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“Overview of Customer Perception Studies in Eskom”

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Abstract

Eskom has been measuring satisfaction regarding issues important to customers since 1994. A range of surveys are conducted, each focussing on specific customer groups or segments and the frequencies of measurement are either monthly, quarterly or annually.

This paper provides an overview of the various measures used in Eskom, namely the design, execution and most importantly – the use of results in the business. Examples of results, as well as action plans implemented to address these issues will be shared, such as a “value for money” campaign.

The objective of customer perception measurement in Eskom is to guide the development of appropriate action plans to improve service. Customers that are satisfied with the service delivered and that perceive they are receiving good value for money, will be more prepared to pay their bills, thereby promoting revenue collection.

Background

Since 1994 Eskom has designed and implemented several customer satisfaction measurement tools. The results of these perception studies are reported at all levels within the organisation, from Management Board level through to the Customer Service Areas within the various Regions. High-level results are used as Key Performance Indicators (KPIs) to track and measure performance in monthly reports, together with other factors such as technical, financial and human resources indicators.

Content of Paper

The paper starts off with some background regarding customer perception in general. It then provides information regarding the use of the measures within Eskom, together with some reporting examples. Each of the various studies is explained in brief, with some high-level results provided. Lastly information regarding the “value for money” campaign designed as action plan to address negative perceptions about pricing, will be shared. The paper ends with a summary and conclusion.

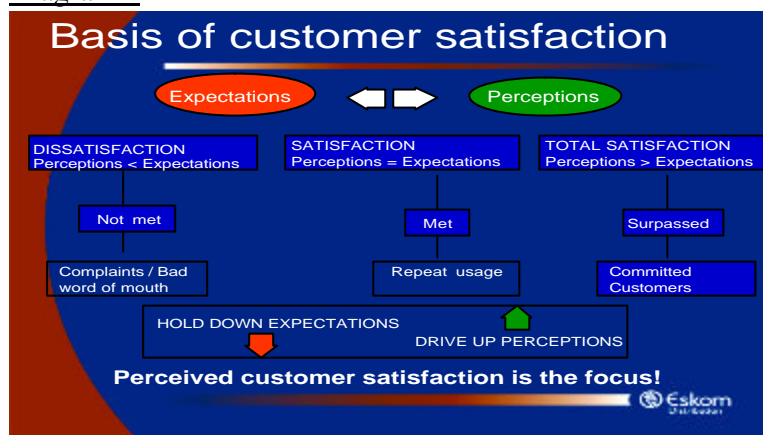
Customer Perception

It might be asked why customer perception is important and why this should be measured.

Basis of customer satisfaction

As indicated in Diagram 1 below, customer satisfaction is based upon customer expectations of what to expect versus customer perceptions regarding the service actually received. As satisfaction sets in when expectations are either met or exceeded, the main focus should be on holding down expectations to realistic levels, thereby driving up perceptions.

Diagram 1



Factors determining customer perception

It is however important to keep in mind that customer perception is formed over time and is influenced by various different factors. A study conducted by JD Power & Associates, a utility in the US, indicated that customer perception within their residential market is made up as follows:

- Company image 40%
- Price & Value 30%
- Power Quality & Reliability 17%
- Billing & Payment 8%
- Customer Service 5%.

When attempting to address and improve customer perceptions it is therefore important to keep the factors that influence these perceptions in mind. It is interesting that company image, price and power quality made up almost 90% of the overall perception of the above utility.

Importance of service excellence

The importance of service excellence has been proven in a research study completed early 2002 by the Institute of Customer Service in the UK. This study found that:

- Service excellence = Reputation = Increased profits

These findings were based on focus groups and interviews conducted with managers from various organisations in both the public and private sector. Customers were requested to identify companies that had a reputation for excellent or poor service. These organisations were evaluated in terms of relative size, productivity and profitability. It was found that those organisations with a better reputation had a much better profitability (74%).

The importance of delivering excellent service in order to increase profitability is summarised in the key findings below:

- Reputation attracts customers
- Reputation is based on experience rather than image
- Customers say that service excellence is about being easy to do business with. This involves delivering promises, providing a personal touch, going the extra mile and resolving problems well.

Factors influencing customer perception negatively

When analysing customer satisfaction results, it is furthermore important to take note that there are several factors that could lead to a decline. The first cause that comes to mind is worse service delivery, but there are other factors as well, namely:

- Improved service of other companies your customer deals with
- Increased customer expectations in terms of service delivery (today customers expect much more in terms of service delivery than a few years ago)
- Low staff morale and negativity
- Changes in the way that service is delivered (initially this will have a negative impact until staff and customers adapt to the change).

