

Accenture Electronics & High Tech Solutions

Customer Service in Consumer Technology: Bridging the Gaps


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"Word of mouth is much more powerful than it's ever been. Customers aren't going to write many letters to companies anymore. They are going to blog about you, and the smart companies are going to find those blogs."

Robert Stephens
Founder and Chief Inspector
The Geek Squad



Superior customer service is one of the hallmarks of high-performance businesses.

In fact, for high-tech companies, service that exceeds the industry norm has become virtually required to ensure repeat business and strong customer loyalty. This observation is supported by recent Accenture research, which has found that even companies providing an “average” service experience are at risk of losing a substantial percentage of customers.

Yet, many companies delude themselves into thinking that their service experiences truly please their customers—when, in fact, customers as a group are more angry than ever about their encounters with companies' service organizations and are taking to the Internet to express their displeasure, often in vivid color via online outlets such as YouTube. Accenture has found while companies applaud themselves for the “improvements” they have made in their service capabilities, their customers are desperately seeking—and often finding—alternative providers of today's high-tech products.

In this paper, we draw on several comprehensive Accenture surveys (see page 9) to explore the extent of the customer service challenge facing high-tech providers—including the wide disparity of perceptions between companies and their customers on critical aspects of customer service. We also discuss four key steps that companies must take to create superior customer service capabilities that foster a high degree of customer loyalty that ultimately results in stronger financial performance for the business overall.

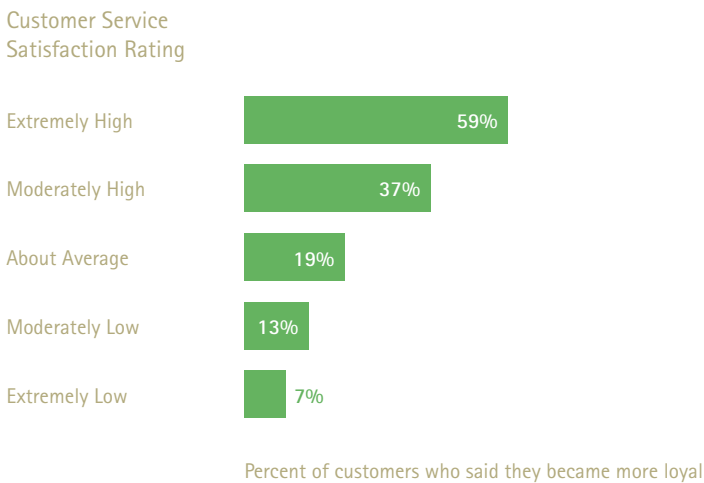
Loyal customers can have a major, positive effect on a company's bottom line, but companies' approaches to service are driving many customers away.

There's clearly a relationship between customer satisfaction and loyalty. But companies may not be aware just how critical a role that customer service plays in creating a satisfying customer experience—and, hence, in engendering loyalty. Indeed, Accenture's technology industry customer service and support surveys confirmed what most people intuitively know: that the more satisfied a customer is with the service received, the more loyal he or she becomes—and vice versa. In fact, consumer technology customers that have an extremely high satisfaction experience are nearly 300 percent more loyal than those that have an average satisfaction experience. Those that have an extremely high satisfaction experience are nearly 2.5 times more likely to repurchase from that same company than if they had an average satisfaction experience. But

stunningly, only about one-fourth of consumers said that they would buy again from a company that, in their minds, provides only average service, and just 19 percent said they were likely to be more loyal to such a company.

That means technology companies whose customer service capabilities are only as good as those of their competitors will likely lose nearly 75 percent of their customers, and companies with which customers have a moderately high level of satisfaction stand to only get about half of those customers to buy from them again.

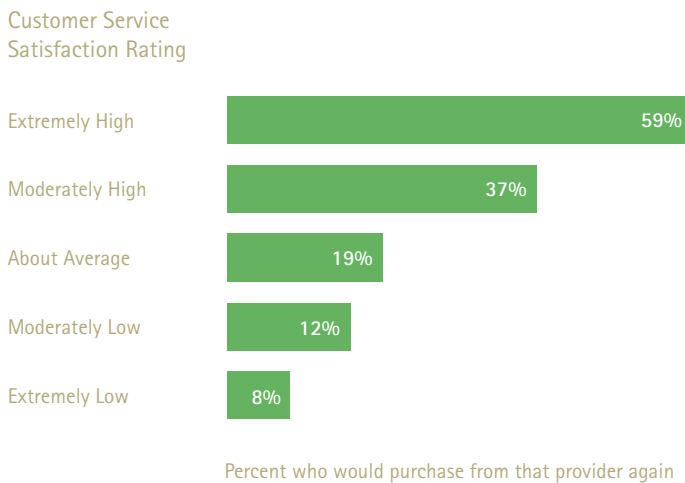
Figure 1. Level of satisfaction with customer service directly correlates with stated loyalty to provider



