

## SUBMISSION REPORT FOR SERVICE DESIGN AWARD

### I. Overview

E.ON is a leading energy provider with more than 6 million customers in Germany alone. However the organization is facing tremendous challenges not only in mastering the politically prescribed energy turnaround but also in differentiating itself from its competitors. E.ON's main offering that consumers get in contact with – gas and electricity – are intangibles and unemotional products, but indispensable for everyday life. In this context E.ON managed to make significant adjustments in terms of becoming a customer-centric company and offering services that better reflect consumers' needs and motivations.

Extensive customer journey work yielded the annual bill as the most important touchpoint for energy customers – and quite frequently the only touchpoint that exists between energy provider and consumer. Obviously this very touchpoint of receiving the bill is not a pleasing experience and its perception determines whether customers question the relationship with their energy provider. Hence managing this touchpoint is of outmost experience to any energy provider and E.ON identified several issues with its annual bill:

#### 1) Confusion

Customers did not receive an easy to understand explanation for the price they would be charged on their bill leading to increased service calls.

#### 2) Surcharges

Frequently customers had to make substantial additional payments in their annual bill.

#### 3) Lack of payment support

Customers in financial distress received very little support in managing their bill payments and bad debts accumulated.

E.ON conducted an extensive service design project focusing on private households investigating the customer journey from meter reading to paying the bill. As a result concepts were developed and implemented to improve the entire experience around the billing process for these households according to the individual needs of customers.

## II. Process

The process of this project was based on the service design methodology and was conducted along five phases:

- **Explore:** Gain an understanding of customer needs and motivations
- **Define:** Condense results and define opportunity areas
- **Ideate:** Develop ideas based on potentials
- **Design:** Define and prioritize concepts, develop prototypes and test them
- **Implement:** Implement solutions in different agile implementation projects

A set of in-home interviews was conducted, to identify needs and motivations of E.ON private household customers. Additionally a study with morphologic in-depth interviews served to explore underlying need structures. For some of the concepts additional research sessions were held, e.g. for customers with payment difficulties a dedicated set of in-home interviews was conducted. In this context further stakeholders were interviewed, e.g. charity organizations, unemployment agencies, debt counselors etc. to gather an in-depth understanding of all related problems and pain-points.

In order to test the service concept representatives of the final customers were and still are involved in all different stages of the process. For testing alternative bill layouts for example, prototypes were developed and improved in various iterations with customers based on their feedback. Closely collaborating with external stakeholders such as the charity organizations helped gain a deeper understanding of the latent needs and motivations that customers in financial distress were experiencing. The developed special payment help service set (see below) is currently piloted in selected regions and will be rolled out nationwide over the next months.

### III. Benefits

Following a standard approach to solving the touchpoint difficulties with the bill the solution would have been quite simple: E.ON data shows that there are many bill related questions leading to an increase in service calls. The typical answer would have been: “Let us design a clearer layout!”. Applying the service design method however allowed for a significantly deeper understanding of the underlying problem and related customer needs. In consequence, several not so obvious yet better solutions were developed.

In line with the original project goals, all issues regarding the touchpoint “bill” were addressed. Overall, for customers the „black box“ energy bill became a lot clearer. For all customers the necessary but not pleasurable touchpoint “bill” was transferred into a positive experience: The new bill is easier to understand for all customers starting with an updated layout that is adapted to the information needs of different customer types. More importantly potential “shocks” of receiving a surprisingly high bill can now be avoided. This surprise being the most important driver for dissatisfaction is mitigated by informing respective customers of their bill amount and explaining the reasons to them such as changes in household structures or the installation of new electric devices and their impact on energy consumption. In this context the bill lists encouraging and supportive smart energy tips that engage customers to rethink their future energy consumption behavior.

Especially for the group of customers having difficulties to pay their energy bill, the benefits are enormous. This group of customers lives with the fear of literally and metaphorically being disconnected from the grid and losing access to life-necessary electricity and gas. For these customers we have created several help mechanisms, not only to ensure their access to energy but also to improve their situation in life in general. In this context a new payment option was implemented in cooperation with retail stores allowing the cash payment of energy bills to speed up payment processes and avoid barring. Cooperating with charity organizations solutions for individuals could be found leading to in some exceptional cases the settling of the entire energy debt. Additionally a dedicated E.ON team was set up to consult customers with payment difficulties in the future. Starting with the second payment reminder, a special care team takes over to find suitable and socially acceptable solutions.

