

Customer Hardship Calls

Benchmarking Research 2013
prepared for the
Australian Energy Regulator



FINAL SUMMARY REPORT

NOVEMBER 2013

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Introduction

About this project

The AER commissioned CSBA to undertake this 'mystery shopper' research project to better understand the experience of customers who contact their energy retailer about difficulty paying their energy bill. The research also tested whether there was any difference in the handling of calls about hardship issues compared to general enquiry calls.

The research will form part of the AER's 2012–13 Retail Markets Performance Report.

CSBA is a specialist in customer service assessment and has undertaken similar research for Victoria's Essential Services Commission.

How retailers were selected

The survey was undertaken in the three jurisdictions that had commenced the National Energy Retail Law by 30 June 2013 (Tasmania, the ACT and South Australia).

All energy retailers with an active presence in the residential customer markets of these jurisdictions were considered for the survey.

However, retailers that had a very small customer base were excluded to prevent the mystery shopping research from being detected.

Project objectives

- ***To assess the manner in which energy retailers deal with hardship-related calls***
- ***To review whether there is any difference between the handling of Hardship and General calls***

Retailers included in the research

- The following nine retailers were included in the research:
 - ActewAGL
 - Aurora Energy
 - Powerdirect
 - AGL (SA)
 - Lumo Energy
 - Simply Energy
 - Alinta Energy
 - Origin Energy
 - EnergyAustralia

Survey size

The original methodology provided for a total call quota of 890 calls. Of this, 690 calls were allocated as Hardship Calls and 200 were General Enquiry Calls. General Enquiry calls were included for benchmarking purposes.

The AER proposed a call distribution which approximately reflected the relative customer base of each retailer across the three jurisdictions:

- The larger retailers, AGL (SA), EnergyAustralia and Origin, were allocated between 135 and 140 Hardship Calls.
- The mid-sized retailers, ActewAGL, Aurora and Simply Energy, were allocated between 60 and 70 Hardship Calls.
- The smaller retailers, Powerdirect, Lumo Energy and Alinta Energy, were allocated between 30 and 35 hardship calls.
- The General Calls were spread across all retailers, with each allocated between 15 and 25 calls.
- Due to a change in the methodology for EnergyAustralia after survey commencement (see page 7), the actual total number of calls reported on as part of this research was 795 (630 Hardship and 165 General Calls).

Survey process

- CSBA mystery shoppers telephoned the selected energy retailers between 29 July and 12 September 2013 (approximately six weeks). Calls were made from CSBA's office in Melbourne during retailer business hours.
- As is a feature of the mystery shopping technique, CSBA callers represented themselves as a customer of the retailer and assessed the retailer's performance in responding to their enquiries and/or concerns. Examples of the scenarios used to guide CSBA callers are in Appendices 1 and 2.
- Performance of energy retailers' Agents was rated using CSBA's Telephone Customer Service Assessment Criteria (see Appendix 3).
- CSBA's standard methodology provides for a Maximum Wait Time of four minutes (including ring, IVR and queue time). If a call is not answered within four minutes, the call is terminated. Terminated calls contribute to the total number of calls and count towards the call Connect Time. The proportion of terminated calls is also factored into each of the three index scores.
- It is generally common for retailers to request a customer's account number or other personal details to respond fully to the customer's queries or issues. This information cannot be provided by a mystery shopper, which is a noted limitation of this research. However the 'soft skills' of the Agent who answers the call can still be assessed and compared. The accuracy of information about services and products is not assessed.

What is mystery shopping?

"Mystery shopping studies involve the use of mystery shoppers who are trained and briefed to observe, experience and measure any customer service process by acting as a prospective customer and undertaking a series of pre-determined tasks to assess performance against specific criteria, reporting back on their experiences in a comparable and consistent way."

Change to methodology for EnergyAustralia

- CSBA mystery shoppers experienced substantial difficulty in getting through to EnergyAustralia during the first few weeks of the survey ,with only 5 of 106 calls connecting to an Agent within the maximum four minute wait time.
- To increase the probability of completing some calls, the AER and CSBA agreed to extend the Maximum Wait Time to eight minutes for EnergyAustralia and reduce the planned call quota to 60 with a focus only on Hardship Calls from that point. (Four General Enquiry Calls had been completed, but this was an insufficient sample to be included.)
- This extended wait time of eight minutes means EnergyAustralia's calls and performance results are not directly comparable with the results of other retailers that were subject to the standard wait time of four minutes. This is because a longer wait time increases the probability of a call being successfully connected to an Agent, and call success rates are a key factor in the overall scores for all three indices. However, a decision was made to still report the results for EnergyAustralia at the eight minute wait time, to at least report on its scores at the level of individual measure.
- We are also mindful that EnergyAustralia results are based on a relatively small number of calls, which also makes it difficult to directly compare its performance to that of other retailers.
- Therefore, EnergyAustralia scores and performance were not included in the Retailers Average calculations.