As if that's not bad enough, customers today have potent tools that enable them to loudly express their displeasure with companies to anyone with an Internet connection—thus potentially having a far greater impact on a company's future business than in the "old days," when a customer's sphere of influence was limited to family and others with whom they had regular contact. In other words, companies that don't deliver superior service run the risk of incurring the wrath of bloggers, creative "YouTubers," and even regular customers who post their experiences on a host of "review sites" such as Epinions.com, theconsumersreview.com, resellerratings.com, and gethuman.com. The potential damage to the reputations and business of poor-performing companies is virtually unlimited in a world where tech-savvy, networked customers hold enormous power.

To be sure, many factors contribute to high levels of industry churn—maturity, level of competition and technology substitution, to name a few—and these survey results do not reveal these underlying causes. They do, however, show that there is a direct relationship between how satisfied customers are with the service they receive and how likely they will be to continue to patronize a provider. Indeed, any company that believes simply generating an average to somewhat above-average level of customer satisfaction with its service will secure its customer base could find itself sadly mistaken. To the contrary, providing average service—just to save money on what's largely viewed by most companies as a cost center—is an open invitation for customers to shop elsewhere.

Figure 2. Level of satisfaction with customer service directly correlates with propensity to be a repeat customer



There's considerable disparity between how companies and customers perceive the state of customer service, as well as in the service priorities expressed by each group.

The preceding findings clearly show the importance that customers place on quality service—a fact that, at least on the surface, has not escaped the notice of company executives. In fact, VP-and-above level executives of leading global high-tech companies who participated in Accenture's technology industry customer service and support surveys emphasized their belief that customers' service expectations have increased substantially in recent years. When asked to rate the degree to which their customers' expectations for service and support is increasing (on a scale of 1=increasing to a small extent and 10=increasing to a large extent), three-fourths of executives surveyed gave a rating of 8. Yet despite executives' tacit acknowledgment that customers want much more from their service interactions with providers, companies and consumers differ in their impressions about several aspects of service—with

the most striking difference relating to service quality. High-tech executives in Accenture's survey think the after-sale service and support their companies provide is well above average, and many believe their companies' efforts have kept pace with customer expectations. In fact, 80 percent of executives polled said they would describe the customer service satisfaction of their overall customer base as moderately or extremely high, with 54 percent rating their service and support an 8 or higher on a scale of 1=very poor to 10=excellent. Furthermore, three-fourths of executives said customers' satisfaction with the service they receive is above average, with 57 percent estimating it was moderately high and 17 percent saying it was extremely high (Figure 3). Asked to compare their company's performance to their competitors, 54 percent of the surveyed Vice Presidents said that their customer service capabilities are among the best in the industry.

Figure 3. High-tech executives' rate the service and support satisfaction of their customer base

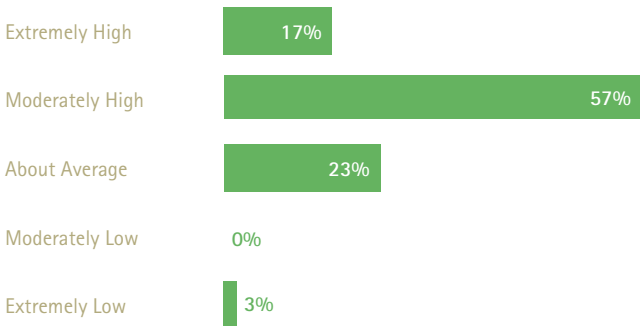
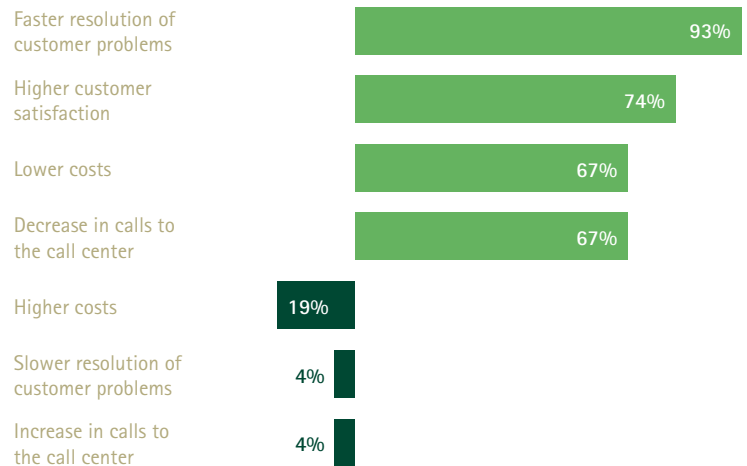


