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Transforming the billing experience to meet the needs of digital customers

In association with
Omnisperience



Delivering the customer centric bill

The Digital Economy is touted as the land of opportunity. For telecom service providers, however, it has heralded an era of hyper-competition that has eroded the value of traditional services and plunged them into unknown territory.

Barriers to entry have lowered, alternatives are abundant, prices are easily compared and commoditized, change is continual, and customers are both more demanding and more willing to churn.

The result is a consumer-centric 'Expectation Economy', where customer experience is the new battlefield for both differentiation and loyalty. Thriving in such an environment means rethinking how telecoms firms do business and harnessing all available tools and touchpoints to deliver competitive advantage.

As communications service providers (CSPs) evolve into digital service providers (DSPs), the question is: 'what does this mean for the humble bill?'

The answer is that it too is transforming: from a hated thud on the carpet into a digital communication that is both more powerful and more engaging.

This report focuses on how DSPs can transform their billing experience to meet the needs of digital customers, thereby delivering much-needed differentiation and competitive advantage.



The importance of refocusing on the billing experience

CSPs traditionally focus on rational, measurable and functional aspects of their customer experience. But they often overlook the fact that from a customer perspective, a significant part of the experience is intangible.

In the era of customer experience driven competition, it's essential that CSPs understand how customers feel about the touchpoints that contribute to the overall experience they provide. How much a customer likes your product (their rational satisfaction) often matters less to them than how they feel about their experience (their emotional satisfaction). Insight into the emotional aspects of customer experience enables companies to gain business advantage and market share at the expense of rivals – a strategy successfully employed by Apple, for example.

Before Apple revolutionized the handset market, manufacturers concentrated on what they considered to be the most important aspects of a handset (battery life, robustness and so on), and CSPs focused on whether a handset arrived at the customer's premises on time, intact, and with all the necessary parts. Apple, however, recognized that they could make handsets easier and more delightful to use, and could use this to differentiate themselves in the market and drive loyalty. As a customer-focused organization, they examined every touchpoint and aspect of the handset experience, discovering that when the customer received their handset and could not use it straight out-of-the-box it turned a delightful event (a new handset) into a frustrating event (I can't use it). They used this and similar insights to transform the handset market.



Another vital touchpoint – the bill – provides the same potential to gain competitive advantage to those CSPs that can shift their perspective and adopt a more customer-centric approach.

Just as used to be the case in the handset market, CSPs still take an organizational-centric, inside-out approach to the bill – delivering against their own targets, needs and wants rather than those of their customers. Thus they may produce an accurate and regular bill, but they fail to fully appreciate the billing experience from a customer perspective. This results in a negative customer experience and a loss of business value due to increases in inquiries, complaints and churn, and decreases in customer satisfaction.

But this unsatisfactory state of affairs is actually quite exciting, because it means that improving the billing experience can differentiate and provide business advantages to CSPs who can get it right.

CSPs can transform their billing experience by adopting a more customer-centric and less generic approach to billing, and by applying the principles of personalization to minimize negative feelings around their bills – thereby delivering a more powerful and emotionally satisfying experience.

CSPs can transform their billing experience by adopting a more customer-centric and less generic approach to billing.



Understanding the corrosive effect of bill shock, bill dread and bill boredom

The arrival of a bill can be a wholly negative experience for customers and CSPs alike (see Figure 1).

Figure 1 - The negative emotional reactions to bills

24% have experienced bill shock

68% are confused by their bills

75% are bored by their bills

Source: BriteBill study

Bills that are higher than expected (so-called billshock) undermine trust and make a customer feel that their CSP isn't treating them fairly and doesn't understand or value them. Billshock is the most obvious feature of a poor billing experience as these acute events can destroy the customer relationship instantly. However, other billing problems can have a slowly corrosive effect on the customer experience over time. For example, charges that aren't clear or don't make sense cause annoyance, frustration and confusion. Anticipation of negative billing events such as these result in a persistent feeling of dread amongst customers which, in turn, undermines any attempts the CSP makes to improve the customer experience.

At its core, the dread of bills derives from a fear of the unknown and, more precisely, that the bill will be higher than expected – since no-one dreads a lower than expected bill. This fear, however, is indelible. Once a customer experiences billshock they will continue to dread their bills long after the event, and even if they change service provider. As their current service provider, you might therefore be inheriting the consequences of fear created by an event that happened long ago and from the actions of a different service provider.

