



The CallMiner Churn Index 2020

Utilities Organisations



Table of Contents

- 2. **1** - The churn rate for utility companies increases – moving gas from 3rd to 2nd place with electric remaining in 1st place
- 2. **2** - Utility companies heading for continued rise in switching
- 3. **3** - Unplanned churn is avoidable and costs utility companies £2.42 Billion
- 3. **4** - Price declines as a reason to switch and feeling unfairly treated increases as a source of churn
- 3. **5** - Inexperienced call centre agents who lack essential knowledge are costing utilities £2.4 billion in avoidable churn
- 4. **6** - Utilities put their call centres under pressure with 19.59 million calls that could be satisfied by a self-service channel
- 5. **7** - Utility call centres deliver mixed experience when it comes to changing customers' emotions during a call
- 8. **8** - Utility companies are getting better at recognising vulnerability – but are still not good enough
- 8. **9** - Bad call centre experiences drive people away
- 9. **10** - Good call centre experiences encourage loyalty – Listening is key to success
- 9. **11** - The 10 avoidable call centre behaviours that annoy utility customers and may cause them to switch

The CallMiner Churn Index 2020

For UK Utilities Organisations

Electric & Gas customers report a significant increase in switching in the 2020 CallMiner Churn Index at a cost of £12.9 Billion¹.

Two years ago, we commissioned a survey to find out why UK consumers leave suppliers. What we uncovered was a switching epidemic – with call centres 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 results for those who switched utility companies in the last 12 months. It is a companion document for the complete UK report which can be seen [here](#). The total cost of churn for electricity companies is £7.0 billion² and £5.9 billion³ for gas companies – a combined total of £12.9 billion.



1. UK adult population is 52.1 million. The percentage that switched their electric company was 33.8% of 52.1 million = 17.6 million people. The percentage who switched their gas company was 28.2% of the adult population = 14.7 million. The combined total is 32.3 million. A conservative cost of acquiring a customer is £400 per person when incentives, advertising and administration costs are considered. 32.3 million @ £400 = £12.92 billion

2. Based on the results of the survey, 17.6 million electricity customers switched in the last 12 months. A conservative cost of acquiring a customer is £400 per person when incentives, advertising and administration costs are considered. 17.6 million @ £400 = £7.04 billion

3. Based on the results of the survey, 14.7 million gas customers switched in the last 12 months. A conservative cost of acquiring a customer is £400 per person when incentives, advertising and administration costs are considered. 14.7 million @ £400 = £5.88 billion

1. The churn rate for utility companies increases – moving gas from 3rd to 2nd place with electric remaining in 1st place

The 2020 **CallMiner Churn Index**⁴ shows that, in the last 12 months, 33.8% of consumers said they had switched electric companies. While the average rate of churn per consumer across multiple industry sectors only increased 4%, the rate of churn for electric providers was up 17% since 2018 and kept the sector in first place in the Index – see Chart 1. This represents an additional 2.6 million electric customers that churned at a cost of £1.0 billion to electric providers in 2020.

Churn for gas companies increased by 18% since 2018. As a result, 28.2% of consumers switched gas supplier, moving the sector from third to second place in the

Index. This represents an additional 2.3 million gas customers that churned at a cost of £920 million to gas providers in 2020. This made gas providers the sector with the third biggest increase in churn, but only a quarter of the growth experienced by telephone/mobile providers.

2. Utility companies heading for continued rise in switching

The number of consumers planning to switch electric and gas suppliers in the next 12 months is also up from 2018 – see Chart 2. The planned churn rate for electric companies has increased by 22% and the planned rate for gas companies is up 18%.

