Calculating the value of CX

Findings from the 2022 Customer Experience Survey
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Key takeaways

- Customer experience (CX) professionals agree that their senior leaders support CX initiatives, but aren't hands-on about making CX a priority.
- Communicating that your CX efforts tie into some of the top drivers of customer satisfaction (CSAT) is crucial in proving the ROI of your CX initiatives.
- Prioritizing CX initiatives can result in a decreased cost to serve customers.
- You can calculate your ROI by comparing the cost of serving dissatisfied customers with the cost of serving satisfied customers.

In this report we discuss high-level findings from the E Source 2022 Customer Experience Survey. If you're interested in participating in the next survey, fill out the participation form on the study page. For those who participated in the 2022 survey, you can find more-in-depth findings via the 2022 Customer Experience Survey page.

How E Source can help with your CX business case

Fill out this short form to start a conversation about your needs and how we can help.

How do you make the business case for CX?

Utility CX professionals are responsible for proving to the CEO and senior management that CX initiatives are worth doing. Although 25 of the 32 CX professionals we surveyed are in agreement that their senior leaders believe CX is critical to meeting business goals, 13 said they don't feel like senior leaders are vocal or hands-on about making CX a priority.

One of the biggest challenges in making the business case for CX is turning the intangible concepts such as nonmonetary benefits like CSAT into a tangible ROI.

How do CX metrics affect business outcomes?

We asked CX professionals to list the business outcomes their CX efforts have affected. Of the 32 utility respondents:

- 20 said their CX efforts resulted in increased customer advocacy
- 18 said their CX efforts resulted in increased participation in customer service programs
- 18 said their CX efforts resulted in better brand perception

Learn more about the E Source residential insights tools

The E Source US Residential Customer Insights Center is an online analysis tool that compiles data from the Claritas Energy Behavior Track annual online survey of about 32,500 residential customers in the US, conducted in partnership with E Source. The tool compiles data from the survey and allows users to filter responses by demographic information (such as gender and age) and household characteristics (such as size of home). It also allows users to filter by utility or state to gather information about their residential customers' energy-usage behaviors and attitudes around energy consumption.

The E Source Canadian Residential Customer Insights Center compiles data from the E Source Canadian Residential Customer Insights Survey, which we designed to better understand Canadian residential customers' attitudes and behaviors around energy and energy-related technologies. We conducted the 2021 study online with 5,001 customers.

And according to the E Source US Residential Customer Insights Center, some of the top utility attributes that drive CSAT are:

- Having a positive image
- Being customer focused
- Being easy to do business with

Communicating that your CX efforts tie into some of the top drivers of CSAT is crucial in proving the ROI of your CX initiatives (**figure 1**).

Figure 1: Top five business outcomes resulting from CX efforts and top five drivers of CSAT

If you can prove to senior leaders and managers that your CX initiatives have a positive effect on business outcomes, you're more likely to get support for your initiatives.

A. Business outcome resulting from CX efforts

	Number of utilities
Increased customer advocacy	20
Increased participation in customer service programs such as paperless billing or self-service	18
Better brand perception	18
Greater customer satisfaction as measured by J.D. Power, MSI*, ACSI, or another third-party benchmark	15
Reduced contact center volume	14

© E Source (2022 Customer Experience Survey). **Base:** All respondents (n = 32 utilities). **Question S5_4:** What business outcomes have your utility's CX efforts affected? Select all that apply. **Notes:** ACSI = American Customer Satisfaction Index; CX = customer experience; MSI = Marketing Science Institute. We show only the top 5 responses. In total, we asked about 18 business outcomes. *MSI is now Escalent.

B. CSAT drivers

	Impact on satisfaction (%)
My utility has a positive image	21
My utility is trustworthy	17
My utility has better rates than other electric providers	16
My utility is customer focused	11
Ease of doing business with my electric utility*	11

© E Source (US Residential Customer Insights Center; data from the 2021 Claritas Energy Behavior Track survey). **Base:** Respondents of electricity or dual-fuel providers who completed the activity online in the past 12 months. **Question A10:** How much do you personally agree or disagree with the following statements about your electricity provider for your primary residence? My utility has a positive image, my utility is trustworthy, my utility has better rates than other electric providers, my utility is customer focused. (Respondents used a scale of 1–10, where 1 meant strongly disagree and 10 meant strongly agree.) **A6NEW:** Please rate the ease of the following interactions with your electricity provider. Viewed account status/bill, connected/established/transferred service, set up notification/alerts, viewed a power outage map, reported a power outage/emergency, applied for a rebate, enrolled in an energy efficiency program. (Respondents used a scale of 1–10, where 1 meant very difficult and 10 meant very easy.) **Note:** *We took the average of seven interactions to determine the driver "Ease of doing business with my electric utility."

What's the benefit of prioritizing CX initiatives?

Failing to meet customers' expectations will lead to higher operational costs. Dissatisfied customers are more expensive to serve than customers who are happy with the service they receive. Dissatisfied customers will increase contact center volume and drive higher numbers of escalated complaints.

Consider this example. A utility has 100 customers:

- 55% are satisfied
- 15% are neutral
- 30% are dissatisfied

Imagine that the average satisfied customer calls once a month, requiring one minute of agent time. At a cost of $3.50 per minute of call time, that means the average satisfied customer costs the utility $42.00 per year in the contact center.

Alternatively, the average dissatisfied customer calls twice a month, requiring five minutes of agent time per call. That means the average dissatisfied customer costs the utility $420.00 per year in the contact center.

In this scenario, for every dissatisfied customer that the utility can convert to a satisfied customer, the utility will save $378.00 in contact center costs (**figure 2**).

Figure 2: CX ROI calculator

Use this template as a starting place to help you determine the ROI of your CX initiatives.

Description	Dissatisfied	Satisfied	Notes/equation
Customer survey responses	30%	55%	Percentage of current customers in bottom- and top-box satisfaction scores
Annual customer count	30	55	Annualized number of customers who call the utility for this transaction
Annual cost to serve	$12,600	$2,310	Total transaction hours × cost per hour
Average number of transactions per customer per year	24	12	Average annual transaction counts
Average transaction length	5 minutes	1 minute	Duration of interaction as reported internally
Total transaction hours	60 hours	11 hours	(Annual customer count × average number of transactions per customer per year × average transaction length in minutes) ÷ 60
Cost per hour	$210	$210	Internal cost, e.g., people (wages) or systems (infrastructure)
Cost per customer	$420	$42	Annual cost to serve ÷ annual customer count

Description	Total	Notes/equation
Savings from perceived satisfaction	$378	Cost per customer (dissatisfied) − cost per customer (satisfied)
Customers affected by initiative	15	Projected count of customers to move from dissatisfied to satisfied
Annual savings from initiative	$5,670	Savings from perceived satisfaction × customers affected by initiative
Cost of initiative	$2,000	Cost of people, process, policy, system, or data improvement
Return on investment	$3,670	Annual savings from initiative − cost of initiative

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Our report 8 metrics for making a utility business case for customer experience uses the ROI example we feature above, and it further explores the cost implications of serving dissatisfied customers. This report is available to members of the E Source Customer Experience Strategy Service.

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