The CallMiner Churn Index 2020

Utilities Organizations

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For US Utilities Organizations

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Electric & Gas customers report a significant increase in switching in the 2020 CallMiner Churn Index at a cost of $32.9 Billion[1].

Two years ago, CallMiner commissioned a survey to find out why US consumers leave providers. What we uncovered was a switching epidemic – with call centers playing a pivotal role in whether consumers stay loyal or decide to switch.

This year, we decided to repeat the exercise to see what's changed. This report is based on the responses for US consumers who switched electric and gas providers in the last 12 months. It is a companion document for the complete US report which can be seen **here.** The total cost of churn for electric providers is $20.4 billion[2] and $12.5 billion[3] for gas providers – a combined amount of $32.9 billion.

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1. US adult population is 254.714 million. 20% of 254.714 million people changed electric providers in the last 12 months = 50.9 million people. 12.3% of people changed gas providers in the last 12 months = 31.3 million people. The combined total is 82.2 million. A conservative cost of acquiring a customer is $400 per person when incentives, advertising and administration costs are taken into account. 82.2 million @ $400 = $32.9 billion.

2. Based on the results of the survey, 50.9 million electric customers churned in the last 12 months. A conservative cost of acquiring a customer is $400 per person when incentives, advertising and administration costs are considered. 50.9 million @ $400 = $20.4 billion.

3. Based on the results of the survey, 31.3 million gas customers churned in the last 12 months. A conservative cost of acquiring a customer is $400 per person when incentives, advertising and administration costs are considered. 31.3 million @ $400 = $12.5 billion.
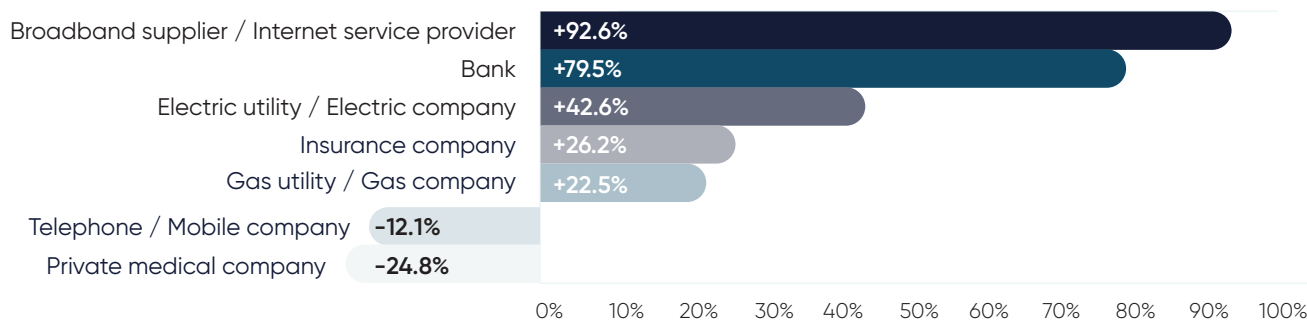
1. The churn rate for electric providers rises 43% but the sector remains 5th place

The 2020 **CallMiner Churn Index**[4] shows that, in the last 12 months, 20.0% of consumers said they had switched electric providers. While the average rate of churn per consumer across multiple industry sectors in the US only increased 12%, electric providers saw customer churn rise by 43% since the 2018 survey. This represents an additional 15.28 million electric customers that switched at a cost of $6.1 billion to electric providers in 2020. At almost double the increase experienced by gas providers, this made electric providers the sector with the third largest increase in churn – see Chart 1.

Churn for gas providers has increased by 23% since 2018. As a result, 12.3% of consumers switched gas providers, moving the sector from eighth to sixth place. This represents an additional 5.9 million gas customers that churned at a cost of $2.4 billion to gas providers in 2020. This made gas providers the sector with the fifth biggest increase in churn, but only a quarter of the growth experienced by broadband providers, for example.

Chart 1

Rates of switching per sector last 12 months — % increase / decrease 2018 to 2020

Sector	Value
Broadband supplier / Internet service provider	+92.6%
Bank	+79.5%
Electric utility / Electric company	+42.6%
Insurance company	+26.2%
Gas utility / Gas company	+22.5%
Telephone / Mobile company	-12.1%
Private medical company	-24.8%

2. Utility companies heading for continued rise in churn — planned churn rate for gas providers up almost twice the electric providers rate

The number of consumers planning to change electric and gas providers in the next 12 months is also up from 2018 – see Chart 2. The planned churn rate for gas providers has increased by one third (31%) and the planned rate for electric providers is up 18%.