It is tempting to think that taking a data-driven approach to solving the problem (i.e. identifying customers who have experienced recent billshock events) will solve the problem. Although this can be a useful tool to deal with acute issues and to target customer care, it will only get you so far. It doesn't solve the ongoing feeling of dread that remains with customers long after the initial billshock event is over. Instead, CSPs should assume that all customers are currently experiencing bill dread and work to address this.

Beyond bill dread, there's also the challenge of bill boredom. Customers no longer feel their bills are useful, relevant or helpful. They're simply bored by them. This is because the information presented in bills, and the way this information is presented, is out of date. Little has changed for the humble telecoms bill in the past twenty years – even though handsets, services and packages have altered beyond recognition. This means the bill has become an artifact of how things used to be, a reminder of a bygone, less customer-centric era, and one of the least transformed aspects of the customer journey.

The impact of bad billing experiences not only affects the customer, but inevitably has a negative effect on the CSP – resulting in higher operational costs, undermining both trust and loyalty, and limiting the willingness of customers to experiment. This latter factor is particularly detrimental to CSPs trying to innovate as it slows the adoption of new service offerings.

By paying closer attention to how they present billing data to customers, CSPs can quickly and easily gain competitive advantages over rivals – transforming the bill from a pain point to an engagement point.

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Making the bill a more positive experience

So how can CSPs make bills more engaging, more interesting and more relevant? Firstly, they need to analyze, understand and meet the current needs of digital customers. Next, they need to identify, anticipate and position to deliver against the emerging needs of customers – particularly those arising from the attitudes, habits and behavior of younger Generation Y and Z customers.

Meeting the needs of digital customers

Creating a more positive billing experience, begins with re-examining the bill as a customer touchpoint. Although some CSPs may have problems with bill accuracy, most simply have a problem with how they present charges to customers (see Figure 2).

Dread of bills arises from a fear of the unknown, which points to how billing problems can be addressed. By ensuring the customer is fully informed and in control of their charges, CSPs can change a negative experience into a loyalty building experience. By neutralizing dread, they can also transform their relationship with customers from being that of an impersonal seller to that of a trusted advisor. Once they cease to dread their bills, customers will begin to concentrate on, and fully appreciate, the positive aspects of their service experience, rather than dwelling on negative aspects (both real and feared).

Part of the problem with the typical telecoms bill is that the traditional bill format no longer provides information that is useful to customers, and does not reflect digital service provision.

In other words, much of the information provided is now irrelevant and just clutters up the communication.

For example, as calls and messaging have become just another data service, or are bundled within the monthly service charge, few customers have any interest in line after line of itemized charges. CSPs are providing information that has become meaningless to most customers but results in a long, boring statement that is costly for them to produce. Customers are bored by the irrelevant detail and switch off, or struggle to find the information they are interested in amongst an overwhelming level of detail.

To transform the billing experience, CSPs need to evolve their bills through three stages to build trust and engagement.

CSPs need to analyze, understand and meet the current needs of digital customers.



Figure 2 - Common root causes of negative billing experiences

Problem causes	Why is this a problem?	What does the customer feel?	How to address
Inaccurate bill	<ul style="list-style-type: none"> The customer fears that the charges are not correct – e.g. because discounts have not been correctly applied 	<ul style="list-style-type: none"> You're not competent I can't trust you 	<ul style="list-style-type: none"> Work on bill accuracy
Intermittent billing	<ul style="list-style-type: none"> Customers fear that charges will build up over the period due to unexpected charges or high usage, resulting in a much bigger bill than anticipated. Customers may reduce usage or avoid using certain services as a result 	<ul style="list-style-type: none"> You don't communicate with me enough You're more concerned with what's good for you (e.g. bill cycles) than what's good for me I'm not in control You're not helping me 	<ul style="list-style-type: none"> Make information up-to-date and accessible Proactively alert to high usage events Educate and alert on likely charges Advise customers on the best deal available to them
Unexpected charges	<ul style="list-style-type: none"> The customer fears that when they check the bill it will contain additional charges which they may not understand and didn't expect 	<ul style="list-style-type: none"> You don't communicate with me frankly I can't trust you I've been duped You're trying to fool me into paying more 	<ul style="list-style-type: none"> Ensure customers understand total charges Present charges in a way that makes sense to customers Remind customers of likely charges to prevent billshock events
Unclear charges	<ul style="list-style-type: none"> Charges don't make sense 	<ul style="list-style-type: none"> You don't communicate with me clearly You're focused on your own issues, not on me You're wasting my precious time 	<ul style="list-style-type: none"> Explain charges in a way that's clear and meaningful to customers Find ways to make bills more usable, more interesting and easier to interpret

