Customer Preferences with Regard to Correspondence from an Energy Company

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Abstract

Purpose: To examine customer preferences with regard to correspondence from a major energy company and how they differ by generation.

Design/Methodology/Approach: This article presents the results of a qualitative research on different preferences demonstrated by two segments of customers of a large energy company – young customers under 40 years of age, and mature customers, over 40 years of age – with regard to the correspondence received. The research question was formulated as follow, do the identified groups of customers have different preferences regarding the indicated elements of business letters? The energy company provided sample letter templates and participated in adapting the research scenario to the specific nature of the industry.

Findings: Based on the research results, it was possible to answer the research question posed – in part, the preferences of young and mature customers with regard to correspondence from the energy company are the same, and in part, they differ significantly.

Practical Implications: Areas of common and different preferences for selected recipient segments as well as recommendations for the visual layout of the letters and their content were identified. Recommendations, derived from literature studies and qualitative research findings, were produced.

Originality/value: The originality and value of the study are given by the fact that this area – correspondence from a large company is poorly researched and not exhaustively discussed in the available literature. Few researchers have addressed this important area of customer communication, especially in the current pandemic situation. The energy company may incorporate the produced recommendations into its customer communication strategy.

Keywords: Correspondence from a large company, customer preferences, energy services.

JEL classification: D83, D91, M14,M31, Q49.

Paper Type: Research article.

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1. Introduction

The opportunities for business development of entities operating in competitive markets are related to the analysis of consumer behaviour, which may indicate how consumers make decisions. What factors influence these decisions, what their needs and preferences are. The behaviour of consumers in the services market, including energy services market, may be defined as any observable reaction to environmental stimuli or a set of reactions and attitudes towards them. Their aim is to directly satisfy the consumption needs resulting from purchasing decisions. “Consumer behaviour is a response to social, psychological and economic conditions and may be studied by monitoring actual choices (quantitative indicators) and declaring behaviour, aspirations, judgments, opinions, motives (qualitative indicators)” (Sagan, 2016, p. 112-114, 127-128).

The relationship between market operators and their customers is based on the flow of information. The article discusses the specific nature of relationship between a large energy company in Poland and its customers. It is mainly based on written communication. In order to determine the customer preferences in this respect, a qualitative research was conducted in cooperation with a large Polish energy company (one of the five largest energy providers in Poland). The energy company, which has approximately 2 million customers, sends out thousands of letters every day, and each employee responsible for handling written correspondence responds to dozens of customer inquiries. This makes it necessary to use ready-made response templates which may be further modified by the employees. It is important that the templates are professionally designed, easy to customise, and above all, adaptable to the changing expectations of customers.

Written communication with the energy company is often the main channel for conveying information to the customer and is usually a one-way communication. Especially private customers, who receive invoices and information letters from their energy supplier several times a year, have no need to contact it directly. To improve its effectiveness, it is important to compose the message in such a way that it is properly understood by the recipients. To achieve this objective, it is essential that its content is properly formulated and the layout of the letter is well planned. The aim of this article was to investigate customer preferences with regard to the correspondence from a major energy company and how they how they differ by generation.

2. Literature Review

Depending on the type, objectives and resources of the company, competitive environment, market structure, type of customers and risk appetite, three communication models are presented in the literature (Blythe, 2002; Wiktor, 2013; Taranko, 2015) mass communication, interpersonal communication, communication in a hypermedia computer-mediated environment. The modern means of
communication have greatly modified the traditional types of communication. People are having less and less direct conversations. They are being replaced by various forms of electronic communication (e-mails, instant messaging, forums, chat rooms, discussion groups, etc.). The choice of form of communication can sometimes be based on the time available to deal with an issue and reach an agreement, the complexity of the issue to be addressed, the type of company or the type and nature of customers. This issue has received more or less attention from numerous authors, Tyszka (2000), Griffin (2003), Stephan and Stephan (2007), Maj-Osytek (2014), Goffman (2011), Leary (2017), Cialdini (2017), McKay, Davis, and Fanning (2018). It is complex and constantly evolving, which may be seen in different publications on customer service (Rosa, Ostrowska, and Chrąchol-Barczyk, 2020), negotiation and communication (Gracz and Słupińska, 2018), or intercultural communication (Rosa, Ostrowska, Słupińska, and Gracz, 2018).