By optimizing the most important and in some cases single touchpoint with their customers, E.ON made significant achievements on the way to becoming a customer-centric company focusing on and building services around customers and their needs. In addition to the improved customer experience, we see a significant positive effect in financial metrics as well. We managed to lower our operating cost, mostly because of a decrease in inbound calls. This shows that we reached our goal of designing a clearer bill that is easier to understand for customers.

The consultative service for customers with payment difficulties did not only lead to an improved customer satisfaction and thereby future loyalty, we also witnessed a significant reduction of bad debts.

Last but not least, we managed to achieve something that cannot be expressed in numbers or charts. E.ON employees from several departments let us know that they are proud of working for a company that goes beyond its mere purpose of providing energy for a profit. Employees love the fact that we design services around customer needs and truly care about them, even if they at times cannot afford our services.

We are proud that through the results of this project we prove our commitment to becoming a customer-centric energy provider. The service design project focusing on improving the most important touchpoint, the bill, is a major step forward for E.ON as we see transparency and support of our customers in managing their bill payments as one of our most important duties. We are confident that the energy market will need to focus on its customers even more in the future, especially concerning the energy transition and changing consumer behavior and look forward to the initiatives that further players in the market will bring forward.

#### IV. Effects

Our NPS data shows that customer satisfaction has increased significantly. E.ON is now number one in terms of customer satisfaction in the German energy market. We are confident that initiatives such as the redesigned bill have a major impact on our score.

Several KPI demonstrate the positive effect of the improved touchpoint on the overall customer journey. First of all, several bill layouts were tested and before/after comparisons conducted. The new layout performed significantly better on all KPI and in customer surveys:

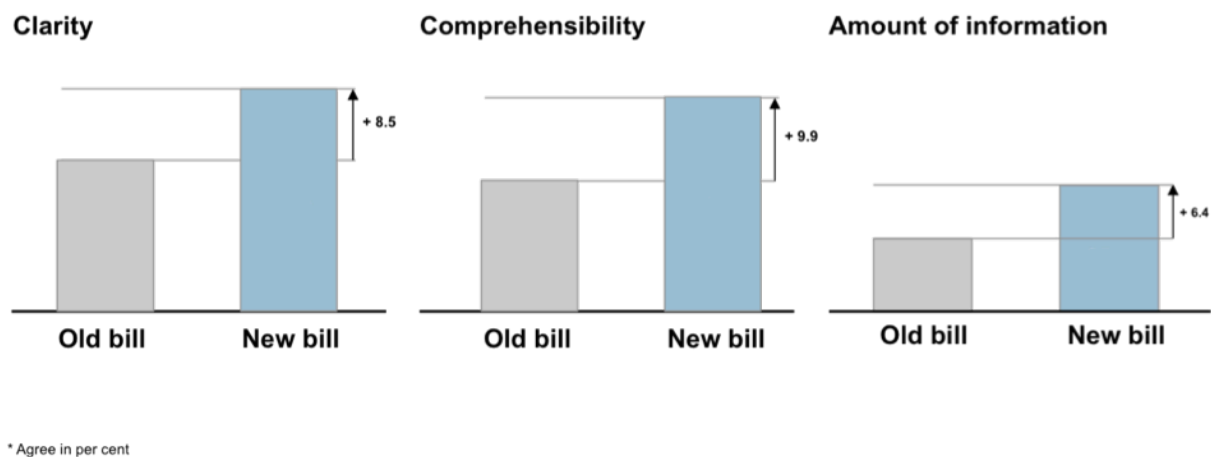


Figure 1: Customer survey regarding satisfaction with energy bill

In addition to that, several service related KPI improved such as:

- a significant reduction of bill related inbound calls
- a significant reduction in complaints

The help-services for customers with payment difficulties found appreciated acceptance from the beginning:

- > 500 cash-payments in the first four weeks of the service at partnering retail stores

Detailed figures cannot be provided due to confidentiality reasons.