

BE*works*

CASE STUDY:

**Leveraging Behavioral
Science to Drive the Adoption
of Paperless Billing**

The Challenge

A woman with curly hair is sitting at a desk, looking at a laptop screen. A man is standing behind her, also looking at the screen. They appear to be in a meeting or collaborative work environment. The image has a purple overlay.

For years, companies have been trying to get customers to switch to paperless billing or e-statements.

Paperless Billing is both an environmentally-friendly and cost-effective solution to standard bills. It helps the company keep operating costs down and serves as a gateway to their digital platform, which provides customers with detailed billing information and allows them to drive self-service behaviours.

In the past, companies have relied on traditional marketing techniques (rebates, incentives, contests, donations, and more) and they are realizing that the “**low hanging fruit has been picked**”.

Today, it is getting harder to convince customers to make the switch and **companies are looking for novel approaches to help drive paperless adoption.**



Applying a **NEW LENS** to an old challenge



Behavioral Economics (BE) is the scientific study of human behavior *and offers powerful ways to create and measure change.*

The Theory of Behavioral Economics in a Nutshell



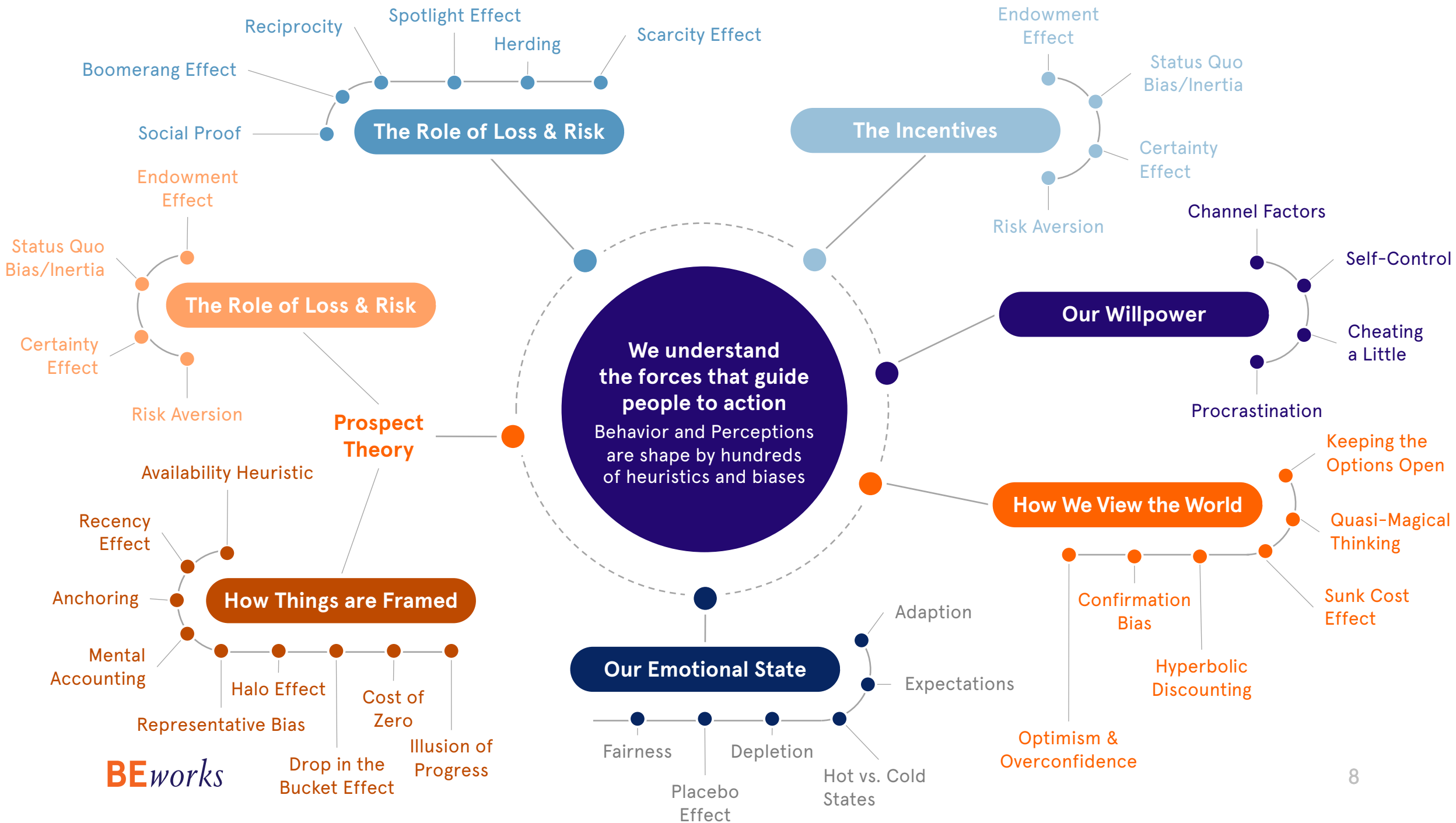
*When we make decisions,
we are predictably irrational.*