Consumers’ references are driven by their desire to satisfy their needs, out of numerous goods available on the market, they choose those which meet their expectations (Kieżel and Smyczek 2011). These choices reflect their tastes, preferences and personality, and are a determinant of demand, specifying what people want to buy (Lehman, 2017). Preferences, or beliefs, are a reflection of what the consumer thinks about a given product, concept or even a form of relationship. Preferences are closely linked to the desires of consumers. The desires of consumers are created by culture and individual personality. Desires and preferences supported by purchasing power become demand (Armstrong and Kotler, 2016). The research of the above authors shows that customers assess which of the services, regardless of their motives, will provide them with the highest value and then opt for that service. Whether the service meets their expectations affects customer satisfaction and the likelihood that they will purchase the product again (Kotler and Keller 2015). Publicly available online reviews have become a significant source of information that manufacturers use to better understand customer needs and preferences (Wang et al. (2020).

Preferences may refer to individual elements of the company's activity, including the form of communication which it uses; they may be controlled and changed (Vinokurova, 2019). This area of considerations is reflected in the work of Rese, (2020), Rosa, Ostrowska, and Chrąchol-Barczyk, (2020), and Setiawan, Kartajaya, and Kotler, (2021).

3. Research Method

The research presented in this article was qualitative in nature. Such research has the advantage of ensuring two-way communication and detailed analysis of the issues discussed. In-depth interviews allowed a careful observation of the true feelings and uncovering of the reasons for certain behaviour and decisions of the participants. They were conducted in Szczecin in a focus group workshop at the Service Inter Lab Centre in 2017. The energy company provided sample letter templates and
participated in adapting the research scenario to the specific nature of the industry. The respondents included energy company customers who were purposively selected. The following differentiating criteria were used, gender, age, education, and type of customer – private or business. The scope of the research included preferences concerning: the communication channel, frequency and comprehensibility of messages, clarity of explanations regarding the procedure for purchasing a particular service, length of the letter, sentence structure, appearance of the letter, font size and bolding, as well as the analysis of standard elements of letters (counterparty number, the use of “Regarding”, courteous forms of address, signature, legal basis, contact information, advertisement of the company’s products). The research question was formulated as follows: do the identified groups of customers have different preferences regarding the indicated elements of business letters?

In the first stage of the research three focus group interviews (FGI) were carried out – two among private customers divided into young people (under 40 years of age) and mature people (over 40 years of age) and one among representatives of companies. Moreover, this stage included five in-depth interviews (IDIs) with individual entrepreneurs. At the second stage of the study, the so-called verification stage, two groups of respondents were formed – private individuals and corporate customers. The purpose of the verification study was to analyse modified, sample templates which included the changes suggested by the participants in the first stage of the study. Each focus group interview (FGI) involved 7-8 participants, assuming that this was the optimal number for the duration of the study and for its effective execution. The objectives of the focus group and individual interviews were as follows:

Objective 1: To analyse written communication in terms of visual effect.
Objective 2: To analyse current written communication in terms of tailoring factual information to the recipients.
Objective 3: To determine customer preferences with regard to written communication.

The letters presented during the study were examples of personalised letters based on templates provided by the energy company and addressed the most common issues handled through customer written correspondence.

The young respondents (under 40 years of age) belonged to Generation X, Generation Y or millennials. This wide age range among young respondents is due to the specific nature of the energy sector, whose customers tend to be people who are becoming independent and setting up their own households. Generation X (32-46 years old) includes people who use computers and smartphones but trust face-to-face or written communication and hard copy archives the most. Generation Y or millennials (18-32 years old) are young people who are characterised by proficiency in the use of electronic devices, impatience, lack of direct communication skills,
perceiving the world through the prism of self-interest, comfort and convenience, also in relation to contact with others. Mature respondents (over 40 years of age) belonged to the Generation X and the baby boomers. Generation X (32-46 years old). Although Generation “X” is technologically literate, uses computers and smartphones, it trusts face-to-face or written communication and hard copy archives the most. Baby boomers (54-72 years old, i.e. the post-war baby boom generation) are characterised by stability of behaviour and trust in written correspondence.

This article presents only part of the research findings – regarding different preferences demonstrated by two segments of customers of a large energy company – young customers under 40 years of age, and mature customers, over 40 years of age.