CSBA's Overall Performance Index

The criteria that energy retailers are assessed against

The **Performance Index** is how CSBA measures the customer experience.

Every call (see next page for further detail) is assessed against a number of criteria. Scores are combined into two indices, **Getting Through** and **Service Delivery**. The sum of these scores gives a total score for **Overall Performance**.

Note:

The index scores are based on weighted calculations and will therefore not appear to have a direct relationship with scores for the individual measures.

At the individual measure level, scores are based on connected calls only. However, scores at the index level consider the proportion of calls terminated after the Maximum Wait Time was reached.

OVERALL PERFORMANCE (200)

GETTING THROUGH (100)

SERVICE DELIVERY (100)

Connect Time (60)

Agent Manner (50)

Ring
IVR
Queue Time

Warm, Interested & Helpful /
Businesslike/un-emotive

Greeting Skills (40)

Enquiry Resolution Skills (50)

Salutation
Company Name
Agent Name
Offer to Help
Sign Off

Clarified Needs
Good Product Knowledge
Clear Resolution to Query
Courteous & Helpful

Communication Skills are considered to be important but not essential to the success of a call. Therefore, Communication Skills are assessed, but are not included in the calculation of the Overall Performance Index.

Communication Skills

Matched Speech
Correct Grammar
Patient & Tolerant
Avoided Interrupting
Developed Rapport
Maintained Contact
Projected Confidence
Avoided Slang/Jargon

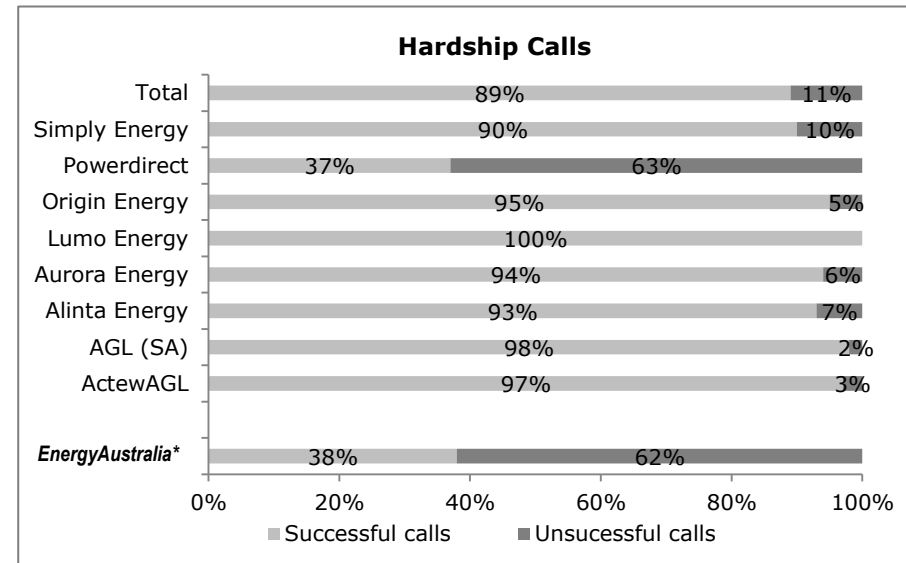
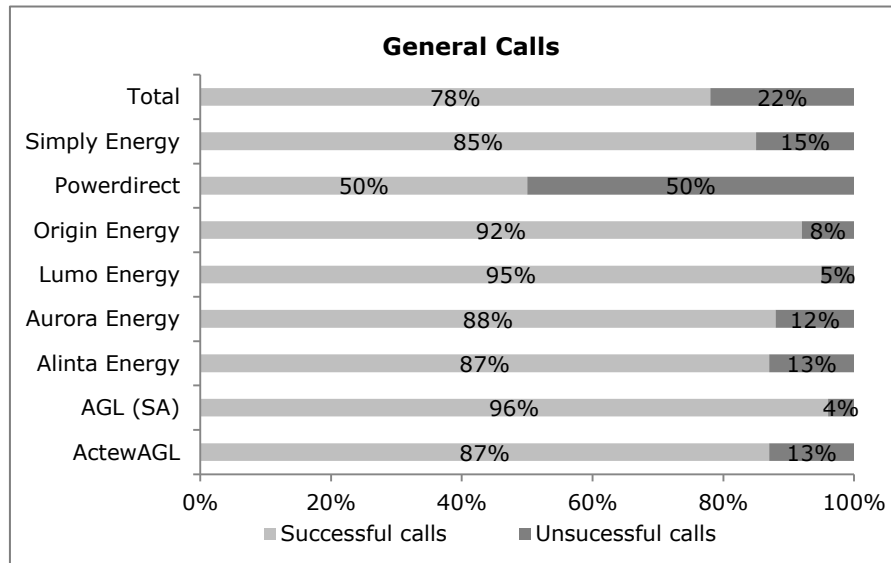
Performance Indices – Unsuccessful Calls and Successful Calls

