brite:bill
an Amdocs company

Consumer perceptions of telecoms billing 2017

Delivering the customer centric bill

As communications service providers (CSPs) turn to customer experience as the key differentiator in increasingly competitive markets, attention has once more returned to telecoms billing. Not only are bills a key part of CSPs' revenue management processes, but they're also an essential element and touchpoint in their relationship with their customers.

In this paper, Brite:Bill presents the findings from its annual global study of telecoms consumers – revealing what they think about their current billing experience and what they would like to see changed or improved.

The paper is essential reading for billing managers and BSS staff, but also for everyone involved in creating a better customer experience, or those interested in improving their company's business performance delivering the customer centric bill.

1. Why focus on improving billing?

The bill is a frequently overlooked but essential element in digital customer experience. For many customers, it is one of the very few touchpoints they have with their CSP. Yet because of its nature, the bill is usually viewed by them as a wholly negative communication.

In an era where customers can shift CSP more readily than ever before, improving the billing experience is therefore essential to improving customer satisfaction, retaining more customers and selling more services.

1.1 Customers think bills are hard to understand

Digital service provision is exposing both old weaknesses in bills and the billing process and presenting new challenges for billers, which means:

‣ Ensuring that bills are accurate is becoming ever more challenging

‣ Presenting and explaining charges in a way in which customers understand them is becoming harder

‣ This paper is not focused on the accuracy of bill generation itself, but rather on how bill information is provided to customers. And specifically on how improving the way bill data is presented can lead to positive outcomes for CSPs. However, the reasons why bill generation is becoming more challenging also affect the presentation of charges to the customer.

For example, back office infrastructures remain complex – and a new round of M&A continues to fuel this complexity as companies inherit duplicate infrastructure and business processes from acquired companies. At the same time, customers expect to see a summary of all their charges – irrespective of which operating company, third party or technology is being billed for. Convergent charging means a lot of things within the telecoms industry, but to customers it simply means seeing what they owe in one place.

However, providing a summary of charges in a single statement becomes even more challenging when you factor in the ongoing and enormous increase in the number of services being billed, as well as the fact that the price for these services is changing more frequently. In the past, a customer signed up for a single service bundle for one or two years, with only overages being billed for incrementally. Today, marketers are rolling out new offers more frequently, along with time-limited price reductions, more dynamic charges and so on. All of these charges need to be accurate and clearly explained on the bill.

While this situation is set to get even more complex and dynamic in the future, even today most customers find their bills hard to understand (see Figure 1). According to our research:

‣ 68% of customers find their bill hard to understand

‣ Those over 35 struggle the most – with 71% of 35-44 year olds and 70% of those over 45 finding their bill hard to understand

In addition to clearly explaining charges, CSPs should also be able to highlight to customers the value they have delivered to them. For example, if a special offer saved the customer money, the bill should reveal how much the customer saved in a simple and easy to comprehend manner.

Figure 1 - How easy is the bill to understand?

