

## Gas Price Rises Show Need to Improve Customer Contact Channels

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After recent U.K. gas price increases, utilities' voice systems and Web sites could not handle spikes in traffic. Utilities can reduce customer churn and win more new customers by improving systems and being proactive.

## NEWS ANALYSIS

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### Event

On 30 July 2008, British Gas, a U.K. utility, announced it would increase consumer gas prices by 35% and electricity prices by 9%. In the previous week, EDF Energy announced price increases of 22% for domestic gas and 17% for electricity. Consumers who tried to get an online quote from other suppliers often received error messages, and phone calls met with busy signals and prerecorded messages.

### Analysis

U.K. consumers respond to price increases by switching suppliers, seeking a fixed-rate tariff or simply reducing monthly costs. Utilities' customer churn rates typically run at 15% to 20% annually, and the volume of calls to a utility following a price rise can increase by more than 30%. How utilities prepare for the increase in Web and phone traffic will determine whether they can retain customers or capture new ones. Utilities can make the most of call center agents by extending shifts, reprioritizing agents and using outsourcing facilities, but with an extreme increase in traffic, the process can fail.

Redirecting customers to Web channels becomes critical for handling queries, providing information and performing transactions such as service switching. This ability to cope with peak demand could differentiate utilities in competitive markets by improving the customer experience and reducing call center costs. Utilities should run scenarios to ensure that these systems scale and have the robustness to cope with a surge in traffic. In addition, utilities should approach the challenge proactively. For example, before any significant change in service, utilities should issue an explanatory letter or e-mail to customers that details the rationale behind the change and its impact on customers, and that provides a route for customers to follow-up if required. This kind of proactive approach could aid in retaining customers. Furthermore, proactive communication will ensure that the bulk of incoming traffic is directed to a channel prepared for a peak in volumes.

## RECOMMENDATIONS

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- Revisit Web site capacity plans to ensure you can quickly add capacity to meet peak demand.
- Where appropriate, use interactive voice response to redirect customers from the telephone to the Web during peak call volumes.
- Where the performance of back-end applications becomes a constraint, develop work-arounds that will limit missed opportunities. For example, capture data in front-end systems for processing later on, or capture callers' contact details and arrange to call them later.

## RECOMMENDED READING

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- "Key Issues for Web Operation and Management, 2008" — This report summarizes the best practices, challenges and opportunities for enterprise management and operations of Web properties. **By Gene Phifer**

- "Cost Cutting in Utilities' Customer Service Provisioning Area" — Utilities can save money and improve customer service by taking a balanced approach to IT and using it to cut operational costs. **By Zarko Sumic**

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