Source: Omnisperience

Stage 1 - Clean up your act

CSPs must ask themselves: are your bills clear, usable and interesting. Usually, the information provided in today's bills is generic – effectively, a one-size-fits-all approach – which customers perceive as a lack of understanding about what's important to them. This is a common problem with personalization initiatives, which many CSPs implement in a siloed manner, rather than across all the touchpoints customers have with them. Such an approach results in a fragmented personalization effort that undermines CSPs' carefully constructed brand images, as well as their attempts to reposition themselves as digital service providers.

Thus the first step to transforming the billing experience is to create one that:

- **Is simple, clean and easy to use – an Apple-like experience for bills with smooth, clean, uncluttered designs that provide the required information and no more**
- **Provides the ability to navigate information – with drill-downs into detail or further analysis for those that wish to investigate further**
- **Delivers up-to-date information that is easily accessible so customers can check how much they owe at any time**
- **Explains charges in a way that makes sense to the customer**
- **Highlights information that is valuable to customers.**

By putting more effort into providing information that is meaningful to customers, in an easily digestible format, the CSP can quieten much of the anxiety that customers experience. However, they will not extinguish it. To do that they will need to become proactive in how they deal with their billing communications.



Stage 2 - Become more proactive and more relevant

Once CSPs are communicating more clearly, the next step to reducing customer anxiety and creating a better billing experience is for them to become more proactive and more relevant. In effect, they must take personalization to the next level by being able to reach out to customers in near realtime, or according to their context, and advise them what options they have based on their usage, circumstances or behavior. Alternatively, they need to inform them of the financial consequences of their usage.

For example, CSPs should:

- **Be able to detect high usage events and check with the customer that they are aware of the likely charges**
- **Provide safeguards to overspending, which are customizable by the customer**
- **Switch customers to offers or plans that will save them money (the best offer available)**
- **Inform customers about services that are relevant to their circumstances (such as roaming packages)**
- **Highlight what they are saving the customer.**

These actions are intended to build trust. The customer must believe that CSPs can be trusted not to overcharge them. CSPs must therefore change their mindset from one whereby high overage charges are good for their business because they increase revenues, to one where they understand the true cost of this approach, including the impact on the customer relationship.

Focusing on customer experience means ensuring that customers are not left in the dark, blindsided or fooled into accepting charges they did not knowingly agree to. This is a matter of clear initial communication when onboarding the customer or selling them a new service, as well as prompts or reminders at points during the customer lifecycle when it becomes relevant.

Another aim of this stage is to make bills less boring. This is achieved in two ways. Firstly, CSPs should review their bill layout and find ways to make the content more visually interesting. Secondly, they need to think about how they can make the bill more relevant to the customer. Making bills less boring makes them more likely to be read, and this increases their value as a customer communication channel.



CSPs should review their bill layout and find ways to make the content more visually interesting.

Stage 3 - Take an integrated communications approach

CSPs have now become more proactive in their approach to billing, and their next step is to begin to close their own organizational gaps to create more customer-centric communications. Today, marcomms is largely separate from billing communications, albeit with a generic flyer tucked into the envelope, or a link included on an email or portal.

As the CSP transforms into a digital business, it must close its internal silos and integrate in order to communicate in a coherent fashion to the customer. However, while coherence and using all its opportunities to communicate effectively are essential strategies, unless these communications are also personalized and relevant, the customer is unlikely to respond or listen.

CSPs usually sell on a campaign basis what they want to sell. What they should be doing, however, is selling on a consultancy basis what the customer needs to buy.

This seems like a subtle shift but from the customer perspective makes a big difference. If the billing communication advises how the customer can save money or if it makes a link between a service they are currently using and one they could benefit from, the message becomes more powerful because it is placed within a context the customer understands.