32%

68%
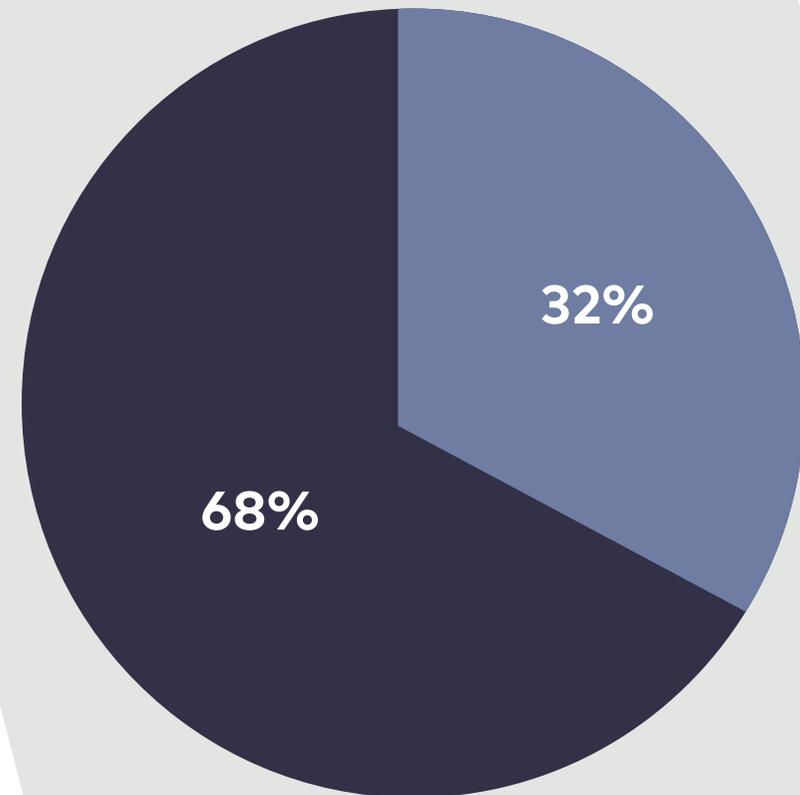
Source: Brite:Bill 2017

## 1.2 Billing issues continue to drive enquiries, complaints and churn

Billing issues have long been a major cause of customer enquiry and complaint. As an indication of how significant this problem is, the UK Ombudsman revealed that in 2016 telecoms was the second most complained about sector after retail in the UK – generating 6.9 million or 13% of all complaints . A substantial proportion of complaints about telecoms operators were due to billing and contracts issues:

‣ Billing – 30% of complaints

‣ Contract issues - 15% of complaints

‣ Service issues – 11% of complaints

The level of service support required to handle complaints and enquiries has a significant impact on the financial performance of CSPs. Not only do CSPs have to absorb the direct cost of handling the complaint, but complaints also have hidden or indirect costs such as lower service usage and churn. The UK Ombudsman, for example, calculated that UK CSPs were losing £2.9 billion per year in terms of customers decreasing usage or churning to rivals. And, in the longer term, complaints also reduce brand value and therefore competitiveness.

Our study found that 29% of customers had rung their service provider to complain or enquire about their bill in the past two years (see Figure 2). The age groups most likely to have contacted their service provider were Generation Y customers (25-34 years) and younger Generation X customers (35-44 years).

Figure 2 - Percentage of customers that have contacted their service provider due to billing issues

| Average	16-24	25-34	35-44	45-54	55+
29%	29%	35%	33%	30%	21%
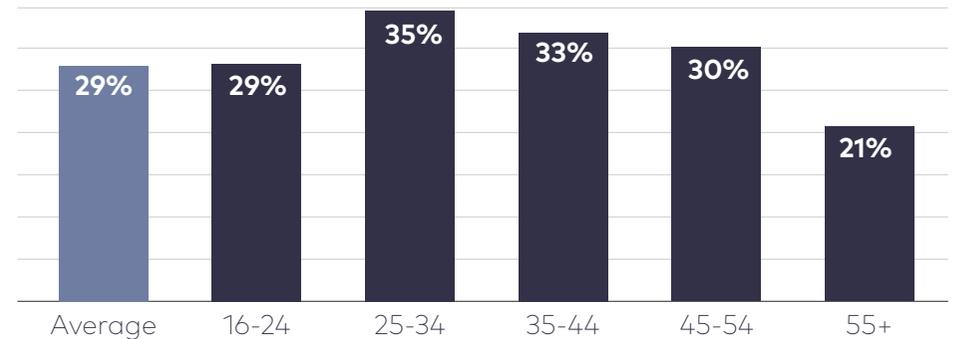
Source: Brite:Bill 2017

The study also found that customers are voting with their feet when it comes to unsatisfactory billing. Sixteen per cent of respondents said they had churned as a result of billing issues, with 25-34 year olds the most likely age group to churn for this reason (21% have churned). Those over 45 (45-54 and 55+) were the least likely to churn for this reason, with just 9% having done so (see Figure 3) .