We are not robots.

We have limited mental energy, limited willpower, and limited time.

Our brains have evolved to compensate for these constraints by relying instead on a number of mental shortcuts, called **heuristics**, and **biases** that help us make quick daily decisions.

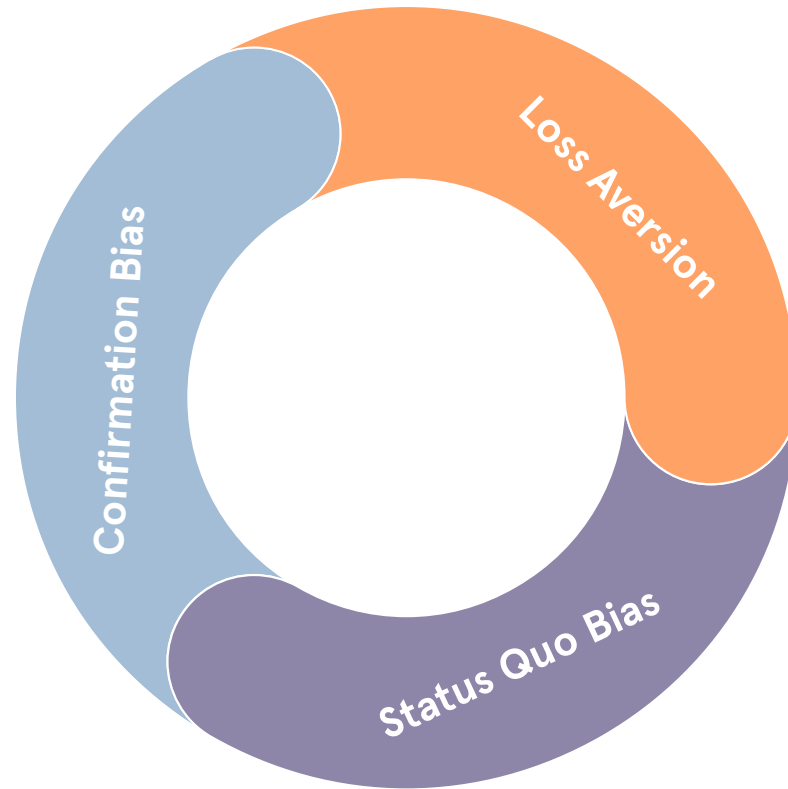
Behavioral Economics is the study of these mental short-cuts and how to overcome them to improve people's lives.



Understanding through BE

*Why are people not switching
to Paperless Billing?*

There are *many* psychological barriers that prevent customers from switching to paperless, here are a few we explore:



A

"I just like having a paper copy that I can file and refer to when I need it"

We feel the pain of a loss 2½ times more than the joy of gain. In the case of Paperless Billing, people are reluctant to "give up" their paper bill, which they have relied on for many years.