Chart 2

Increases in planned switching by sector since 2018

Sector	Value
Broadband supplier / Internet service provider	+72.5%
Bank	+68.9%
Insurance company	+43.4%
Gas utility / Gas company	+31.4%
Electric utility / Electric company	+18.3%
Private medical company	+2.7%
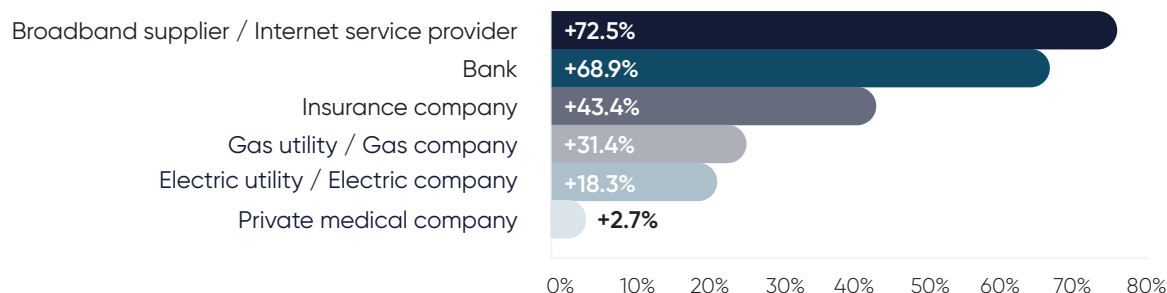
4. The research was carried out for CallMiner by 3Gem Research & Insights. 2,000 UK adults who had contacted a supplier in the previous 12 months responded to an online survey in February 2020

3. Unplanned churn is avoidable and costs utility companies $9.8 Billion[5]

In common with the consumer behavior in other sectors, more electric customers (20.0%) switch providers than plan to (12.3%). This means that 63% more electric customers end up switching than want to. This represents 19.6 million customers and a cost of unplanned churn of $7.86[6] billion. For gas providers the difference is lower at only 2.0%. This represents 5.1 million customers and a cost of unplanned churn of $2 billion[7]. As can be seen in Sections 6 and 11, many of the reasons for this unplanned churn are avoidable.

4. Feeling unfairly treated doubles in importance and surpasses price as the biggest source of churn for gas providers. Electric providers also see a big rise for unfair treatment as a source of churn

The 2018 survey uncovered that consumers want to stay loyal but are 'forced' to switch because of suppliers' bad practices.

Price is the only major reason for gas provider churn to decline – down 11% to second place. All other reasons (in the top four) have increased.

Feeling unfairly treated (#6 in 2018) has almost doubled (95%) to 40.4% and is now the leading source of churn for gas providers – see Table 1.

Price remained almost unchanged (down just 1%) as the leading reason for consumers to switch electric providers. However, more electric customers feel unfairly treated by their providers, with over two thirds (68%) more customers switching due to that reason. This source of churn is up from sixth to second place.

Feeling unfairly treated by gas and electric providers is above the all-sector average, with gas providers 17% higher than average and electric providers 10% higher than average. This puts gas providers and electric providers as the second and third highest scorers for unfair treatment, only behind insurance providers.

Table 1	Reasons for Utilities Customer Churn 2018 v 2020						
Utility Customers' Reasons for Changing Providers	% Gas 2018	% Gas 2020	% change	% Electric 2018	% Electric 2020	% change	% 2020 US average
Feeling like I am not being treated fairly	20.7%	40.4%	+95%	22.6%	38.0%	+68%	34.6%
Prices, rates or fees are too high or increased	43.9%	39.2%	–11%	51.3%	51.0%	–1%	60.2%
Failure to respond in a timely manner after reporting a problem	34.1%	35.1%	+3%	20.0%	35.3%	+77%	26.9%
Call center agents that serve me are inexperienced or not knowledgeable	25.6%	33.9%	+32%	23.5%	30.3%	+29%	25.0%

[5]. The difference between planned and actual churn for electric providers is 7.7% of US consumers. 254.714 million x 7.7% = 19.6 million. The difference between planned and actual churn for gas providers is 2.0% of US consumers. 254.714 million x 2.0% = 5.1 million. The combined cost is 24.7 million @ $400 = $9.8 billion