This finding indicates an enormous opportunity for CSPs, since customers' billing satisfaction is a significant driver of churn which, in turn, has a substantial impact on both profitability and shareholder value. To give some indication of the revenue a stake here, consider that the average cost of attracting a new customer in the US is over $300 and the monthly churn rate for Verizon Wireless was 1.19% in Q2 2017 (or 14.3% per year) . Based on reported ARPUs, churn is therefore estimated to be costing the top four carriers (Sprint, Verizon, AT&T, T-Mobile) an average of $65 million per month, per carrier. Our study found that 44% of churners had also experienced a billing problem. Improving billing and bill enquiries therefore has the potential to substantially reduce churn rates, and reducing churn by even a few percentage points can have a major impact on profitability.

Figure 3 - Customers who have switched service provider due to billing issues
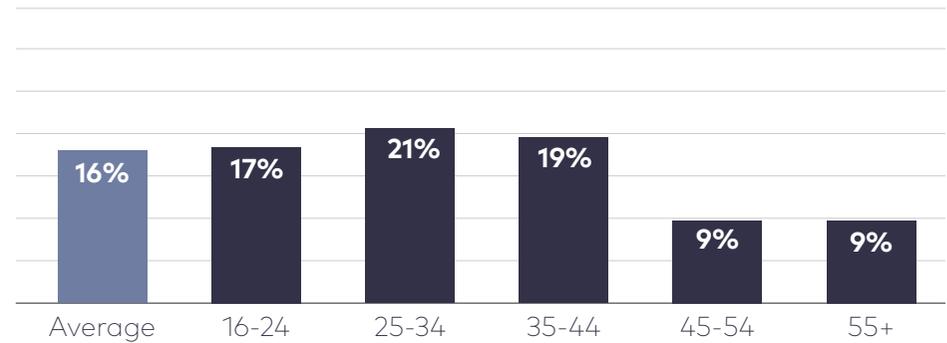
Source: Brite:Bill 2017

1.3 Billshock is driving customer enquiries and complaints

Bill-related causes of customer complaint stem both from where the bill is inaccurate but also where the charge is not as the customer expected. Higher than expected charges result in billshock events, which have an extremely negative impact on the customer experience. Even when customers do not churn as result of billshock, they will usually take steps to restrict or reduce their service usage (limiting their spend and constraining the usefulness of their services), will complain or enquire (raising support costs), or they will simply become unhappy (depressing CSAT scores and undermining loyalty).

Despite its negative impact, billshock is still surprisingly common, with 24% of customers reporting they have experienced it (see Figure 4). The age ranges most likely to have experienced billshock are the 16-24 year old Generation Z customers (26%) and 45-54 year old Generation X customers (27%).

If a CSP can anticipate a billshock event and be more proactive, by reaching out to customers in a timely fashion, they can lessen the impact and reduce the costs associated with this event (such as, service costs, dissatisfaction and churn).

For example, if a CSP detects that a customer is incurring excessive roaming charges then they should be able to reach out to the customer, inform them, and advise them to switch to a more suitable roaming package before charges reach too high a level. This can transform a potential billshock event into a loyalty increasing event.

They can later gain even more value from this action by showing the customer the effect of this intervention on their subsequent bill.

Figure 4 - Percentage of customers that have experienced billshock
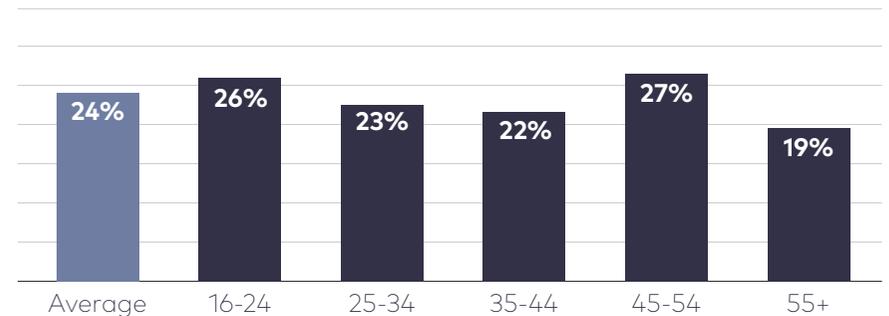
Source: Brite:Bill 2017