4. Research Results

The identified groups of customers have different preferences regarding the choice of written communication channel. Young people (under 40 years of age) are more likely to choose email communication. For this group, the main advantage of such communication is its virtual nature, which means that it may be received anywhere, even via mobile phone. Other advantages that were mentioned include the ability to quickly search for a given message in the mail, to receive a response quickly, and the absence of costs. They expect the messages to be concise, pay attention to the wording of the subject and the possibility of replying to the address from which the message was sent. The invoice should be sent by email without having to log into the online service office each time. Moreover, young people expect additional conveniences such as text message notifications of upcoming payments. Mature people (over 40 years of age) strongly prefer traditional correspondence in hard copy. This is related, among other things, to the ability and willingness to use the Internet which is particularly lacking in the oldest age group.

Respondents have difficulty understanding the content of official letters, which include correspondence from the energy company. The sample letter templates presented during the study were difficult to understand, especially for those included in the mature segment. The main problem was their length (2-3 pages), use of difficult technical terms, quoting fragments of legal provisions, use of abbreviations (e.g., DSO instead of “Distribution System Operator”).

According to the respondents, they are not commonly known and therefore should be explained (explanation of the abbreviation may be put in brackets). The elderly had to read the entire content several times to understand the meaning of the letter. Similar opinions were expressed by young respondents who claimed that the communication with the energy company created difficulties due to the formal language of letters and long time of waiting for a reply. Young respondents even suggested that it would be useful to include a glossary explaining the terms used (such as TPA, CX or GX Plan) in the letter. They believe that letters should be
constructed in such a way that the most important information for the customer is put at the beginning of the letter.

Many of the energy sector procedures are extensive and multi-step, and it is the responsibility of the person writing the letter to instruct the customer on the necessary steps they need to take in order for the company to perform the service. After reading the sample letter a great number of respondents declared that in order to follow subsequent steps of the procedure they would have to read the whole letter each time, as it would be difficult for them to determine at which stage they were at a given moment. Also in this area, differences could be observed between the studied groups. Mature respondents expected an accurate description. Young respondents additionally expected the use of infographics illustrating the actions in each stage. An additional information leaflet that could be attached to the letter would also be helpful to them.

Both groups of respondents believe that the sample letters presented are too extensive, much information is unnecessarily repeated. The sentences used in the letters are too long and too complex, which makes them difficult to understand. For this reason, the elderly turn to a family member for help or visit a customer service office. Younger people contact the helpline to find out what to do.

For both groups of respondents, the appearance of the letter is important. They emphasise the role of company headed paper with logos printed in colour, well thought-out and consistent placement of recurring information such as address details, letter number or customer number. The young respondents paid attention to the visual layout of each paragraph. They considered the single spacing used so far to be too small and suggested using a line spacing between 1.15 and 1.5 and clearly separating individual paragraphs by small spaces before and after (6 points).

Furthermore, young respondents sometimes failed to notice that multi-page letters were printed on both sides, therefore, they suggested page numbering. Mature respondents were bothered by the lack of neatness and aesthetics of the letter, they pointed out that the text should be aligned (on both sides). Young people pointed out the lack of uniformity of fonts in the template letters presented. All recurring elements of the letter should also be of a standardised size. Bolding must be used skilfully – it cannot be excessive. It should be applied to key information such as the due date and amount due, account number or term of the agreement. Older respondents pointed out that the fonts used were too small. They expect larger fonts that will enable them to read the letters without glasses.

An analysis of standard letter elements revealed that the counterparty number is helpful and frequently used when communicating with the company. For this reason, it should be in bold and may even be in a larger font. According to mature respondents, it would be helpful to move this number to the address field so that it is directly under their personal details. The phrase “Regarding” is useful, as it allows
the recipient to quickly find out what the letter is about. In the letter templates presented, it was located on the left side above the salutation phrase. In the opinion of young people, it gave the impression of an official letter, which fits the image of the company under study. They think that this is where the company's decision could be communicated, such as “Your complaint has been recognised...”. Courteous forms of address are appropriate. However, they must match the gender of the addressee throughout the letter. Both groups of respondents agree that a letter should end with the formal phrase “Yours sincerely/faithfully”. All study participants think that company representatives should use plural first-person pronouns, as they are addressing the customer on behalf of the entire company. Both young and mature respondents were not fond of closing the letter with: “Yours sincerely/faithfully, Customer Service Office”. According to the respondents, a formal letter, addressed to a specific customer, should be signed by a specific person whose position in the company is indicated.

Quoting laws and articles is badly received by both groups. Young people admit that they do not read the quoted articles. References to laws or specific articles may be placed underneath the main body of the letter, so that they would not interfere with the message conveyed.