[6]. The difference between planned and actual churn for electric providers is 19.6 million consumers @ $400 = $7.8 billion

[7]. The difference between planned and actual churn for gas providers is 5.1 million consumers @ $400 = $2 billion

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5. Inexperienced call center agents who lack essential knowledge, and fail to respond promptly, are costing utilities $20 billion[8] in avoidable churn

When asked about their reasons for switching, over one third of gas customers (33.9%) and nearly as many electric customers (30.3%) said they left their providers because call center staff were inexperienced and not knowledgeable. This is the fourth highest reason for both providers – see Chart 3.
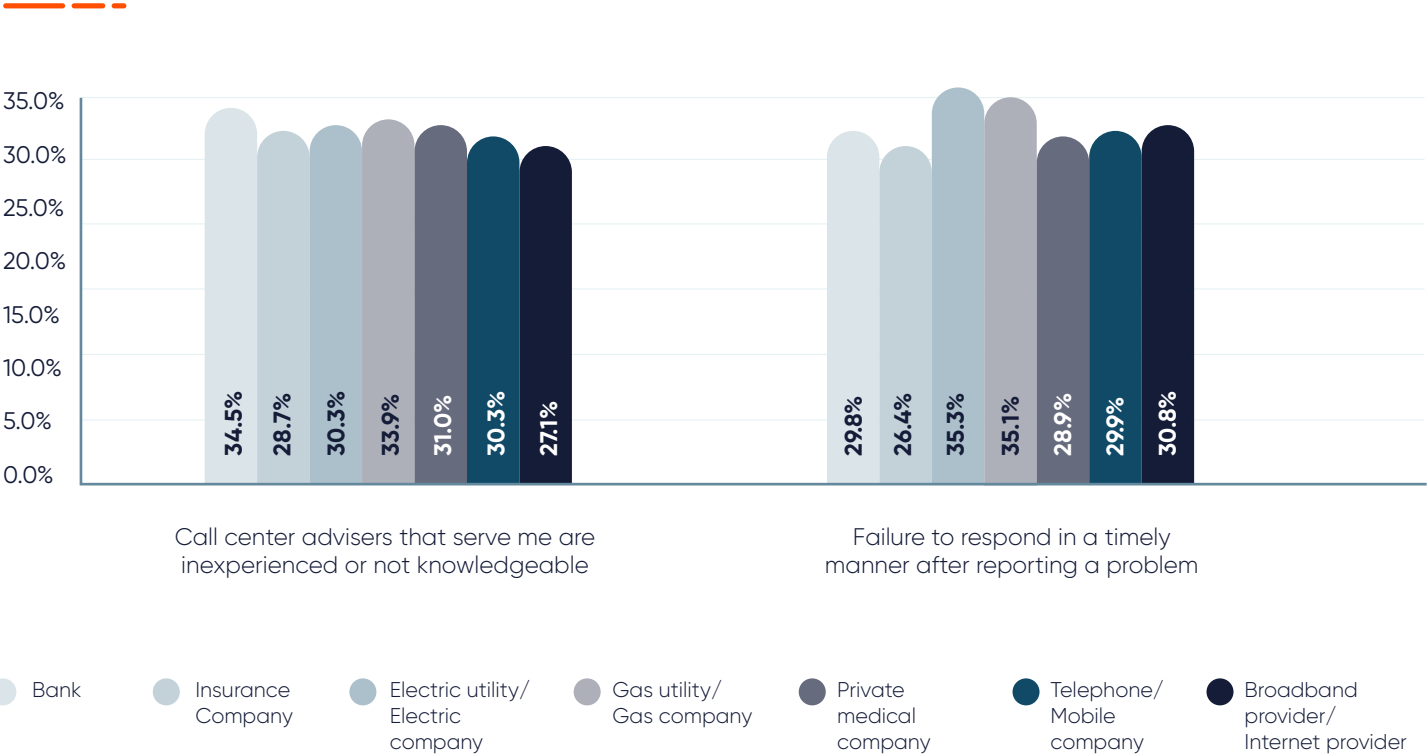
Failure to respond in a timely manner after a problem has been reported has also grown in importance as a reason to switch for electric customers. This increased by 77% to 35.3%, almost the same number as gas customers (35.1%).

This makes both providers the highest scorers for delayed response as a source of churn, with electric providers scoring highest and gas providers scoring second highest out all sectors – see Chart 3.