Another telling finding from our research was that customers were likely to have experienced a billshock event when they checked their first bill (see Figure 5). This is significant because it means their relationship with the CSP is getting off on the wrong foot to begin with. Moreover, it reveals a problem in customers' understanding of charges when they sign up to a new service. This indicates either a perception gap (they did not understand what they were being told when they signed up) or an information gap (they were not told the right information). Both of these issues could easily be solved if charges were better explained and clearer.

Figure 5 - Percentage of customers whose first bill was more than they expected

| Average	16-24	25-34	35-44	45-54	55+
18%	17%	21%	19%	20%	13%
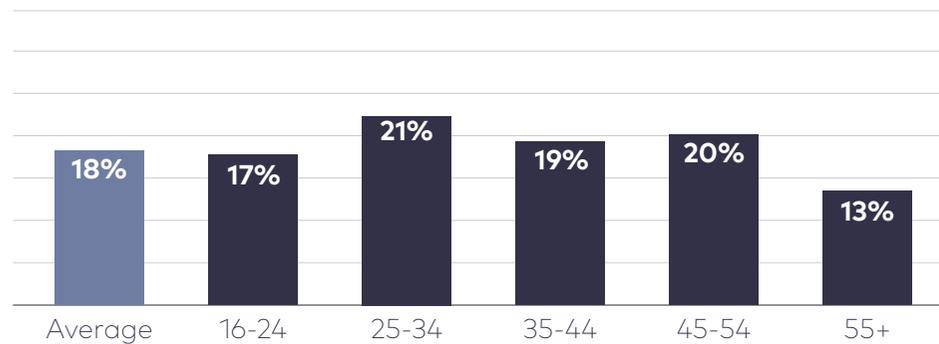
Source: Brite:Bill 2017

1.4 Customers are bored by bills

We also asked consumers if they found the information in their bills interesting. As can be seen by Figure 6, most didn't.

This is important because it reveals a lost opportunity to engage and provide useful information to customers. By using the bill more strategically as a communications tool, rather than a simple statement, CSPs could foster higher levels of loyalty and upsell and cross-sell additional services. The key to doing this successfully though is to provide information that is relevant to the customer and their usage, not just generic marketing information. By tying the information provided to the customer's usage and habits, the message becomes considerably more powerful as both a loyalty and sales tool - increasing the likelihood of uptake of the offer.

However, to be successful this requires CSPs to change the way they sell to customers - becoming less campaign driven (selling to customers what they want to sell to them, when they want to sell it) and more customer-centric (selling to customers what they should be buying).

Figure 6 - Customers are not interested in the information on their bill
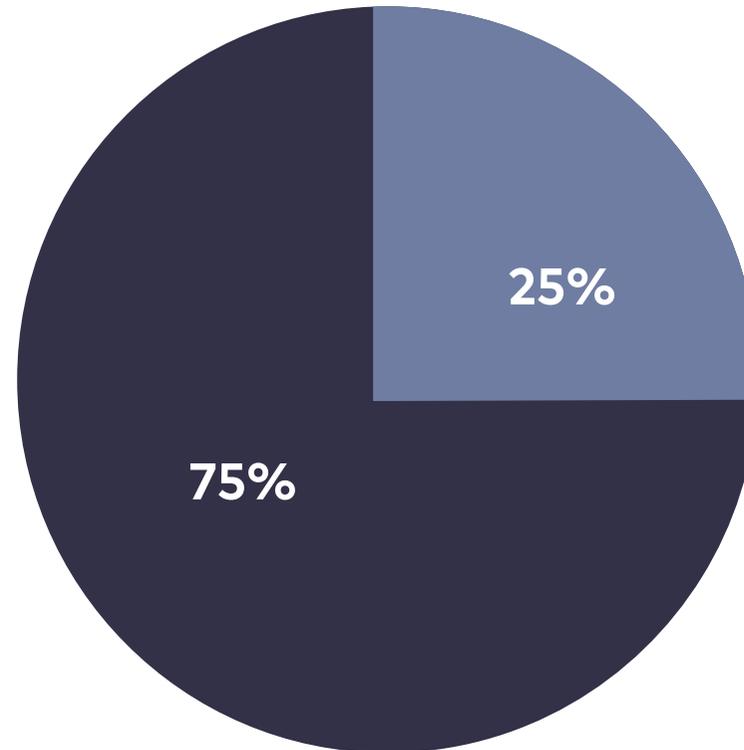
- It's clear and easy to understand
- It's not clear and easy to understand