Chart 1

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

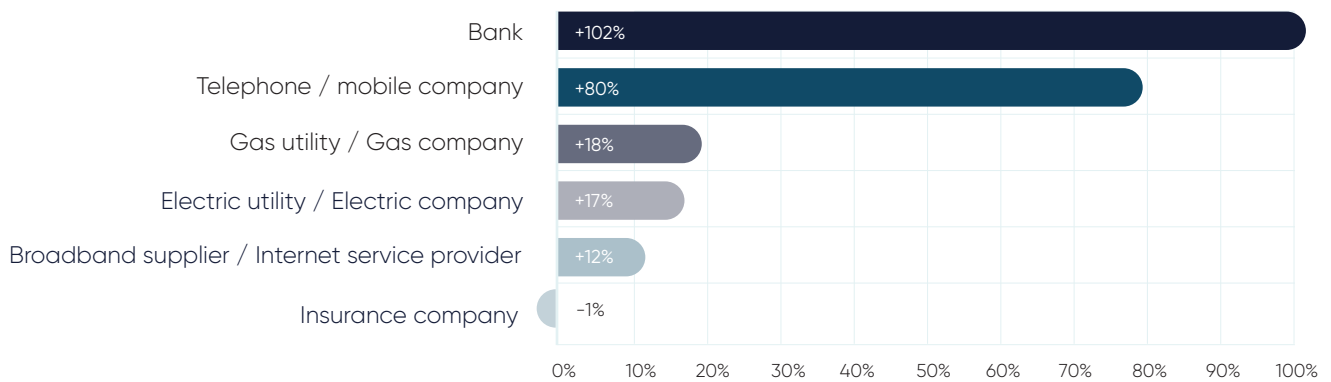
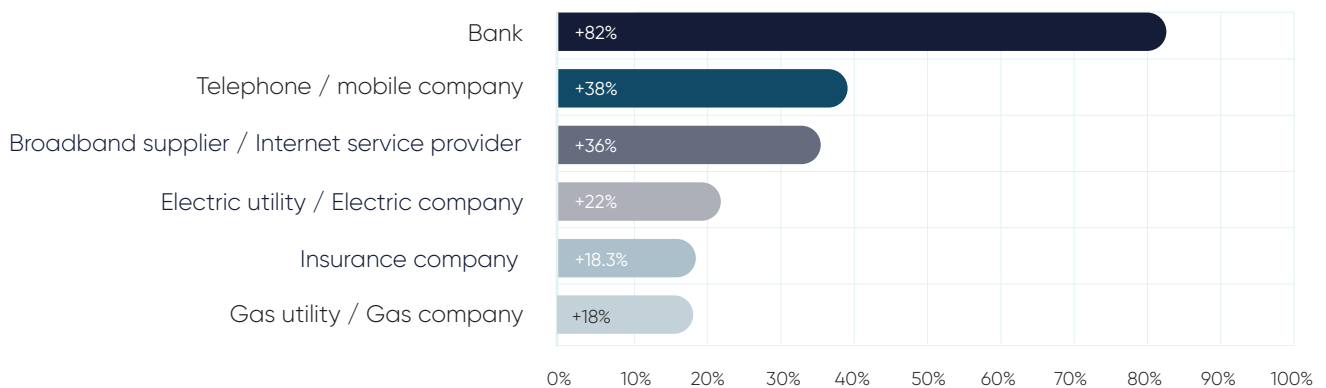


Chart 2

Increases in planned switching by sector since 2018



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 £2.42 Billion⁵

Like the consumer behaviour in other sectors, more utility customers switch suppliers than plan to. For electric companies, 22% more consumers end up switching (33.8%) than plan to (27.6%). This represents 3.2 million customers and a cost of unplanned churn of £1.28 billion⁶.

For gas companies, the difference is slightly higher at 24%. This represents 2.81 million customers and a cost of unplanned churn of £1.12 billion⁷. As can be seen in Sections 6 and 10, many of the reasons for this unplanned churn are avoidable.

4. Price declines as a reason to switch and feeling unfairly treated increases 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 remains the leading reason to switch but declined in importance by 14% for gas companies (70.5%) and 12% for electric companies (70.5%).

Feeling unfairly treated increased in importance as a source of churn. Not automatically applying discounts given to new customers to current customers increased in importance the most – up 5% for gas customers (47.4%) and 12% for electric customers (48.1%) – see Table 1.

Table 1	The reasons gas and electric customers change provider						
	% Gas 2018	% Gas 2020	% change	% Electric 2018	% Electric 2020	% change	% 2020 UK average
Utility Customers' Reasons for Changing Providers							
Prices are too high or have increased	82.3%	70.5%	-14%	80.5%	70.5%	-12%	68.1%
There is no reward for contract renewal i.e. no reward for loyalty	58.1%	53.8%	-7%	56.5%	53.6%	-5%	51.2%
Discounts offered to new customers are not automatically applied to my account	45.3%	47.4%	+5%	43.1%	48.1%	+12%	43.6%
Feeling like I am not being treated fairly	31%	31.8%	+3%	31.7%	33%	+4%	34.4%

5. Inexperienced call centre agents who lack essential knowledge are costing utilities £2.4 billion⁸ in avoidable churn

When asked about their reasons for switching, almost one in five gas customers (18.3%) and nearly as many electric customers (17.8%) said they left their providers because call centre staff were inexperienced and not knowledgeable. This is the fifth reason for electric customers and the sixth reason for gas customers.