B

"Why should I change my current routine or ritual?"

People tend to resist change and instead, prefer to stay with the current state. If the switch requires effort, customers may choose to do nothing and simply stick to the current process (which is easy)

C

"This is yet another way that control is being taken away from me."

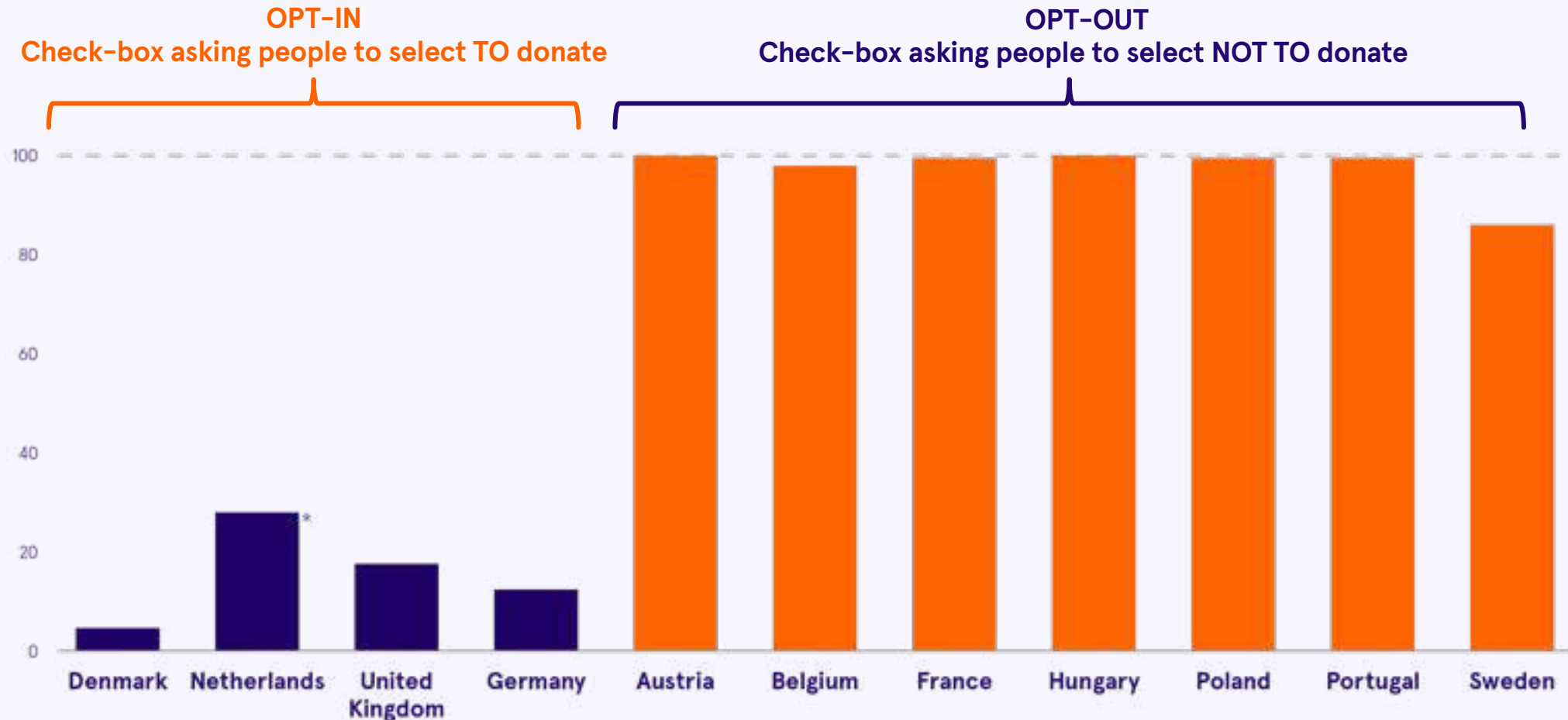
We have a tendency to search or interpret information in a way that confirms our prior beliefs and attitudes.