Source: Brite:Bill 2017

2 What customers would like to see on their bills

Customers may be bored by bills and find them hard to interpret, but they also know what they would like from billers in future.

They would like their bills to provide four key things:

‣ Information on how they can save money

‣ Insight into what they spend the most or the least money on

‣ Suggestions as to other relevant services they could or should be using a more visual display of information.

Seventy-five per cent of customers aren't currently interested in the information provided by the bill (see Figure 6), but over half (56%) of customers would be more interested in the bill if it highlighted how they could save money – for example, by switching to another tariff or buying an additional service. Interest in this information was highest in the youngest age range, with 59% of 16-24 year olds interested in this information and 56% of 25-34 year olds interested in it. Those aged over 55 were the least interested in this information, but even in this cohort more than half (52%) would like it to be provided (see Figure 7).

This information is particularly powerful when it is displayed not as generic benefits but in a manner that is relevant to the customer – showing them the impact on their costs if they switched package, for example.

Figure 7 - Information provided by the bill: how to save money

| Average	16-24	25-34	35-44	45-54	55+
29%	27%	31%	31%	31%	26%
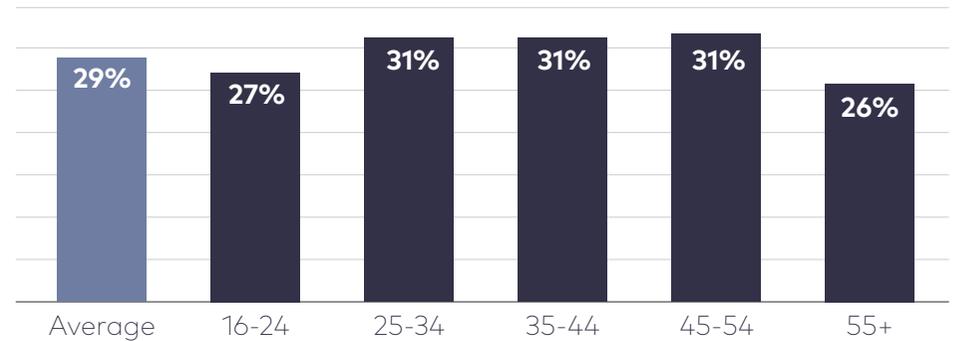
Source: Brite:Bill 2017

An even more stark age-related pattern was apparent when we asked customers whether they would like to see which services they used the most or the least on their bill (see Figure 8). While 55% of 16-24 year olds are interested in this information, only 26% of those over 55 are interested in it.

Providing this information to customers is a strategic move for CSPs when coupled with a more flexible approach to service provision. This is because it delivers an opportunity for customers to change the services they are using – switching their spend to services they use more often, or changing to an offer that suits their usage pattern more closely. This is an important customer retention tool, because it demonstrates to customers that their CSP understands them and is trying to better meet their needs.

By providing this information regularly, and helping the customer adjust their bundles and services to their evolving needs, the CSP also avoids a situation where at the end of the contract period the customer feels no loyalty to the them or feels that the CSP or bundle is not meeting their needs - feelings that could encourage them to move service provider.