Not linking the sales message to customer need and behavior makes it jarring and puts the customer on the defensive, because the customer is forced to try to figure out why it is relevant to them. This feeling is exacerbated where there is a lack of trust in the relationship, or where the customer feels that the CSP does not communicate regularly or with authenticity.

Another common pitfall CSPs encounter when trying to become more relevant to customers is the personalization trap. If personalization is done badly it seems overly familiar, makes false assumptions, or is perceived as being creepy.

Delivering on the potential of integrated, proactive and interactive communications therefore requires the CSP to set the right tone with the customer, built on a foundation of trust that they have previously established.

Meeting the needs of Generation Z customers

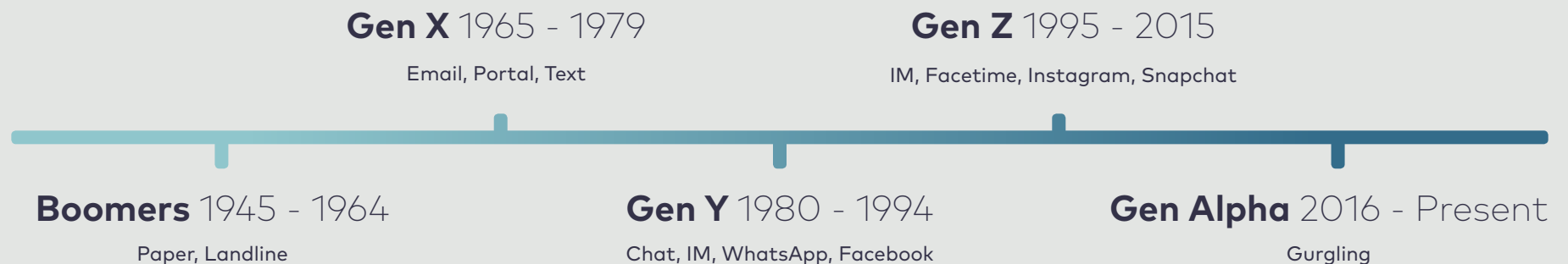
There are a lot of things that CSPs can do to improve the way they approach billing – communicating charges appropriately and encouraging payment, building trust through a more proactive approach and transforming billing into a powerful communications and sales tool.

But customers' expectations of communications are also changing (see Figure 3) and this means that CSPs need to be aware of what customers will require in their future communications.

The vanguard of these changes can be seen in the attitudes, views and behaviors of so-called Generation Z customers (those currently under the age of 22) years. Generation Z is now entering the workplace and is set to become the biggest demographic segment in the global market.

CSPs seeking to evolve their billing experience therefore need to be mindful of what such customers expect, as their expectations will eventually shape the entire market. This is the Diffusion Effect, which means that the youngest generation will pioneer new channels and new applications, exhibiting new needs and behaviors in the process. But these changes in behavior will eventually diffuse through to older demographics. From a billing perspective there are four key Generation Z requirements that we have identified that CSPs will need to address: visual language, self-service, on-demand lifestyle, and interactive expectations.

Figure 3 - Communication channels of different generations



Visual language

Each generation has a preferred style of communication – something that CSPs need to take account of in their billing communications strategy. Generation Z consumers are demonstrating noticeably different usage patterns of applications and social media than older generations, but the real shift is in the way they communicate.

Born digitally native, Generation Z have friends across the globe that they have met through social media. To overcome the language barriers they encounter in the global digital world, they have begun to create a highly visual communication style using emoticons, memes, photos and videos. They typically 'see' rather than 'read' to communicate. The popularity of applications such as Instagram and Snapchat are a testament to this new mode of communication.

How do you apply this to billing? CSPs need to display information more graphically in their billing communications – preferably using interactive graphics – and use videos to explain and enhance the information provided. They say a picture paints a thousand words, and for Generation Z this is quite literally the case.

Self-service

Most CSPs have self-service options for customers, but now need to pay more attention to the evolution of self-service. Generation Z customers are independent learners and explorers and would like to try new things and discover the answers to their questions.

Do not expect a Generation Z customer to come to a CSR for the answers to their questions. Instead, consider how you can help them

answer their own queries. Help should be on hand, but prepared to provide ideas as to how to solve their problem, rather than to provide the solution itself. From a billing perspective this means that more information should be navigable, drillable and discoverable.

