

Customer Measure of Experience (C-MeX) for PR19:  
C-MeX Working Group Set-up Meeting

September 2017

# C-MeX Working Group Agenda

<b>Timing</b>	<b>Item</b>	<b>Lead</b>
11:00 – 11:10	Welcome and introductions Housekeeping	Leah Fry, Ryan Davies
11:10 – 11:20	Background/aims of the session	Jasminder Oberoi
11:20 – 12:00	Breakout discussion 1 – Sampling & Survey design Feedback from each group	Breakout groups
12:00 – 12:30	Breakout discussion 2 – Communications channels, capturing complaints made via social media & definitions Feedback from each group	Breakout groups
12:30 – 13:00	Breakout session 3 – three topics: 1. Cross sector benchmarking: NPS vs UKCSI 2. The treatment of complaints and unwanted contacts 3. New data protection legislation & implications for C-MeX Feedback from each group	Breakout groups
13:00 – 13:40	Lunch	
13:40 – 14:15	Breakout discussion 4 – Piloting C-MeX Feedback from each group	Breakout groups or full group
14:15 – 14:35	Membership of future groups	Jasminder Oberoi / Group discussion
14:35 – 14:55	Timetable, Next steps	Jasminder Oberoi / Group discussion
14:55 – 15:00	Close	Leah Fry

As part of the methodology for PR19:

- In July 2017, we consulted on the design of C-MeX. Closed 30 August.
- In December 2017, we will publish our decision on the design of C-MeX.
- In 2018 we will pilot the incentive mechanism to test how it would work in practice.

The aim of the C-MeX Working Group is to **aid the implementation of C-MeX**, and facilitate the development of the detailed pilot, and final, guidance that water companies will apply from 2020-2025. This includes by discussing the methodological details of the data that feeds into the incentive mechanism, and helping to resolve practical issues, such as data provision.

The aim of today is to:

- Establish the existence and purpose of the C-MeX working groups;
- Discuss some aspects of the design and implementation of C-MeX raised in the consultation responses in breakout sessions;
- Discuss group membership and set-up future C-MeX working groups; and
- Discuss the timetable and next steps.

## C-MeX options for consultation

	<b>Customer service</b> quarterly satisfaction survey via online channels, of contacts based on the handling and resolution of a recent matter or complaint	<b>Customer experience</b> quarterly satisfaction survey via phone, of customers who have not contacted their company	<b>Net promoter score</b> using monthly data submitted by companies of the net proportion of customers who would recommend their water company	<b>Complaints</b> volumes based on application of updated guidance (includes complaints made via social media)
Option 1	50% weighting	50% weighting	Not applicable	Reputational incentive
Option 2	40% weighting	40% weighting	Not applicable	20% weighting
Option 3	40% weighting	40% weighting	20% weighting	Reputational incentive

All options: Combined into a single C-MeX score benchmarked against an upper quartile UKCSI all-sector threshold

## Consultation questions

Q4 - Do you agree with our proposed Customer Measure of Experience (C-MeX)? Option 1 was our preferred option.

Q4a - Do you agree with our proposed methodology for the C-MeX surveys, as set out in table 4.2 of Appendix 2? This included survey scale, frequency, channel, and sample size.

Q4b - Do you agree with the C-MeX contact (customer service) survey focusing on customer satisfaction with both contact handling and resolution?

## High-level Summary

- Overall agreement with the proposed C-MeX as a replacement for SIM, especially on the inclusion of customers who have not contacted their water company.
- Mixed responses about the proposed survey methodology mainly in relation to sample sizes and channels.
- Some concerns about using UKSCI as a cross-sector benchmark for higher rewards.
- The impact of new data protection rules (GDPRS) raised as a new issue.

Agreement areas	Main issues raised	Raised by?	To be decided by final statement
The inclusion of non contacts and a C-MeX comprising two surveys.	The robustness of the proposed sample sizes, especially for annual incentives.	9 companies	<p>Broad outline of the incentive mechanism including:</p> <ul style="list-style-type: none"> <li>• Sample size, sampling approach and structure</li> <li>• Channels to be surveyed</li> <li>• The treatment of complaints and unwanted contacts</li> <li>• Mechanism for cross-sector comparison</li> </ul>
Reward and penalty size and structure.	Concerns over suitability of UKSCI as a cross-sector benchmark and the method for translating UKCSI to C-MeX scores.	7 companies	
In-period assessment of rewards and penalties.	Concerns over the removal of complaints numbers from the mechanism;	2 companies & 1 CCG	
The concept of incorporating cross sector comparisons	Difficulty of including complaints made on social media in the reputational incentive.	1 company	
	Channel matching: surveying using the customer's original contact channel	4 companies	
	Surveying needs to comply with new data protection legislation	3 companies	

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## Notes for Sessions

- Three tables. Please nominate a speaker.
- For sessions 1 & 2 all tables discuss the same topic. For session 3 each table discusses one topic. Session 4 format TBC depending on success of 1-3! Possibly full group discussion.
- Each table feeds back at the end of the discussion.
- Approx timings: discussion 15 minutes (20 for session 1); feedback 5 mins per table.

