White Paper

E-bill Marketing in the Evolving Social Landscape:
Five Emerging Ways to Increase E-Bill Adoption
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Strategically moving most customers away from the paper bill and onto electronic bill presentment (e-bill) delivery has often been an elusive goal for billing organizations. More and more, consumers are receptive to the e-bill in place of the paper version, but enticing them to make the switch has often proven to be easier said than done. The good news is, however, that innovative and interactive marketing communications strategies can offer ways for billing organizations to digitally engage with customers in order to drive e-bill adoption. Emerging approaches such as multi-channel delivery, e-bill trials, social media engagement and Web page promotions are proven to result in e-bill adoption. And, as a result, billing organizations that use these promising methods increase customer satisfaction and retention, while reducing costs and accelerating receivables.

The Advantages of Paperless E-Bill

E-bills offer strategic importance and notable benefits to billers – first and foremost, paperless adoption saves significant money on printing, postage and fulfillment. Since 2001, postage costs have risen more than 44 percent with expectations that they will go even higher. Add to that the cost of envelopes, printing and processing to get the bill out to each customer, and it quickly becomes apparent how e-bills positively affect the bottom line.

E-bills also provide a higher level of customer satisfaction and retention. According to the Fiserv Sixth Annual Billing Household Survey, more than 40 percent of consumers who receive e-bills from billers at their financial institution website said that it improves the relationship with those billers, and 34 percent said it makes them less likely to switch to another service provider. In addition, paperless e-bills encourage more customer self-service and digital channel use, reduce customer care calls, and improve days sales outstanding (DSO) averages.

There Is Room for Growth in E-bill Adoption

While the benefits to consumers and billers are numerous, there is certainly room for growth in e-bill adoption. In fact, roughly 76 percent of all bills are still delivered via paper according to Blueflame Consulting, a consultancy practice specializing in strategic research for financial services organizations, utilities, large billers and payment processors. And, according to a 2013 InfoTrends report titled, The Future of Multi-Channel Transactional Communications in the U.S, less than half of billers are meeting or exceeding paperless adoption goals; and many are forecasting rates as high as 54 to 71 percent (depending on the industry) within three years. Indications are good that consumers are increasingly receptive to e-bills. According to the Sixth Annual Billing Household Survey, more than half of those who receive paper bills expressed interest in receiving paperless e-bills.
in the next year. So, what are the barriers to adoption? What will entice more consumers to take a second look at the e-bill and opt out of paper?

**Overcoming the Barriers**

To move toward higher e-bill adoption rates, it is important to first understand the barriers to adoption. The Fiserv billing survey notes that ingrained habits are a strong barrier, as 43 percent of consumers say they use the paper bill as a reminder to pay, 42 percent are comfortable with their current system, and 37 percent like the paper bill as a source of record keeping. Other notable barriers mentioned were security concerns, paper being easier to read, some billers not offering a paperless option, and previous bad experiences with e-bills.

**Motivating the Switch**

There are definite value propositions that can help overcome these barriers and drive adoption as noted in the Fiserv Sixth Annual Billing Household Survey. In a question to consumers asking the number one reason they switched to e-bills, convenience was the top reason, with 30 percent saying they liked the ability to simply click and pay; 22 percent said that the reduction in clutter and paper stacks was the driver; 18 percent said saving paper and energy; and 12 percent said “no more lost bills” prompted the switch from paper.

Another important factor to consider is that the marketing landscape is constantly evolving – creating innovative and emerging strategies to drive e-bill adoption. Marketing has become interactive and targeted, with segmented messaging to certain groups – as opposed to non-targeted, mass marketing through tactics such as statement stuffers. Campaigns today can leverage individualization and interactivity through the use of social media to monitor customer comments, start two-way conversations, and peak interest in e-bill adoption.

New tools such as Web sign-in interstitials (pages that automatically display before destination pages), email and mobile reminders, Web upselling and optimization can drive the e-bill adoption message through multiple channels, thus increasing e-bill penetration for billers.

