

Omnisperience | Data Sheet

Measuring Bill Effectiveness in Europe and North America

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KEY FINDINGS

75%

of respondents said the coronavirus crisis has speeded digitalisation

84%

said they will invest in bill communications in the next 24 months

75%

of bill-related enquiries are due to customer confusion, not inaccurate bills

92%

intend to add analytical capabilities to their bills and improve reporting

83%

will improve the look and feel of their bills

Competition is the most common driver of bill improvement, followed by brand alignment and cost reduction

Billing operations are still the primary stakeholder in bill design but are focused on accuracy not the effectiveness of bill communication. They are not well-placed to understand key aspects of design that impact on the customer experience – such as bill psychology and emotional impact

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HOW EFFECTIVE ARE CURRENT BILLS?

Bills are both an important element of the customer experience and a vital contributor to the commercial health of communication service providers (CSPs). But bills have a 'bad rap', often being associated with negative emotional experiences.

In fact, the bill has many roles. It is used to explain to customers what is owed, to inform them of new products, services and initiatives, to encourage and build customer loyalty, and even to communicate value rather than just cost. So how do CSPs judge the effectiveness of their current bills?

The **main measures of bill effectiveness**, and the key performance indicators (KPIs) being used by CSPs to measure this, are centred around the contact centre and customer experience:

- how many enquiries and complaints bills stimulate (as measured by calls to contact centres)
- the effect bills have on net promoter scores (NPS) and customer satisfaction ratings (CSAT).

Some CSPs (25%) are moving beyond satisfaction ratings to measure whether the bill is effective as a marketing tool to help meet their need to increase average revenue per user (ARPU) and boost their bottom lines (see *Figure 1*).

Unsurprisingly, the proportion of calls stimulated by ineffective billing varies by CSP, and according to the activity being undertaken by the CSP. For example, enquiries tend to increase when something changes – such as a new service being introduced, a new promotion being applied or, more recently, because of the effects of the coronavirus pandemic.

Improving the effectiveness of bill communication can help reduce the number of calls to call centres, but doing so is predicated on CSPs first understanding why their bills are stimulating contact centre traffic.

We therefore asked billing managers what in their opinion was **the main cause of bill-related enquiries** (see *Figure 2*). Three-quarters (75%) said that rather than enquiries being due to incorrect bills, they usually derived from customer confusion or misconceptions. Some CSPs

identified specific features of poor bill design as the cause – such as confusion due to first month proration or information overload.

By improving the design of bills, and thereby more effectively communicating charges to customers, CSPs have an opportunity to boost their customer satisfaction ratings while at the same time further reducing billing-related calls to contact centres. But in order to prioritise improvements, they first need to be able to pinpoint how bills are contributing to customer confusion and misunderstanding.

According to our research, three-quarters of respondents said that enquiries to their contact centres most frequently resulted from an inability to drill down into data or navigate the data provided. In addition, almost 6 in 10 said that their current bills were still not sufficiently personalised or tailored to the needs of individual customers, and 4 in 10 said they didn't support their sales and marketing teams' efforts to upsell or cross-sell effectively to existing customers (see *Figure 3*).

“Billing cannot remain a black box. We have to deliver the insight our customers urgently need.” Billing Manager, Tier 0 Global CSP

