Henley Centre for Customer Management

Henley
Business School
UNIVERSITY OF READING

Tailoring Propositions for Fairness and Equality

Case Studies and Best Practice

Professor Moira Clark & Dr Andrew Myers

July 2018

www.hccmsite.co.uk

Table of Contents

1. Introduction

In recent years, there has been an increasing level of focus on the service provided to customers in vulnerable circumstances, with a view to improving customer experience and the longer-term outcomes achieved.

Anyone could become vulnerable and the psychological and financial impact of not treating vulnerable customers fairly can be considerable because a vulnerable customer is less likely to be able to represent their own interests and more likely to make a poor decision.

We explore some examples, by means of case studies, and include:

- Sainsbury's – 'Slow shopping'
- The Science Museum – Providing access to all
- HomeServe – Customer first
- Barclays Bank – Culture of understanding
- Public Libraries – Digital inclusion
- KLM Royal Dutch Airlines – Socially aware robots
- Muir Group Housing Association – Providing bespoke services to vulnerable people.

We also examine best practice and provide recommendations for organisations to consider.

2. What is a Vulnerable Customer?

Put simply, vulnerability refers to the inability of an individual to withstand the effects of an unreceptive/negative environment/situation. Coppack *et al* (2015) define a vulnerable consumer as '... someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care.'

At the social and environmental level, vulnerability involves the analysis of disadvantaged groups, such as those who have:

- Mental health problems (e.g. depression/anxiety, bi-polar disorder)
- Memory problems (e.g. age, dementia)
- Physical disability
- Life events (e.g. bereavement, illness)
- Poor financial situation (e.g. drop in/loss of income)
- Niche requirements (e.g. health conditions, legal status, etc.).

Vulnerability is too often seen as a dichotomous concept and some argue that vulnerable customers are not a static definition based on one demographic and that it is far more dynamic and shifting. For example, vulnerability could cover more than one element and be multi-layered, could be experienced at different points in time and include a short-lived, longer term or permanent condition.

3. Scale of Consumer Vulnerability

The measurement of vulnerability can be quite subjective and is certainly classified differently by different organisations. Research by Coppack *et al* (2015) explored the scale of consumer vulnerability in the UK and found that:

- Literacy and numeracy – 1 in 7 adults have literacy skills that are expected of a child aged 11 or below.

- Internet - of 7.1m adults in the UK that had never used the internet (May 2013), over half were disabled (3.7m) and nearly half were over 75 years of age (3.1m).

- Financial status - 1 in 3 people in the UK would identify themselves as financially vulnerable.

- Savings - almost half of adults do not have enough savings to cover an unexpected bill of £300.

- Cancer - by 2020, half of the UK population can expect to be diagnosed with cancer at some point in their lives.

- Caring responsibilities - 1 in 8 adults care, unpaid, for family and friends.

- Dementia – affects 1 person in every 6 over 80.

- Disability - 16% of adults of working age have a disability.

- Mental illness - in a given year, 1 in 4 adults experiences at least one mental disorder.

- Old age - over 1.4m people in the UK are aged 85 or over.

Prevalence would, therefore, seem to be quite high and, to some extent, we are all vulnerable. For example, a major global cyber-attack could affect all individuals if customer service strategies are not developed to cope with or respond effectively to such attacks. Furthermore, vulnerability to data breaches can expose people and many customers are increasingly more concerned about how organisations collect and use personal information. In future, individuals are only likely to offer it to organisations they trust that can demonstrate openness and transparency about how they store, manipulate and keep secure their customer data.

4. Vulnerability and Customer Service

There would appear to be no consensus when it comes to dealing with people who could be classed as vulnerable and, for this reason, it is easy for business practices and employees to neglect those in need of additional support. Public services are said to be significantly behind other sectors when it comes to customer service and this is problematic when the sector is being faced with cost reductions.

It has often been reported that vulnerable customers need more support and advice compared to non-vulnerable customers, and this is certainly the case when investigating the energy and banking sectors. For example, high energy bills hitting hard on those with financial difficulties, and an increasing number of bank closures, affecting those customers who rely on cash.

A study by Baringa Partners (2016) assessed how much support the energy and banking sectors are providing for vulnerable customers and found that, while some services are in place to support those facing financial difficulty, the vast majority of customers within this category have yet to be identified as being financially vulnerable by their service providers.

