



CRM practices

Electricity Distribution Sector
Bangladesh

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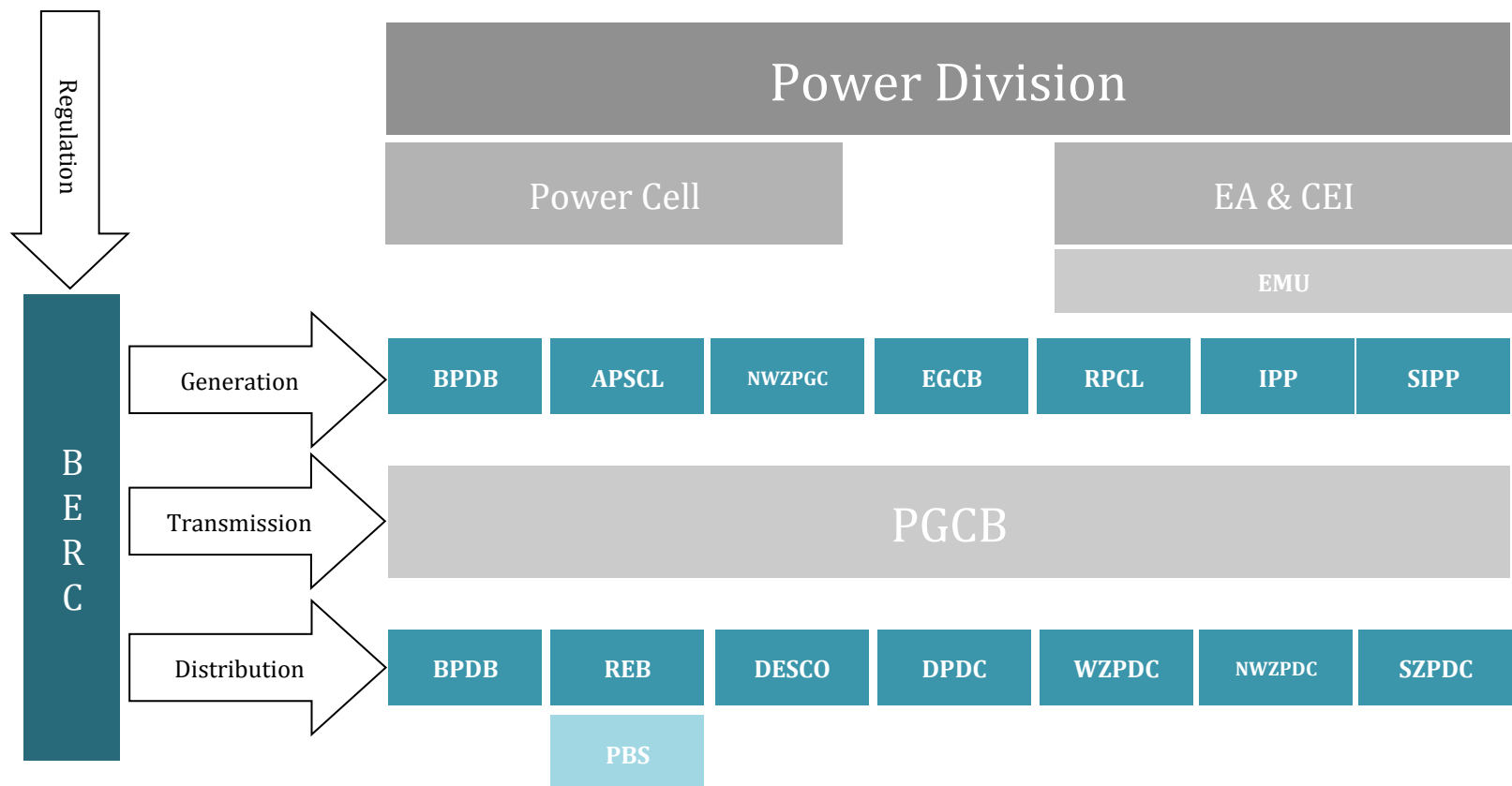
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Introduction

- This study explores customer relationship management practices in Bangladesh's electricity sector, especially the distribution sector, and discusses current state, challenges, and improvement strategies.
- The scope of the study is largely limited to the 'Base of the Pyramid' (BOP) market segment, predominantly in the urban areas and micro-entrepreneurs.
- In the context of Bangladesh **TWO** important trends deserve special attention at the outset:
 - Rapidly expanding mobile telecom services with strong CRM practices that shapes consumers expectations and demand for CRM practices more broadly.
 - Growing renewable energy sector where companies are operating in a fairly competitive market segment, and recognize that CRM practices could potentially offer a competitive advantage to them.