These are completely avoidable sources of churn if call center agents are given the information and coaching to meet consumer expectations. The conservative combined cost to utility providers of not using agents who are intelligent, empathetic, empowered, knowledgeable and experienced – also known as 'super-agents' – and failing to respond in a timely manner is $20 billion.

Chart 3
Changing providers because call center staff are inexperienced or not knowledgeable and fail to respond to reported problems in a timely manner – by sector

	Call center advisers that serve me are inexperienced or not knowledgeable	Failure to respond in a timely manner after reporting a problem
Bank	34.5%	29.8%
Insurance Company	28.7%	26.4%
Electric utility/Electric company	30.3%	35.3%
Gas utility/Gas company	33.9%	35.1%
Private medical company	31.0%	28.9%
Telephone/Mobile company	30.3%	29.9%
Broadband provider/Internet provider	27.1%	30.8%

8. 31.3 million consumers changed gas providers in the last year. 33.9% did so because call center agents are inexperienced or not knowledgeable. 31.3 million x 33.9% x $400 (conservative cost of acquiring a customer = $4.2 billion. 50.9 million consumers changed electric providers in the last year. 30.3% did so because call center agents are inexperienced or not knowledgeable. 50.9 million x 30.3% x $400 (conservative cost of acquiring a customer) = $6.2 billion. A combined cost of customers changing providers due to call center agents are inexperienced or not knowledgeable to utilities is $8.4 billion. 31.3 million consumers changed gas providers in the last year. 35.1% did so because call center agents failed to respond in a timely manner. 31.3 million x 35.1% x $400 (conservative cost of acquiring a customer = $4.4 billion. 50.9 million consumers changed electric providers in the last year. 35.3% did so because call center agents failed to respond in a timely manner. 50.9 million x 35.3% x $400 (conservative cost of acquiring a customer) = $7.2 billion. A combined cost of customers changing providers due to call center agents failed to respond in a timely manner to utilities is $11.6 billion. So, a combined cost of both reasons of churn is $20 billion

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6. Utilities put their call centers under pressure with 54 million[9] calls that could be satisfied by a self-service channel

The 2020 CallMiner Churn Index reveals that utility customers still prefer using the phone, with 72.0% of electric customers and 68.2% of gas customers using it to contact providers last year. The top four reasons customers contact utility providers are to: resolve a problem with the service or an issue with a bill or invoice, make a payment or get information about a product/service.

Around half of gas (53.9%) and electric (47.5%) customers contact a call center to make a payment and 47.8% of gas customers and 42.3% of electric customers to get information – see Table 2. This represents 54 million calls that could be satisfied by self-service channels such as chat or website. This gives a clear signal to utility providers that they need to optimize self-service channels to handle simple tasks. This will take the pressure off their call centers and enable them to invest in super-agents to resolve more complex problems.

Table 2	Reasons utility customers call a call center				
Utility Customers' Reasons for Contacting call center	% US Average	% Electric	% Difference	% Gas	% Difference
Needing to resolve a technical problem with the product/service	62.5%	60.0%	–4%	55.1%	–12%
To resolve issues with a bill or invoice	56.6%	52.0%	–7%	53.1%	–5%
To make a payment	41.3%	47.5%	+15%	53.9%	+31%
Needing information about the product/service	39.0%	42.3%	+9%	47.8%	+23%

7. Utility call centers deliver mixed experience when it comes to changing customers' emotions during a call

With so many customers contacting a call center with a problem, it's vital that agents meet their needs. But utility call center agents have a very mixed impact on customers – see Table 3.

When asked how their emotional state changed the last time they called a utility company's call center, around half said that it shifted from negative to positive.

