

IN IT FOR THE LONG TERM

Energy companies don't have a great reputation for customer experience. The Utilities sector performs poorly in benchmarks such as the Institute of Customer Service's UKCSI, and most people would tell you that companies prioritise acquisition over retention, tempting customers in with attractive tariffs while taking advantage of existing customers.

Igloo, a relatively new provider which has seen rapid growth, aims to be different. We caught up with Rebecca Smith, Director of Service and Culture, to find out more about their long-term view of customer relationships, and how their focus on the customer feeds into a strategy for sustainable growth.

Building from the ground up

Rebecca was Igloo's first hire, which must be a good sign that the organisation takes customer service seriously. Her background was in other sectors,

which meant that she was able to bring a fresh perspective, in keeping with their values of 'Don't think like a utility' and 'Don't act like a utility'. As Rebecca says,

"My initial perceptions were 'customer service isn't great in this industry, but I love a challenge. Let's see how we can make it great!'"

For 5 months Rebecca was Igloo's customer service, balancing answering the phone with creating customer journeys and learning about the industry, but over the last 3 years she has been able to build a team and systems around her from the ground up (something which many customer service leaders would be very envious of!)

It may be a luxury to start with a blank slate, but it brings challenges of its own. Everything, from processes to forms, has to be invented. I asked Rebecca how she has approached developing processes which are fit for the customer-focused business that Igloo wants to be:

"What I've tried not to do is build process for process' sake. As and when we have a need for something, we build it."

In the early days processes were developed by the team as a whole, working together to process map and conduct root cause analysis. That has changed as the customer service



team has grown, but collaboration is still a key part of it. As Rebecca says,

“My role in the business is to protect that as we grow.”

In the customer service team there are two forums (a customer experience forum and an industry operations forum). Their job is to pick up any roadblocks for the customer, decide what should be a priority, and then bring the product team in to develop solutions. It’s clear from talking to Rebecca that she sees customer service as something which should be embedded in the culture of a business, not as an add-on:

“In so many businesses Customer Service is a department, but it’s not. Customer service is an attitude, and we’ve really made sure we’ve built that, and that makes continuous improvement so much easier because we’re all on the same page.”

Understanding customers

Aiming to create great customer service is one thing, but actually doing it is another.

Many organisations make the mistake of assuming that customers all want the same thing. Rebecca comments,

“There’s a common phrase ‘treat the customer how you’d want to be treated’. I’ve always thought you should treat the customer how they want to be treated, and that’s not necessarily how you want to be treated yourself.”

This is a really important point—if we make the mistake of assuming that customers want the same things as us, then, with the best of intentions, we often end up creating a frustrating experience for them. It’s a mental trap that’s easy for all of us to fall into, unless we do something to guard against it. At Igloo they use a colour-based model, which many readers will be familiar with, to understand different personalities amongst both staff and customers, and to help predict what kind of experience will work best for each customer.

“We’ve done loads of training around customer

profiling and profiling ourselves, understanding our personalities better. That’s been a key ingredient in what we’ve created so far.”

All this work in onboarding and training means that staff are better able to anticipate that a “red” customer may want a quick and efficient service, while a “green” customer would be more concerned with detail, and might want a written follow-up. It also features in their approach to complaint handling, understanding that different customers may want different things.

“Customer service exists, ultimately, because something’s gone wrong. We’ve got all the technology in the world now that allows customers to self-serve. But people need to know that there is a real person there, a human. Maybe some of our customers want that human



interaction, and others don't. Customer service of the future is tailoring for both of those things."

Getting this kind of personalised experience right demands a mixture of systems that support it (e.g. CRM accurately logging contact preferences) and staff with the emotional intelligence to spot clues to a customer's personality (and to understand their own personality).

Growth

New entrants in most markets, particularly ones as competitive as the energy sector, often find it difficult to grow. We asked Rebecca if that was true for Igloo, and the answer was...yes and no! Although it's a huge marketplace, 48% of customers don't regularly switch suppliers. The other 52% are (to quote Martin Lewis) "tariff tarts" who switch regularly to get the

cheapest deal. As a customer this means that you either have to settle for a poorer deal, or you have to live with the hassle of switching supplier all the time.

"Taking on new customers in this industry is almost too easy. With comparison sites you can quite easily take on thousands of new customers overnight. What it's about is customer loyalty."

Growth is important because of the relatively small margins available in the industry, and Igloo see a niche for themselves positioned to appeal to customers who want a good deal without the need for regular switching:

"The issue is 'how do I keep my costs low without the hassle of switching'. We've come into the marketplace to tackle that issue. We've got one simple variable tariff, so we have to keep it competitive. We don't have exit fees or a minimum term, because we don't want to tie our customers in – we want them to be loyal."