FIGURE 1 HOW BILL EFFECTIVENESS IS JUDGED

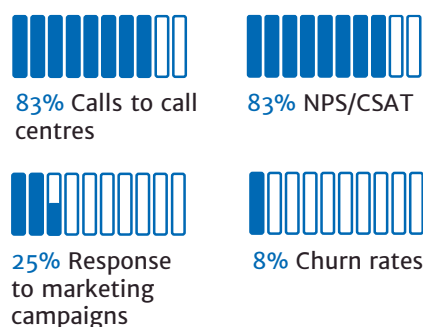


FIGURE 2 CAUSES OF BILL-RELATED ENQUIRY

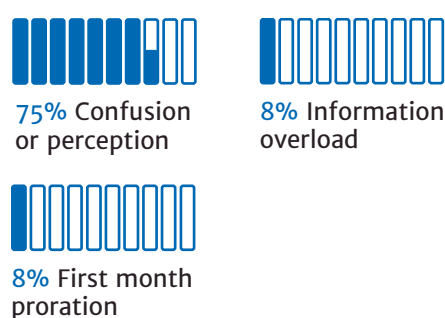


FIGURE 3 WEAKNESSES OF CURRENT BILLS

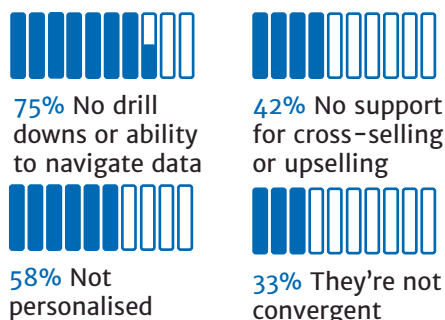
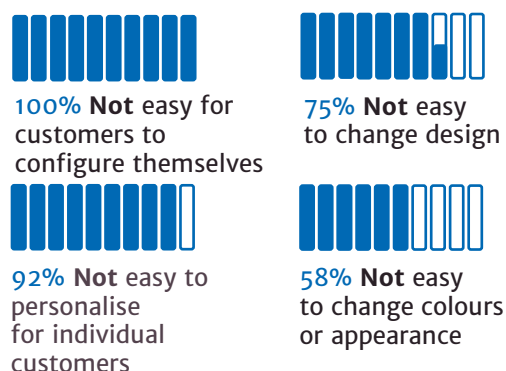


FIGURE 4 FLEXIBILITY OF CURRENT BILLS



Bill flexibility – the ability to easily make changes to bills – was another area that many CSPs identified as needing improvement (see Figure 4).

At a time of constant change and rapid innovation, and with high levels of competition in many markets, bills need to be more flexible and responsive to change. When they are easy to change CSPs can more readily refresh their look-and-feel, remain aligned to customer needs, support new service rollout, use them as an effective promotional tool, and differentiate the billing experience from that of their rivals.

But bills are often hard to change due to their tight coupling with legacy billing systems, requiring a hard-coded approach and relying on IT to make changes.

In our study, most CSPs said their bills were very hard to make changes to:

- 6 out of 10 said they couldn't easily change the appearance and colour of their bills
- 7 out of 10 said it isn't easy for them to change the layout of their bills
- 9 out of 10 said it isn't easy to personalise the bill to the individual needs of customers (which was previously identified as the second biggest problem with current bills).

More advanced examples of bill flexibility, such as the ability for customers to configure their own bills, was not something CSPs believe their current bills can support. (For more information about advanced bill capabilities see the complimentary Omnisperience Orange Paper which includes a Bill Maturation Model.)

INNOVATING THE BILL

CSPs want to improve customers’ billing experience in order to meet customer expectations and differentiate against their rivals.

In fact, respondents identified seven key factors that are driving investment in bills, with competitive factors emerging as the most common, closely followed by brand alignment (see Figure 5).

Dissatisfaction with the effectiveness of bills is not a new phenomenon by any means – either for customers or for CSPs. But while CSPs recognise the importance of investing in this area to improve their competitiveness and meet the needs of their customers, most of them have so much change to deliver it's easy for even important investments such as this to be delayed or to slip off the bottom of their to-do list.

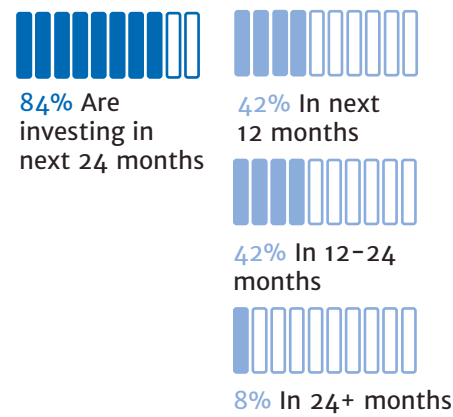
So the key question is: **do CSPs believe that this area is a priority for investment** and therefore have concrete plans to actively invest in the coming months? Or is this still an aspirational area of improvement?