Figure 4. Benefits executives believe their new self-service capabilities have generated



But consumers have a different opinion. Many, in fact, believe companies are falling far short of their expectations for customer service from providers of high-tech products and services, as evidenced by the following statistics from Accenture's technology industry customer service and support surveys:

- 57 percent of consumers described themselves as somewhat upset, very upset or extremely upset when they accessed customer service channels from such providers
- 78 percent of consumers still believe their provider's customer service is at or below the level of service offered by competitors

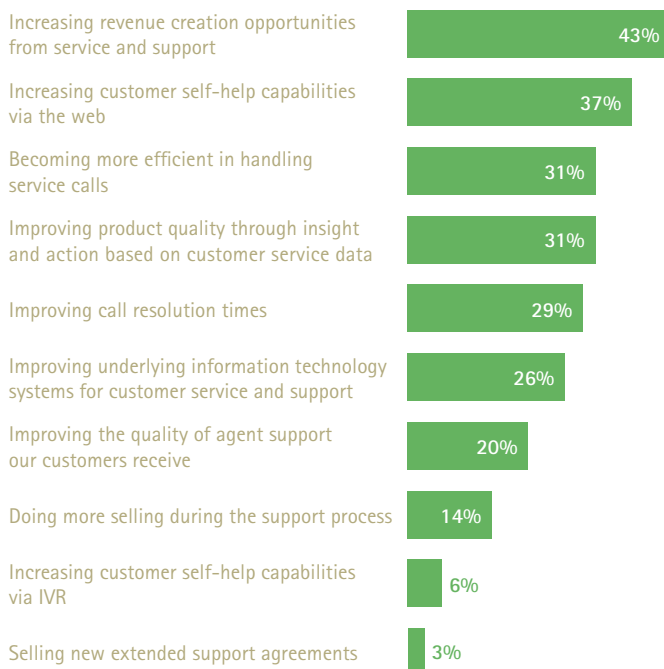
And those are not the only areas of disparity between companies and their customers. For instance, 77 percent of high-tech executives reported having implemented new customer self-service capabilities within the past two years—and believe these new capabilities have had a very positive impact on the

organization (Figure 4): Ninety-three percent said they've seen faster resolution of customer problems and 74 percent said they now have higher customer satisfaction. But one gets a different impression talking with customers. Nearly half (46 percent) of the consumers in the survey said they have had to access customer service channels between two and four times to resolve their problems, and 18 percent said they have had to do so more than four times. And, despite companies' "new capabilities," one-third of consumers rated their customer service experience with such providers about the same as—and 22 percent said it was worse than—two years ago (only 14 percent rated their experience "much better"). Overall, 61 percent of consumers believe technology has not improved the service they receive from high-tech companies.

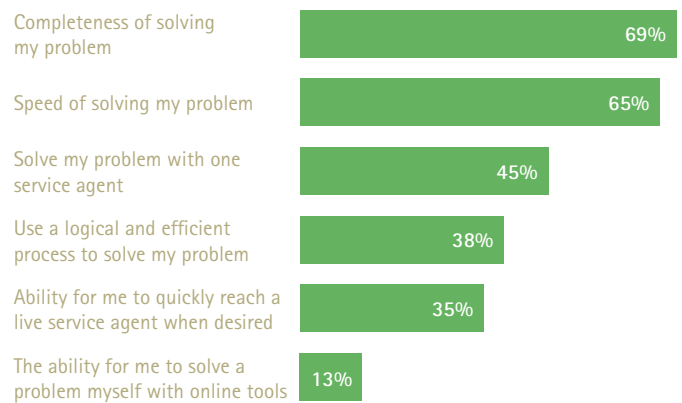
Furthermore, when looking at the service agendas for companies and their customers, it's apparent that the two groups aren't even close to being on the same page (Figure 5). For instance, consumers' two most important wishes for customer service are to have their problem solved completely (ranked first, cited by just under 70 percent of respondents) and quickly (ranked second, named by 65 percent). Conversely, the top service agenda item for companies—increasing revenue opportunities from service and support—is completely company-centric and has little to do with customers. Similarly, while only 11 percent of consumers said they value the ability to solve a problem themselves with online tools, nearly 40 percent of high-tech executives said increasing customer self-help capabilities via the Web was a top-three agenda item for them in the coming year (good enough for second place on their list).