Attempted Calls and Completed Calls

A fundamental aspect of CSBA’s methodology is the inclusion of ‘unsuccessful’ calls in our assessment of customer service. CSBA believes that a customer’s ability to get through to a retailer is an important factor in the overall customer experience. The charts below therefore show the proportion of successful and unsuccessful calls for each retailer.

The Overall Performance, Getting Through and Service Delivery indices are based on all calls made to the retailers:

- **Successful calls** are included in the Connect Time calculation and scored for each other measure within the Getting Through and Service Delivery indices.
- **Unsuccessful calls** (calls that exceed CSBA’s Maximum Wait Time of four minutes) are included in the calculations for Connect Time and the Getting Through and Service Delivery indices. However, unsuccessful calls are not included in the scores for individual measures.



*Maximum Wait Time for Hardship Calls to EnergyAustralia was extended to 480 seconds.

Assessment criteria: Customer expectation research

In order to assist with questionnaire development and analysis results, CSBA conducts group interviews. Group interviews continue to indicate the following core customer expectations when contacting enquiry centres:

- Phones should preferably be answered by a 'human being' within 30 seconds of the first ring.
- Recorded messages are generally not liked, including IVR systems that required the customer to enter a number of keystrokes to reach the required area.
- Agent should, in most instances, be able to resolve the matter without transferring to another Agent.
- Components of a greeting including salutation, organisation and agent name, an offer to assist, and a formal sign off were thought to be desirable; of these, use of the Agent's name was particularly desirable.
- Callers respond better to an Agent who projects an interested, warm and helpful manner.
- Providing a clear resolution at the end of the call is critical to minimising misconceptions and possible call backs.

Performance indices

The concepts of Greeting Skills and Enquiry Resolution Skills indices, and Customer Satisfaction Grids were developed exclusively by CSBA, and remain our property. The quality of Agent greeting index weightings requires the five components of the greeting to be used for a perfect score on a particular call. These components are equally weighted.

The weightings given to the various components of the Customer Satisfaction Grid were guided by the opinions of industry experts and are therefore necessarily subjective. The Getting Through axis relates to Connect Times and the Greeting Skills components; the Service Delivery axis relates to Enquiry Resolution Skills elements and Agent Manner.

Key Findings

Hardship and General Calls Compared

Key Findings

Hardship and General Calls Compared

Connect Time for both call types was similar, with callers getting through to retailers in just under 1:40 minutes.

When the scores for general calls and hardship calls are compared at the level of Overall Performance, there is no statistical difference in the result.

Among the energy retailers, the Overall Performance delivered for Hardship Calls was in line with General Calls.

There was indicative evidence that Agents are handling some aspects of General Calls differently to Hardship Calls.

- Across General Calls the retailer Agents delivered a stronger performance for aspects of Enquiry Resolution Skills, particularly the extent to which they Clarified Needs. While the scores for this measure carried some statistical significance, it is important to acknowledge that the mystery shopping approach may play a role in the differences. With the mystery shopping approach, the degree to which an Agent can fully resolve a caller's query is limited. When the caller cannot provide actual account details, the Agents are limited in the extent to which they can fully understand the caller's context and subsequently explore relevant options for the caller.
- Agents delivered a stronger performance on General Calls for aspects of Communication Skills. More effort was spent being Patient & Tolerant with callers and on Developing Rapport with them. Again, it is important to note that the mystery shopping context may play a role in these differences, because the callers are presenting with a difficult query and are unable to provide an account number for the Agent.

Retailer performance was weaker than the wider Energy Sector.