Figure 8 - Information provided by the bill: what customers spend most or least on

| 16-24	25-34	35-44	45-54	55+
33%	36%	27%	23%	17%
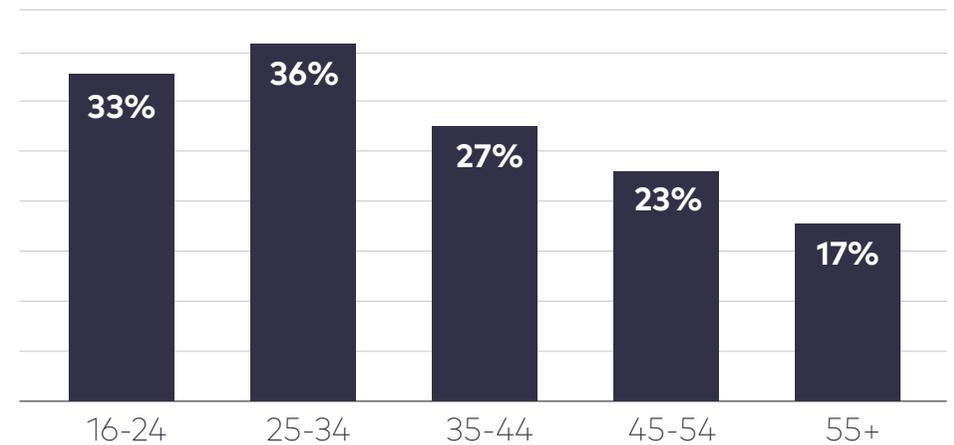
Source: Brite:Bill 2017

We also asked customers if they would like their CSP to tell them about other relevant services they might like. It might be assumed that customers do not want to be sold to in this way. However, our research revealed that around a third of customers would like relevant additional services to be highlighted, with interest in this strongest in the Generation Y age group (25-34) and in the Generation X cohorts (35-44 and 45-54). As can be seen from Figure 9, Generation Z customers (27%) and Boomers (26%) were less likely to be interested.

We believe that the key here is the word 'relevant'. While no-one likes being marketed to about services that are of no interest to them, when services are relevant it is less likely to be perceived by customers to be boring or intrusive. Subtlely, there is a shift in approach from selling, and all the negative connotations that has for customers, to advising.

To successfully advise customers on the right product mix for them, service providers need to understand customer behavior and usage, and then match this to the products within their portfolio – highlighting the service and likely benefits provided to the customer. This represents a shift from organisation-centricity (selling to the customer what you want to sell) to customer-centricity (advising the customer on what they should buy).

Figure 9 - Information provided by the bill: additional or alternative services
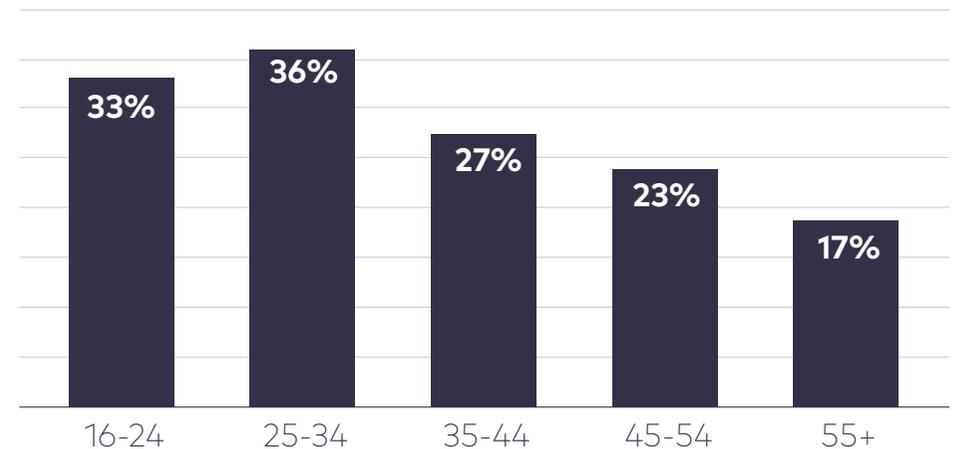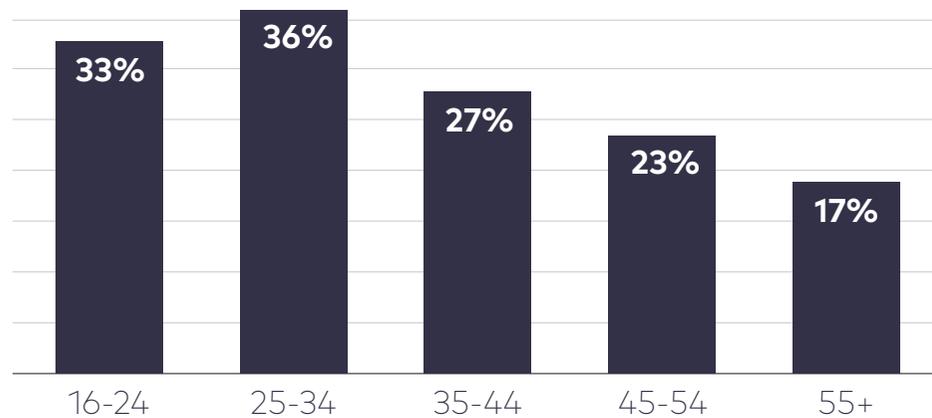

