

Case Study

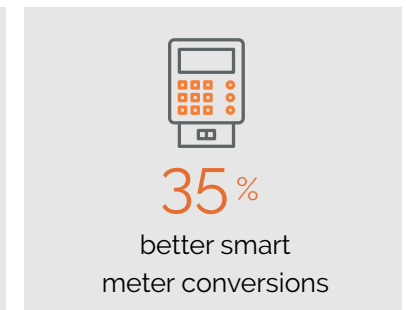
UK utility company acquires customers more profitably and retains them for longer

Fend off price comparison websites with analytics and six sigma

Solution Overview

Digitally Empowered Contact Center, customer acquisition and win-back, smart meter conversion, six sigma, real-time analytics

Results



Challenges

- Price comparison websites driving down margins
- High customer attrition
- Meeting government targets for smart meter conversion

Business challenges

The client is a one of UK's top energy companies, providing electricity and gas to several million customers. This sector is highly competitive with price comparison websites making it hard to acquire new customers at profitable margins, retain existing ones. The company also had to hit UK government targets for smart meter installations.

The client was already working with one outsourcing service provider but wanted to create a "champion challenger" model with three additional suppliers. This would allow them to tap into a wider range of customer service options and raise the performance bar across their organization. The company shortlisted 12 providers using an RFP process and Firstsource was one of the three chosen, based on its proven ability to help transform customer management operations.

Specific goals were to acquire customers more profitably and reduce customer attrition.

Solution Overview

The main elements of the solution were:

- Team of 30 FTEs handling inbound sales enquiries
- 30 FTEs handling outbound calls to win back customers planning to leave
- 90 FTEs on smart meter conversion, both inbound and outbound
- An additional 25 FTEs on smart meters for small business customers

Continual improvement in inbound sales conversion

Over two years, Firstsource grew the client's sales conversion on inbound enquiries from 19% of calls to 32%, outperforming their in-house teams. At the heart of this was a rigorous, structured approach to continual improvement. Our management team took a hands-on approach to root-cause analysis using six-sigma tools, getting into the nitty gritty of customer excuses, objections, and what made a call successful. They then led coaching sessions with advisors to apply these insights.

Solution Synopsis

- Inbound sales
- Outbound customer win-back
- Inbound and outbound smart meter conversions
- Real-time analytics
- Sig sigma continual improvement

“Firstsource has tangibly contributed to our commercial viability, helping increase our gross margin.”

Client Outsource
Operations Manager

For example, some customers want a quick, to-the-point call, reeling off quick-fire questions: “tell me what I need to know”. Others want someone to metaphorically hold their hand, and so associates need to slow the conversation down. Our training helps associates identify what type of customer they're talking to and approach the conversation accordingly. This is one aspect of a broader program around boosting soft skills that was key to the improved performance.

Analytics-driven approach to customer retention and win-back

Our client had a win-back team calling customers intent on leaving – this is standard practice in their industry. To improve the performance of this team, we introduced two innovations.

The first was a propensity model that used historic data to predict which customers would be most likely to agree to stay. It used data such as how long they'd been a customer, tariff type, meter type, whether they'd made a complaint or had a big bill and so on. Insights from this model drove call prioritization and data strategy.

The second innovation used the same model to help associates tailor their conversational strategy. Because they're outbound calls to customers intent on leaving, associates need to get to the point quickly before people lose interest and hang up. The model identifies each customer's 'red issues', as well as the strengths in the relationship. This helps associates to be quick and punchy on the elements that matter, tackle the customer's reason for leaving, and address any ongoing concerns.

The result was a 60% increase in win-back success, as well as incredibly positive feedback from associates. They reported feeling more empowered and enjoying their role more.

Real-time analytics improves smart-meter conversion

Energy companies in the UK are mandated to hit government targets for smart meter migration or face the risk of financial penalties for missed targets. Our client promotes smart meters to residential and small business customers through door-drops and emails. We handle the inbound calls generated in the process as well as make outbound calls to follow up on them.

Results

- Higher margin customer acquisitions
- Increased customer retention, at lower costs
- Reduced risk of regulator fines for missing smart meter targets

“Firstsource continually looks for ideas to improve customer experience and operational effectiveness alike.”

Client Outsource
Operations Manager

The conversion for inbound calls is driven by customer eligibility, which depends on property type and mobile signal strength in the area – not all customers are eligible.

To increase conversion on outbound calls, we adopted the same rigorous, structured approach to continual improvement described above for customer acquisition. Real time analytics can make a big difference to programs of this nature. The automated dialler works on different lists, and these lists have different characteristics. For example, some are people already exploring smart meters and need a reminder, some have received door-drop marketing, some are considering a particular tariff that needs a smart meter. Associates capture the outcome of each call, including whether the customer wasn't interested and why. These insights allow our team to spot trends in customer queries and objections and react in real time.

All this delivered a 35% increase in outbound conversions (to an appointment), bumping it from 20% to 27%.

Outcomes

The emphasis on continual improvement, six sigma tools and real-time analytics has delivered:

- \$80 cost per new customer acquisition – competitive with price comparison websites, but at superior margins
- Incremental \$2.8m annualized revenue generated above business-as-usual sales performance at an overall \$550k lower cost of sale
- 60% increase in win-back success
- 30% drop in cost per customer won back
- 35% increase in smart meter conversions
- High net promoter scores for sales, retention, service, and smart metering

What's your challenge?
Let's work together to solve
it. To speak to our experts
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