Changing Behavior using BE

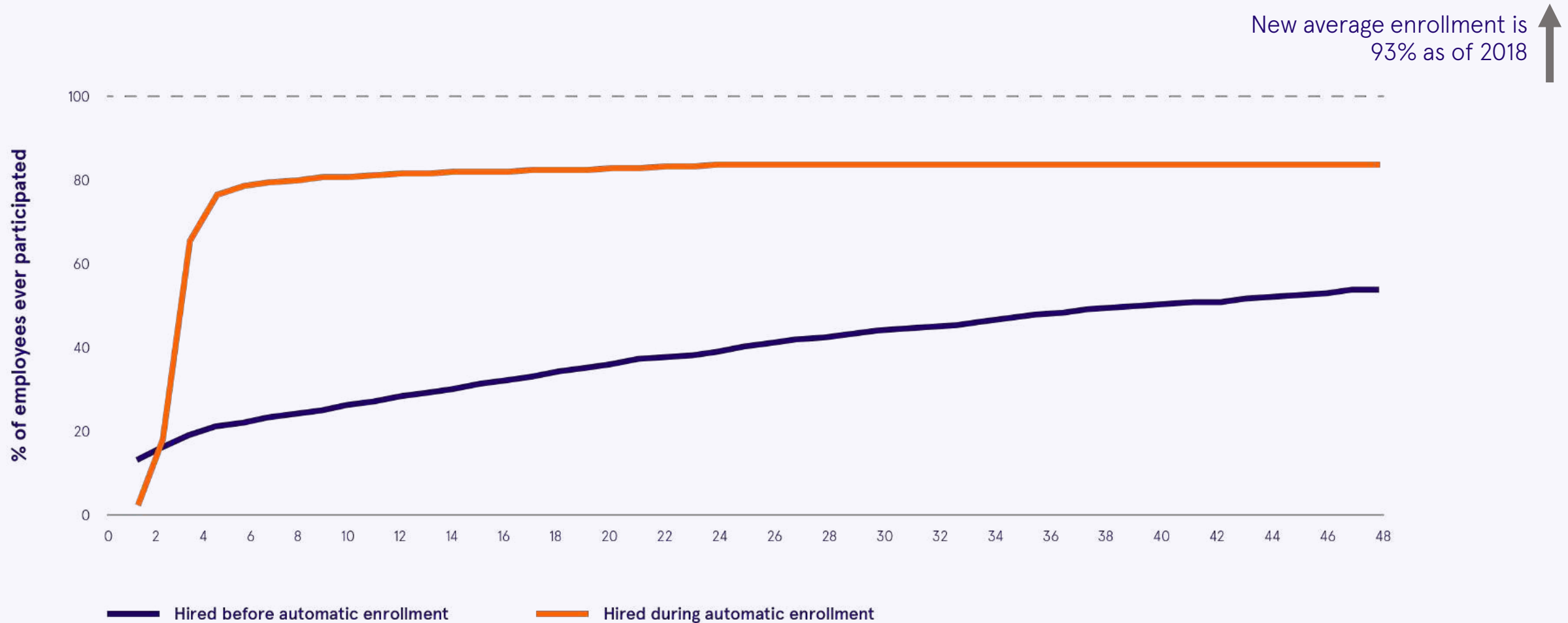
The Science of Auto-Defaults eliminates the friction of taking action from “opt-in” to “opt-out”

It reduces customer effort and leads to better outcomes

Countries with high donation rates use an “opt-out” strategy



This approach has been used to drive investments in 401K saving plans



BE*works* has applied this strategy in the energy sector. We found that “auto-defaults” work. They make the switch to paperless easier for customers.

And customers are offered choices, to remain enrolled or “opt-out”. Our data shows that once auto-enrolled, only 10 – 15% choose to opt out.