**Five Emerging Ways to Increase E-bill Adoption**

1. **Establish E-bills at Account Opening**

As with most things, in terms of e-bill initiation, timing is everything. The best chance to get a customer to sign up for paperless e-bill delivery is at the beginning of the relationship. By encouraging e-bill adoption at account inception, billers can greatly improve their chances of e-bill acceptance. The Sixth Annual Billing Household Survey found that 45 percent of consumers said they prefer to activate e-bills at account inception, when asked for a preference (see Figure 1). Taking that one step further, by establishing e-bills as the default option and paper bills as the “opt-in” option for new customers, billers have an even greater chance of adoption. The InfoTrends study cited noted that 23 percent of billers surveyed use this as a practice with new customers.

**Figure 1: When Consumers Prefer to Activate E-bills**

When would you prefer to activate a paperless e-bill?

- 45% When I set up a new online account with a biller
- 43% When I start paying online
- 28% When I’m offered an incentive or sweepstakes to go paperless
- 25% When I set up a recurring payment

Figure 2: Most Consumers Use Multiple Methods to Pay Monthly Bills

Number of bill payment methods consumers use monthly as a percent of all U.S. Households.


Figure 3: Bill Due Reminders Can Boost Positive Perceptions and Paperless E-bill Adoption


2. Establish an Omni-Channel Strategy

Consumers today are “Bill Pay Omnivores,” as 83 percent use multiple channels when paying bills (see Figure 2). In fact, since 2012 there has been a 10 percent increase in the average number of bill payment methods used by consumers on a monthly basis. The “one size fits all” strategy of offering e-bill activation and delivery exclusively at the biller site is no longer viable to meet customer expectations for multiple billing and payment options. Since consumers predominately use both biller direct sites and their bank sites to view and pay bills online, it makes sense to enable e-bill activation at the bank site as well. It increases both reach and customer satisfaction, as bank bill payers are more likely to activate e-bills where they pay their bills because of convenience, financial management and trust (Fiserv Sixth Annual Billing Household Survey). This practice does not slow traffic to the biller site, and it increases reach to a demographic of higher income earners, who tend to trust e-bill activation through their bank.

Sending out email and mobile alerts and reminders is another powerful motivator for e-bill adoption for consumers. According to Fiserv research, mobile alerts are perceived positively by 74 percent of survey responders, with 66 percent noting that alerts would increase their likelihood of e-bill adoption (see Figure 3). This is because timely bill due alerts neutralize a top barrier to e-bill adoption, the reminder to pay the bill. Those same responders also have preferences as to when they receive those alerts, with 52 percent preferring bill due reminders to come five to seven days before the bill is due, and 26 percent preferring the bill due reminder 8-plus days before the bill is due.

3. Targeting Using Trial Periods, Interstitials and Simple, High Impact Messaging

Targeting customer segments based on payment behavior and other characteristics with the right value proposition and messaging is extremely effective in driving e-bill adoption. For instance, Fiserv research shows that recurring payees are more likely to adopt e-bills, regardless of whether adoption occurs at the bank or the biller site. Additionally, concepts such as Tryvertising along with high impact messaging and online insterticials can lead to higher rates of e-bill usage.
Tryvertising With eBill Easy Activation™

According to the Fiserv Sixth Annual Billing Household Survey, the ability to try an e-bill before turning off paper was the top motivator for adopting e-bills permanently at a financial institution’s website. eBill Easy Activation from Fiserv (a new enhancement to the latest release of eBill Distribution from Fiserv) is a program that billers can use to target consumers who pay recurring bills through their financial institution websites. A typical trial period scenario works like this: bank bill pay consumers paying a specific biller at a specific point in time are automatically enrolled into a 90 day e-bill introduction. During this trial period the consumer has the opportunity to experience electronic billing before they have to make the decision to turn off the paper bill. This is a no risk trial since the consumer continues to receive their paper bills throughout the experience; and at the end of the 90 days the e-bill will go away unless the subscriber chooses to go paperless. The subscriber receives multiple emails informing them of the trial period as well as iconography and online banking/bill pay session messaging.

Billers such as Sempra Energy have experienced remarkable increased e-bill adoption rates using eBill Easy Activation. Operating as San Diego Gas & Electric and Southern California Gas, Sempra Energy offered 90 day e-bill trials to customers of both companies. After the trial period ended, San Diego Gas & Electric had experienced a 294 percent increase in paperless e-bill adoption compared to the prior 90 day average without eBill Easy Activation. Southern California Gas experienced similar results, with a 232 percent increase in paperless e-bill adoption compared to the prior 90 days without eBill Easy Activation.

