecom sector, there is a changing dynamic in channel usage and social media is becoming a preferred channel. Overall, digital interaction is emerging as the default option.

WHAT WILL WORK FOR UTILITY COMPANIES?

While learning from best practices is essential, it is equally crucial for utility companies to define their unique requirement, outcomes and context in which the transformation has to be implemented. We recommend that the leadership team of every utility company ideate on the following questions before adopting a new customer engagement model.

1. HOW IS THE BRAND PERCEIVED BY CUSTOMERS?

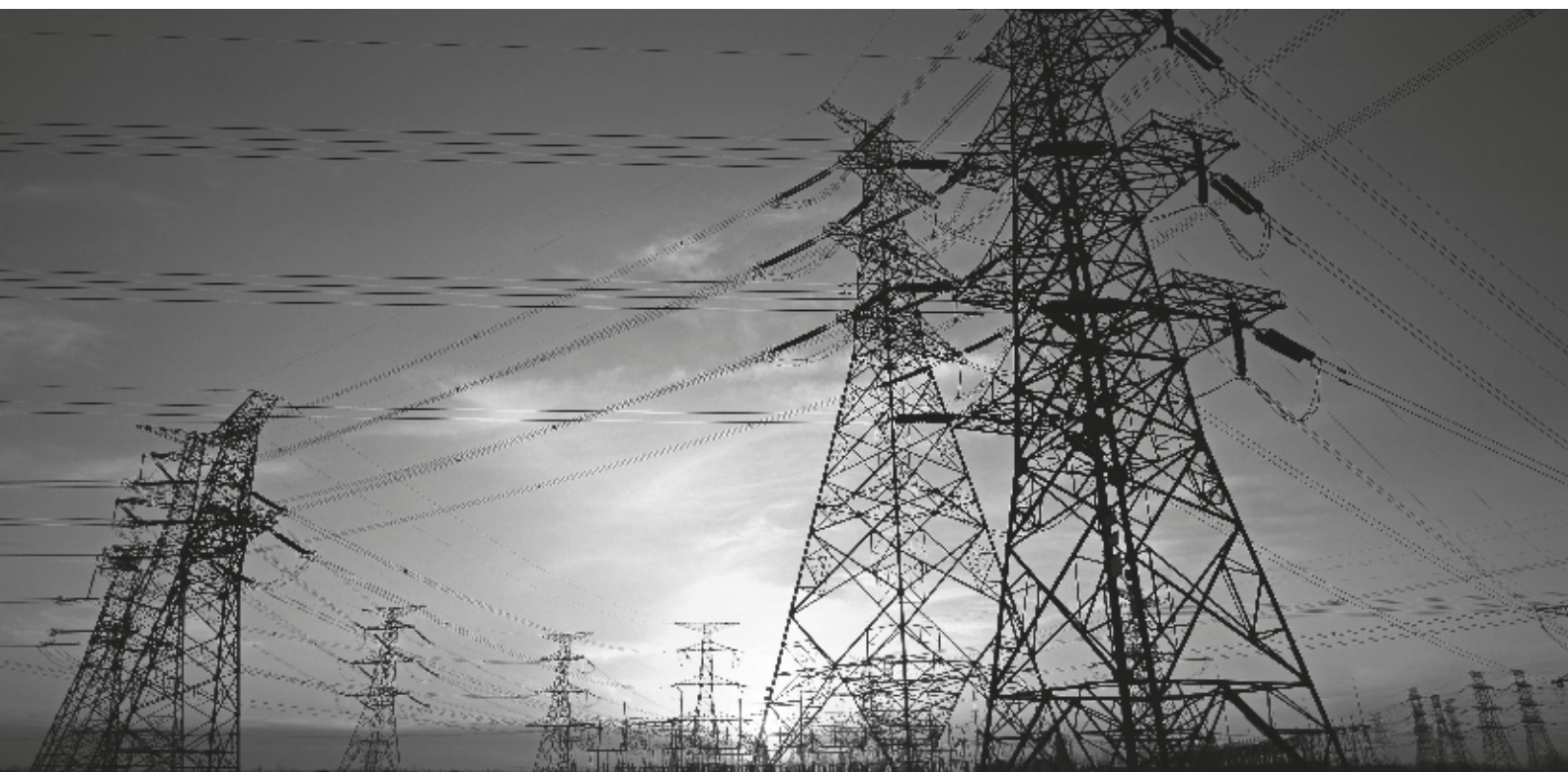
Brand perception is deeply connected to the experience of existing customers and how they talk about the brand to others. A deep dive into this question will reveal insights on areas such as gaps in experience across the customer journey and communication channels with the customer. Further, the leadership should also define how they want to be perceived by customers in the future.

