

Key Challenges & Considerations Across the Customer Lifecycle

Energy retailers are facing ongoing disruptions with impacts across the customer lifecycle. Increases in customer contacts and the emergence of new and vulnerable hardship customers, against the backdrop of increased regulatory expectations, requires retailers to rethink how processes will support customers in their time of need while ensuring appropriate financial management

Customer energy consumption needs



Receives proactive communications



Managing Customer Experience & Communications

- How you react and respond to customers today will influence their perception of the brand in the future. It will be critical to choose the **right emotional response** to ensure you meet the customer's circumstances.
- With residential energy usage increasing rapidly it is imperative that customers are communicated with proactively to help manage the increase in bill shock related enquiries.

Receives Bill



Next Generation Energy Platforms

- Next generation energy platforms provide retailers with the ability to **radically reduce costs** while increasing personalisation and simplifying energy consumption for consumers.
- Increased investments in web, mobile and digital will be required to **stave off competitive threats** as a result of newer business models emerging through use of next generation platforms.

Contacts provider



Adapting Contact Centre Operations

- Organisations are seeing an unprecedented volume of demand with **over 10x increases in standard volumes** in areas such as **hardship, billing and payments** often impacting smaller, more specialised teams with fewer staff available to meet this demand.
- Unprecedented surge in inbound customer contact volumes when **skilled staffing capacity (on and offshore) is being impacted by lockdowns and quarantines**.

Expresses difficulty paying



Hardship Support

- Impact of social distancing on working and living arrangements combined with increased job losses is seeing **significant increases in customer application for payment support**.
- Need to respond with pace, while being **compliant with regulatory expectations**, and empathetic in delivery of support.
- Current **hardship programs suitability and relevancy** need to be reviewed to ensure they meet the needs of new segments of hardship and increased vulnerability of existing hardship customers.

Request debt deferral



Credit Management

- Retailers are being exposed to increasing levels of customer payment deferrals and defaults. This will result in retailers experiencing a **reduction in cash flow** due to delayed payments.
- Existing **collections management** processes and limited internal resources will be **increasingly challenged** with the significant increase in request for payments deferrals.
- There is an **urgent need** to construct tailored payment plan **options balancing cash recovery improvement with customer empathy and ability-to-repay**.

Expresses dissatisfaction



Managing expressions of dissatisfaction

- Utility organisations are experiencing **unprecedented customer contacts** with customer contact teams stretched. With increased pressures, coupled with reduced capacity and team connectivity with 'at home' working, some things may inevitably get missed or go wrong – it is easy to **miss the signals of a vulnerable customer** or mismanage a hardship call with such rapid demand. Such natural challenges leads to customer pain and a complaint.
- **KPMG research finds that 72 per cent of customers expect a simple complaint to be resolved in three days**. Meeting this expectation is now the challenge.

Customer loops back



Cross-Journey Considerations:



Regulatory, Risk and Compliance

- Changing market conditions and prolonged affordability issues will place **pressure on compliance delivery and drive regulatory challenges**.
- Increasing **policy delays** or **uncertainty in reforms** impacting on the investment climate (eg, 12 month delay in introduction of five minute settlement).
- **Falling fuel costs** and wholesale energy prices may alleviate financial pressures for some retailers but **cause issues** for others.
- **Short-term decisions and longer-term changes in business and operating model** to meeting customer needs will require **careful consideration of governance and controls** to minimise exposure but also maximise the opportunity.



Financial Management

- The convergence of the current economic environment and the increasing demand of energy consumption driven by new working and living arrangements drives an unprecedented situation to manage the consequent **changing customer payment profile's**.
- This has key implications for **financial stress testing** and forecasting to support cash preservation and generation.
- **Optimising working capital management and cash flow throughout the wider business** will become increasingly important in order to help offset the likely slow down in cash receipts.



Maximising the Customer Lifetime Value (CLTV)

- **Energy consumers are becoming increasingly aware and engaged** in gaining (back) control of their electricity and gas bills, coupled with **an intensifying competitive landscape, tighter regulation, and a growing cost base are threatening the bottom line** of energy retailers.
- Therefore, energy retailers need to act, by rethinking the way **they iteratively define, measure, monitor, and influence the customer**.