Contact details are usually on the company headed paper – they are placed in columns in the footer and the respondents accept this solution. Contact details include electronic customer service office, website, helpline number and email address. If a young customer wants to clarify something or file a complaint, they contact the helpline and describe the details in an email. Written communication sent by traditional post from the companies or by return email is expected in response. Mature customers expect to be provided with a correspondence address to which they can send a reply by post and a contact to the person handling the case. They were not satisfied with the helpline.

On the back of the letters presented to respondents a colourful advertisement for another service offered by the company was printed. Again, the representatives of different customer groups had different opinions in this respect. Mature respondents said they did not like this solution. Young respondents did not mind the advertisement in the letter, but would prefer it to be at the bottom of the page. In their opinion, a separate advertising leaflet was not a green solution. The results of the qualitative research are summarised in Table 1.

Table 1. Preferences of young and mature customers with regard to correspondence from the energy company

<table>
<thead>
<tr>
<th></th>
<th>Young customers</th>
<th>Mature customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication channel</td>
<td>email</td>
<td>hard copy correspondence – letters</td>
</tr>
<tr>
<td>Frequency of communication</td>
<td>Communication several times a year, mostly letters attached to invoices.</td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Understanding the messages</td>
<td>Difficulty in understanding the content of letters due to technical terminology, unclear abbreviations and legal provisions</td>
<td></td>
</tr>
<tr>
<td>Explanation of a complex procedure</td>
<td>Step-by-step explanations, suggested infographics and separate information leaflets accepted</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Step-by-step explanations, detailed description of the procedure in the body of the letter</td>
<td></td>
</tr>
<tr>
<td>Length of the letter</td>
<td>Letters are too long. 1-2 page letters are preferred. Necessary page numbering</td>
<td></td>
</tr>
<tr>
<td>Sentence structure</td>
<td>The sentences are overly elaborate and complex. Reduction of fillers and repeated information</td>
<td></td>
</tr>
<tr>
<td>Appearance of the letter</td>
<td>Company headed paper is important. They pay attention to the technical aspects of the letter layout – line spacing and paragraphs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Company headed paper is important. Standardisation of margins is important.</td>
<td></td>
</tr>
<tr>
<td>Font size and bolding</td>
<td>Company fonts. Use of bolding</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Larger font. Use of bolding</td>
<td></td>
</tr>
<tr>
<td>Counterparty number</td>
<td>In bold and in an enlarged font</td>
<td></td>
</tr>
<tr>
<td></td>
<td>An important element should be next to personal details</td>
<td></td>
</tr>
<tr>
<td>The phrase: “regarding”</td>
<td>Causes formalisation of reception Must be simplified and inform about the company’s decision</td>
<td></td>
</tr>
<tr>
<td></td>
<td>It is an important information element</td>
<td></td>
</tr>
<tr>
<td>Courteous forms of address</td>
<td>Personalised communication Salutation: “Dear Sir”, “Dear Madam”, “Dear Sir or Madam”. Closing phrase: “Yours faithfully/sincerely”</td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td>The signature must include the name and position of the author. Unacceptable form: “Yours faithfully/sincerely – Customer Service Office”</td>
<td></td>
</tr>
<tr>
<td>Legal basis</td>
<td>Quoting legal provisions in the body of the letter criticised. Using footnotes (under the body of the letter) with references to specific documents is a better solution.</td>
<td></td>
</tr>
<tr>
<td>Contact details</td>
<td>They expect infographics in the footer. A traditional correspondence address is useful</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A traditional correspondence address is required. They view unfavourably the contact with the helpline, they prefer contacting a person handling their case</td>
<td></td>
</tr>
<tr>
<td>Advertisement of the company's products</td>
<td>Under the body of the letter</td>
<td>They do not want advertisements</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------------------------</td>
<td>-------------------------------</td>
</tr>
</tbody>
</table>

The conducted research revealed that in certain areas the preferences of correspondence recipients are similar regardless of their age:

1. letter design as regards fixed elements such as letterhead with contact details, counterparty number, signature, references to legal provisions;
2. difficulty in understanding the content of letters due to technical terminology, unclear abbreviations and legal provisions;
3. preference for short and concise content.