Energy bills present a constant concern for vulnerable consumers. According to Baringa's (2016) study, only one in four vulnerable customers can easily understand their bills, and more than half expect providers to make this information clearer and easier to digest. Among those experiencing 'serious financial difficulties', only one in three felt they had access to services that meet their needs.

Within the banking sector, only 4% of customers who identify themselves as being financially vulnerable are recognised as such by their bank or building society, and approximately two-thirds of these customers find it difficult to understand the communication they receive from their bank.

Customers who have spoken with their bank or building society about their financial situation, however, reported an increase in levels of trust, implying businesses that pro-actively approach customers about their financial situation, and offer support, are more likely to gain their trust and loyalty.

Vanessa Clark, a director at Baringa Partners, believes the study's outcome is clear - both energy and banking sectors need to modify their approach to do more for vulnerable customers, where service providers need to adapt their products and services to help support these people in need. By being better at identifying vulnerable customers and clearly communicating and offering competitive tariffs, she believes that organisations can earn customer trust and loyalty and, hence, gain a competitive edge.

The British Bankers Association (2016) identified a number of areas for banks to consider when it comes to vulnerable customers and customer service:

- Products - are clear and easy to understand, containing no surprises that only become apparent when a crisis strikes.
- Communication - a choice of ways for customers to communicate.
- Tailored approach - customers are treated as individuals, with tailored responses according to their circumstances.

- Judgement - staff have the authority and discretion to offer flexible solutions and outcomes where appropriate.

- Fair disclosure and information usage - customers are encouraged to be open and honest, secure in the knowledge that the information they provide will only be used in their best interests.

- Tell once - information regarding customers' circumstances is recorded properly to prevent them having to repeat themselves.

- Proactive forbearance - proactive contact is made with customers in the event of suspected financial difficulties.

- Vigilance - there is vigilance for signs of suspicious activity that may indicate abuse or fraud on a customer's account.

- Carers - carers for vulnerable customers are treated with respect and their concerns noted, whilst data security is still maintained.

- Third parties - there is consistent and fair treatment of the recently bereaved or those acting with Power of Attorney or a third-party mandate.

The Financial Conduct Authority has also laid out its requirements whereby they expect to see evidence within the firms that:

- They have appropriate policies in place to identify vulnerable consumers

- They have a consistent approach across individual businesses

- They are proactively seeking to identify vulnerability

- They have policies to approach consumers in vulnerable circumstances in a sensitive and flexible way

- Vulnerability is factored into product design, marketing and service provision

- Firms are adaptive and empathetic

- Staff are adequately trained to implement policy

- They are being as transparent as possible in their dealings with consumers in vulnerable circumstances

- Their policies are clear to consumers and consumer organisations.

5. Treating Customers Fairly and Equally

The dictionary definition of fair is 'free from bias, dishonesty, or injustice' and, according to Thompson (2013), understanding fairness is the key to retaining the customer. A great deal of the theoretical work in the past has explored equity – which determines whether the dissemination of resources is fair to both partners in the relationship – in the context of organisations, and largely from the employee motivational perspective; where it is measured by comparing the ratio of contributions (or costs) and benefits (or rewards) for each individual (Adams, 1963).

An alternative measure of equity/inequity to the relational partner or 'comparison person' of standard equity theory is proposed by the 'Fairness Model'. According to this model, individuals judge the overall 'fairness' of a relationship by comparing their inputs and outcomes with an internally derived standard or norm. The Fairness Model thus allows for the perceived equity/inequity of the overarching system to be incorporated into the individuals' evaluations of their relationships (Carrell & Dittrich, 1978).

The main problem with these models is that they largely look at aspects from the employee or internal perspective. There is an opportunity to expand these theories by exploring the fairness and equity issue further by investigating the relationship between an organisation's employees and its customers, and how fairness can determine a positive employee and customer experience that causes least distress based on the relationship. For example, McColl-Kennedy & Sparks (2003) applied Fairness Theory to service failures and service recovery by exploring the level of employee effort against consumers' perceptions of the situation and how to manage negative emotions.