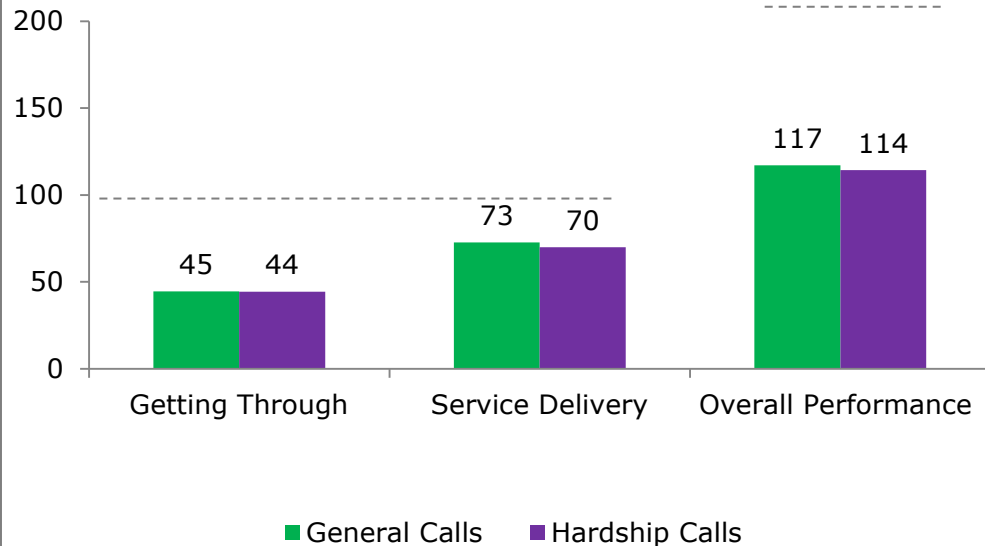
- Compared with the Energy Sector*, the retailers delivered a lower standard of performance, both in terms of their ability to answer calls and in the quality of service delivered when calls were answered.

*Sector data sourced from CSBA Syndicated Mystery Shopping Project, Q1 July-Sep 2013. All calls were of a general enquiry nature.