# Table 4.2 of Appendix 2 - For Breakout session 1

	Service / contact survey	Experience / non-contact survey	Examples of responses
Description and purpose	Survey of customers who have contacted their company. To maintain an incentive for companies to improve handling and resolution of customer contacts and complaints.	Survey of customers who have not contacted their company. To incentivise companies to improve overall service satisfaction for all their customers, not just those who have directly contacted their company.	'...we agree with the proposals and support option 1. Focussing on the overall customer experience as well as customer service will provide an insight into customers' wider view of company performance...'
Scale	Scale of 1-5, from very satisfied to very dissatisfied	Scale of 1-5, from very satisfied to very dissatisfied	'...we also support your approach for keeping the scoring to five options as we consider it's simpler for customers.'
Sample size and survey frequency	200 customers per company, who have contacted their company with a complaint or contact. Based on customer contacts via all the channels that a company offers.  Surveying carried out 4 times per year.	200 registered bill payers (or account holders) per company.  Surveying carried out 4 times per year, at different times to the contact survey.	'The surveys would benefit from larger sample sizes and this can easily be achieved with the use of low cost SMS' ...'We would be in favour of much larger sample sizes to give us a much more statistically sound score and comparison particularly if C-MeX is linked to an in-period adjustment and larger rewards and penalties.'
Surveying channel	Online	Telephone	'We encourage Ofwat to go further and seek to match survey channel with original contact channel...'
Duration since customer interaction	Past 7 days	N/A	'We would like to explore whether all companies could submit the same number of weeks' worth of data, whilst considering...we need to ensure the customer can remember the detail of that contact.'
Level of measurement / questions asked	Up to 5 questions in the survey including "How satisfied are you with the handling or resolution of this matter" and "would you recommend this company"? Only satisfaction with contact handling would be used for the financial incentive score.	Multiple questions in survey but only one question would be used for the financial incentive score	'reducing the survey questions to up to five should make it quicker for customers to complete.'

## Breakout discussion 1– Sampling & Survey design

- a) What **sample sizes** should be used for in period surveys? What are the problems with the consultation proposal?
- b) What types of **questions** should be asked in each of the customer service (contact) and customer experience (non-contact) surveys?
  - i. Can the customer service survey to ask about satisfaction with the handing and resolution of the matter without restricting the sample to customers who have had a resolution?
- c) Which **channels** should be used for each survey?
  - i. What is the viability of using **SMS for the customer service survey**, asking 3 questions max, administered by companies submitting data to Ofwat? How could this work in a fair and consistent way?



## Breakout discussion 2 – Communications channels, capturing complaints made via social media and definitions

- a) In the consultation, we proposed stipulating that companies must offer at least four communication channels to receive customer contacts and complaints, including at least two online channels. However, to avoid being too prescriptive and for futureproofing, we did not **stipulate which channels**; should we? What should these be? What should be the consequence of company non-adherence?
- b) How are complaints currently **logged**? What options are there to identify the customer for complaints made via social media (SM)? What issues are there to resolve for the inclusion of SM complaints in the reputational incentive
- c) Views on the **definitions** proposed, especially “complaints” and “contacts” e.g. is going on the website to get information a ‘contact’? See printouts on tables.

## **Breakout discussion 3 – Three topics, one per table (may require reconfiguring tables)**

### **1. Cross-sector benchmarking – using NPS vs UKCSI**

- a) What are your views on the appropriateness of using UKCSI. What are the pros and cons of using UKCSI vs NPS?
- b) If we used NPS, how would it be implemented in practice in order to ensure consistency across companies? How would the data be supplied and when?

### **2. The treatment of complaints and unwanted contacts**

- a) What are views on Option 2? That is: the financial element contains a 20% complaints element. This element includes complaints made via social media and the new definition of ‘complaint’ and does not include unwanted phone contacts as SIM does. Under Option 2, the contact weightings present in SIM would not exist, to treat all complaints in the same way, regardless of the contact channel.
- b) What impact does this have on water company incentives when combined with the contact and experience surveys?
- c) Would companies still measure unwanted contacts if Option 2 was adopted?

### **3. New data protection legislation & implications for C-MeX**

- a) How might the new consumer data protection legislation that is coming into force influence future customer service surveys?
- b) What, if any, options are there to resolve such issues?
- c) What do we need to consider for the design of C-MeX as a result of this?

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## **Breakout / group discussion 4 – Piloting C-MeX**

- a) What areas should the pilot test? Is there anything we can learn from the experience of the SIM pilot that we can apply to C-MeX?
- b) What are thoughts on using the next working group to start a draft of the pilot specification?
- c) If we were to choose Option 1 how many pilots should we run, how often?
- d) What variables are worth changing between each pilot run?
- e) Is there a disproportionate burden on any companies? E.g. would smaller companies able to provide sufficient sample sizes at the frequency and within the timescales required? If not, how can we address this?
- f) How best should surveys be scheduled? E.g. staggering the service and experience surveys, or doing them simultaneously for economies of scale?

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Stage	C-MeX timing
Consult on concept and timelines	July - August 2017
Convene a working group to discuss details of the methodology: how to implement the measure and compare company performance in a fair and consistent way	September - October 2017
Design pilot	January 2018
Procurement process	February – March 2018
Conduct pilot / test proof of concept	April 2018 - April 2019
Work through changes, draft guidance, pilot revised approach	April 2019 - March 2020
Publish final guidance	March 2020

## Membership of future meetings

- Which other groups / stakeholders should be represented?
- Are there other colleagues who are well placed to be involved?

## Practical issues

- Means of communicating with the group / setting up a group distribution list
- Volunteers to take any issues away to research

## Next steps/ Provisional working group timetable

Set-up meeting 1	7 <sup>th</sup> September 2017 (11-1)	Bath, Wessex Water
Working group 2a	26 <sup>th</sup> Sept (1-4)	Ofwat - Birmingham
Working group 2b	3 October 2017 (10-1)	Ofwat - Birmingham

**Thank you for attending!**