6. Case Studies

In this section we explore in more depth, by way of seven case studies from different sectors, what organisations are doing to ensure that its vulnerable customers are treated with fairness and equality.

6.1. Sainsbury's – Slow Shopping

Sainsbury's has been trialing a new scheme designed to improve the shopping experience for customers who struggle with their weekly shop, a concept called 'slow shopping'. It is targeted at those who need more time and presents a space in which it is safe to take time to think. This might include those who suffer from mental illness or anxiety, those who struggle with communication or literacy, the elderly, those with dementia, and all those who suffer from visible, invisible or intellectual disabilities.

Sainsbury's already scored above the sector average for 'caring about the customer' and 'helpfulness of staff' on the UK Customer Satisfaction Index. They had already invested a lot of time training colleagues in how to help customers with disabilities but felt they wanted to go that extra step and do more to help vulnerable customers.

The 'slow shopping' concept has been trialed at the Gosforth branch of Sainsbury's in Newcastle-Upon-Tyne every Tuesday between 1pm and 3pm. During this period, customers are given more time and space to make their way around the supermarket and have been encouraged to make use of chairs placed throughout the store.

Customers are not identified as having additional needs as such and there are no distinct aisles or separate divisions, which could be the source of more stress, but the supermarket has assigned staff at two dedicated help points; so members of the team are on hand to help customers as and when they need support. These helpdesks also offer samples of products for customers to try.

6.2. The Science Museum – Providing Access to All

For a while, it has been a requirement for museums and art galleries to provide and maintain accessibility for visitors with disabilities to make them inclusive and many have created a policy which lays out their commitment to maximising access for everyone.

The Science Museum has put a lot of effort into ensuring that all have an opportunity to view their exhibits. There is step free access and details of accessibility are available on the website for people to plan their visit in advance. Whilst staff are also on hand to help customers, the museum also caters for:

- Sensory Astronights - a relaxed, after-dark exploration of the museum for children with special educational needs and disabilities.
- Wheelchair users – all lifts are wheelchair accessible, with wheelchair accessible toilets available on all floors of the museum.

- D/deaf (those using British Sign Language as their first or preferred language) and visitors who are hard of hearing – providing subtitles on videos, induction loops at information desks, and British Sign Language (BSL) interpretation incorporated into films.

- Blind and partially sighted visitors – all lifts have audio announcements and braille buttons, large print gallery books, audio descriptions and audio apps on a selection of objects, and guide-dogs are welcome.

- Families with members with autistic spectrum conditions – on certain dates the museum opens at 8am for 'early birds' so that families with children and 'night owls' (6.30pm to 9.00pm) for those aged 16 or over, who need a quieter environment, can appreciate the Museum free of the hustle and bustle of the general public.

However, whilst customers generally rate the Science Museum as 'very good', there is always room for improvement in thinking things through from the customer's perspective and going beyond purely accessibility requirements.

6.3.   HomeServe - Customer First

Because of their line of work, HomeServe often interacts with vulnerable people. So, the company set up a 'Customer First' initiative to support customers going through hard times. It empowers people on the front line to make decisions to improve processes and to own the customer experience. Forums are held every morning with a three-site video conference, attended by volunteers, and the entire business gets involved - from engineers to front line colleagues - in helping vulnerable customers.

Through the Customer First initiative, they have established a hardship fund that is used to help cover the odd job a customer might need completing but is not covered by their policy. To date their hardship fund has helped over 760 customers with the fund currently totalling over £170,000.

An example of the initiative in action involves an advisor in the contact centre. The advisor spoke to a customer who had been notified that their boiler was beyond repair. The customer was elderly and suffering from cancer but the policy could only contribute £200 towards the cost of repair. The customer was distressed as it would mean him having to move to a care home to spend his last remaining weeks should he not have a working boiler.

HomeServe spoke to the customer, who informed them that he could not afford the full amount but could make some contribution, and they agreed to cover the remainder through their hardship fund. The customer personally thanked the advisor for going out of his way to help him in his hour of need.

6.4.   Barclays Bank – Culture of Understanding

Barclays has put a lot of effort in developing a culture of understanding and empathising with vulnerability, whereby they have been working with their staff to remove the fear factor and enable difficult conversations through intelligent signposting and a flexible approach.