This is a completely avoidable source of churn if call centre 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' – is £2.4 billion.

5. The difference between planned and actual switching for electric companies is 6.2% of UK consumers. 52.1 million x 6.2% = 3.23 million. The difference between planned and actual switching for gas companies is 5.4% of UK consumers. 52.1 million x 5.4% = 2.81 million. The combined cost is 6.04 million @£400 = £2.42 billion

6. The difference between planned and actual switching for electric companies is 3.23 million consumers @£400 = £1.28 billion

7. The difference between planned and actual switching for gas companies is 2.81 million consumers @£400 = £1.12 billion

8. 14.7 million consumers changed gas providers in the last year. 18.3% did so because call centre agents are inexperienced or not knowledgeable. 14.7 million x 18.3% x £400 (conservative cost of acquiring a customer) = £1.1 billion. 17.6 million consumers changed electric providers in the last year. 17.8% did so because call centre agents are inexperienced or not knowledgeable. 17.6 million x 17.8% x £400 (conservative cost of acquiring a customer) = £1.3 billion. A combined cost of customers changing providers due to call centre agents being inexperienced or not knowledgeable to utilities is £2.4 billion

6. Utilities put their call centres under pressure with 19.5⁹ million calls that could be satisfied by a self-service channel

The 2020 **CallMiner Churn Index**⁴ reveals that utility customers still prefer using the phone, with over two thirds (69.8% for both gas and electric customers) using it to contact utility suppliers last year. The top four reasons customers contact utility suppliers are to: purchase something, to resolve issues with a bill or invoice, to agree a payment plan and to get information about a product/service.

Over half of customers contact a call centre to purchase something and about a third to get information – see Table 2. This represents over 19.5 million calls that could be satisfied by self-service channels such as chat or website.

This gives a clear signal to utility companies that they need to optimise self-service channels to handle simple tasks. Doing so will take the pressure off their call centres and enable utilities to invest in super-agents that are genuine problem solvers for more complex problems.

Table 2	Reasons gas and electric customers call a call centre				
	Utility Customers' Reasons for Contacting call centre	% UK Average	% Electric	% Difference	% Gas
To purchase something	54.7%	55.4%	+1%	52.8%	-4%
To resolve issues with a bill or invoice	51.1%	55.1%	+8%	52.8%	+3%
To agree a payment plan	29.3%	37.3%	+27%	36.9%	+26%
Needing information about the product / service	25.7%	31.3%	+22%	33.7%	+31%

⁹ 69.8% of gas and electric customers telephoned a call centre in the last year. Over half called to buy something and about a third to get information. If you multiply 69.8% of the customers in footnote 1 by the percentages in Table 2 for these two reasons, the combined total of calls is 19.52 million

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

With so many customers contacting a call centre with a problem, it's vital that agents meet their needs. But utility call centre 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 centre, over a third said that it shifted from negative to positive (electric – 35.1% and gas – 37.1%). But almost one in five said that it changed from positive to negative (Electric – 19.3% and gas – 18.7%).

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 after contacting a call centre				
Utility - Change in Emotional State	% UK Average	% Electric	% Difference	% Gas	% Difference
Negative to positive	33.9%	35.1%	+4%	37.1%	+9%
Positive to negative	18%	19.3%	+7%	18.7%	+4%
Stayed the same	48.1%	45.6%	-5%	44.2%	-8%

Table 4 shows the emotions of customers both before and after a call to a gas provider's call centre.

It appears that agents in gas call centres have a tough job to satisfy customers, with 38.7% arriving frustrated and 31.1% annoyed.

It seems some gas company agents are good at taking the heat out of the situation. The highest response for the emotional state after the call, by almost a third (29.7%) of customers, is 'satisfied'. The percentages of people feeling annoyed fell by a half (49%) from before the call and those feeling frustrated fell by 31% and upset reduced by 38% from before the call.