Case Study

Driving Paperless Billing Adoption using Behavioural Science

The Challenge



Our Client, one of the largest electricity distribution companies in Ontario, had been trying for years to convince customers to switch from paper billing to digital billing (paperless).

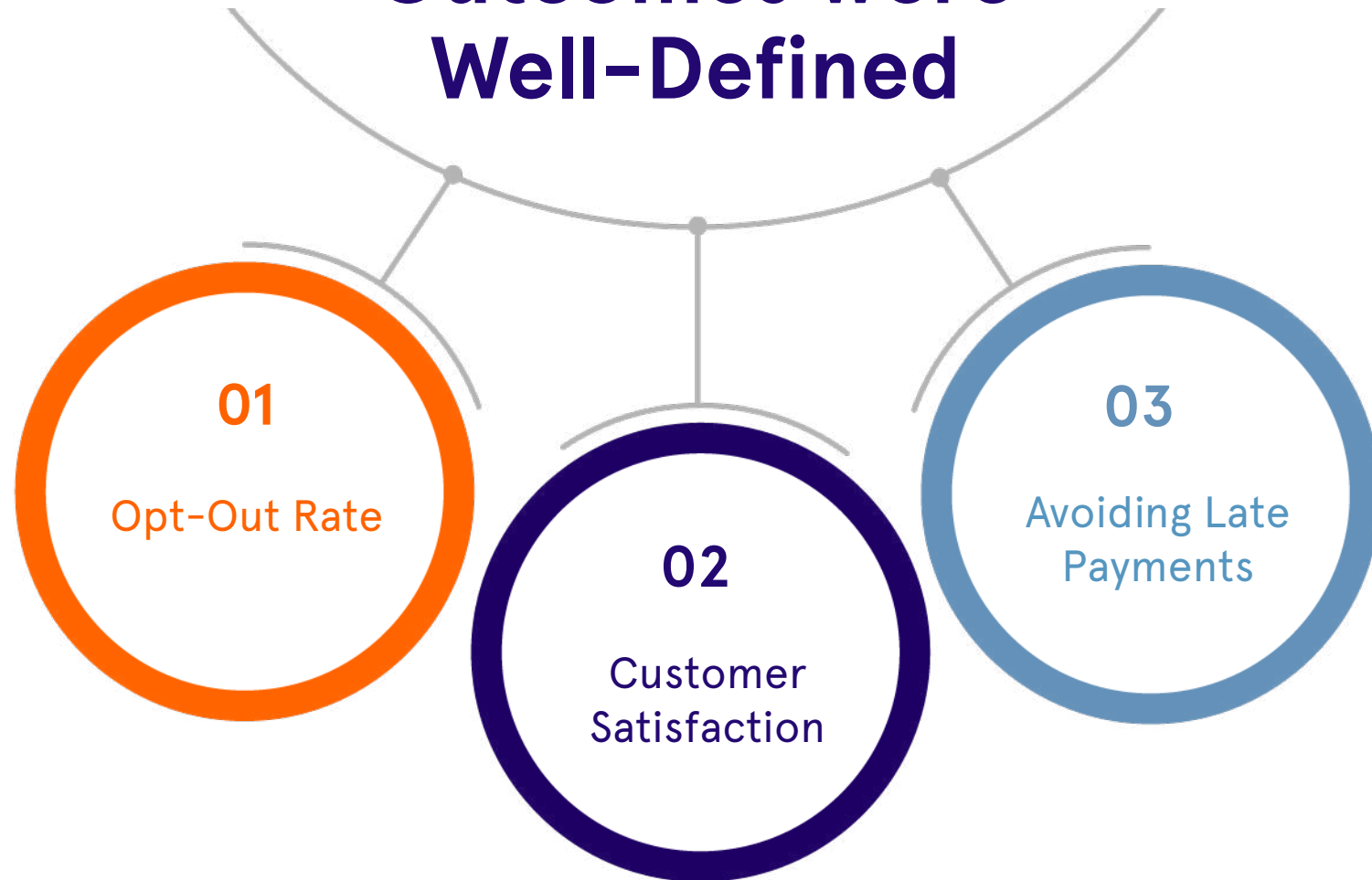
After many years of using traditional marketing methods (rebates, incentives, contests, more) they had exhausted all their efforts and program adoption rates had dropped off significantly. The utility was tired of using the same old tactics and expecting different results.