Barclays has been training staff to identify the indicative signs of mental illness and financial abuse, to try to offer greater support to customers finding it difficult to cope financially or being

manipulated over money issues, whilst at the same time, empowering staff to provide the right protection and support when a customer needs it most.

As part of the scheme, which has been piloted in Manchester before rolling out nationally, staff will be able to reject transactions or even contact adult social services or other third sector agencies if a customer displays warning signs, such as forgetfulness or ongoing confusion whilst performing a transaction. Typically, victims of financial abuse might unexpectedly withdraw large sums of money from an ATM, appear agitated in a branch, or struggle to answer questions over the phone. If a concern is raised, then staff could take customers into a private room to discuss transactions or arrange a personal visit if they have been in communication over the phone.

They may even go as far as declining a customer's request and pass on their details to social services if they believe they need more assistance. It has proved to have been invaluable by empowering front line staff - who are often faced with situations where they are concerned about a customer's wellbeing, perhaps because of financial abuse concerns or a decline in mental capacity - to provide the right protection and support when a customer needs it most.

6.5.   Public Libraries – Digital Inclusion

In 2014, the government put forward its strategy for digital inclusion, defined in terms of:

- Digital skills - being able to use computers and the internet
- Connectivity - and access to the internet; people need the right infrastructure
- Accessibility - services should be designed to meet all users' needs, including those dependent on assistive technology to access digital services.

The reputation of libraries in the community makes them the 'go to' place to meet the needs of the digitally excluded. For example, for those currently on Jobseekers Allowance seeking online access to find job opportunities; the elderly wishing to understand more about how to use computers and email; those whose English is not their first language wishing to keep in touch with those from home; to those who just needed access to a printer to print out a document.

To help deliver the digital agenda, a Digital Information Skills for Library Workforce Development Programme was developed for staff. The aim of the programme was to provide a national framework and establish a consistent standard of skills among public-facing staff in libraries, in particular for supporting those who are digitally excluded.

The programme has largely been successful in that staff have been able to put the learning into practice – by being friendly/helpful, pointing the customer in the right direction, and putting the customer at ease - and with greater confidence than before. The customers have also benefitted but for it to work effectively, libraries need greater support and investment in the technology infrastructure (i.e. more modern, faster machines, better wi-fi capability, etc.).

6.6.   KLM Royal Dutch Airlines – Socially Aware Robots

A social robot is one that autonomously interacts and communicates with humans or other autonomous physical agents by following certain social behaviors and rules that are attached to

its role. It could potentially have wide uses in the future, certainly when it comes to assisting and caring for children and the elderly.

New technologies are being created to enable robots to analyse humans and social behaviour, to act more naturally and unobtrusively and understand better the human-robot relationship for designing effective cognitive systems in human-populated spaces, such as airports where they are capable of watching, listening, and responding to people who approach.

In 2015, KLM Royal Dutch Airlines became the first global airline to use a socially-aware robot to assist passengers in finding their way through the airport, by providing basic information on the location of check-in desks, where to get the boarding pass, and how to handle baggage. The trial, which took place at Amsterdam Schiphol, questioned whether there is a place for robotics in the customer services industry and how airports could benefit from such innovative technology.

At Amsterdam Schiphol, up to 80% of passenger traffic comes from transfer passengers and every day travellers miss their connecting flights for many reasons including delays, short transfer times, losing their way and language barriers. This could cause a great amount of stress for passengers so the social robot was designed to calmly help passengers find their way around the airport and to guide transfer passengers along the shortest route to their departure gate.

6.7.   Muir Group Housing Association – Providing Bespoke Services to Vulnerable People

Like many Housing Associations, the Muir Group – which manages more than 5,500 homes across the country – provides a diverse range of housing solutions and associated services to meet the needs of existing and potential customers. It aims to ensure that they deliver excellent service to all its customers by understanding who the customers are and identifying what specific needs they may have.

The majority of their customers do not need any additional support but it is recognised that some people can be vulnerable for a variety of reasons. There are many ways in which residents can become vulnerable and these include: older people; people with disabilities including physical disabilities, mental health issues and learning disabilities; people from a black or minority ethnic (BME) background; and people who receive floating support.