That proposition has been successful in acquiring customers (Igloo now has 85,000, and has ambitious plans for further growth over the next few years). More importantly, those customers are extremely loyal—77% of customers who joined Igloo in its first 6 months are still there. We asked Rebecca where they expected to be in terms of customer numbers in 5 years. Her reply is revealing:

"We're cautious to set targets on numbers. For us a better measure is how loyal are our customers, and how happy are our customers."

Helping customers reduce their energy use

Being a successful energy supplier is one thing, but Igloo wants to be more than that, they also want

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to be known for the home services arm of the company, which ties together the benefits of building a loyal customer base with the potential to help customers reduce their bills.

“The second thing is we’ve got technology that means we can understand how you’re using energy in your home. We can profile your home, and we can suggest to you products and services that are going to help you manage your energy and reduce your costs.”

There’s a crucial battle to win in customers’ minds to help them realise that their energy bill is not simply about price, but should be thought of as a combination of price and consumption. This gives Igloo, at least in theory, the opportunity to work with cost-conscious customers to reduce their bill through a better understanding of energy use, rather than switching to a cheaper tariff. If customers are using more than their profile would predict, Igloo would



Rebecca Smith
Director of Service and Culture at Igloo

Rebecca was Igloo Energy’s first employee, joining to set up the brand’s customer service function in January 2017. She heads up a team of 56 people and looks after all elements of customer service including social media, web chat, and customer care. Prior to joining, Rebecca had spent 10 years working in contact centres across legal and social housing. Now, at Igloo Energy, she’s using this experience to design, implement, and deliver excellent customer service to its 92,000 customers.

<https://igloo.energy/>

prefer to start a conversation about that rather than immediately putting up the customer’s direct debit.

“We want to help our customers to consume less energy. From the customer’s perspective that’s making their home more efficient, it’s reducing their bills, it’s also helping them to save the environment, and for us to help cut carbon emissions.”

Loyalty based on experience

The energy sector, as we’ve seen, is known for relatively low levels of customer satisfaction. This is one place in which Rebecca’s experience in other industries may have allowed her to bring fresh ideas.

“Traditionally you could afford to be lazy, because it’s so easy to take customers from a comparison site, it’s easy to think you don’t need to care for those customers or provide a great experience for them.”

Igloo has an excellent average customer satisfaction score of around 96%, based on a transactional survey that goes out after every interaction. It also regularly tops the CAB’s table of complaints performance within the sector, and over 95% of complaints are resolved within one working day. The results, though, are less important than how the feedback is used:

“What’s important is that we don’t just focus on the numbers. My emphasis is to focus on the people, to make sure they’re engaged.”

Rebecca is a keen proponent of instilling what she calls “a feedback culture” throughout the business,

starting with asking for honest feedback on her own performance and approach to things. Feedback is a word that sometimes carries negative connotations, but it’s clear that what Rebecca is talking about is a very healthy, open, culture:

“You’ve got to be careful not to demonise mistakes, as long as we learn from them. And don’t profess to know all the answers. There are a lot of things we’re going to have to work out together.”

Easy, honest, communication in all directions is the key. Once installed in a culture, it naturally makes people very open to listening to customers and reacting to what they say as a positive, rather than being defensive.



“That trickles down to our customer service as well. When we’re open about having conversations with each other in the office to say ‘How am I doing, give me some feedback?’, we’re open with the customer to say ‘How are we doing, give us some feedback?’, and we’re not defensive in receiving that feedback because it’s something which is normal to us.”

Complaints are seen as a gift. That’s something that many organisations say, but few have the ability to reliably act as if it’s true. The secret lies in that culture of openness and continuous improvement.

“If they don’t tell us, they’re just going to walk straight out the door. We won’t know we’ve done something wrong, and we might never learn from it, it might never get fixed.”

Summary

As regular readers will know, we believe that a loyalty strategy is the key to building an

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organisation which is sustainably profitable in the long term. That’s precisely what Igloo

seems to be doing, and there’s no question that puts them out ahead of most in the energy sector when it comes to their ability to think long term about the power of retaining customers and strengthening relationships with them.

“Unless you truly understand your customers and what they want to get from their energy provider, you’re never going to get there.”

Three pillars seem to support the building of those relationships: excellent service, an attractive proposition based around ease (we’ll give you one simple, competitive, tariff, without the need to switch all the time), and a focus on education that will help customers to reduce their bills while also contributing to a more sustainable energy future.

“We’re in the marketplace to educate. We want to drive engagement, and that’s a long-term battle, we’re not going to resolve that overnight.”

It would be impossible to deliver that without the right people, and the right culture to support them.

“There’s still lots of work we need to do, but I think as long as we continue to focus on the people, the rest of it will happen. That’s what I want to preserve as we scale.”

We’re looking forward to seeing that strategy pay off over the next few years.