Generation Z are also savvy shoppers and used to searching for bargains, and comparing and contrasting products.

CSPs need to consider how they both feed this need and also benefit from it. For example, according to a study of 1,000 UK Generation Z consumers by Shoppercentric, Generation Z consumers shop in-store or online at least seven times a month. Two-thirds (62%) say that e-commerce is a great way to avoid being bored and, as a generation, they are impulsive shoppers. Many of this age group get ideas and recommendations via vloggers or social media personalities, seeking out the opinions of others rather than those of so-called experts.

CSPs need to incorporate these concepts into their billing communications – seeing it as the beginning of an experience for Generation Z customers and not an intermittent blast of information prior to payment. By making the information the start of an ongoing interactive relationship, they keep their customers informed, sell more products and services, and ensure that customers keep their service bundles in line with their evolving needs. This latter factor is important and it avoids the end-of-contract doubts that customers often have about the value the CSP is delivering and whether their offerings are in line with their needs.

On-demand lifestyles

Generation Z customers do not understand the limits of a working day, because they live in a digital world without boundaries. They have grown up with retailers and service providers increasingly willing to cater to their expectations for immediate access and consumption. Whether that's Amazon's increasing range of digital products, or same-day delivery services, or access to taxis via a mobile app, Generation Z is used to being kept informed of how an order or a service is progressing, getting instant access to digital services, and always-on and prompt service.

From a billing perspective this means that CSPs will have to ensure that usage data – even if it's for third-party services – is constantly and consistently up-to-date. Generation Z will expect to be kept informed of information they regard as important through their preferred channels.

Bill inquiries may also transform into bill discovery events, where Generation Z customers analyze their own usage patterns, solve their own problems and seek out products and offers that suit them. Selling in this type of environment becomes inductive and discovery-oriented, rather than being a traditional hard sell.

Interactive expectations

Digital natives have been conditioned to expect that they can comment on everything from hotels, to meals out to every type of goods and service. They spend much of their spare time creating, co-creating, commenting, and socializing online via social media. These are capabilities they now expect from their CSP.

Much can be learned about Generation Z expectations by reviewing what colleges have discovered in the last five years of educating them. For example, a study by Barnes and Noble discovered that more than half (51%) of Generation Z students said they learnt best by doing. In contrast, 38% said they learnt from seeing and only 12% said they learnt best from listening.

CSPs need to take advantage of this desire for interactivity to garner feedback and suggestions, and to drive up loyalty. Generation Z customers will tell you what they value, what's good, what's bad and what's indifferent. Billing will therefore need to transform from a broadcast medium into an integrated customer interaction, which customers will either choose to participate in or not. Participation though enables the CSP to engage customers, which is the first step to building a relationship with them



Key points

- Billing is the least transformed part of the digital experience and must evolve to meet the needs of customers
- Bill dread, billshock and bill boredom impedes the building of a positive customer relationship and hampers other commercial goals
- Many billing inquiries are due to unclear bills
- To resolve these issues, CSPs need to make their bills easier to understand, more relevant, visual and interactive

About Omnisperience

Omnisperience provides insightful research in easy-to-consume formats for digital businesspeople. We advise digital businesses on how to gain value through delivering better experiences for their customers.

Teresa Cottam is an expert in digital experience, a judge for the GSMA GloMo's on customer experience, and a speaker and chair at industry events. To find out more see www.omnisperience.com

About the sponsor

Our papers are made freely available to the market due to sponsorship (an "open analysis" model). This paper was sponsored by BriteBill, an Amdocs company.

BriteBill transforms the way service providers present and manage billing communications. Cold notifications and demands for payment are transformed into customer centric and engaging communications. Business customers get the insights they need through tailored analytics and customizable dashboards to easily understand costs and service usage through beautifully rendered and easily understood graphs, tables and alerts. Improved billing means less costly bill-related helpline calls, less customer churn and increased long-term loyalty. BriteBill is an innovative and unique solution used by Tier One telecom operators around the globe. BriteBill was named a "Cool Vendor" by Gartner Inc. for 2014. Founded in 2010, BriteBill is headquartered in Dublin, Ireland and has offices in London, Madrid, Toronto and Philadelphia.



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