Customer Surveys in Eskom

The following surveys have been designed and implemented within Eskom:

- MaxiCare/ PreCare
 - This study tracks the trend of various service aspects on a monthly basis.
- Enhanced MaxiCare/ PreCare
 - This study is more reflective of the absolute level of customer satisfaction, as it measures both importance and performance regarding more detailed service aspects.
- KeyCare
 - This measurement is based on the enhanced methodology and targets Eskom's key customers.
- CallCare and Executive Action Team (EAT)
 - This measurement target customers who phoned the contact centres and highlights the "customer interface" versus the follow-up service.
- NetCare and GenCare
 - These tools measure the service of the Transmission group in Eskom to the Distribution and Generation groups respectively.

Value of Eskom's measurement tools

The value and benefit of the measurement tools are as follows:

- The tools have been designed specifically for Eskom with the assistance of consultants.
- It provides an independent measurement of customer perceptions.
- It measures those service aspects that are most important to customers.
- The regular measurements allow for the trend to be monitored.
- It provides results by Customer Service Area and customer category (segment) to use as Key Performance Indicator (KPI) at the lowest level, and at Eskom level for the higher level KPIs.
- A specific database and reporting system have been developed that provides invaluable history.
- Analyses of results assist in determining priorities for improving customer service.
- The instruments are adaptable over time to ensure it remains valid.
- It is cost effective; as no royalty fees are payable and contracts are one year contracts with research houses are entered into for fieldwork and capturing.

How surveys are designed and conducted

The broad process followed for the development of the measurement tools are outlined below:

- Design
 - The tools are designed specifically for Eskom by the Strategic Marketing Intelligence Department, with assistance of consultants.
 - In-depth interviews with customers regarding the needs in terms of service delivery form the basis of the questionnaires.
 - The requirements of the business are also taken into account by means of workshops/ interviews with relevant managers and front-line staff before finalising questionnaires.
 - The initial questionnaire is designed from above mentioned input and an initial survey conducted with a representative sample of customers.
 - Statistical analysis of the data from this initial survey is done in order to finalise the questionnaire that it used for regular measurements.
 - The database, capturing and reporting system is designed and maintained by Eskom's IT capability (Arivia).
- Measurement
 - Fieldwork and capturing is contracted out to a research house in order to maintain independence.
 - Strategic Marketing Intelligence analyses and reports the results to the organisation.
- Update
 - The tools are updated over time to ensure that the tools remain valid in a changing environment.

Use of the customer satisfaction surveys

Firstly the results of the various customer satisfaction surveys are used as Key Performance Indicator in monthly business meetings at area, regional and national levels. Results are monitored and discussed in order to decide on action plans to correct negative trends, both at regional and national level. Detailed customer comments and customer requests for follow-ups are sent to line managers.

Furthermore results are a component of indexes that form the basis of performance bonus allocations, namely the Eskom Board Sustainability Index and the Distribution Customer Service Index. Within these Indexes each measurement tool has a specific weight and specific targets are set to achieve, based on historic results.

MaxiCare and PreCare

The MaxiCare and PreCare tools have been implemented and conducted on a monthly basis since March 1994.

Segments measured

MaxiCare measures the perception of established direct Eskom customers with various ongoing service issues. The customer categories (segments) measured are Agriculture, Industry (both Technical and Administrative interfaces with each company), Commercial (same interfaces as for Industry) and Residential Prepaid Townships and Residential Directly Billed Townships.

PreCare measures the perception of newly electrified customers or those who have changed their contracts with Eskom and had work done on their premises. These questionnaires focus on the process of getting connected and the work being done, rather than ongoing service aspects. The customer categories measured are Residential (newly electrified townships) and Agriculture/ Industry/ Commercial.

Measurement methodology

Telephonic interviews are conducted within the Agriculture, Industry and Commercial segments. Customer details are downloaded from the Eskom customer database per Customer Service Area (lowest geographic level reported). The interviewers select the sample of customers to interview from these lists. Once the customer/ company is phoned, the correct person who has contact with Eskom is identified for interviewing purposes.

Personal interviews are conducted within the Residential Townships, due to the low incidence of telephones. In order to make this practical, each of the Customer Service Areas nominates six townships to be measured. These townships are divided into three groups, each group being interviewed once per quarter. The interviewers travel to the selected townships and once within the town, selects specific households to interview. Care is taken to spread interviews throughout the township. Once a household is selected, the interviewer identifies the head of the household who makes decisions regarding electricity to conduct the interview with.