Hardship and General Calls Compared: Overall Performance



Overall Performance Index – All Retailers

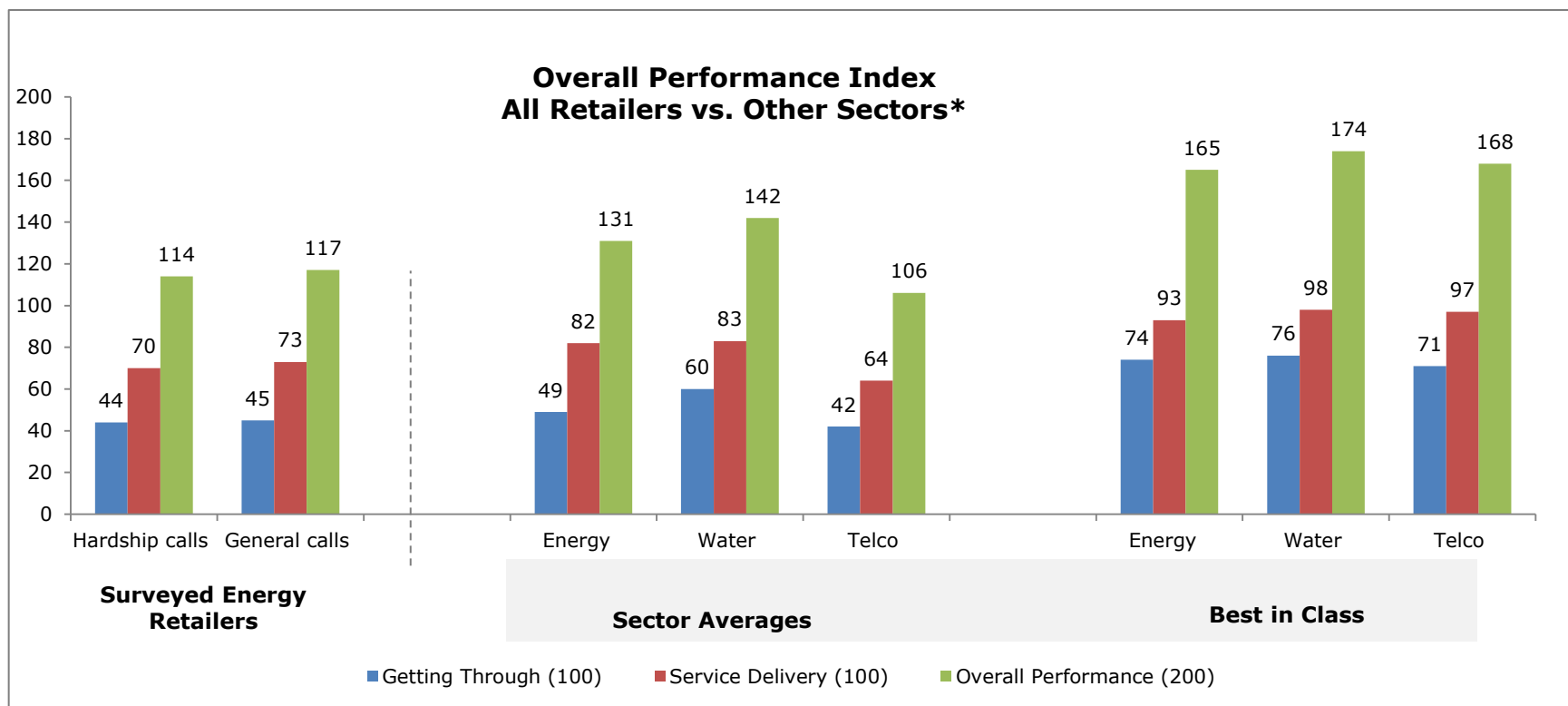


The results indicate there is no difference in the way that energy retailers manage Hardship Calls as compared to General Calls at an overall level.

- While there were very small differences across the scores, these results were not statistically significant.
- Within the Service Delivery Index, there were some notable differences between how retailers performed on these measures.
- No differences should be expected within the Getting Through Index, as these measures are assessed before the mystery shopper explained the purpose of their call.

Note: T tests were conducted on the data, confirming that at the overall level, there was no statistical difference between the call type results.

Hardship and General Calls Compared: Overall Performance Compared to Other Sectors



For additional context, the energy retailers' performance was compared with results from CSBA's Syndicated Mystery Shopping Project.

The retailers generally performed below the standard of the wider Energy Sector and the Water Sector.

*Sector data is sourced from CSBA Syndicated Mystery Shopping Project, Q1 July-Sep 2013. All calls were of a general enquiry nature. 'Energy' refers to a sample of energy retailers across Australia, including some of the retailers surveyed for the current project.

Key Findings

Hardship Calls by Measure & Retailer

Key Findings

Hardship Calls by Measure

As a 'market', the energy retailers delivered a fairly strong level of service on Hardship Calls.

- While 89% of all calls made got through to an Agent, 11% did not. Potentially this could mean that around one in ten Hardship Callers are unable to get through to their energy retailer. Difficulty getting through to retailers may result in Hardship Callers becoming demotivated to contact their retailer again.
- Typically, successful calls were connected within 98 seconds, and callers received a fairly high standard of service throughout the call.
- At the Overall level, the retailer Agents' strengths were Greeting Skills and Communication Skills.
- At the level of individual measure, items offering room for improvement were within Agent Manner, Enquiry Resolution Skills and Communication Skills.
 - Even though Total Acceptable Manner score was high across the Energy Sector (99%), the proportion of Interested, Warm and Helpful manner, which is Best Practice Manner, could be improved further from the score of 72%.
 - Two other measures received a relatively low score across the Sector:

Developed Rapport (73%) and Clarified Needs (80%). These skills, particularly for Hardship Calls, are considered crucial for easing the caller's mind and ensuring that their query is fully understood before proceeding towards resolving the query.

Key Findings

Hardship Calls by Retailer

Overall Performance Index

- The high performing retailers were ActewAGL and AGL (SA), both performing well above the Retailer Average.
- Retailers that performed above the Retailers Average were Aurora Energy, Origin Energy and Lumo Energy.
- Simply Energy was on par with the Retailers Average.
- Trailing behind the Retailers Average was Alinta Energy (only by a small margin) and Powerdirect.
- *Energy Australia received low Index scores due to their high proportion of unsuccessful calls*

Note:

The ratio of successful to unsuccessful calls impacts on each retailer's index scores. A high volume of unsuccessful calls results in weaker scores for the Getting Through, Service Delivery and Overall Performance indices.