The way the Muir Group works is that each customer who may be vulnerable is treated in a way that helps them best – and this will differ and be tailored for each particular person(s). They consider vulnerability in all their services including: housing allocations and lettings; tenancy sign ups; tenancy management; anti-social behaviour; rent arrears; and aids (e.g. equipment or device, handrails) and adaptations (i.e. a change or alteration in or around the home to allow the individual to live more independently, with greater safety and mobility); and repairs.

The Muir Group also provide supported housing (for people with a learning or physical disability and for people with an enduring mental health condition) where housing and support are combined to help each person to live as independently as possible.

7. Does Fairness and Equality Need Regulating?

Regulation is seen by some as essential to protect vulnerable customers, particularly in sectors with less competition. In many cases, public service organisations provide services to vulnerable individuals who have no alternative provider to choose from; sometimes they have a statutory obligation to provide services to individuals or groups who do not seek their involvement.

Others have pointed out that less regulated areas managed to prioritise the needs of all consumers without the need for regulation and that regulation can dissuade companies from striving to go further than they are required to. For example, supermarkets and other food suppliers do not need regulation to provide good services for people and ensure all their customers, of whatever age, are catered for and looked after.

The consensus is that what is required is the right sort of regulation that does not inhibit or restrict organisations from innovating and improving their level of customer service; at the same time, ensuring that the more disadvantaged in society are not left behind. This is an important issue for vulnerable energy customers in the UK - and where regulators can play a positive role - who will be offered more protection under new proposals revealed by Ofgem. The energy regulator is considering options, such as introducing a 'safeguard tariff' for vulnerable consumers that would protect them from paying too much for their energy.

Regulators also have the power to impose fines on companies. For example, Ofgem has recently fined Npower £26m for not treating customers fairly in their failure to deal with billing and complaint handling following problems with the introduction of a new IT system - causing significant amounts of stress for some customers.

Political lobbying and pressure groups can also have an impact. For example, Scottish MPs have urged RBS – where the UK government remains a majority shareholder – to abandon its plans to axe over 60 branches in Scotland due to the potential devastating impact it could have on local communities and vulnerable customers who do not use mobile and online banking.

'Which?', who have been championing the cause for consumers since the late 1950s, have recently been campaigning to halt the rapid closure by the Link network of free to use ATM machines, which would particularly hit communities in rural areas who rely on easy access to their cash. The closure of these machines is being seen as a means of cutting costs rather than focusing on the needs of consumers.

8. Conclusion and Recommendations

Vulnerability can come in a range of forms and may be temporary, sporadic or permanent in nature. It can be hard to define, hard to identify and even harder to legislate for. It is a fluid state that needs a flexible, tailored response from organisations. We highlight some best practice recommendations for dealing with vulnerable customers:

- Consistency – have effective policies and procedures in place to ensure a consistent approach across operations.

- Clear access to support and information – providing clear information to customers before and after a sale means that vulnerable customers are more likely to make informed decisions.

- Culture and people - a customer-centric culture of understanding and support with engaged employees has a very strong link with customer satisfaction and handling of complaints.

- Staff training – providing staff with sufficient training to enable vulnerable customers to be identified and have their issues handled sensitively.

- Empowering staff – referring vulnerable customers to staff who have the authority and discretion to take a tailored approach to a customer's circumstances.

- Being pro-active – pro-actively contacting customers to ensure all voices are heard and offering a tailored service to meet their specific circumstances.

- Adaptability and flexibility – one size does not fit all; being adaptable and flexible to develop solutions and respond to different needs.

- Specialist advice and help – referring customers to organisations that can offer specialist advice to assist a customer with their vulnerability if required.

- Effectively managing relationships - providing an excellent customer experience to all focusing on quality of relationships, efficiency and giving customers up-to-date reliable information.

- Evolve with customers - act responsibly and let things take their natural course, rather than accelerating a strategy that could work against the vulnerable.

- Benchmark against others – compare the organisation against others in the sector as well as other sectors to measure performance and identify areas for improvement.

- Use of technology and innovation – understand how technology (e.g. apps, social robots, etc.) and innovation could provide solutions to help those in vulnerable situations.

- Journey mapping – contribute to change by understanding things from the customer's perspective - what drives behaviours and attitudes - as well as challenging pre-conceptions.