But 27.8% of gas customers said that it changed from positive to negative. This is the highest out of all sectors surveyed and 45% higher than the all-sector average. Almost a quarter (23.0%) of electric customers also reported a change of their emotional state from positive to negative – 20% higher than the all-sector average.
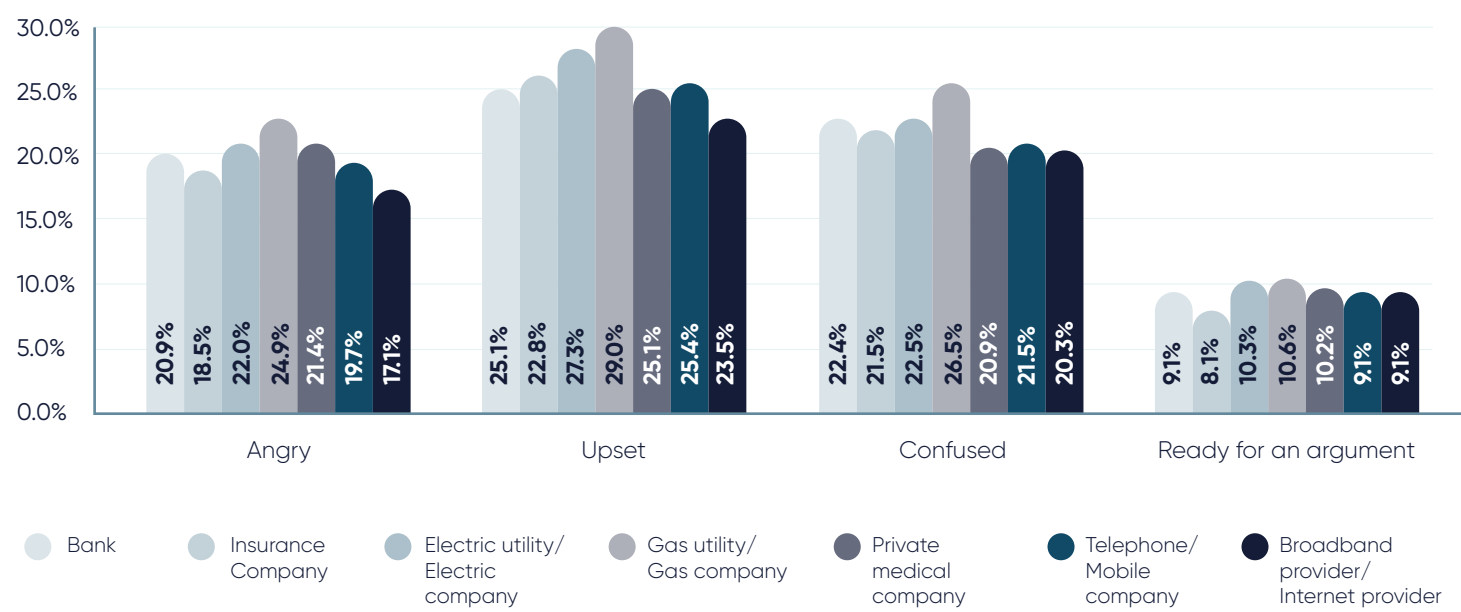
This shows that some agents can resolve problems and deliver a great experience. Whereas other agents seem to deliver an experience that is so bad it turns positive customer emotions into negative ones.

Table 3	How customers' emotional state changed on a call to a call center				
Utility - Change in Emotional State	% US Average	% Electric	% Difference	% Gas	% Difference
Negative to positive	47.7%	50.5%	+6%	49.0%	+3%
Positive to negative	19.2%	23.0%	+20%	27.8%	+45%
Stayed the same	33.0%	26.5%	–20%	23.3%	–30%

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9. If we look at the usage of the phone solely by the number of utility customers who switched providers in the last 12 months, this equals 72% of 50.9 million electric customers i.e. 36.6 million, and 68.2% of 31.3 million gas customers i.e. 20.7 million. So, if we multiply these numbers by the percentages in Table 2, it means there were 28.6 million calls to make a payment (17.4 million electric and 11.2 million gas) and 25.4 million calls for information (15.5 million electric and 9.9 million gas). The combined total of calls for the two reasons is 54 million.

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Chart 4 shows the emotions of customers both before and after a call to a gas provider's call center. It appears that agents in gas call centers have the toughest job to satisfy customers, with the highest number of customers out of all sectors surveyed arriving feeling upset (29.0%), confused (26.5%), angry (24.9%) and even ready for an argument (10.6%).