The good news is that the overwhelming majority of CSPs (84%) intend to invest in their bills in the next 24 months (see Figure 6).

FIGURE 5 FACTORS DRIVING INVESTMENT

IMPORTANCE	FACTOR	DRIVER
1	Responding to competition	Market differentiation
2	Brand alignment	Market differentiation
3	Supporting innovation	Market differentiation
4	Customer retention	Customer expectations
5	Cost reduction	Operational efficiency
6	Attracting new customers	Customer expectations
7	Creating new revenues	Market differentiation

FIGURE 6 PLANS TO INVEST IN BILLS



“Everyone has finally realised this is about communicating with customers, not just demanding money from them.”

Billing Manager, Tier 1 European CSP

Effect of COVID-19 pandemic on bill innovation

Sometimes external factors can disrupt even the best laid plans. We therefore asked respondents what the likely impact would be of the 2020 coronavirus pandemic on their investment and transformation plans. Most CSPs confirmed that this type of investment is part of their long-term strategy and is thus unlikely to be halted or delayed by the crisis. In fact, 75% of CSPs said they believe that the pandemic has accelerated digitalisation (see Figure 7).

Some CSPs noted that the crisis had had the short-term effect of driving up call volumes in call centres; others said that the crisis drove home the importance of billing communications within their business.

Areas of the bill CSPs wish to improve

As shown in Figure 8, CSPs have very specific ideas about the areas of bill design they wish to improve in order to meet the needs of their customers and increase bill effectiveness.

- 9 out of 10 say they want to enhance the analytics and reporting they provide – this addresses the biggest weakness they perceive in current bills (see Figure 3).
- 8 out of 10 want to improve the overall look and feel of their bills
- 7 out of 10 will introduce self-service bills
- 7 out of 10 intend to increase automation.

Part of the motivation to improve bills is to change **customers' emotional response** to them. Currently, many customers experience bill dread (fear of billshock) or bill shock itself. Many more are simply bored by bills and do not engage with them – leaving them unopened in drawers and mailboxes.

The psychology of bills

Billing operations do not necessarily understand the psychology of bills or the emotional response customers have to them. They are focused on bill accuracy. This means they do not always appreciate the effect bills have on customers and are not necessarily best placed to improve the bill in this respect. It was notable that none of the billing operations managers we spoke to admitted that bills caused a negative emotional response amongst customers. Around a third said their bills were trusted by their customers – in other words, they believed bills to be accurate. Another third admitted their bills were boring. A more hopeful third thought their bills were interesting.

The customer's emotional response to bills is vital not only to maintain a good level of satisfaction, but also to optimise the value of the bill as the core of customer communications. Customers that are bored or unhappy are not in a good emotional state to be sold to. Improving bill effectiveness is therefore not just about call centre deflection, but also about creating a more positive emotional state that makes customers more open to engaging and buying from the CSP.

FIGURE 7 EFFECT OF COVID-19 PANDEMIC ON DIGITAL TRANSFORMATION PROGRAMMES

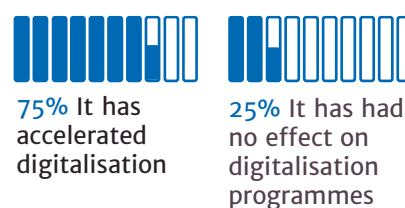
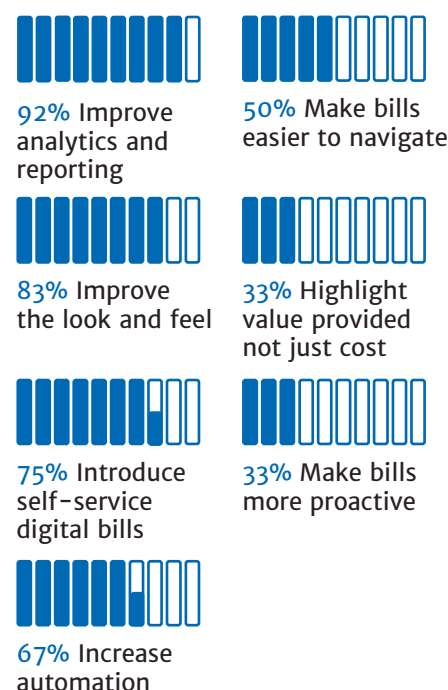


