

Customer Impact Report: Paperless Billing and Payment Programs



L. DENNIS SMITH, DIRECTOR
CARL LEPPER, INDUSTRY ANALYST

A Special Report by J.D. Power

July 2013

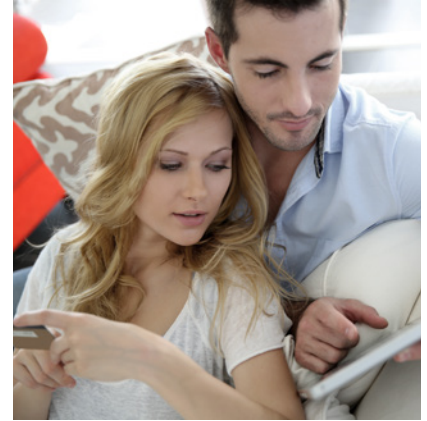
EXECUTIVE SUMMARY

A major business objective of utility executives during the past 10 years has been to motivate customers to utilize paperless billing and payment options. In fact, of the emerging online service channels and options available, few customer-oriented programs have excited utility executives as much as the prospect of getting more customers to view and pay their bills electronically. This is due primarily to the cost savings that may be achieved, as well as the potential to improve customer satisfaction. J.D. Power customer satisfaction studies in the utility industry find that customers are more satisfied when viewing and paying their bills electronically.

The industry has been fairly successful on the bill-pay side of the equation, as current J.D. Power data shows that more than half of utility customers pay their bills electronically. However, paperless bill presentation has been more of a challenge. Utilities continue to work hard to migrate customers to paperless billing as they also work to achieve the goal of providing fully paperless transactions.

Following are some of the key findings resulting from an analysis of J.D. Power data regarding both business and residential gas and electric utility customers and the best practices of high-performing utilities in the company's satisfaction studies:

- Electronic billing and payment methods have increased dramatically during the past 5 years after a slower uptick during the prior 10 years. This has occurred for both gas and electric utility customers, who continue to migrate to online and other e-channels to conduct business with their provider.
- This trend has helped to increase Billing and Payment factor satisfaction scores. Ratings within this factor have increased for a variety of attributes that comprise the billing and payment experience for both gas and electric utility residential customers, including for the variety of methods offered to pay bills.
- However, utilities must do a better job of presenting information electronically. One downside to the shift to electronic billing is that while ratings for other attributes in the Billing and Payment factor are up, ratings for ease of finding information on the bill are down.
- To this point, when customers who receive an electronic bill are asked about their preferences for bill presentment, 32% say they would like to get the full bill emailed to them, compared with only 19% who currently receive a full bill statement.
- Utilities need to work harder to get customers registered online if they want to increase paperless billing participation. There is a direct correlation between the number of customers who have registered for an online account and participation in paperless billing programs and electronic payment.
- In the past 5 years, bill payment at the utility's website appears to have plateaued, while e-payments made at customer banking websites has grown.



- Customer preferences for paying utility bills are higher for electronic channels. Mobile channels are beginning to emerge, but are not on the radar screen yet for most customers, although those who want mobile service will demand this functionality.
- Customers are more satisfied when using electronic billing and payment programs than when not using such programs. With the exception of a small proportion of customers who receive electronic bills but pay via a paper check (a segment that is being phased out), customers who use paperless billing are the most satisfied.
- Following are common best practices of high-performing utilities:
 - Offer customers a menu of billing and payment options
 - Typically don't charge customers who pay their bills electronically a convenience fee through a third party, and many of them even offer the ability for fee-free card payments
 - Promote their billing and payment offerings well to their customers, relying on voice of the customer (VOC) information to help present the message

“The industry has been fairly successful on the bill-pay side of the equation, as current J.D. Power data shows that more than half of utility customers pay their bills electronically.”

Author

L. Dennis Smith, *Director, Energy Practice, J.D. Power*

Contributors

Carl Lepper, *Industry Analyst, Corporate Research, J.D. Power*

GLOBAL OFFICES

AMERICAS

Headquarters

2625 Townsgate Road
Suite 100
Westlake Village, CA 91361
Phone +1 [805] 418-8000
Toll Free +1 [800] 274-5372
Fax +1 [805] 418-8900

Troy, Michigan

320 E. Big Beaver Road
Suite 500
Troy, MI 48083
Phone +1 [248] 680-6200
Toll Free +1 [888] 274-5372
Fax +1 [248] 680-6300

Orange, California

770 The City Drive South
Suite 1100
Orange, CA 92868
Phone +1 [714] 621-6200
Toll Free +1 [888] 477-5372
Fax +1 [714] 621-6297

Norwalk, Connecticut

200 Connecticut Avenue, Suite 5A
Norwalk, CT 06854
Phone +1 [203] 663-4100
Fax +1 [203] 663-4101

Westminster, Colorado

10225 Westmoor Drive, Suite 325
Westminster, CO 80021
Phone +1 [303] 217-8200
Fax +1 [720] 565-6883

EUROPE

München, Germany

Oskar-von-Miller Ring 1
80333 München
Phone +49 89 288 0366 0
Fax +49 89 288 0366 10

Chicago, Illinois

One Prudential Plaza
Chicago, IL 60601
Phone +1 [312] 616-4540

Washington, D.C.

1200 G Street NW, Suite 200
Washington, D.C. 20008
Phone +1 [202] 383-3511
Fax +1 [202] 383-2437

Toronto, Canada

130 King Street West
Suite 1309
Toronto, Ontario M5X 1E5
Phone +1 416-507-3255
Fax +1 416-507-3263

São Paulo, Brazil

J.D. Power do Brasil
Ave. Brigadeiro Faria Lima
201-18º andar
Pinheiros, São Paulo - SP 05426-100
Brazil
Phone +55-11-3039-9777
Fax +55-11-3039-9701

Mexico City, Mexico

Prol. Paseo de la Reforma 1015
Edificio Punta Santa Fe Piso 17
C.P. 01376, México D.F.
Phone +52 -55-5005-5305

ASIA PACIFIC

Tokyo, Japan

J.D. Power Asia Pacific
Toranomom 45 MT Bldg. 8F
5-1-5 Toranomom
Minato-ku, Tokyo
Japan 105-0001
Phone +81 3 4550 8080
Fax +81 3 4550 8151

Shanghai, China

J.D. Power Asia Pacific
Suite 1601, Shanghai Kerry Centre
1515 Nanjing West Road
JingAn District
Shanghai 200040 China
Phone +86 21 2208 0818
Fax +86 21 2208 0819

Beijing, China

J.D. Power Asia Pacific
Suite 1601, 16/F Tower D
Beijing CITC
A6 Jianguomenwai Avenue
Chaoyang District
Beijing 100022 China
Phone +86 10 6569 2704
Fax +86 10 6569 2960

Singapore

J.D. Power Asia Pacific
8 Shenton Way
#44-02/03/04
Singapore 068811
Phone +65 6733 8980
Fax +65 6733 1861

Bangkok

J.D. Power Asia Pacific
Unit7, 21st Fl., Interchange 21
Building
399 Sukhumvit Road, Klongtoey Nua
Wattana, Bangkok 10110 Thailand
Phone +662 259 4180
Fax +662 259 4181

jdpower.com



J.D. Power
2625 Townsgate Road, Suite 100
Westlake Village, CA 91361
888-JDPOWER (888-537-6937)

A Global Marketing Information Company
jdpower.com

Los Angeles | New York | Detroit | Boulder | Chicago | Washington, D.C. | Toronto |
Tokyo | Singapore | Shanghai | Beijing | Bangkok | Munich | Mexico City | São Paulo