Chart 4
Emotional state before the call by sector

Legend:
- Bank
- Insurance Company
- Electric utility/ Electric company
- Gas utility/ Gas company
- Private medical company
- Telephone/ Mobile company
- Broadband provider/ Internet provider

It seems some gas company call centers are good at taking the heat out of the situation. The highest response for the emotional state after the call, by over a third (37.6%) of customers, is satisfied. The percentage of people feeling angry fell by almost half (44%) from before the call and those feeling frustrated and annoyed reduced by about a third from before the call – see Table 4

Table 4	The impact of call center agents on customer emotions – gas companies			
Emotion before a call	Gas	Emotion after a call	Gas	% difference
Hopeful	34.3%	Hopeful	29.0%	–16%
Annoyed	32.7%	Annoyed	22.4%	–32%
Frustrated	35.5%	Frustrated	22.4%	–37%
Upset	29.0%	Upset	20.8%	–28%
Confused	26.5%	Confused	15.5%	–42%
Wanting someone to listen to you	24.1%	Feeling listened to	15.1%	–37%
Angry	24.9%	Angry	13.9%	–44%

Some electric providers' agents are also good at improving emotions. The highest response for the emotional state after the call, by almost two fifths (37.3%) of utility consumers, is satisfied. The percentages of people feeling frustrated and annoyed fell by almost half from before the call and those feeling upset, confused and angry reduced by over a third from before the call – see Table 5.

Table 5	The impact of call center agents on customer emotions - electric companies			
Emotion before a call	Electric	Emotion after a call	Electric	% difference
Hopeful	27.5%	Hopeful	25.5%	–7%
Frustrated	41.3%	Frustrated	22.5%	–46%
Annoyed	36.8%	Annoyed	20.5%	–44%
Upset	27.3%	Upset	17.5%	–36%
Confused	22.5%	Confused	15.5%	–31%
Angry	22.0%	Angry	14.8%	–33%
Wanting someone to listen to you	19.5%	Wanting someone to listen to you	13.3%	–32%

However, when compared to the average emotions across all sectors surveyed, utility customers arrive and leave in a more negative frame of mind. For example, the number of people feeling annoyed, upset and confused after a call to a gas provider is highest out of all sectors. Electric customers also leave the call feeling more upset, confused and angry than the all-sector average.

8. Utility companies are getting better at recognizing vulnerability – with gas providers ahead of other sectors

Utility companies are getting better at recognizing vulnerable customers, with four fifths (79.6%) of gas customers saying they were good at it – putting gas providers ahead of other sectors. The second highest score (67.3%) for being good at recognizing vulnerability is for electric providers.

This has improved from 2018 (electric – 53.9%, gas – 56.1%). However, almost one fifth of electric customers (18.8%) and 12.7% of gas customers still think their providers are bad at doing so. Example interactions with vulnerable customers include when a customer contacts a utility supplier to handle things related to a deceased family member or are calling to express that they are experiencing financial difficulty.

9. Bad call center experiences drive people away

Call centers play a pivotal role in a utility customer's decision to switch or stay loyal. An enormous 86.1% of gas customers (highest of all sectors) and 80.3% of electric customers said they were likely or extremely likely to switch providers if they had a bad call center experience — see Table 6.

This is higher than in 2018 (gas – 71.3%, electric – 78.0%), and demonstrates that it is vital that call center agents are given the tools and training they need to deliver a great experience and keep their customers.

Table 6 - Likelihood to switch or stay loyal after a call center experience						
	% 2018 Electric	% 2020 Electric	% Difference	% 2018 Gas	% 2020 Gas	% Difference
Likely or extremely likely to switch after a bad call center experience	78.0%	80.3%	+3%	71.3%	86.1%	+21%
Likely or extremely likely to remain loyal after a good call center experience	83.5%	91.8%	+10%	80.5%	93.9%	+17%

10. Good call center experiences encourage loyalty – Listening is key to success

The good news is even more utility customers – 93.9% of gas customers (again, highest result out of all sectors) and 91.8% of electric customers – said they were likely or extremely likely to stay loyal after a good experience with the call center – see Table 6. This has increased since 2018 (gas – 80.5%, electric – 83.5%).

The ability to listen to customers is key to success. When asked about their emotional state before a call to a call center, a quarter (24.1%) of gas customers and 19.5% of electric customers said that they want someone to listen to them. However, only about two thirds (gas – 63% and electric – 68%) of those who wanted to be listened to felt that they had been after the call – meaning about a third left the call feeling ignored.

Managing a call in a way that converts an unhappy customer into a happy one is therefore incredibly valuable. Gas and electric providers should give their agents the information and training they need to take the heat out of the situation by using interaction analytics technology to analyze 100% of calls and identify words, phrases and acoustic signals that trigger a positive response from customers who arrive unhappy. Armed with this insight, agents can adjust what they say and how they say it according to the behavior of the customer. By providing agents with access to post-call analysis it is possible to identify best practices and reinforce positive behavior. Real-time analysis can also identify when a call is deteriorating and prompt the agent in real time to adjust their approach in time to rescue the call and deliver a better customer experience.