Figure 5. Top priorities for customer service: companies versus customers

Companies' top priorities



Consumers' top priorities



Four key actions can help high-tech companies deliver the kind of service that customers demand.

Is it reasonable to expect that high-tech companies can rise to the challenge? In a sense, they really have no choice.

In our work with clients around the world, Accenture has found that customer expectations are crossing industry boundaries at an increasing rate—to a point at which the notion of different service standards for different industries is a thing of the past. Today, many organizations face dual threats from rapid commoditization and increased competition, which are eroding their traditional advantages and undermining customer relationships. And guess what? It's only going to get more difficult in the future, especially given the emergence of two major trends: the growing complexity of products and service bundles and a massive divergence in needs and expectations as customer segments become more fragmented. These two trends will be a driving force behind the need for companies to stop making incremental improvements to how they respond to customers' request for assistance and, instead, completely reinvent customer support and service.

Four key actions should be part of that effort:

Address customer support early in the support lifecycle.

As customer requests for help get escalated in a company, the cost to serve that customer and address his or her needs increases dramatically. That's why it's vital for companies to do what they can to resolve customer issues as early as possible—by, for instance, loading onboard customer "help" options onto a new system, delivering technical updates automatically through online customer touchpoints, and providing system diagnostics to provide support personnel with better insight into the service problem. These capabilities all lead to reduced time to resolve a service event and in some cases can prevent a service event, which is in alignment with the customer's ultimate desire.

Case study:

Oracle Corporation

One company that has effectively addressed customer support early in the lifecycle is Oracle Corporation, one of the world's largest providers of enterprise software. Oracle recently won the Service & Support Professionals Association (SSPA) Star Award for Innovative Support for its development of real-time diagnostic and monitoring capabilities that identify system performance problems before they affect a customer's business. Oracle developed Configuration Support Manager (CSM), a proactive automated capability that provides its customers a simpler way to track, manage, and support their configurations while reducing the risk of unplanned system downtime. By integrating Health Checks and Product Alerts with Configuration Support Manager, Oracle is able to offer automated secure notifications that identify potential risks to a customer's IT environment and provide proactive advice and corrective actions to avoid loss of service.

Use technology more effectively.

Technology can either enhance or destroy the service experience. Judging from responses to another Accenture research effort—the Accenture Customer Service Survey—it's doing the latter in many companies. A majority of participants (58 percent) in that survey said they are not at all satisfied with automated telephone customer service, which many companies have implemented in an attempt to control escalating call center costs. But there's a difference between simply replacing humans with an IVR system to cut costs and optimizing the use of IVR as part of a larger effort to make an organization more customer centric. The latter requires much more than simply "dropping in" a new system.

Furthermore, as one global software company discovered, there are many technologies that can have a major impact on customer service—not just those that customers use directly.

Case study:
BEA Systems Inc.

Accenture's expertise was put to work recently at BEA Systems Inc., which found its service and support infrastructure facing numerous challenges during a period of unprecedented growth. For example, in addition to having to keep up with a growing array of service offerings, the company's support organization found itself spread across multiple locations and lacking the necessary supporting technology and processes.

BEA teamed with Accenture on a comprehensive program to address BEA's support organization challenges—with the ultimate goal to improve customer satisfaction and cost to serve. Accenture worked with BEA to segment its customers and offerings to better understand how each would be best supported. Finally, Accenture created a new scalable support organization with new technology tools and an Internet portal for customer self-service.

As a result of the initiative, BEA increased revenue from a new "higher touch" offering, increased productivity of its support personnel by as much as 40 percent, doubled case submission via lower-cost Web channels, increased call deflections via usage of customer self-service by 15 percent, and reduced response time by 50 percent for its most important customers, improving customer satisfaction.