Context

- At present, there are around **13.5 million** power connections in Bangladesh. Approximately, half of the total population has access to electricity. Major actors in the power sector of Bangladesh are:



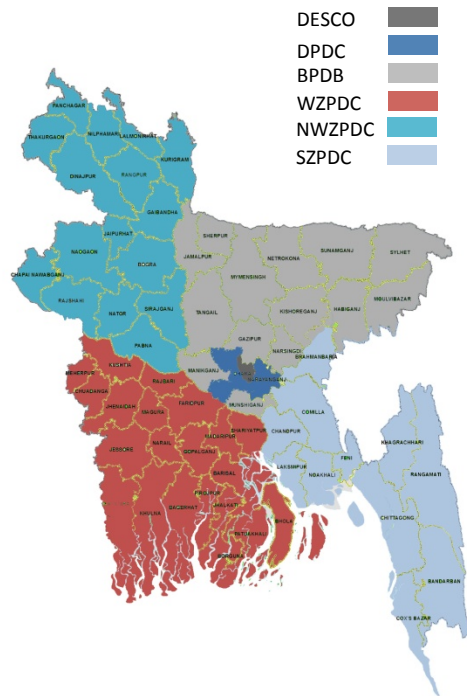
Context (contd.)

- At present, there are seven distributors in the country. Three more distribution companies are getting ready to launch within the next few years.
- The seven distributors cover the following zones:

Name of the Distributors	Year of Launch	Distribution Zone
BPDB	1972	North-East part of the country.
REB	1977	Rural areas in 61 districts.
DESCO	1996	Mirpur, Pallabi, Kafrul, Kalyanpur, Cantonment, Gulshan, Banani, Uttara, Uttarkhan, Dakkhinkhan, Badda, Baridhara and Tangi.
DPDC	2008	Dhaka and Narayanganj.
WZPDC	2005	21 districts of Khulna and Barisal Division and greater Faridpur district.
NWZPDC	2005	Entire Rajshahi Division.
SZPDC	2008	Southern part of the country.

Context (contd.)

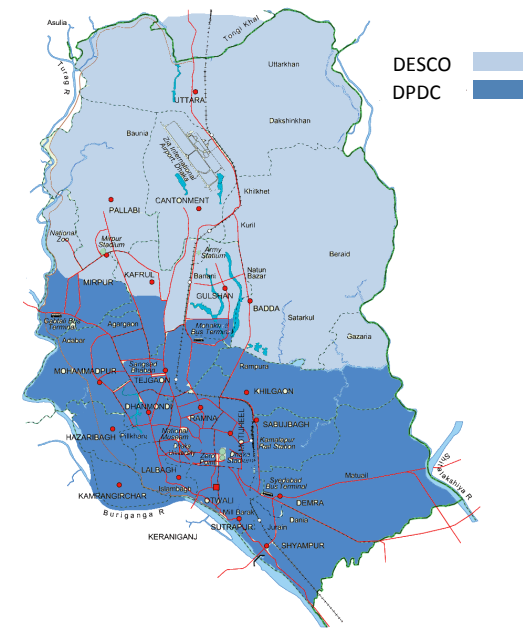
- The following maps illustrate the country-wide distribution scenario.



Country wide distribution map
(Excluding the coverage REB)