Normal research back-checking and editing procedures are followed before the data is captured on to Eskom's system that is installed at the research house.

Sampling strategy

The sampling strategy was designed by a statistician and is based on Control Chart Theory, implying that small samples are used at the lowest level, but that regular measurements need to be conducted and the trend needs to be monitored over time to identify irregularities.

For the telephonic interviews sample sizes at the lowest level are 5 interviews per month per areas, per customer segment. For the Residential segment where personal interviews are conducted, the sample size is ten per township per month. For the MaxiCare and PreCare measures alone Eskom conducts roughly 6 600 telephonic and 6 000 personal interviews per year.

Questionnaires

Customers rate Eskom on about ten service statements, using a 10-point scale, where 10 is excellent and 1 very poor. Examples of the statements are:

- “Accounts from Eskom are accurate”
- “Eskom electricity has minimal interruptions”
- “Eskom informs you in advance of planned supply interruptions”.

Thereafter customers are asked “drill down” questions regarding those aspects rated the lowest, in order to get information as to why these aspects were rated low. Furthermore customers are asked an open-ended question as to what Eskom could do to improve its service.

Reporting

Results are reported to management in spreadsheet and graphic format at various levels of detail. Reports listing the comments made by customers, as well as the details of those customers who need to be contacted, are provided as well.

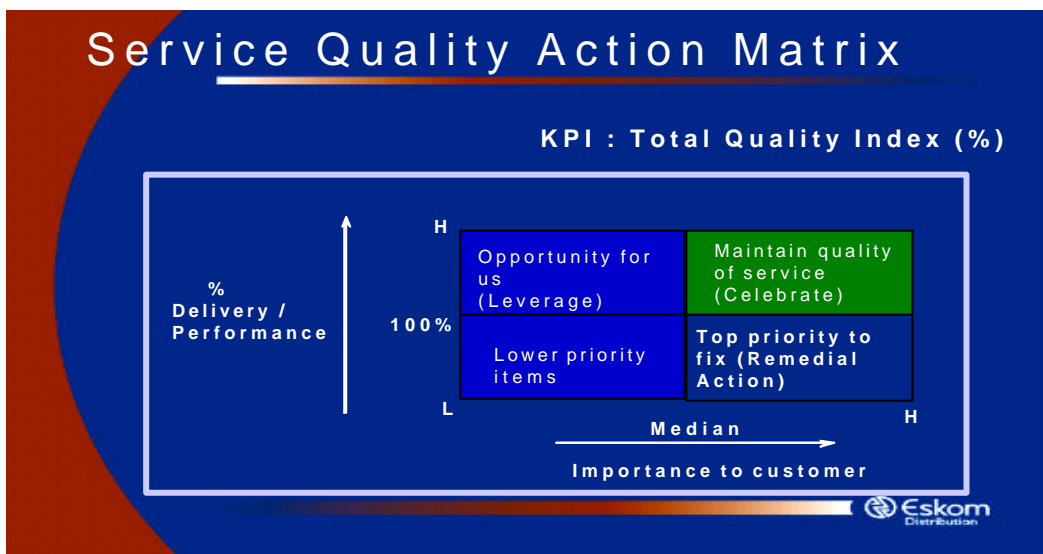
Enhanced MaxiCare and PreCare

As mentioned, the tools are revised every few years to ensure it remains valid. Since the monthly MaxiCare and PreCare study was introduced in 1994, there was an improvement in customer satisfaction models internationally. Furthermore there were changes in the industry in terms of a greater emphasis on a service culture and new and refined customer needs. It was deemed necessary to enhance the existing tools in 1999 to ensure more detailed, actionable results and to keep up with the changes.

Overview of enhanced measure

The enhanced measure is a more detailed measure than the original measure and differs in the following ways:

- It uses an emotional scale where customers use words to rate each of the service aspects.
- Customers rate both the importance and the performance of each of the service statements.
- Calculations are done by using statistically determined numeric values that are linked to each of the words in the scale.
- The % delivery on each service aspect is calculated where 100% indicates that customer expectations were exactly met.
- Results are plotted on a service quality action matrix, indicated below.
- The total quality index (TQI) is calculated, indicated the weighted % delivery overall.
- Since the year 2000 to date measurements have been conducted once per year, with a total of 6 000 interviews per measure.
- The questionnaires consist of about 30 statements that customers have to rate twice (importance and performance)



KeyCare

KeyCare is based on the enhanced MaxiCare methodology and measures the satisfaction of Eskom's key customers, of which there are about 120. The tool was designed and implemented in 1996 and then enhanced and updated in 2000. The survey has been conducted annually up to 2001 and monthly since January 2002. Telephonic interviews are conducted at three interfaces at each plant, namely:

- General Manager
- Engineering
- Accounting.

