

A black and white photograph of a hand reaching down towards small white flowers in a field. The hand is positioned in the upper right, and the flowers are in the lower left. The background is a soft-focus field of similar flowers.

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Service Is The New Sales

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Companies continue to be more invested in acquiring new customers than in proactively retaining existing ones. That strategy worked in the past. But in the digital age, customer acquisition is just one factor of success. Customer service—with a specific focus on reducing churn—is now also a critical growth driver. Are you prepared to seize the service opportunity?

Purchase is no longer the end game

The traditional linear buying path—from discovery to consideration to evaluation to purchase—is dead. In the digital age, a highly fluid, nonstop customer model prevails. With easy access to more information, products and channels than ever before, customers continuously assess the products, services and brand promises that surround them. They are in a perpetual state of "evaluation." And their expectations are at an all-time high—as is their propensity to walk away from providers that fail to give them what they want.

These customer digital wanderings are having a profound effect on company growth. Accenture's 2014 Global Consumer Pulse Research has shown

that nearly two-thirds of consumers switched at least one of their providers due to poor service in 2014.¹ The "global switching economy" these consumers represent is estimated to be worth a staggering \$6.2 trillion.² If that number isn't enough to catch business leaders' attention, consider this: that number is growing at a higher rate than global GDP. Churn has increased by 20 percent in recent years, with no signs of slowing.³

In an always-on environment, the point of sale is still important—but it's no longer the singular point of victory. Customers are won (and lost) long before and long after the sales transaction. The experiences customers have when they evaluate and ultimately use products and services take center stage.

Why service matters

A number of studies indicate that it costs four to 10 times more to attract new customers than to retain existing ones.⁴ If companies with large, embedded customer bases could improve customer retention even slightly, they could generate hundreds of millions of dollars in margin improvement. So, what can they do to keep their customers? The answer lies in customer service.

Accenture has identified the service experiences that are most likely to cause customers to switch. Topping the frustration list: having to communicate with a company multiple times for the same reason, long wait times, impolite representatives, and having company representatives claim one thing and deliver another.⁵ Eliminating these sorts of experiences is a way of keeping existing customers engaged. But it can also reduce the likelihood of acquiring new customers. How? Following a bad experience with a company, 77 percent of customers will tell others. And 28 percent will post negative comments online.⁶ That dissuades potential customers and eliminates the potential for future sales. The impact of negative social media posts cannot be overstated. An "average" Facebook user with 245 friends can reach more than 150,000 other users. And heavy Facebook users can reach more than seven million.⁷

Of course, social media is not only used for sharing negative experiences; consumers can also post good customer service experiences that, in turn, influence new sales. But the sad truth is that there's less interest in singing companies' praises. Customers who have poor service interactions are 50 percent more likely to share their experiences via social media channels than those who have good ones.⁸

Winning the customer retention game

Companies are beginning to see the huge profit potential associated with churn reduction. But few have invested the time and resources needed to really master the art and science of customer service. Rather, many continue following an old playbook in which churn management is reactive, and customer calls are viewed as cost drivers, not opportunities for growth. In the digital age, this must change.

Companies can take three steps to help position service as "the new sales" and effectively use churn reduction as the economic value lever it is.

Quantify churn's impact.

Historically, companies have relied on a Net Promoter Score® or data from organizations such as J.D. Power to understand customer satisfaction. With today's analytics capabilities, there's a much more direct for companies to understand the impact customer service has on churn. Companies have more information about their existing customers than ever before. It's time they use this data to identify precisely what their customers notice and value when it comes to service. In addition, analytical tools can help companies directly measure customer service's contribution to churn, as well as service's impact on the bottom line. Companies need to build strong analytics capabilities and introduce new metrics such as Accenture's prior "Post-Interaction Churn" to gain actionable insights about the economic impact of service on churn, revenue growth and profitability.

Give retention the attention it deserves.

Companies are quick to dedicate funding and resources to acquire new customers and pursue new sales opportunities. They need to prioritize retention as highly as other growth initiatives. One way to accomplish this is to invest in targeted service improvements that produce better customer experiences. Offering first-contact issue resolution, the ability to solve issues through any channel, shorter wait times, polite and knowledgeable service workers, and data privacy can make all the difference.⁹

Another way to prioritize retention involves defining new leadership roles focused on retention and

aligning their responsibilities with those of Chief Sales Officers, Chief Operating Officers, Chief Service Officers and CIOs to provide a seamless end-to-end customer experience. Chief Retention Officers (CROs), for example, are accountable for implementing cross-functional churn-reduction initiatives and seamless, consistent customer service experiences. Chief Customer Officers (CCOs), responsible for directing initiatives from the center of the customer experience, can help solve upstream/downstream issues that drive poor experiences. For CROs and CCOs to be most effective and accountable for results, they must be measured and rewarded on service's impact on growth—not just cost takeout. It is vital that the company's leadership team recognizes and values these new teams' contribution to revenue growth.

Tackle the most toxic interactions.

Accenture research revealed that 82 percent of switchers would stay with their original provider if the company had taken steps to address their dissatisfaction.¹⁰ Companies should not squander the second chance that customers are willing to give them. However, they have neither the resources nor the funding to modify every potentially frustrating customer interaction. What they can do is develop skills and analytics to isolate, understand and remediate the largest root causes of dissatisfaction among their customers. This involves identifying toxic service interactions, as well as process or policy misalignments that have a disproportionate impact on churn. And it means working with peers in other functional areas to eliminate the "hot spot" issues that frustrate customers most.

Service to grow revenues

Historically, companies looking to grow revenue have dedicated the lion's share of attention and resources on acquiring new customers at the all-important "point of sale." However, in today's always-on world, higher customer defection increasingly impacts revenue achievement. Forward-thinking executives can deliver engaging, differentiating service experiences to reduce churn and drive topline revenue growth and profitability.

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