11. The 10 avoidable call center behaviors that annoy utility customers and may cause them to change providers

As indicated in Section 7, most callers arrive at a call center in a negative frame of mind. Our survey results show that some call center practices make matters worse. We have highlighted the top 10 call center behaviors that annoy customers of electric (Table 7) and gas (Table 8) providers and create reasons for churn. All of them are avoidable. As these results illustrate, both electric and gas providers are annoying more customers for five out of the 10 behaviors than they did in 2018.

The biggest increase for electric providers is for call routing options that don't include what customers need, which has more than doubled (116%) since 2018. The second largest increase (80%) is for long waiting times. The other large factor for electric providers is for failing to resolve issues on the first call, which has increased by over two fifths (41%) to become the second most annoying call center behavior.

Table 7 – Call center behaviors that annoy customers of electric companies				
2020 Position	Behavior to avoid	Electric 2018	Electric 2020	% change
1	Long waiting times	32.2%	57.8%	+80%
2	Failure to resolve my issue on the first call	30.4%	42.8%	+41%
3	Call routing options that don't include what I need	17.4%	37.5%	+116%
4	Calls that are cancelled/drop out after holding	26.1%	32.0%	+23%
5	Having to repeat myself from one contact channel to the next or from one agent to the next	28.7%	27.5%	−4%
6	Calls that are mis-routed after speaking to a call center agent	25.2%	20.8%	−18%
7	Failure to follow up as promised	19.1%	19.3%	+1%
8	Call center agents that work to a script that means they ask silly questions or make silly comments which have no relation to the conversation	18.3%	16.3%	−11%
9	Long messages before being routed to the right person or function	15.7%	13.3%	−15%
10	Call center agents that don't seem to have access to my account information and my recent interactions	17.4%	11.3%	−35%

For gas providers the largest increase is for long waiting times, which has increased by 124% since 2018. Another significant increase (60%) is for call routing options that don't include what customers need – see Table 8.

Failing to resolve problems on the first call has also become the second most annoying call center behavior for gas customers. This has more than doubled since 2018 (106%) to 45.3%. This is proof of the need for utility companies to employ super-agents who are supported by the right tools and coaching. Analyzing every interaction would quickly identify when these failings are taking place so that steps could be taken to avoid them.

2020 Position	Behavior to avoid	Gas 2018	Gas 2020	% change
Table 8 – Call center behaviors that annoy customers of gas companies				
1	Long waiting times	24.4%	57.4%	+124%
2	Failure to resolve my issue on the first call	22.0%	45.3%	+106%
3	Call routing options that don't include what I need	22.0%	35.1%	+60%
4	Calls that are cancelled/drop out after holding	24.4%	33.1%	+36%
5	Having to repeat myself from one contact channel to the next or from one agent to the next	26.8%	24.9%	–7%
6	Calls that are mis-routed after speaking to a call center agent	23.2%	24.5%	+5%
7	Failure to follow up as promised	24.4%	22.9%	–6%
8	Call center agents that work to a script that means they ask silly questions or make silly comments which have no relation to the conversation	19.5%	16.3%	–16%
9	Long messages before being routed to the right person or function	18.3%	12.7%	–31%
10	Call center agents that don't seem to have access to my account information and my recent interactions	13.4%	11.0%	–18%

There are some factors a call center can't control in the battle for loyalty. But the 2020 CallMiner Churn Index shows that, with the right insight, there are many call center behaviors that could be avoided to increase the likelihood of a better customer outcome – and with it much less churn. Gas and electric providers can use interaction analytics technology to identify process failures in line with these behaviors, such as calls dropping out and long waiting times, to ensure every interaction exceeds customer expectations and thus creates engaged and loyal customers.

To see full results across all sectors, download a full copy of the:
2020 CallMiner Churn Index report here.

About CallMiner

CallMiner is the global leader in conversation analytics to drive business performance improvement. Powered by artificial intelligence and machine learning, CallMiner delivers the industry's most comprehensive platform to analyze omnichannel customer interactions at scale, allowing organizations to interpret sentiment and identify patterns to reveal deep understanding from every conversation. By connecting the dots between insights and action, CallMiner enables companies to identify areas of opportunity to drive business improvement, growth and transformational change more effectively than ever before. CallMiner is trusted by the world's leading organizations across retail, financial services, healthcare and insurance, travel and hospitality, and more.

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