Distribution map of REB

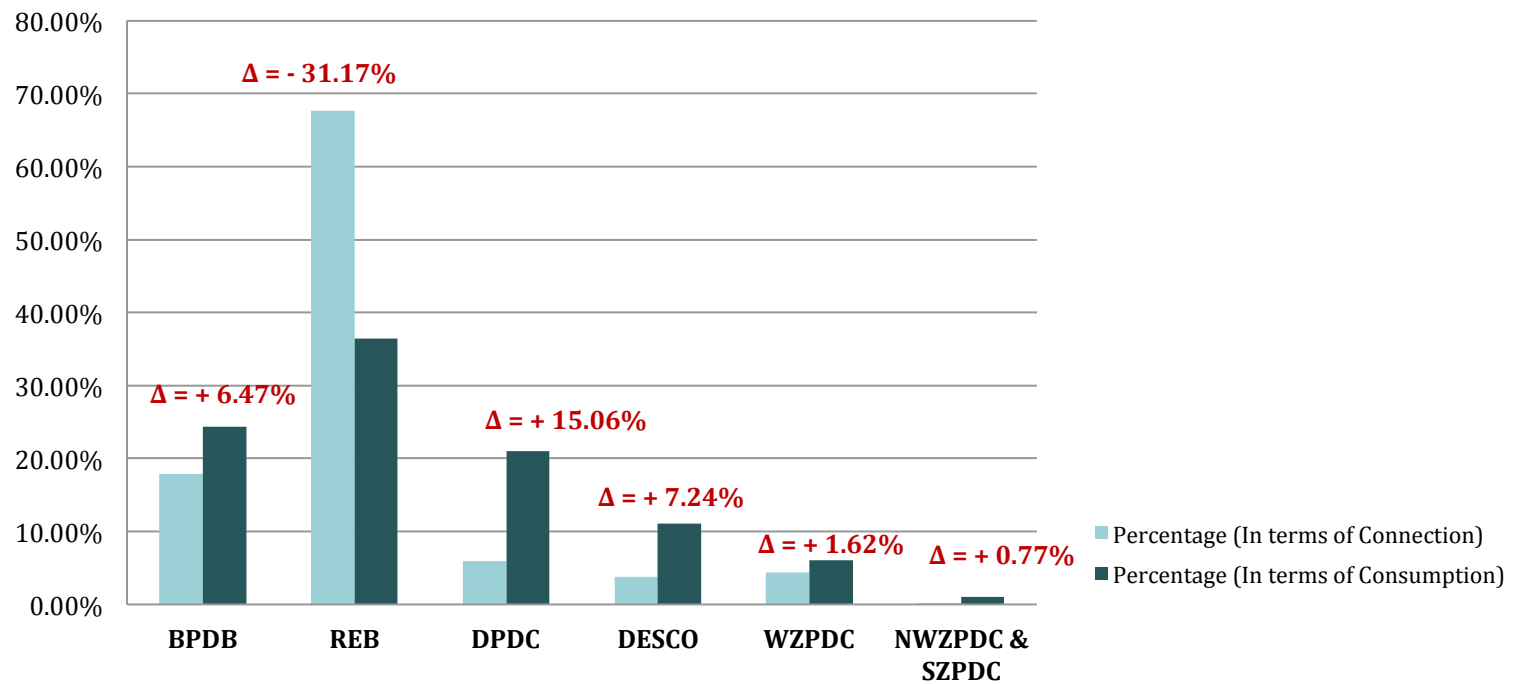


Distribution map in Dhaka

Notes: (1) One distributor in one geography. (2) REB operates only in rural areas of Bangladesh.

Context (contd.)

- REB leads the distribution sector both in terms of the number of connections (around 68%) and consumption (around 36%). However, the per capita consumption is higher in mostly urban areas where DESCO, DPDC, BPDB are the major distributors.



Context (contd.)

- Renewable energy sector has been growing rapidly in Bangladesh.
- It includes both solar energy and bio-gas; solar is the torch-bearer of innovations, including in areas of customer service.
- Solar: over 30 companies; 1.7 million solar home systems (SHSs) installed to date; but contributes only 0.5% of total electricity capacity; only offered in off-grid areas.
- CRM practices in the solar space:
 - Basis call center functions among the market leaders; can call someone to get service.
 - Monthly service visits (coinciding with payment collection visits).
 - Micro-entrepreneurs (mostly women) trained to offer basis troubleshooting services across rural communities.

Current State Assessment

- To better understand the current CRM practices in the power sector of Bangladesh and the quality of different services offered by the distributors, a standard customer life cycle (CLC) model has been utilized.



Current State Assessment (contd.)

■ Targeting

- In Bangladesh, there is zero competition in the distribution sector at a geographic level.
- Because electricity is viewed as a necessity, targeting potential customers (and associated activities such as marketing) by a distributor is not something what is seen in practice. Rather, customers are found waiting in long queues to get an electricity connection.