FIGURE 8 FEATURES OF BILL DESIGN CSPS WISH TO IMPROVE



Emotional effect of bills on customers

How customers feel about their bills has an enormous impact on the customer experience, customer satisfaction levels, loyalty and their propensity to churn, as well as whether they are willing to buy more services from the CSP.

Effective billing incorporates the **psychological** aspects of billing to drive the behaviour and feelings the biller wants to achieve.

Bill dread is where a customer that has experienced a billshock feels stress at the thought of opening a bill.

Billshock occurs when a customer receives a larger-than-expected bill. They experience upset, anger and frustration.

Bill boredom is where bills are left unopened because charges are predictable and no new relevant information is being provided.

Bill engagement occurs when customers find bills useful, interesting and relevant.

RESPONSIBILITY FOR BILLS

Bills are still treated as an output of billing operations, and in 6 out of 10 CSPs **billing operations remains the primary stakeholder** for the design and format of the bill (see Figure 9).

In some CSPs, the critical role bills play in the customer experience has been acknowledged by the fact that customer service or customer experience teams are now the primary stakeholder for bill design. And, in a similar way, sales and marketing teams have become the primary stakeholder in around 2 in 10 CSPs, reflecting the potential of the bill as a sales and marketing tool.

Irrespective of the primary stakeholder, most CSPs now see bill design as a multi-disciplinary endeavour, and therefore a significant number of influencers, or secondary stakeholders, are involved in decisions.

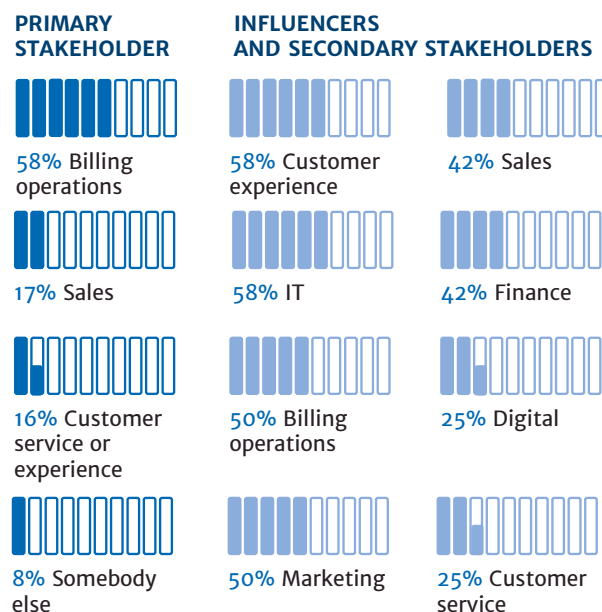
This can be both helpful and challenging. Taking a holistic approach to bill design in order to ensure that it meets the needs of the entire organisation is extremely important; but there is the hidden danger of 'design-by-committee'.

By expecting the bill to accommodate the needs of so many stakeholders, its primary purpose – to communicate with customers – can be lost or diminished and the effectiveness of design diluted. Equally, the more stakeholders involved in bill design, the longer it can take to transform it.

Omnisperience believes that each discipline has an important role to play in optimising the effectiveness of bill design and this is achieved when each focuses on its core area of expertise:

- **billing operations** have done a great job in terms of bill accuracy and should continue to focus on this
- **customer experience** teams should focus on improving the effectiveness of communications
- **marketing** should advise on look-and-feel to ensure bill design is aligned with brand values, and should take responsibility for communicating new offers and recommendations
- **COOs** should champion bill communications projects to ensure that bills are meeting the needs of customers, as well as the CSP's business as a whole.

