

Customer Relationship Management

Driving growth through customer loyalty

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Growth is back on the horizon—but will your customers be around to help you achieve it? Delivering the kinds of customer experiences that drive retention, repeat buying and overall business growth is becoming increasingly challenging. This is the most important conclusion reached by Accenture's fifth annual consumer satisfaction study, based on a survey of more than 5,000 people across 12 countries in Europe, the Americas and the Asia-Pacific region.

Our research finds that consumers continue to expect more from companies when it comes to service, and too few businesses are keeping up. Globally, 69 percent of consumers reported leaving at least one provider last year due to poor service—up from 49 percent just five years ago.

Compounding the problem is the fact that customers are leaving without giving any signals of their issues until it is too late—while using new tools such as social networking to spread the word of their dissatisfaction. These trends have profound impact on many of the loyalty and satisfaction programs that companies have had in place for decades.

In response to this challenging consumer environment, one of the most critical imperatives enterprises face is to finally move away from a one-size-fits-all approach to sales and customer service. To compete for a new, more demanding kind of consumer, leading companies are changing their service models to provide differentiated customer experiences based on the expectations and requirements of closely understood customer segments, as well as the current and potential value of those segments.

Key findings

The findings from Accenture's consumer satisfaction survey highlight several important dimensions of current consumer/provider relationships.

Service expectations are rising quickly

On the whole, consumers around the world perceive the quality of customer service to be good. The challenge is that expectations for service have been continuously increasing, even during the economic downturn. Expectations have risen significantly, particularly in emerging markets. Yet even in a developed market such as the United States, nearly one-third (29 percent) of our respondents reported having higher expectations today compared with 12 months ago.

As customer expectations increase, companies seem to be falling short, despite the improved perception of service quality. Sixty-two percent of respondents who left their providers during the past 12 months did so because of the poor quality of the customer service they experienced. Globally, the percentage of consumers whose expectations were frequently or always met declined from 53 percent in 2007 to just 40 percent in 2009. Even in the United States, where consumers experience high-quality service relative to other regions, only half reported that their expectations were met frequently or always. This is a widening gap that should be of concern to providers everywhere.

Speed and quality matter

While consumers have a variety of expectations for customer service, they care most about how well-informed and personable their customer service representative is, how fast and efficiently they

receive service and how long it takes for their issues to be resolved.

Customers value representatives who are polite, friendly, knowledgeable and familiar with the customer's history. Yet approximately one-third of consumers said they are dissatisfied with the level of awareness that agents have of their overall relationship with a company.

Globally, consumers are most frustrated with being kept on hold for a long time when contacting customer service by phone and by having to contact customer service multiple times for the same reason. Each of these experiences was cited by more than 60 percent of consumers as "extremely frustrating." Furthermore, nearly half said they encounter such a situation "a lot."

Digital service channels are gaining ground

When they need assistance, consumers in all countries sampled still prefer talking to an agent in real time on the phone. However, digital channels such as e-mail, text messaging and online chat are also popular, especially with consumers in emerging markets. These consumers are more likely than those in established markets to contact service providers using new technologies.

Our research highlights a clear divide between emerging and established markets over the benefits of technology-enabled customer service. For example, more than 84 percent of emerging-market consumers in Brazil, India and China agree that the use of technology in customer service has significantly improved the service levels they experience. By contrast, German, Australian and Canadian consumers are the least convinced that the increased use of technology has resulted in service improvements. In fact, all of the established-market countries scored under the global average with regard to agreement that technology has significantly improved customer service.

Recommendations

The Accenture study highlights the critical role that customer service experiences play in attracting and retaining customers. The research findings also highlight how difficult it is for companies to keep pace with rising and changing customer expectations, as well as to satisfy these expectations not only from country to country but from age group to age group.

To succeed in this challenging environment, Accenture recommends that companies consider the following keys to success:

Deliver differentiated customer experiences

Delivering differentiated service experiences is critical to profitable growth because it supports more predictable buying behaviors and longer-term commitment to a company. As part of an end-to-end solution for satisfying customer needs, such experiences not only help make service more relevant and attractive to customers, but they also help companies more effectively marshal limited service resources. In other words, companies need not try to be all things to all people but should strive to make smart decisions for themselves and their customers.

For example, one retailer designed a strategy to identify the most profitable and fastest-growing customer segments in each store. The company then realigned its stores and helped employees to target shoppers in those segments with products and services that would encourage them to spend more and return more often. Sales at the newly reformatted stores have been double the rate of stores following a traditional format.

Put customers in charge

One way an enterprise can meet the service expectations of a diverse customer base is to enable customers to configure their own experience—the channels they will use to obtain service, which service agents they want to interact with and what service options they expect to be offered. Cable giant Comcast, for example, now fields customer inquiries through Twitter in addition to its more traditional phone and online channels.

Customer needs, behaviors and intentions continue to diverge and fragment. Giving consumers more control over how they interact with a company can help build close, lasting relationships across the generational and geographic spectrum.

Let familiarity breed loyalty

Customers tend to prefer businesses that make them feel welcome—something difficult for large enterprises to do in ways that feel authentic. One way to foster this feeling is to enable customers to build personal relationships with specific service personnel through repeated interactions over time.

Leverage new collaboration technologies

Emerging collaboration technologies have the potential to dramatically improve the speed and quality of service interactions. New devices and applications, for example, enable field technicians to transmit a video image of a customer's broken device to the home office, where product experts can diagnose the problem quickly and relay precise repair instructions.

One innovative example of collaboration technologies is from Lands' End, which offers a virtual model tool on its site. Consumers can create online models that resemble the intended clothing wearers to see how certain garments would look on them. The company then enables users to share their work on the site by e-mailing images to others.

Aiming to be all things to all customers is unlikely to be a winning strategy for companies that are faced with so many varied challenges. High-performance businesses will embrace a more differentiated model—one that is closely aligned to the distinct needs and preferences of their most valuable and profitable customers.

The result can be a better return-on-investment in customer service in terms of customer loyalty, preference and advocacy—leading to profitable growth and high performance over the long term.

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