BEworks was engaged to help them understand why people refused to switch and recommend new ways to approach this challenge.

The Project Approach

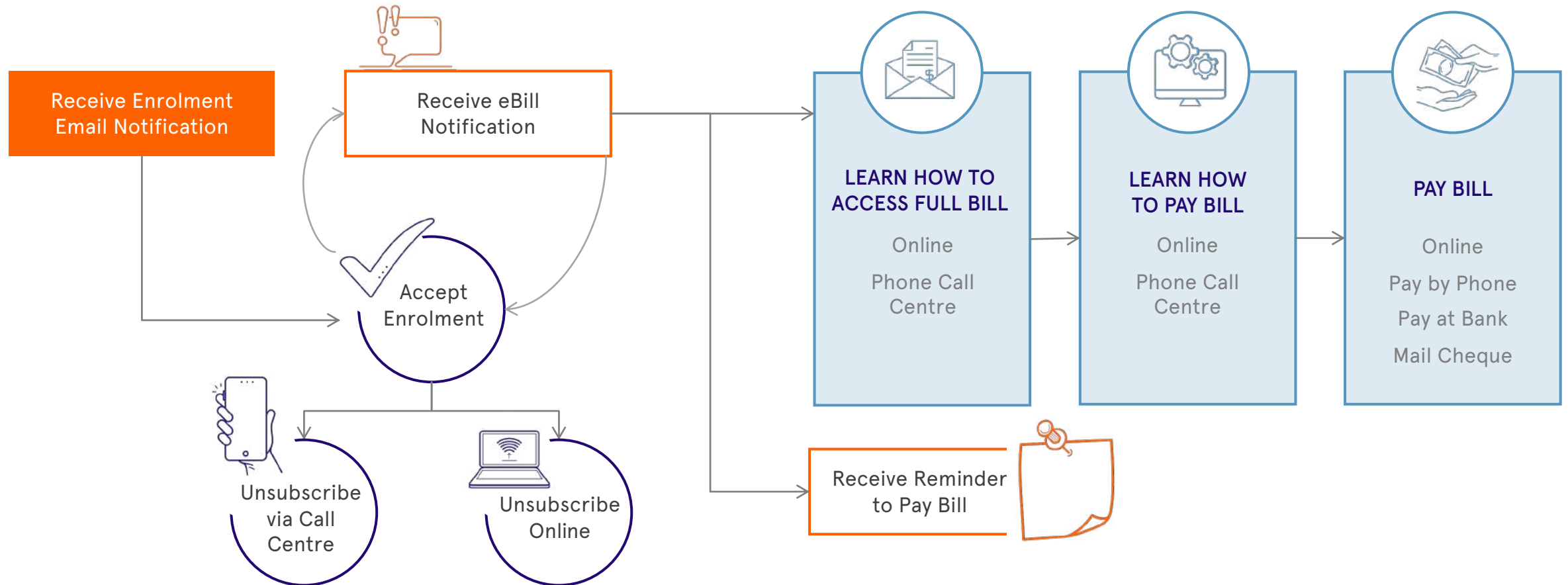
Focus on auto-enrolling customers who had already signed up and were participating in the e-Post and MyAccount programs.