2. WHAT WILL CREATE VALUE FOR CUSTOMERS?

Customer engagement can be enhanced through faster response time, personalization, omni-channel experience, self-service through mobile and web, and AI-powered conversational bots and analytics. However, building empathy for customers and defining value as they see it, should come before deciding on the kind of tools and processes that work best.

3. WHAT BUSINESS OUTCOMES WILL BE DRIVEN THROUGH THE CUSTOMER ENGAGEMENT MODEL?

Customer engagement is not a one-time transformation, but an ongoing effort. To sustain the transformation, the linkage between engagement and business outcomes must be clearly defined and communicated to all stakeholders. Success metrics range across cost leadership, better process efficiency, higher customer retention and reduced revenue leakage.



KEY ELEMENTS OF A NEW CUSTOMER ENGAGEMENT MODEL

Each utility company must design a customer engagement model that works best for it. However, there are four elements that are crucial for any model:

1. FOCUS ON CUSTOMER JOURNEY

Customer engagement must focus on the journey that impacts the customer experience, and not merely individual touchpoints. For example, most of the utilities score poorly on the billing and payment journeys and is one of the major contributors to customer calls. It is possible that certain touchpoints across web, call center and field services may be functioning well in itself. However, the entire experience may not be pleasant. Hence, the model should address the experience as a whole.

2. DIGITAL-FIRST APPROACH

Technology is ripe for enabling a digitally driven customer experience, ranging from Robotic Process Automation (RPA) to intelligent tools such as chatbots and self-service channels. Automation of tasks enables faster resolution to customers and creates bandwidth for agents to focus on complex issues. Self-service and intelligent tools enable customers to manage their queries while multi-tasking.

The benefits of a digital-first approach still remain largely untapped in the utilities industry. A study of utilities executives² found that 39 percent of them understood the risks

and opportunities of digital trends and only 28 percent said that their companies were working to embed digital technology. This is an opportunity for early movers to create a competitive edge. Studies on customer satisfaction in the utilities industry show that top players are performing well in digital experience.³

3. CREATING OMNI-CHANNEL EXPERIENCE

A classic mistake across industries is to confuse multi-channel with omni-channel experience. For example, it is often observed that adding a self-service channel may in fact lead to increase in customer calls and in the time taken for the customer to get a resolution. This typically happens because the channels have been not been integrated with the customer journey. The key success factor of an omni-channel experience is its seamlessness.

4. ANALYTICS-DRIVEN PROCESSES

Estimates suggest that advanced analytics can boost the profitability of utilities by 5 to 10 percent,⁴ along with creating a positive impact on customer satisfaction, and health and safety of employees. Many utility companies struggle with deploying analytics as a strategic transformation as opposed to a piece-meal intervention.

Transformation of the customer engagement model provides a great opportunity to enable analytics-driven processes which integrate data seamlessly across processes and channels to generate real-time insights and informed decision-making. Contact center analytics can offer quick wins in terms of improving Average Handle Time (AHT) and sales conversion, and reducing call volume.

Poor customer experience has long been the status-quo in the utilities industry. The ability and willingness to change that status-quo will decide who will survive and thrive in the new business reality.

² <https://www.bain.com/insights/digital-strategy-for-utilities/>

³ <https://www.digitalistmag.com/customer-experience/2018/09/12/why-customer-service-is-new-utilities-battleground-06185861>

⁴ <https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/fueling-utility-innovation-through-analytics>



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