Merging Value Propositions With Specific and Simple, High Impact Messaging

Targeted value propositions are most effective when merged with messaging that specifically addresses barriers to adoption. High impact phrases, such as those noted in bullets below, can serve as best-practice messaging that will resonate with consumers who are willing to try e-bills but have certain reservations:

- Save time and reduce clutter
- Reminders when new bills are available
- View and pay bills securely – reduce the risk of identity theft through paper bills
- Quick and easy record keeping
- Help save paper and the environment

By combining the right value propositions at the right time, with specific messaging that directly addresses known barriers to adoption, billers can craft effective campaigns that promote paperless e-bills while removing reservations for the consumer.

Online Interstitials

Online interstitials automatically display during the navigation from one Web page to a destination page. Online interstitial prompts and ads are believed to be more effective than online banner ads as users become more and more exposed to vast amounts of online information. Interstitials are virtually impossible to miss, and often times, require action to move onward to the intended destination page. In e-bill adoption marketing, online interstitials are most effective when they are targeted to specific customers, such as users of online bill pay and recurring payment. The most effective interstitials are contextual and relevant, with focused messaging and a brief call to action that promotes value propositions concisely and clearly.

For example, say a registered biller direct bill pay user signs into the electric company to pay a monthly bill. After successful authentication, the customer receives
2013 Fiserv social media study across five industries, only 35 percent of billers reviewed actually use social media to push e-bill adoption (Social Media E-Bill Marketing Study, Fiserv, 2013). And, of that 35 percent, the industry that promoted the most through social media by a wide margin was utilities (see Figure 5).

Successful e-bill social media campaigns need to have goals that are aligned with a biller’s overall e-bill adoption goals and in step with its overall social media presence and mix. The campaigns should also have content specifically created for each individual social media platform. And, just as important, the biller must continually monitor and measure the success of the campaign via social listening tools. Engaging with consumers by answering questions and offering assistance is vital when connecting through social media platforms.

5. Carefully Consider Charging for Paper Bills and Statements

The key word here is “consider.” This has the potential to be an effective option, as the InfoTrends study, “The Future of Multi-Channel Transactional Communications in the U.S.,” notes that 64 percent of consumers are likely to
go paperless if charged a fee to receive paper versions. Yet, this study also says that only nine percent of billers polled are currently charging for hard copy statements by mail.

There can be negative connotations with this option, however, and that is why it is important for the biller to know its customers and their likes and dislikes. The InfoTrends study notes that when consumers were asked if they had ever switched providers because they were charged a fee to receive a paper-based statement, 11 percent had switched and nearly 17 percent considered doing so. In addition, 54 percent indicated that they would switch providers if they were charged a fee for a paper statement.

The negative incentive approach is certainly not an option for all billers and should be given careful consideration before adoption.

### Employing Proven Strategies to Promote E-bill Adoption

With the dramatic changes occurring across the marketing and communications landscape, billing organizations have more opportunities to engage digitally with customers. Research shows that paperless e-bills help increase customer satisfaction and retention, reduce costs, improve DSO and encourage customer self-service, yet there is still room for growth in e-bill adoption. To motivate the next stage of consumers to adopt e-billing and payment, billers should reexamine the e-bill’s value propositions and its barriers to adoption in order to incorporate new interactive and innovative strategies into targeted e-bill marketing campaigns. Through research and the development of best practices, Fiserv recommends five emerging ways to drive e-bill adoption:

1. Positioning and promoting e-bills at account opening
2. Embracing and executing an omni-channel billing and payment strategy
3. Developing targeted marketing campaigns to customer segments such as recurring payees and implement trial periods and online interstitials
4. Tapping the power of social media
5. Consider charging for paper statements

Each of these practices has proven success and should be considered when designing e-bill adoption strategies and tactics.

### Payments Expertise from an Industry Leader

As one of the largest providers of electronic billing and payment technologies, Fiserv has the expertise and industry experience to guide billers to more interactive customer relationships that promote profitability, retention and cost efficiency.

### About the Author

Eric Leiserson is a senior research analyst at Fiserv. He has authored several white papers and case studies on consumer behavior and attitudes with respect to banking, billing and payment, and mobile practices. In addition, he has conducted numerous primary research projects and webinars in the areas of green marketing, mobile bill pay usage, consumer segmentation, longitudinal surveys, Web usability and focus groups.

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