Measurable Observable Outcomes were Well-Defined



A Behavioural Journey Map helped to identify the key points of intervention

Account Auto Enrolment Customer Journey

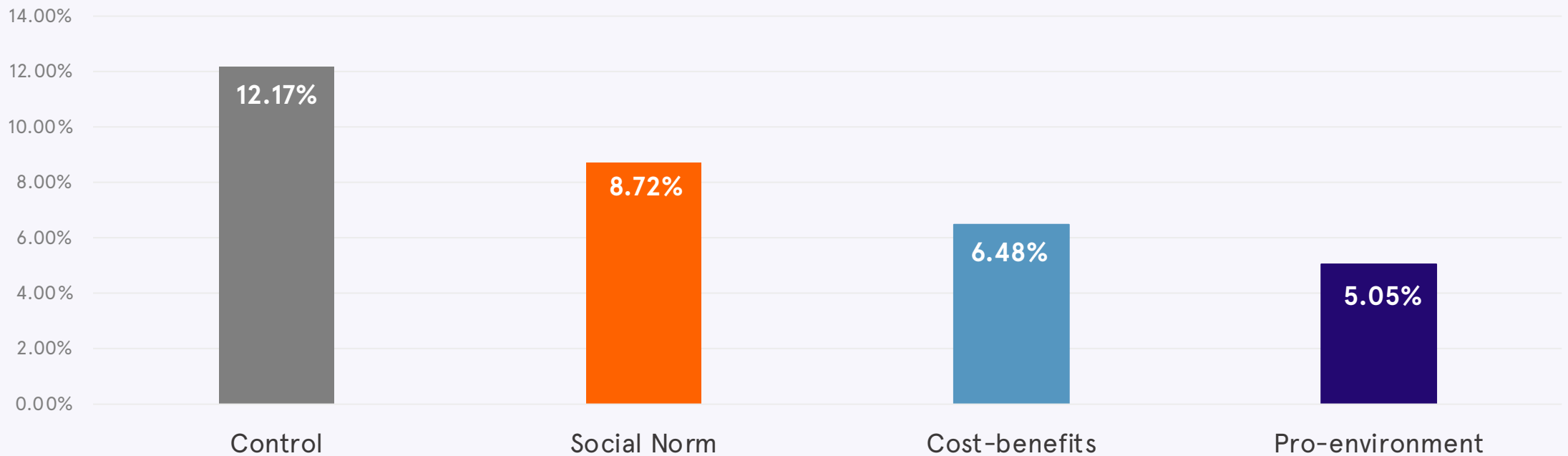


Results of Behavioral Experimentation

Randomized Controlled Trial Randomly Assigned customers to 1 of 4 communication conditions

The results showed that **over 90%** of customers adopted paperless billing

Paperless Opt-Out Rate by Message Transparency Condition



n = 3,600

Other Measures of Impact



THE MAJORITY WENT PAPERLESS



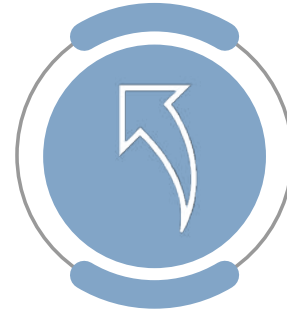
Over 90% of customers adopted paperless billing



THERE WAS VERY LITTLE IMPACT ON MISSED PAYMENTS



96% of those adopters paid their first paperless bill on time



CUSTOMERS ACCEPTED THE CHANGE



96% of those adopters paid their first paperless bill on time



MINIMAL DISRUPTION




They received 2 escalated complaints, which were successfully addressed, which is 0.06% complaint rate

Minimize risk while innovating through Behavioral Experimentation

“Some ideas can feel inherently risky, like opting customers into something they didn’t choose for themselves. We agree.

But the designs of our interventions allow us to anticipate those risks, trial methods to reduce those risks, and run, small, controlled experiments to determine whether the risks are as bad as we think they are.

Like this project showed us, sometimes we believe things are riskier than they actually are. In this case, our work helped both the company and the customers.”



These, and other
interventions can be
brought to bear to your
shift-to-digital challenges

Let us show you how

Thank You



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