Results by Key Measure

- **Connect Time:** While the average Connect Time was 98 seconds, connecting to an Agent was easier at some retailers than others.
 - Fastest Connect Time was at ActewAGL (61sec).
 - Slowest Connect Time was at Powerdirect (196sec).
- **Greeting Skills:** The Energy Sector achieved a high average of 98%, meaning that generally Agents are opening calls with a Salutation, introducing the Company Name, offering their own Agent Name, making an Offer to Help, and concluding the call with some sort of goodbye or Sign Off.
 - Strongest performers with near perfect scores were ActewAGL, AGL (SA), Aurora Energy and Lumo Energy.
 - Weakest performances were observed for Origin Energy and Simply Energy.

Key Findings

Hardship Calls by Retailer (cont'd)

- **Agent Manner:** The Energy Sector achieved a high average of 99%, meaning that Agents used an Acceptable Manner in almost every call. (Within the CSBA framework, both Interested, Warm and Helpful and Businesslike, and Unemotive are deemed 'acceptable' – however, Best Practice Manner is Interested, Warm and Helpful only.)
 - Special mention goes to AGL (SA) where Agents used Best Practice Manner across nine in ten calls.
 - Lowest use of Best Practice Manner was observed at Lumo, Simply Energy and Alinta.
- **Enquiry Resolution:** The Energy Sector achieved an Average of 86%, with retailers delivering a fairly strong performance across the individual measures.
 - Strongest performers with scores of 90% or 91% were ActewAGL, Aurora Energy and Powerdirect.
 - Weakest performers were Lumo, Simply Energy and Alinta.
 - Clarified Needs (80%) was the lowest individual measure within Enquiry Resolution, with all retailers showing room for improvement.
- **Communication Skills:** Again, the Energy Sector achieved an Average of 91%, with retailers generally delivering a strong performance on most measures.
 - Strongest performers were ActewAGL and AGL (SA).
 - Weakest performance was delivered by Lumo (10 points behind the Retailers Average).
 - Within Communication Skills, scores for two measures were notably lower than others:
 - Patient and Tolerant: Agents at Lumo and Alinta showed room to improve.
 - Developed Rapport: Whilst ActewAGL and AGL (SA) performed well, all retailers could improve their efforts in Developing Rapport with callers.

Key Findings

Hardship Calls by Retailer (cont'd)

Results for Energy Australia are not comparable to the other retailers due to the extended Maximum Wait Time (8min) used for Energy Australia during fieldwork. The result for Energy Australia is summarised below.

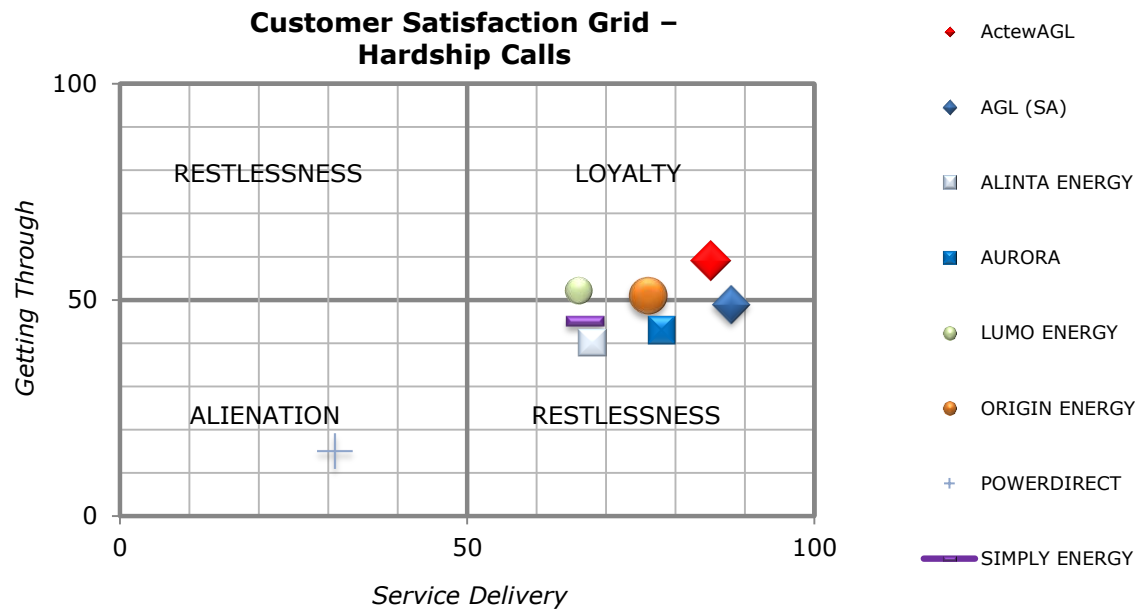
- Despite the extended Wait Time, 62% of calls to Energy Australia were unsuccessful (did not connect to an agent). As a result their Scores within the Overall Performance Index were low.
- Of the successful calls, the average connect time was around 6 minutes (357 sec).