■ Enquiry Management

- In most cases, customers learn about the steps to get a connection by making calls or browsing the websites (except NWZPDC, SZPDC).
- The application form can be obtained from the customer service center or zonal office and also from the websites.
- Customers are often assisted with the application form filling-in process if they visit the offices of the distributors. However, such assistance through phone or email is rare.

Current State Assessment (contd.)

■ Welcoming

- In customer service center, also known as 'One Point Service Center', customer is provided with a serial number. According to the serial number provided, she is called to a counter where she can inquire about getting a connection and the necessary procedures.
- Only DESCO offers a 24/7 call center.
- Distributors have brochures/leaflets on different services they are offering to the customers. Anyone can get a good sense of the customer's rights and obligations from these publications.

■ Getting to know Customers

- No specific examples found of surveys, analysis etc. to identify unmet or latent needs to potential customers.
- So far, none of the distributors were found conducting any mass survey to collect usage data and perform analysis thereafter as a part of getting to know existing customers.

Current State Assessment (contd.)

■ Customer Development

- All distributors, except REB, provide load-shedding forecasts on their websites. With the help of the service, one can get a clear picture of the probable number of hours of load-shedding in their respective areas over the proceeding week.
- Distribution companies conduct awareness campaigns on energy savings by advertising in newspapers, televisions, websites and billboards.
- In case of visits to premises, the residents are informed earlier mostly through public announcements (often made through microphones from a traveling rickshaw) and in some case, through newspapers.
- Special efforts are made around the bill payment process:
 - Billing month is not necessarily the calendar month. Rather it is decided based on the meter reading schedule. Usually, the schedule remains same for a particular customer and she is kept informed.
 - The bill is issued in paper format, it is easy to understand and contains detailed breakdown of fixed charge, usage charge, taxes and surcharges.
 - Customer can pay bill through designated bank branches, customer service centers, mobile phones and the internet. First three options are available for any distributors, whereas DESCO and REB also offer the online bill payment service.

Current State Assessment (contd.)

■ Managing Problems

- In customer service center, also known as ‘One Point Service Center’, customers can lodge a complaint in person. To better address and trace the grievance, a reference number is provided.
- Call centers are not common yet; only DESCO offers a 24/7 call center.
- Time required to resolve a complaint varies. However, DESCO provides a list of services along with the respective time requirement to solve an issue. (see next slide)
- For illegal connection and usage, tampering meter readings or any such issues, distributors can take legal actions according to the Electricity Act of Bangladesh. For illegal usage there is also a provision of issuing penal bills, which is three times the actual rate.

Current State Assessment (contd.)

- DESCO provides a list of services along with the respective time requirement to solve an issue.

Description	Req. Working days
Queries for not getting monthly Bill	7
Bill re-print	Instant
Correcting the amount in bill	7
Removing from the defaulter list after paying due bill	7
Not receiving acknowledgement of bill payment	5
Re-connection after getting due payment within 15 days of cut off (regular case)	1
Re-connection after getting due payment (cut off due to illegal usage)	3
Re-connection after malfunctioning of the meter (service dropped, burnt, damaged, theft)	2
Changing the name of consumer in existing connection	5
Meter (less than 50KW) examine after applying with due charge	7
Meter (equal or more than 50KW) examine after applying with due charge	15
Changing Tariff	5
Withdrawal of security deposit after temporary connection	14

Current State Assessment (contd.)

- Win back
 - Since there is a single distributor for a particular region, customers don't really have the option to switch distributing companies. Therefore, winning back a customer is not relevant (yet) in Bangladesh.

Current State Assessment (contd.)

- Following chart summarizes some of the major customer services provided by the distribution companies. *(The chart is subject to change based on further findings.)*