Source: Brite:Bill 2017

Finally, we asked customers how they would like to see the information provided on their bills displayed. A significant proportion of customers would like to see information displayed in this way, with younger age groups particularly interested in more visual presentation of data. As can be seen from Figure 10, 33% of Generation Z customers (16-24) and 36% of Generation Y customers (25-34) expressed an interest in personalised, interactive graphs and icons.

We believe that when customers see how taking this approach to bills improves clarity and usability, an even greater proportion of them will be interested in it.

Figure 10 - Percentage of customers that would like to see personalised, interactive graphs and icons on their bills

Source: Brite:Bill 2017

3. Reducing the cost of bill enquiries

Poor bill presentment - where there is little or no explanation of charges, or where charges are not clearly explained – is a major contributor to call centre traffic, because customers will typically ring their service provider for clarification. The cost of call handling and the commercial risk associated with upsetting or confusing customers can be substantial, although handling enquiries well can be a loyalty-driving opportunity – transforming dissatisfaction into satisfaction.

What's important is to reduce the need for the customers to enquire, to provide quick and accurate answers to their enquiries round-the-clock, and to reduce the cost of handling their enquiries. To successfully deliver against these goals, CSPs need to become more proactive in terms of their approach:

‣ Reach out to customers during a billshock event or soon thereafter – explaining how they can reduce costs or what steps the CSP is taking to assist them

‣ Educate and explain charges more clearly by using more powerful ways of displaying information such as visual graphs and icons

‣ Help customers understand charges better by enabling them to navigate the information more easily

‣ Employ technology to answer customer bill enquiries while reducing costs.

We wanted to find out how receptive customers would be to using advanced techniques such as employing chatbots to answer enquiries. As can be seen by Figure 11, there is a distinct age correlation here – with younger customers the most receptive to the use of chatbots.

What our research did not explore was whether customers knew what a chatbot was or what it could do. It is likely that as older customers gain more experience of chatbots and the benefits they provide, they too may become more receptive to them.

Figure 11 - Percentage of customers that would be receptive to chatbots handling their bill enquiries