As these key customers receive personalised service from a specific Eskom Key Customer Executive, results are reported per customer, if permission is granted by the customer.

Questionnaires

Key Customers rate the importance of various aspects of Eskom's service on about 10 to 14 statements. Customers are requested to elaborate on low ratings given and everyone is asked to recommend what Eskom can do to improve its service.

Examples of statements in these questionnaires are:

- General Manager (strategic interface)
 - How reliable Eskom is as business partner
 - How well Eskom treats your company as long-term partner in its business planning
- Engineering (technical interface)
 - How well Eskom's quality of supply meets the agreed standard
 - How well Eskom understands the effect of unstable supply on your business
- Accounting (accounts interface)
 - The extent to which Eskom ensures that statements are clear and detailed enough to meet our requirements
 - How efficiently Eskom deals with your account queries

CallCare and Executive Action Team (EAT)

The CallCare and Executive Action Team (EAT) measurement instruments were designed and implemented in 2001. This tool measures the satisfaction of customers with the service received from the Contact Centres and EAT, as well as the follow-up service to resolve the query. The EAT is a desk at Eskom's head office that deals with all escalated queries and those queries directed at the Executive Director's office.

Quarterly measurements are conducted, although fieldwork is spread evenly throughout the quarter. The list of customers who phoned the contact centres and EAT in the previous week is downloaded and used for sampling purposes every week. A total of 200 interviews for each of Eskom's 7 Contact Centres and 50 interviews for EAT is conducted every quarter. The sample is proportionally spread across the type of interaction logged to ensure that individual Contact Centres receive feedback on all types of queries handled.

Detailed results are reported to each of the Contact Centres to analyse and action upon. It is also important to keep in mind that the follow-up service is also rated and impacts greatly on how the customer experiences the service received via the Contact Centre. It is therefore important to report results to all departments involved in following up requests logged by the Contact Centre.

Questionnaire

Customers rate various service aspects, using the 10-point scale as in the monthly MaxiCare tool. Customers rate the service received in three separate sections, namely:

- Contact Centre service delivery
- Follow-up service delivery
- Overall service delivery.

As with the other tools customers are asked to comment on low ratings and to recommend what could be done to improve service.

Example: Action Plan to Address Service - “Value for Money Campaign” -

The purpose of this section is to give some details of a national action plan that was designed and implemented to address a specific service aspect that customers rated low in the measurement tools described.

The “Value for Money” campaign was selected, as this fits in with the theme of this conference, namely “customer care to promote better revenue collection”. If customers perceive that they are receiving good value for money, they will be more prepared to pay their bills.

Analysis of customer satisfaction ratings and comments made by customers, indicated that customers are unhappy with the price of electricity and do not perceive to be receiving value for money.

A campaign was designed to communicate facts regarding electricity pricing to front-line staff and directly billed customers. The campaign provides educational information regarding the following:

- Eskom’s price of electricity compared to international electricity prices
- Price of electricity versus those of other energy sources
- Information regarding aspects that can influence quality of supply, such as fires or lighting anywhere along the lines.

Front-line staff received a box containing the facts, as well as vouchers that could be redeemed. The messages to billed customers are being communicated via printed advertisements in specialised publications targeted at specific markets and in the bills.

Summary

In summary the following points are made:

- Eskom has many years of experience with customer measurement surveys.
- Perception results are difficult to analyse and report to line management.
- As perceptions are changed over time, little correlation is found between actions and survey results in the short term.
- The major benefit of the measurements is in the trend feedback and the confirming of areas for action.
- It is however important to understand the rating scales, how customers use these and the main messages communicated via these surveys.
- Buy-in from line management is essential, as results form part of Key Performance Indicators and results have to be actioned, else the measurement will be of little or no value.

Conclusion

To conclude:

- One measure alone can be misleading.
- A holistic view of a few external and some “matching” internal system measures give the best picture.
- External customer perception studies are proving extremely valuable in Eskom.
- The measurements need to be based on customer needs, but buy-in from line management is essential during the design.

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