There are also differences that should be taken into account as far as possible when constructing letters:

1. Young people prefer email communication to which they expect a quick response. Messages should be short and written in simple language. Information leaflets, ideally illustrated with infographics, are preferred. They expect traditional correspondence to be professional – letterhead, company fonts, careful editing of the letter. There may be advertisements under the body of the letter.
2. Mature respondents prefer business correspondence sent by traditional post. Letters should be tailored to their needs – with large fonts, short and clear content, no advertisements to disorganise the message. The entire message should fit into the body of the letter, without the need for additional information leaflets.

5. Discussion

Due to the increasing freedom in decision making caused by the adjustment of Polish electrical power engineering regulations to the European Union regulations, the needs and expectations of the Polish energy sector customers have gained in importance. This is reflected in the desire to learn what is valuable and brings satisfaction to the customer. Tailoring the company offer to the needs and expectations of customers affects the level of service (Koziel, 2020).

Generational differences in customer preferences is a topic constantly studied by many authors as Dąbrowska, Janoś-Kresło, and Lubowiecki-Vikuk (2019), Dąbrowska, Janoś-Kresło, and Mróz (2020), Mróz (2020), Głąbiński (2020). The research results reveal the differences in the preferences of customers representing the young and mature customer segments. They relate to the purchase and use of services, the purchase of tangible products, the use of electronic devices, and the evaluation of customer service.
However, customer correspondence with a large company is not a popular area of research presented and described in the available literature. The topic is not explored thoroughly enough to relate the presented findings to other findings reported in the literature (Ren, Xia, and Du, 2018; Gracz, Rosa, Ostrowska, and Slupinska, 2018; Ostrowska, Rosa, Slupinska, and Gracz, 2018; Hillway 2019). Some of the articles focus on the writing skills we use every day.

In addition to traditional letters, the authors also recognise that short messages and emails are becoming a particularly important part of communication, whose purpose seems to be to replace verbal communication altogether, and this makes effective writing all the more significant in a business environment (Ryding, 2018).

6. Conclusions

As a result of the research and its analysis, the research team proposed recommendations for changes in the correspondence with customers of the energy company in order to improve its clarity. These include the two areas studied, the visual layout of the letters and their content. Recommendations concerning the visual layout of the letters:

- logo on the top left side;
- standardised date format (Poznań, 17 November 2017);
- standardised margins in all letters;
- standardised font (larger font so that it can be read also by older recipients);
- aligned text with neat paragraphs (no orphans or widows);
- letter number, counterparty number on the left;
- salutation: Dear Sir or Dear Madam (Dear Sir or Madam for an unspecified person);
- clearly separated paragraphs (less distance between lines, more between paragraphs);
- important information in bold (such as the outstanding amount, due date, account number, company approval or rejection, period of authorisation);
- signature: Yours sincerely/faithfully... name, surname, position/ of the company – name, surname, telephone or e-mail to the account manager;
- facsimile is acceptable however should be in colour (version without this element is preferred);
- signature on the right (on the left in emails);
- addresses in the footer at the bottom – including the correspondence address and placing icons to facilitate understanding (envelope – mailing address, little man – service office);
- a well-received slogan: “Customer Friendly Company”;
- page numbers, especially for longer letters.
Recommendations for letter content:

- the letter should be short – preferably on one page including signatures (unnecessary, repetitive information should be eliminated);
- the use of plural first-person pronouns for representatives of a large company;
- simple and short sentences;
- paragraph with the “Regarding” phrase: a short sentence clearly indicating the decision relevant to the customer;
- it should start with the most important issue for the customer and go on to discuss detailed terms or arrangements;
- it should contain an explanation of abbreviations, if the terms are really necessary in the letter;
- customers should not be treated routinely (if a deadline is specified – it should be included, if the data are changed, the type of change should be specified);
- it should be understandable – no technical terms or specialist jargon should be used;
- step-by-step explanation of complex procedures, actions to be taken by the customer in a proper order; contact numbers for “case handlers” may be helpful;
- certain repetitive procedures should be explained in the form of infographics to facilitate understanding (e.g. leaflet on reserve sale, grid connection procedure);
- the legal matters should be set out at the bottom of the letter, either as a reference or an indication of a specific article;
- a “logical filter” should be applied to the content (e.g. if the letter contains a customer apology, the customer should not be advised to use the electronic customer service office in the future; if the customer is at fault and the company terminates the contract, the letter should not contain an invitation to use company’s services in the future);
- all fillers should be eliminated, for example: We would like to inform you that... We would like to point out that... We would like to remind you that...;
- if the company committed an error, an apology is in order.

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