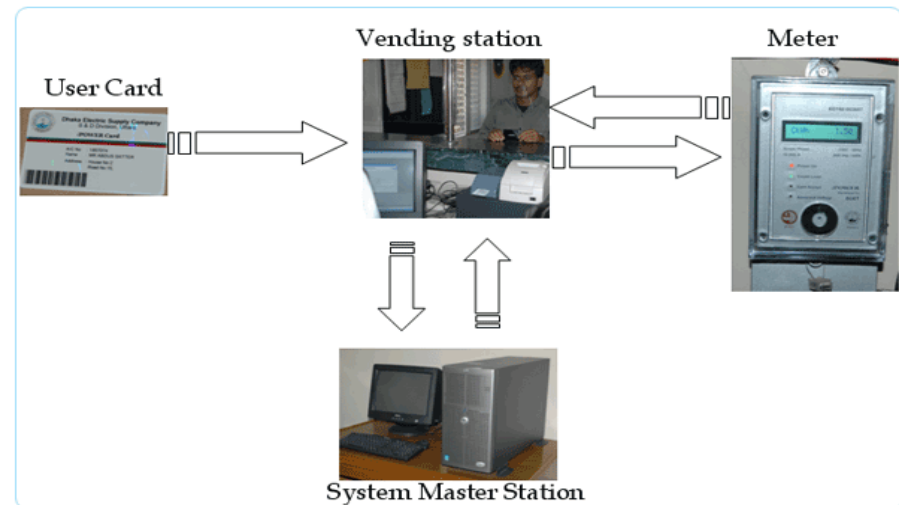
Service Name	BPDB	REB	DESCO	DPDC	WZPDC	NWZPDC	SZPDC
Online Application		√	√	√		N/A	N/A
Online bill payment		√	√			N/A	N/A
Mobile bill Payment	√	√	√	√	√	N/A	N/A
Load Shedding Forecasting	√		√	√	√	N/A	N/A
Help Line	√	√	√	√	√	N/A	N/A
24/7 Call Center			√			N/A	N/A
Customer Service Center	√	√	√	√	√	N/A	N/A
SMS notification			√			N/A	N/A
Pre paid meter	√		√			N/A	N/A

N/A = Not Available

Current State Assessment (contd.)

■ Pre-paid Meters

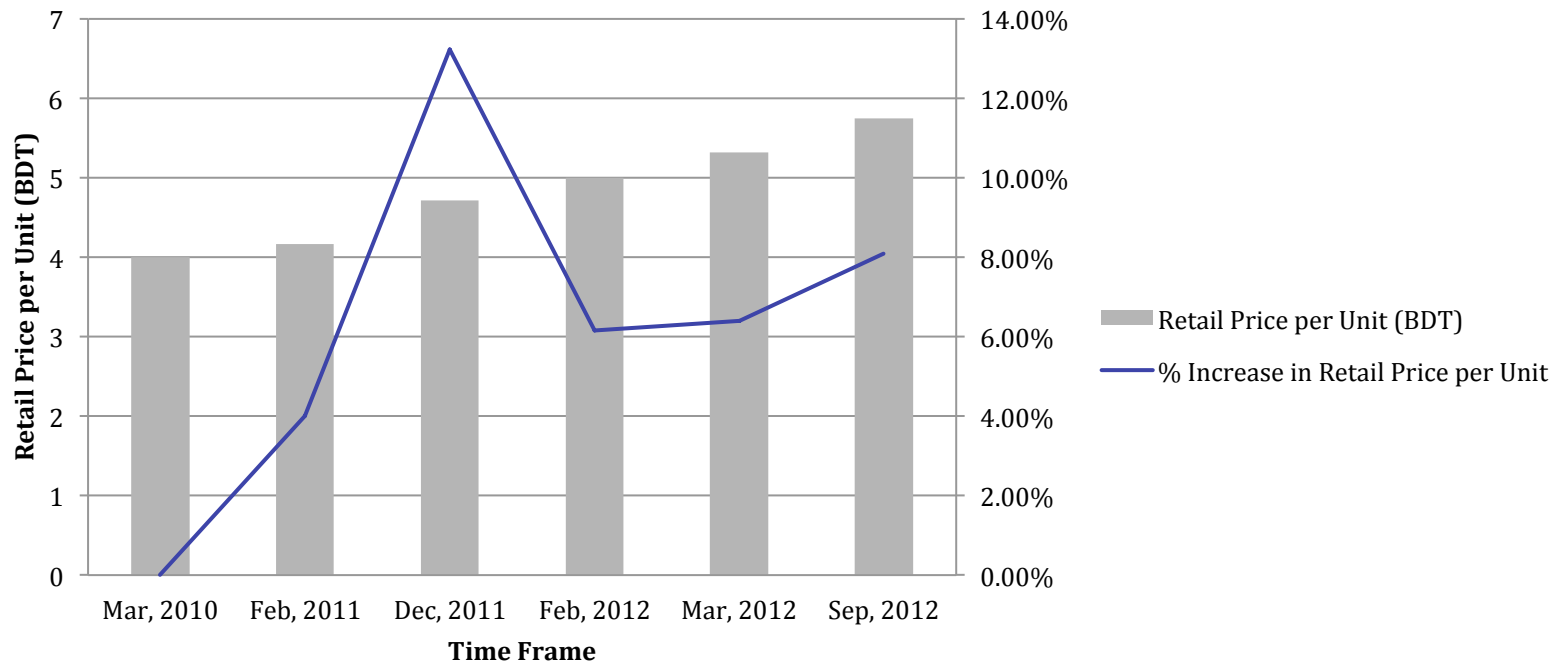
- In order to limit the scope of unfair billing, both DESCO and BPDB have piloted pre-paid meter in some service areas. At present, there are 57,000 pre-paid meters deployed. DESCO has two vending stations to provide recharge and other services. BPDB is offering customer services to pre-paid users through existing networks of customer service points.
- Each pre-paid meter costs about US\$50.
- Power Division has launched a 5-year scheme to introduce pre-paid meters across the country starting from 2013.
 - However, these meters are different from the meters installed by DESCO and PDB.
 - These meters will have the ability to control high-load during peak hours.