- Vulnerable customer policy – one that assures quality of service that is regularly reviewed and understood by staff and can be applied flexibly to those who are vulnerable.

- Reducing costs sensitively – if there is a need to cut costs to become more efficient, then assess the impact this is likely to have on vulnerable customers and adapt accordingly.

- Ability for family and friends to support – make it easy for a friend or family member or other third party to deal with the customer's account as required.

- Acceptance – that the vulnerable condition can be prevalent and, with increasing awareness (e.g. of mental health issues), would need to be handled in a sensitive way.

9. References and Further Reading

Adams, J.S. (1963) Toward an understanding of inequity. Journal of Abnormal Psychology, (67), Issue 5, 422-436.

Aiello, T. & Severt, D. (2011). Serving the highly vulnerable customer: The awareness of transformative service behaviors in sensitive populations. Poster session.

Baringa Partners LLP. (2016). Financially vulnerable customers: Baringa report following a survey of 3,000 respondents.

British Bankers Association. (2016). Improving outcomes for customers in vulnerable circumstances. Report.

Carrell, M.R., & Dittrich, J.E. (1978). Equity theory: The recent literature, methodological considerations, and new directions. The Academy of Management Review, (3), Issue 2, 202-210.

Coppack, M., Raza, Y., Sarkar, S. & Scribbins, K. (2015). Consumer vulnerability. Financial Conduct Authority, Occasional Paper, No. 8.

McColl-Kennedy, J.R., & Sparks, B.A. (2003). Application of Fairness Theory to service failures and service recovery. Journal of Service Research, (5), Issue 3, 251-266.

Seiders, K., & Berry, L.L. (1998). Service fairness: What it is and why it matters. Academy of Management Perspectives, (12), Issue 2, 8-20.

Thompson, N.T. (2013). Understanding fairness is the key to keeping the customer. Harvard Business Review, October 2013.

The Henley Centre for Customer Management

The primary objective of the Henley Centre for Customer Management is to promote customer focus and service excellence best practice through observing practice in leading companies and synthesising this into useful knowledge that helps members to improve their own customer management and customer service plans and implementations.

Members

Each year, the Centre aims to attract a membership of between 10 and 15 organisations, each a leader in their sector.

Members in 2017-18:

BOC

CityWest Homes

Global Payments

GM Financial

Heathrow

Homeserve

Lloyds Banking Group
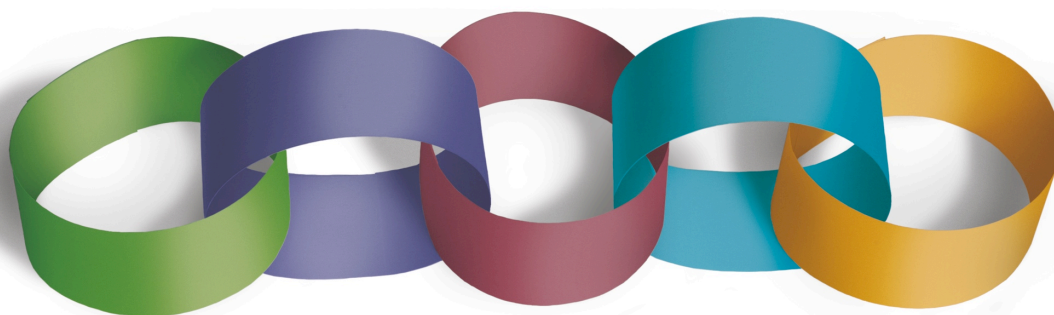
Mercedes Benz Financial Services

NS&I

Renault UK

RSA

Thames Water

Traffic Tribunal

Henley Centre for Customer Management

Henley Business School
UNIVERSITY OF READING

The Henley Centre for Customer Management is supported by members representing a diverse range of organisations.

Centre Contacts:

Director	Assistant Director
Professor Moira Clark	Tony Harrington
Tel: 01491 571494	Tel: 07815 938534
moira.clark@henley.ac.uk	tony_harrington@btinternet.com
Research Director	**Client Relationship Executive**
Dr Andrew Myers	Sarah Hiles
Tel: 07831 589315	Tel: 01491 418710
aj_myers@btinternet.com	sarah.hiles@henley.ac.uk

Henley Business School,
Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU

Maximising Value through Relationships