FIGURE 9 BILL DESIGN STAKEHOLDERS



DEMOGRAPHICS OF THE STUDY

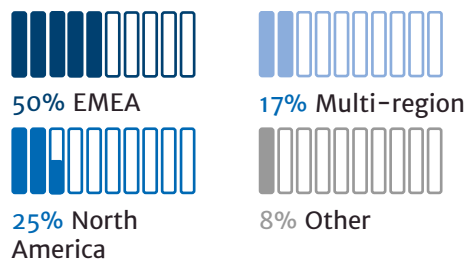
In this study, Omnisperience interviewed **36 CSPs** that were active in Europe and/or North America during the spring of 2020, including a number of telecoms group that either operate globally or across multiple regions (see *Figure 10*).

Nine out of ten respondents support both business and consumer customers, with 1 out of 10 specialising in supporting business customers.

Respondents ranged from large CSPs with revenues of \$500 million to \$1 billion (50%), to tier 1 CSPs with revenues of \$1-10 billion (33%) to the largest tier 0 CSPs with revenues of more than \$10 billion (17%).

This study was conducted during the coronavirus crisis of 2020, so the results are reflective of the post-COVID situation.

FIGURE 10 **GEOGRAPHICAL ORIGIN OF RESPONDENTS**





“When you itemise the full impact of billing across your organisation, investing in bills becomes a no-brainer.”

Billing Manager, UK Tier 1 CSP

About the authors



Teresa Cottam

Teresa is Omnisperience's subject matter expert for customer and employee experience, customer service, customer satisfaction and the future workplace. She is a renowned expert on SME and enterprise telecoms with considerable vertical market expertise which she uses to help B2B service providers understand the needs of their customers. Teresa previously held senior positions at Analysys Mason, Chorleywood Consulting (Informa) and Ovum. She is a judge of the GSMA Global Mobile Awards (GloMo's) for customer experience and enterprise innovation, for the UK Cloud awards, and for Tech Trailblazers.



Morgan Lewis

Morgan is responsible for managing Omnisperience's primary research amongst digital service providers, enterprises and SMEs. He has five years of experience in the collection and analysis of quantitative and qualitative data from the telecoms and business sectors. His current research domain is IoT and he also provides commentary on the public sector and industry M&A.

About Omnisperience

Omnisperience is a UK-based analyst firm providing insightful, accurate and fresh data, research and advice to digital service providers, vendors, network equipment providers, regulators, other consultancies and digital businesses. Our distinguished analysts are passionate about helping ICT firms increase their revenues, better understand their customers, identify new opportunities and optimise experiences. Find out more at www.omnisperience.com

About this paper

Omnisperience Blue Papers provide fact-based research on key topics of interest to telecoms service providers. They comprise the findings of primary and secondary research, as well as case studies. This paper is designed to be used in conjunction with an accompanying Orange Paper, which contains Omnisperience's advice as well as our Bill Maturity Model. To obtain a complimentary copy please visit our website www.omnisperience.com

We would like to thank Soft-ex for sponsoring this project and enabling us to provide this research to readers for free. In line with our research methodologies, the sponsor's role was limited to providing input on the scope of the topic studied. They did not seek to influence or alter the findings of the research, or how we collected the data.

About the sponsor

Soft-ex, part of the WidePoint Group, is a leading global supplier of Digital Billing Communications solutions. They assist Digital Service Providers to deliver interactive digital bill presentation and analytics, which leads to enhanced customer experience and reduced billing and customer care costs. They not only deliver intelligence to the end user regarding costs and usage analysis, but also deliver Subscriber Data Intelligence to the DSP. Soft-ex is headquartered in Ireland with offices in the UK and the Netherlands, and customers and partners in over 90 countries globally. For more information see soft-ex.net