Help agents to be more capable and personable.

Consumers in the Accenture Customer Service Survey showed a clear preference for the human touch. Eighty-two percent of participants said when they seek advice, they call for assistance. Yet two of the most frustrating aspects of customer service for these consumers are agents not having the answers customers need and representatives who are not personable. To address these issues, companies must more effectively provide agents access to the information (customer, product, and transaction) they need to do their jobs, and institute better agent training and development programs to encourage and reward appropriate behavior.

Case study:
New York City's Department of IT and Telecommunications

An excellent example of an organization that has taken this to heart is New York City's Department of IT and Telecommunications. New York Mayor Michael Bloomberg believed the city could better serve its citizens by implementing a centralized, all-purpose call center—accessible by dialing 311—that would quickly direct callers to the information or resources they needed, any time of the day or night. The city's technology department built and launched the new citizen service center and hotline, which is supported by a searchable repository of information on more than 6,000 aspects of city government; an entirely new, integrated call center operation; and new operational processes using commercially available customer contact software applications and content management tools. New York citizens now can dial the hotline anytime to speak with a citizen service representative, who can help callers with a wide range of service requests and information in 170 languages. The integrated system provides callers with more personalized service, faster problem resolution and easier access to knowledgeable help.

Create a superior customer service experience.

The majority of customer service experiences are long and painful. For instance, in the Accenture Customer Service Survey, 54 percent of consumers likened their interactions with customer service to "driving in city traffic: slow and often requiring alternative routes to reach their destination," while 24 percent said their interactions were "like being stuck in traffic gridlock with no chance of moving forward or going back." These hardly sound like the perspectives of happy customers. Companies that can break the mold of subpar service and establish a differentiated, positive service experience will win fans in the short term and competitive advantage over the long haul.

To take the driving metaphor a little further, consider what high-tech companies can learn about the service experience from a master: Lexus. The car company has built its reputation on providing an exceptional service experience to match the quality of its automobiles. In studying Lexus's success, high-tech executives could see that creating a superior customer service experience requires companies to shift their thinking from service starts after the sale to service sells the product; from service is elective—the customer has to ask for it—to service is embedded in the product or solution; and from service is operated as a cost center (with "call avoidance" being a key metric) to service is operated as a profit center (with customer intimacy being a differentiating feature).

It's time for companies to recognize the critical role that service plays in generating customer loyalty and achieving high performance.

Breaking out of the customer service morass requires an entirely new approach to designing, building and sustaining customer support and service capabilities. Accenture's research and client experience confirm that all the incremental improvement in the world won't create the capabilities necessary to keep customers in the fold in today's hyper-competitive environment.

As we have seen time and again, service often spells the difference between mediocre companies, poor performers and market leaders. Given the results of Accenture's research, one could argue that many, if not most companies are failing the service test today. This is unfortunate because the tools, approaches and resources exist today for companies to create world-class customer service capabilities that live up to customers' expectations while remaining fiscally sensible. While such capabilities may be considered by many

companies to be an option today, they will be a competitive necessity tomorrow—especially for those organizations seeking to build enduring customer loyalty and achieve high performance in an ever changing world.

Accenture Research Contributing to This Report

Our insights presented in this report are not simply conjecture; to the contrary, they are rooted in comprehensive, ongoing research that Accenture conducts on related topics—as well as on our extensive client work in the customer service and support arena.

Two of the research efforts we've drawn on for this discussion are the following:

- Accenture Technology Industry Customer Service & Support Surveys (2006 and 2007): Surveys of two separate audiences—executives at 35 global technology companies and 1,200 consumers in Italy, United Kingdom, France, Germany, Japan and the United States—on aspects of customer support

and service. Consumers were polled on their perceptions gleaned from over 1900 technology-related service incidents, which could include Internet access, telephony (wireline and wireless), consumer electronics, computer equipment, and software.

- Accenture Customer Service Survey (2005 and 2006): Survey of more than 2,000 consumers in the United States and United Kingdom on perceptions of customer service across 10 types of providers, including high-tech and communications products and services providers.

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"Customer service starts from customer focus, so our group is trying to bring the service needs of the customer into the product right from the beginning."

Mr. Yoon C. Lee
Director of Product Development
Samsung



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