Despite difficulty connecting to Energy Australia, when they did get through, callers received a very high level of service.

- Agents at Energy Australia delivered very good service across all aspects of the calls.
- At the level of individual measure, Agents at EnergyAustralia performed very well on all measures within Greeting Skills (99% Ave.), Agent Manner (100% Ave.), Enquiry Resolution (94%) and Communication Skills (97% Ave.).

Key Findings

Customer Satisfaction



The Customer Satisfaction Grid plots the Getting Through and Service Delivery indices. This provides a snapshot of the degree to which the service experience may be enhancing, maintaining or weakening customers' relationships with their retailers.

- Stronger performers among the retailers include ActewAGL, AGL (SA), Lumo Energy and Origin Energy.
- Weaker performers were Aurora, Simply Energy, Alinta and Powerdirect:
 - Hardship Callers may be questioning the value of service being delivered by their retailer, and be feeling anxious and unsure about whether their retailer can assist them with their hardship issues.

Key Findings

Key Measures by Retailer

	All Surveyed Retailers Ave. (excl EA)	ActewAGL	AGL (SA)	ALINTA ENERGY	AURORA ENERGY	LUMO ENERGY	ORIGIN ENERGY (SA)	POWER DIRECT	SIMPLY ENERGY	ENERGY AUSTRALIA*
Hardship Calls										
Average Connect Time (sec)	98	61	79	119	107	74	71	196	94	357
GREETING SKILLS %										
<i>Ave. Greeting Skills</i>	98	98	99	94	99	99	90	92	90	99
Salutation	98	93	96	100	100	100	93	100	99	100
Company Name	91	100	100	100	100	100	69	92	64	100
Agent Name	99	99	100	100	94	100	100	100	100	100
Offer to Help	90	97	98	77	95	100	90	69	92	95
Sign Off	99	100	100	100	100	97	99	100	97	100
AGENT MANNER %										
<i>Total Acceptable Manner</i>	99	98	100	98	99	97	98	100	98	100
Interested, Warm & Helpful	72	83	89	67	74	57	72	69	64	94
Businesslike & Unemotive	27	16	11	32	25	40	26	31	34	6
ENQUIRY RESOLUTION SKILLS %										
<i>Ave. Enquiry Resolution</i>	86	91	89	84	90	73	86	91	83	94
Clarified Needs	80	86	83	79	78	67	83	80	83	97
Good Product Knowledge	90	97	91	87	96	77	86	100	89	92
Clear Resolution to Query	87	91	91	86	93	72	87	100	78	92
Courteous & Helpful	86	93	93	83	91	74	87	82	82	95
INDEX SCORES										
Overall Performance	114	144	137	108	121	118	127	46	112	78
Getting Through	44	59	49	40	43	52	51	15	45	25
Service Delivery	70	85	88	68	78	66	76	31	67	53
CALL SUCCESS RATE %										
Successful calls (connected in <4min)	89	97	98	93	94	100	95	37	90	38
Unsuccessful calls (exceeded max wait time of 4 min)	11	3	2	7	6	-	5	63	10	62

Note: Lowest score for each measure is highlighted orange. and the highest score is highlighted in green.

*Calls to EnergyAustralia were based on an 8 min. wait time. Refer to Methodology for more information.

Key Findings

Key Measures by Retailer (cont'd)

Hardship Calls	All Surveyed Retailers Ave. (excl EA)	ActewAGL	AGL (SA)	ALINTA ENERGY	AURORA ENERGY	LUMO ENERGY	ORIGIN ENERGY (SA)	POWER DIRECT	SIMPLY ENERGY	ENERGY AUSTRALIA
COMMUNICATION SKILLS %										
Ave. Communication Skills	91	97	95	89	93	81	91	93	90	97
Matched Speech	91	99	93	95	93	76	93	88	92	100
Correct Grammar	99	100	100	100	100	93	100	100	99	97
Patient & Tolerant	85	91	92	77	87	67	88	94	87	98
Avoided Interrupting	93	99	95	93	97	87	92	88	92	100
Developed Rapport	73	92	88	69	72	51	75	72	68	94
Maintained Contact	96	100	99	92	99	92	92	100	95	95
Projected Confidence	92	96	94	92	97	85	89	100	88	95
Avoided Slang/Jargon	99	100	100	98	99	93	100	100	100	100

Note: Lowest score for each measure is highlighted orange, and the highest score is highlighted in green.