Table 4		The impact of call centre agents on customer emotions - gas companies		
Emotion before a call	Gas	Emotion after a call	Gas	% difference
Frustrated	38.7%	Frustrated	26.8%	-31%
Hopeful	25.4%	Hopeful	24.7%	-3%
Annoyed	31.1%	Annoyed	15.8%	-49%
Wanting someone to listen to you	24.9%	Feeling listened to	13.1%	-47.4%
Angry	13.0%	Angry	9.1%	-30%
Confused	14.4%	Confused	10.3%	-28%
Upset	14.6%	Upset	9.1%	-38%

Some electric providers' agents are also good at improving emotions.

The highest response for the emotional state after the call, by over a quarter (29.3%), is satisfied.

The percentages of people feeling annoyed fell by almost half from before the call (48%) and those feeling upset (35%) and confused (33%) reduced by about a third from before the call – see Table 5.



Table 5		The impact of call centre agents on customer emotions - electric companies		
Emotion before a call	Electric	Emotion after a call	Electric	% difference
Frustrated	38.1%	Frustrated	27.3%	-28%
Hopeful	24.7%	Hopeful	23.4%	-6%
Annoyed	33.8%	Annoyed	17.5%	-48%
Wanting someone to listen to you	25.8%	Feeling listened to	13.2%	-49%
Angry	13.2%	Angry	10.8%	-18%
Confused	13.9%	Confused	9.3%	-33%
Upset	14.2%	Upset	9.2%	-35%

However, when compared to the emotions reported across all sectors surveyed, utility customers arrive and leave in a more negative frame of mind.

For example, 18% more gas customers arrive upset than the UK average and 14% more electric customers leave angry than the all-sector average!



8. Utility companies are getting better at recognising vulnerability – but are still not good enough

Utility companies are getting better at recognising vulnerable customers, with over half of customers saying they were good at it (electric - 52.4%, gas - 53.3%). This has improved by about 30% from 2018 (electric - 39.4%, gas - 41.1%). However, almost a quarter of customers (electric - 25.8%, gas - 25.9%) still think utilities 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 centre experiences drive people away

Call centres play a pivotal role in a utility customer’s decision to switch or stay loyal.

An enormous 82.8% of electric customers and 83.3% of gas customers said they were likely or extremely likely to switch if they had a bad call centre experience – see Table 6.

This is similar to the results from 2018 (electric - 83.7%, gas - 81.3%) and demonstrates that it is vital that call centre agents are given the tools and training they need to deliver a great experience.

Table 6 - Likelihood to switch or stay loyal after a call centre experience

	% 2018 Electric	% 2020 Electric	% Difference	% 2018 Gas	% 2020 Gas	% Difference
Likely or extremely likely to switch after a bad call centre experience	83.7%	82.8%	-1%	81.3%	83.3%	+2%
Likely or extremely likely to remain loyal after a good call centre experience	80.1%	83.7%	+4%	80.3%	84%	+5%

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

The good news is even more utility customers (83.7% of electric customers and 84% of gas customers) said they were likely or extremely likely to stay loyal after a good experience with the call centre – see Table 6. This has increased since 2018 (electric – 80.1%, gas – 80.3%). The ability to listen to customers seems to be key to success. When asked about their emotional state before a call to a call centre, a quarter (24.9%) of

gas customers and (25.8%) of electric customers said that they want someone to listen to them. However, only about half (gas – 52.6% and electric – 51.0%) of those who wanted to be listened to felt that they had been after the call – meaning about half left the call feeling ignored. Managing a call in a way that converts an unhappy customer into a happy one is therefore incredibly valuable.

Utility companies should give their agents the information they need to take the heat out of the situation by using interaction analytics technology to analyse 100% of calls and identify words, phrases and acoustic qualities 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 behaviour of the customer. By providing agents with access to post-call analysis it will be possible to identify best practice and reinforce positive behaviour.

Real-time analysis can also identify when a call is deteriorating and prompt the agent to adjust their approach in time to rescue the call and deliver a better customer experience.