At the time of re-charging, the vending station's computer reads all the consumption information of the consumer in the consumer-database, which helps to analyze the consumer's electricity usage behavior. After re-charging when consumer inserts her smart card into the meter, the meter reads the card and downloads the amount of electricity bill that has been paid for.

Challenges

- One of the biggest concerns in the power sector observed over the last few years in Bangladesh is the **tariff hike**.
 - BERC has raised electricity tariff **four times** within a year.
 - A general consumer is paying around **50% higher prices** than what she used to pay in 2011.



Challenges (contd.)

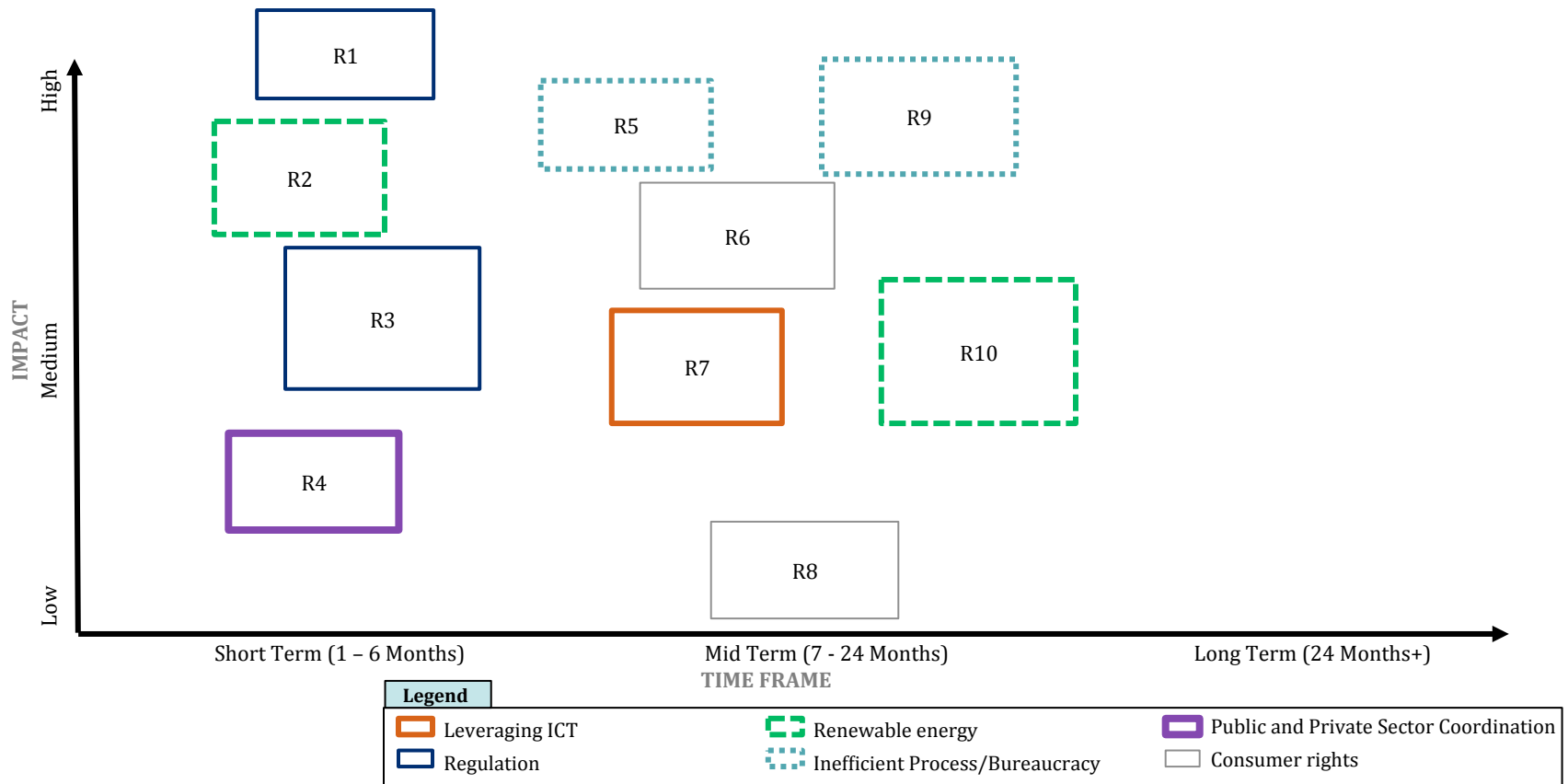
- Monopolistic Market Place
 - While Customer Relationship Management is a tool of great importance to obtain competitive edge over other competitors, being the sole player in a particular geography (**in effect a monopoly**) has not been providing enough incentives to the distributors to better serve the customers and keep them satisfied.
- Poorly Designed Services
 - Despite some recent initiatives by the distributors to better serve the customers by introducing online/mobile services, most of the customer services still remain poor due to weak designing of such services.
 - For instance, on the DESCO website, anyone can check the consumption and billing history of DESCO consumers if she knows the account number of a consumer. As there is no password verification/authentication in the system, this poses a serious threat to the **privacy of the consumers**.