Age	Percentage
16-24	50%
25-34	47%
35-44	39%
45-54	26%
55+	21%
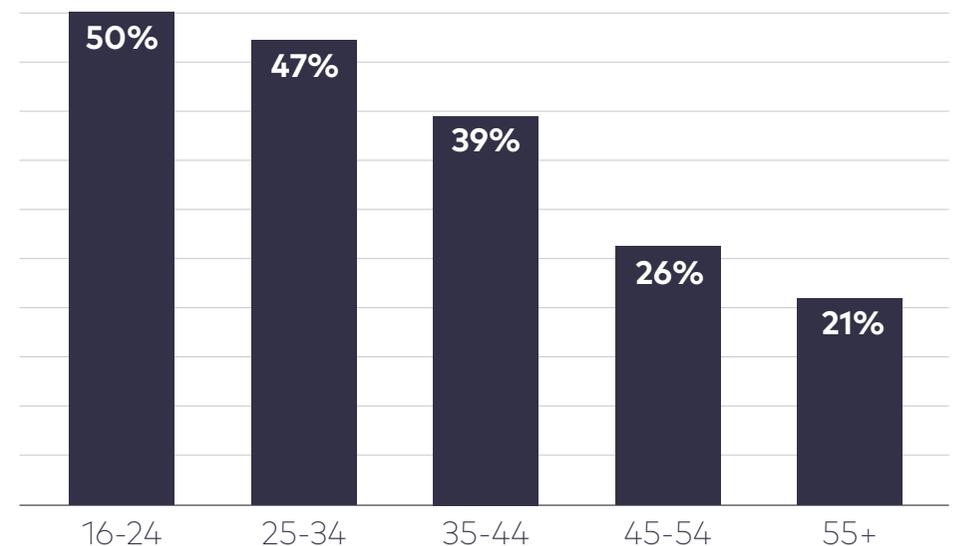
Source: Brite:Bill 2017

4. Key takeaways from the research

4.1 Data highlights

‣ 68% of customers say the bill is not clear or easy to understand

‣ 29% of customers have had to contact their service provider about their bills

‣ 16% of customers have switched CSP because of billing issues

- 44% of churners have experienced billing issues
- 17% of generation Z have switched because of billing issues
- 21% of generation Y have switched because of billing issues

‣ 36% of customers have changed service provider in the last two years

- 38% of generation Z customers (16-24)
- 43% of generation Y customers (25-34)

‣ 18% of customers say their first bill was more than they expected.

- 50% of recent churners say their bill was more than they expected.

‣ 75% of customers say they are not interested in the information currently in their bill

‣ 56% of customers want their bill to tell them how to save money

- 59% of generation Z customers (16-24)
- 56% of generation Y customers (25-34)

‣ 44% of customers would like to know what they spend most/least money on

- 55% of generation Z customers (16-24)
- 52% of generation Y customers (25-34)

‣ 29% of customers would like their CSP to tell them about other relevant services on their bill

- 27% of generation Z customers (16-24)
- 31% of generation Y customers (25-34)

‣ 29% of customers would like the information on the bills to be more visual (personalised graphs, icons etc)

- 33% of generation Z customers (16-24)
- 36% of generation Y customers (25-34)

‣ 39% of customers would like access to a chatbot to deal with bill enquiries

- 50% of generation Z customers (16-24)
- 47% of generation Y customers (25-34)

4.2 Key messages

‣ Transform billing from a negative, stressful experience into a useful interesting experience

‣ Target pain points in customer lifecycle eg first bill

‣ Improve the way you communicate charges – make information more visual, more searchable

‣ Become more proactive in dealing with billshock events – reach out to customers, explain how they can save money straight away

‣ Make information more relevant to customers – don't market or sell to them, advise them on what they could do to save money or improve their experience

‣ Find cheap, effective ways of dealing with enquiries eg.chatbots

About the study

Brite:Bill conducted this study in August 2017, sampling 3236 consumer customer across eight countries (UK, US, Ireland, Canada, France, Germany, Italy and Brazil).

About the sponsor

Brite:Bill, an Amdocs company, transforms the way service providers present and manage billing communications. Cold notifications and demands for payment are transformed into customer centric and engaging communications. With the Brite:Bill platform, service providers can improve customer interactions by pre-empting questions, tackling issues and highlighting appropriate and new services through personalized, targeted messages and persuasive content. Business customers get the insights they need through tailored analytics and customizable dashboards to easily understand costs and service usage through beautifully rendered, easily understood graphs, tables and alerts. Improved billing means less costly bill-related helpline calls, less customer churn and boosts long-term loyalty. Brite:Bill is headquartered in Dublin, Ireland and has offices in London, Madrid, Toronto & Philadelphia.

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