APPENDIX

Verbatim Comments

Verbatim Comments: Examples of Good Practice

The Agent demonstrated an excellent understanding of the subject matter. She was able to resolve the caller's enquiry in a clear and concise manner. She came across as very helpful, and she seemed very interested in helping the caller find a resolution to the enquiry.

A very sales-orientated Agent who was observant and informative. She took the initiative to explain company offers and did not give in to the caller's indifference. Moving on to provide additional and more suitable options, the Agent was accessible and supportive, demonstrating a clear understanding of the topic and conveying information with skill.

The Agent asked an amplitude of opened-ended questions, exploring the caller's needs and requirements. She was well versed in the product information. It was evident that the Agent showed an underlying empathy, which was more than admirable.

The Agent was investigative and conversant. She was clearly well acquainted with the topic and offered the caller several options. Her prompt response demonstrated skill and confidence, and she made the effort to resolve the enquiry clearly.

The Agent clearly understood what the enquiry was about, not hesitating when responding to the questions. She showed sound product knowledge, and as a result the matter was resolved. She was very affable and supportive in her approach to the situation.

Verbatim Comments: Examples of Good Practice (cont'd)

An extremely friendly and upbeat Agent with a positive attitude – the Agent was able to provide genuine assistance. She was helpful and willing to go the extra mile to help the caller. She was impressive with her work rate and her ability to provide an efficient service.

A conscientious Agent who was inquisitive and attentive. She was very polite and generous with her answers. Her understanding and forthcoming approach was affirming and made the call feel personal.

The Agent spoke warmly as he used the appropriate pleasantries to develop a rapport. He was affable and accommodating, listening intently to the caller and answering professionally.

Developing a rapport throughout the call, the Agent was patient in explaining the many options that were available for the caller's query as possible resolutions. The Agent's behaviour displayed patience, as he did not rush the caller, instead displaying a willingness to help. Professional and courteous throughout, the Agent handled the delicate situation with charisma and tact.

Projecting an amiable and cooperative tone during the call, the Agent gave a sense of reassurance to the caller. This helped in creating a positive connection with the caller, which supported the information provided.

Verbatim Comments: Examples of Room for Improvement

The Agent failed to clarify the caller's needs by asking appropriate questions. She did not show good product knowledge, as she could not answer the question. She was not accommodating or kind, and she failed to resolve the query.

At times it didn't seem like the Agent really understood the caller's enquiry. She wasn't able to offer much of a resolution, only repeat the same information over and over again. The Agent wasn't incredibly helpful in her approach to the enquiry and didn't probe the caller to ascertain what the caller was actually asking about.

The Agent's response was extremely poor. He failed to identify that the caller's enquiry had to do with a veterans card. Instead, he seemed intent on learning about the caller's account details and unwilling to provide generalist advice. The caller ended the call no better informed than when the telephone number was first dialled.

The Agent didn't really listen to the caller's enquiry at all – he just jumped straight into a sales pitch to try to sign the caller up. The caller had to repeat the enquiry several times before the Agent finally gave the caller the information they were after.

The Agent showed no motivation to immerse himself in the caller's situation and to understand the specific problems facing them. The caller was left to do the work of extracting information out of the Agent.

Verbatim Comments: Examples of Room for Improvement (cont'd)

The Agent didn't try incredibly hard to reach out to the caller – he didn't really build much of a rapport at all. The Agent didn't seem confident with his answers and kept on saying he wasn't sure how it all worked. There were times where he talked over the caller.

The Agent provided the explanation to the caller's query in a disconnected manner – his sentences did not flow. The Agent's rate of speech was uneven, and he left long pauses of silence as the caller was left to contemplate the Agent's short and abrupt response. No rapport was developed through this call, as there did not appear to be any intention to connect or empathise from the Agent.

The Agent was not impolite initially, but became rather impatient with the caller upon the call's progression. She was persistent in transferring the caller to the credit team in order to set up a plan, and it took her a while to offer the explanations that the caller was requesting. By the end of the call she seemed flustered.

The Agent was dismissive and unresponsive. He failed to demonstrate patience or empathy towards the caller, and was not very accommodating. He failed to embrace the call and assist the caller in a warm and friendly manner.

Throughout the conversation the Agent didn't establish a connection with the caller. Initially she seemed perplexed by the enquiry and was eager to transfer the call, which didn't inspire confidence in her skills.

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