11. The 10 avoidable call centre behaviours that annoy utility customers and may cause them to switch

As indicated in Section 7, most callers arrive at a call centre in a negative frame of mind. Our survey results show that some call centre practices make matters worse. We have highlighted in Table 7 the top 10 call centre behaviours that annoy electric company customers and provide more reasons to switch. All of them are avoidable.

As can be seen, electric companies are annoying more customers for five out of the 10 behaviours than they did in 2018. The biggest increase is for failing to resolve

issues on the first call which has increased by over two and a half times (167%). This is proof positive of the need for electric companies to employ super-agents who are supported by the right tools, information and coaching.

The other big riser – also doubling (105%) – is for call routing options that don't include what customers need. Analysing every interaction would quickly identify when these failings are taking place so that steps could be taken to eliminate them.

Table 7 - Call centre behaviours that annoy customers of electric companies

2020 Position	Behaviour to avoid	Electric 2018	Electric 2020	% change
1	Failure to resolve my issue on the first call (#4 in 2018)	25.6%	68.4%	+167%
2	Long waiting times (#1 in 2018)	45.1%	35.6%	-21%
3	Call routing options that don't include what I need (#9 in 2018)	15.9%	32.6%	+105%
4	Long messages before being routed to the right person or function (#6 in 2018)	22.4%	30.2%	+35%
5	Calls that are cancelled/drop out after holding (#3 in 2018)	28%	28.4%	+1%
6	Having to repeat myself from one contact channel to the next or from one adviser to the next (#2 in 2018)	33.7%	22.5%	-33%
7	Calls that are mis-routed after speaking to a call centre adviser (#11 in 2018)	15.4%	19.1%	+24%
8	Call centre advisers that work to a script that means they ask silly questions or make silly comments which have no relation to the conversation (#5 in 2018)	22.4%	18.8%	-16%
9	Failure to follow up as promised (#7 in 2018)	18.3%	16.4%	-10%
10	Call centre advisers that don't show empathy or understanding when they deal with problems (#10 in 2018)	15.4%	9.9%	-36%

We have highlighted in Table 8 the top 10 call centre behaviours that annoy gas company customers and provide more reasons to switch. All of them are avoidable.

As shown, gas companies are also annoying more customers for five out of the 10 behaviours than they did in 2018. The biggest increase is for failing to resolve issues on the first call, which has increased by 136% since 2018. This highlights the need for gas companies, in the same way as electric companies, to employ super-agents who are supported by the right tools, information and coaching.

The other big riser – like electric companies, also doubling (107%) – is for call routing options that don't include what customers need. Analysing every interaction would quickly identify when these failings are taking place so that steps could be taken to eliminate them.

Table 8 - Call centre behaviours that annoy customers of gas companies

2020 Position	Behaviour to avoid	Gas 2018	Gas 2020	% change
1	Failure to resolve my issue on the first call (#4 in 2018)	28.1%	66.3%	+136%
2	Long waiting times (#1 in 2018)	42.9%	33.2%	-23%
3	Call routing options that don't include what I need (#10 in 2018)	15.8%	32.7%	+107%
4	Long messages before being routed to the right person or function (#6 in 2018)	23.6%	31.4%	+33%
5	Calls that are cancelled/drop out after holding (#2 in 2018)	31%	29.8%	-4%
6	Having to repeat myself from one contact channel to the next or from one adviser to the next (#3 in 2018)	29.6%	22.2%	-25%
7	Calls that are mis-routed after speaking to a call centre adviser (#9 in 2018)	16.3%	20.2%	+24%
8	Call centre advisers that work to a script that means they ask silly questions or make silly comments which have no relation to the conversation (#5 in 2018)	24.1%	17.6%	+27%
9	Failure to follow up as promised (#7 in 2018)	19.2%	17.4%	-9%
10	Call centre advisers that don't seem to have access to my account information and my recent interactions (#12 in 2018)	12.3%	10.7%	-13%

There are some factors a call centre can't control in the battle for loyalty.

But the 2020 CallMiner Churn Index shows that, with the right insight, there are many call centre behaviours that could be avoided to increase the likelihood of a better customer outcome – and with it much less churn.

Gas and electric suppliers can use interaction analytics technology to identify process failures in line with these behaviours, 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 the full results across all sectors, download a full a 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 analyse omnichannel customer interactions at scale, allowing organisations 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 organisations across retail, financial services, healthcare and insurance, travel and hospitality, and more.



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