Challenges (contd.)

- Lack of Automated Processes
 - The level of human interaction and paper-based processes throughout the customer management system has been hindering the work process and also creating scopes of informal payments.
 - To get a desired service, in most of the cases, consumers require clearances from multiple actors, which contribute to lengthening the process and opening up opportunities for mal-governance.
- Customers not Well-informed
 - Customers are often unaware of their rights and as long as customers remain unaware of their rights, they will not demand better services.
 - The Consumers Association of Bangladesh (CAB) is the only organization to carry people's voice but, unfortunately, they have limited their activities to overcome the bigger challenges such as price hikes rather than addressing the Achilles' heels of current CRM practices.

Recommendations

- It is premature to discuss recommendations at this stage, without fully completing the interviews, analysis and fleshing out the challenges. The final version of the report will incorporate specific recommendations for the challenges identified.
- The following 3x3 matrix will be used to communicate such recommendations.



Next Steps

- Analyze gaps of the present Draft version of the report.
- Incorporate feedback from Colombo Design Meeting (December 2012).
- Conduct remaining interviews with experts.
- Continue to push to collect raw data from various distributors.
- Pin point specific challenges (collect supporting documents where possible).
- Leverage CRM leading practices of Telecom Sector from LIRNEasia (Sri Lanka and India? Studies).
- Devise strategies to address the challenges identified (explore ICT intervention points), utilizing the 3x3 matrix.
- Submit final report.

- List of interviews

Category	Organization	Status
Regulator	BERC	Interviewed
	Ministry of power, energy and mineral resources	Planned
Consumer Association	CAB	Interviewed
Academicians	Advisor, Professor from Daffodil University	Interviewed
	Professor from BUET	Planned
Renewable Energy	Bright Green Energy Foundation	Interviewed
Distributors	BPDB	Interviewed
	DESCO	Interviewed
	REB	Interviewed
	DPDC	Planned
	NZWPDC	Located out of Dhaka
	SZPDC	Located out of Dhaka
	WZPDC	Located out of Dhaka