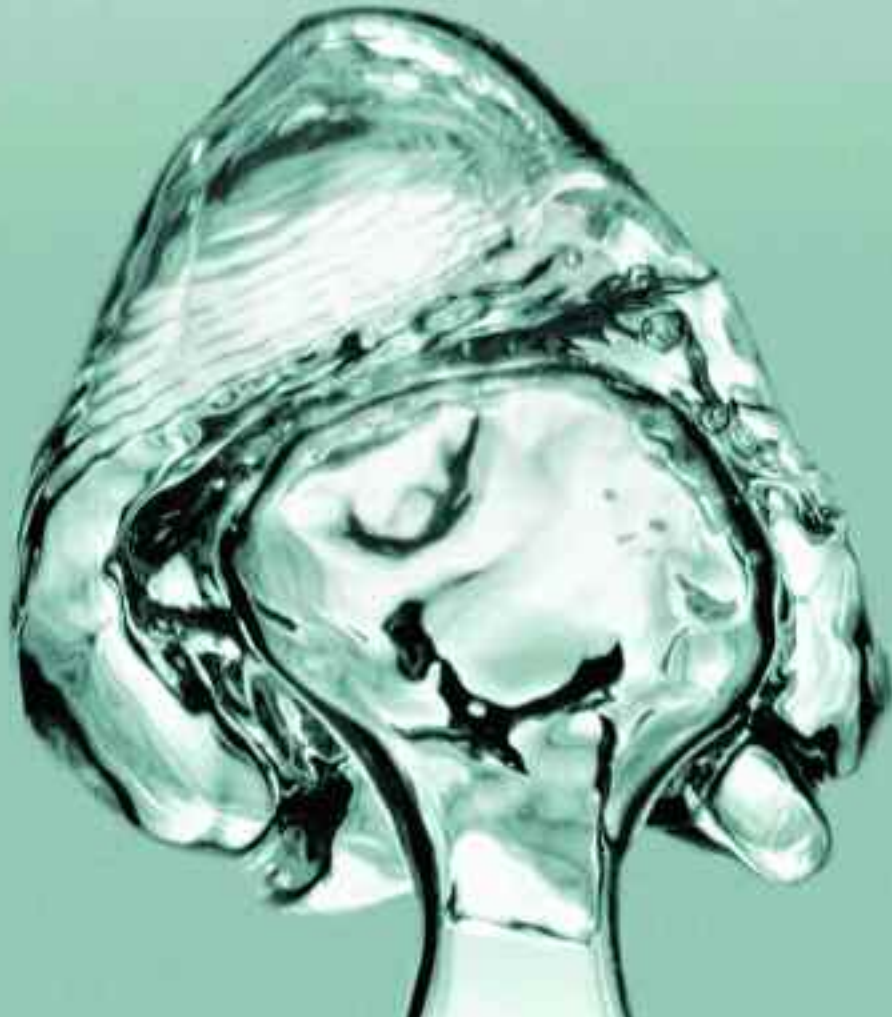


Coming up for air

Thames Water develops smart debt management strategy





Bad debt is no stranger to the utility market with over 5% of all domestic consumers currently in the 'can't pay, won't pay' category. Energywatch has calculated that between them the average debt owed to energy suppliers is £214, equating to a whopping £2.5 billion of unpaid bills.

Collecting outstanding debts can be a costly business and a key challenge for many energy providers is increasing the efficiency and return on investment in this arena. Segmenting consumers experiencing genuine 'fuel poverty' from those with an ability to pay is what lies behind the new debt management strategies, yet the ability to identify which is which, is not always easy. Invariably customer services and IT departments hold a raft of customer data. However increasingly they are looking to external data sources to add value and insight to the transactional view they have of individuals.

By working with tools such as Acxiom's Personix Geo segmentation tool, utility companies can gain greater insight into their customers' behaviour as consumers and target their debt collection activities where it will generate the maximum return. In short, it provides a vital window into the demographics, lifestyles and behaviour of individuals providing insight and clarity that can be vital in determining a bad debt contact strategy.

Thames Water deploys data analysis

Thames Water wanted to know more about its debtors and their behaviour. It hadn't previously appointed a data analysis provider to add insight to existing customer information and opted for a test project with three key objectives:

- Determine the effectiveness of data analysis in debt recovery activity
- Forecast recovered debt
- Develop a strategy for debt collection

Thames Water analysed a test file of debtors at the outset and again 20 days later to see how the profile had changed. All debtors at the outset were segmented into Thames Water's internal 1-6 categorisation of debt; category 1 containing 'excellent' payers, and category 6 containing 'serial' defaulters.

After 20 days, everyone in category 1 had paid their debts, but category 6 had barely changed. As the majority of debt was found in this category, Thames Water wanted the main focus to be on this group of debtors.

The category 6 debtors were analysed using Personix Geo Acxiom's postcode level segmentation tool which groups the UK into 60 clusters based on demographic, lifestyle and behavioural attributes. Five groups were identified that were most able to pay their debts. Similar segmentation was done for categories 3, 4 and 5.

By working with Acxiom, Thames Water identified those debtor groups in each category that were most able to pay. They were able to forecast recovered debt more accurately and based on the results developed a strategy for debt collection. By focusing their collection efforts on those groups most able to pay, Thames Water established it could save money and time that would otherwise have been spent on chasing 'lost' cases. The test results were also used to drive the development of new initiatives to reach the other groups.

Gary Eastwood, Marketing Database Manager at Thames Water says, "*Personix Geo was used extensively to profile and provide a 'pen portrait' of the customers who would not or could not pay their water bill. The tool was invaluable in segmenting debtors so that we could direct what limited resources we have to collect cash efficiently and deliver quick wins.*"

H2H Briefs

IDM Diploma Sponsorship:

Acxiom is pleased to announce its third year of sponsoring the IDM's Diploma in Direct and Interactive Marketing. As a company, Acxiom is committed to investing in the future of the industry and also in educating practitioners in the effective and proper use of data. Last year's top student, Vanessa Sanford, won a trip to Acxiom's U.S. headquarters in Little Rock, Arkansas. Good luck to this year's students – we wish them all well.

International Direct Marketing Fair:

In May, Acxiom attended the International Direct Marketing Fair at Earls Court. This proved to be one of the best years yet for attendance, with visitor numbers exceeding 8,000. Acxiom's impactful and well-visited VIP lounge at the Fair was created to demonstrate the company's new look, feel and company tagline "We make information intelligent." A number of senior Acxiom staff spoke at various briefings and seminars, so if you would like to receive a copy of any of these presentations please email pat.kelly@acxiom.com. Available papers are:

- The Future of Segmentation
- Understanding and visualising target marketing
- More Than case study
- BAA WorldPoints case study
- Innovators to Laggards – driving profit from each phase of the adoption curve
- Harnessing data assets to achieve competitive advantage
- How behaviourally-driven consumer insight drives customer relationships
- Individualisation – the key to relevant and successful email marketing campaigns
- Knowing what technology will make multi-channel DM campaigns successful

Marketing Society Retail Forum:

This year Acxiom is also sponsoring the Marketing Society Retail Forum which is taking place on 25th September at Café Royal. This annual event is one of the highlights of the retail industry calendar with a line up that includes Paul Mason, Chief Executive, Somerfield plc; Charlie Mayfield, Chairman, John Lewis Partnership; Tim How, CEO, Majestic Wines Ltd and Steve Robinson, CEO, Tesco Direct.