Are you a keeper?

Discover strategies to develop long-term customer relationships with the 2019 Accenture Global Keep Me Index.
If you’re a communications service provider (CSP), what’s the state of your relationships these days? With customers, that is. If you’re like most companies, it’s increasingly difficult to attract new customers and keep the ones you have. The global telecom switching economy grew 9 percent from 2017 to 2018, reflecting customer revenue at risk from switching providers.¹ Customer acquisition costs have been growing at about 5 percent annually as mature markets approach saturation.²

The silver lining? Companies aren’t helpless in the face of these developments. In fact, 80 percent of consumers who switched providers told us that the company could have done something differently to retain them.¹

But what is that “something”?

The answer: Strong relationships—enduring, reciprocal and authentic relationships with customers and other businesses.
The 2019 Accenture Global Keep Me Index: Measuring customer “stickiness”

How can the effectiveness of a customer relationship be measured? For the third year in a row, Accenture has conducted research with almost 24,000 customers globally who subscribe to and regularly interact with CSPs spanning wireless and television/video services, as well as digital platform brands (such as Amazon Prime™, Hulu™, Netflix™ and Google™), to measure their likeliness to stay with a brand for the long run.
The result is the “Keep Me Index,” (KMI) which is designed around a set of relationship factors that measure how customers think, feel and talk about a brand:

**Instinct:**
What’s the first word or phrase that comes to mind when you hear this company’s name?
Is the sentiment positive or negative?

**Dependence:**
Imagine the company is going out of business. How does that make you feel? Why?

**Trust:**
Is this a brand you trust? What do you trust and/or distrust the most? Are you confident that your data is safe with them?

**Perception:**
How happy are you with quality of service for price? Why?

**Voice of the customer:**
Do you talk about the brand? How often? Do you say positive or negative things?

To calculate KMI, each component is scored individually and weighted into a single composite score, which indicates the correlation between KMI and a customer’s likelihood to stay with a brand for the next 12 months. Scores for each component as well as overall KMI range from -1 to +1, and are indexed to show the average positive or negative emotional connection between customers and brands.

Gaining or losing ground with your KMI score is a big deal. In fact, on average, increasing KMI by 5 percent decreases customer churn risk by 4 to 5 percent.
Who has the KMI advantage?

In the race to establish a high degree of stickiness through effective, long-term customer relationships, who has the edge—CSPs or digital platform players?
This year, for the first time, it’s pretty much a dead heat. On average, traditional CSP brands are catching up to digital platforms in their likelihood and ability to retain customers, with a more than 50 percent gain on digital-native competitors over the past two years.

The large KMI gap between digital platforms and CSPs has significantly diminished. In North America, for example, our 2017 data showed a KMI gap between digital platforms and traditional TV/video service providers of 0.64 to 0.29. This year, the gap is only 0.43 to 0.34. Similarly, the gap between digital platforms and wireless providers was 0.64 to 0.46 in 2017. This year, it was just 0.43 to 0.39. (See Figure 1.)
Customers are increasingly satisfied with the quality of service they receive from their CSPs, showing a shift toward experiential attributes, not just price. Another factor has to do with trust.

The “perception” and “voice of the customer” scores of traditional CSP brands increased year over year while digital platforms’ scores decreased. Why? The key drivers are trust (or distrust) and a desire for more control over data-sharing and privacy options. We found that 22 percent of negative voice of the customer scores for digital platforms had to do with distrust of the brand. Without that trust, digital platforms may lose more of their customer base to competitors or new market entrants.

Figure 1: Digital platforms’ KMI lead over other brands has greatly diminished from 2017 to 2019
KMI scores range -1 to +1
Three keys to maintaining successful, long-term customer relationships

Analysis of our KMI findings points to a three-tiered strategy for maintaining enduring, reciprocal and authentic relationships with customers—activities that can reinforce each other such that $1 + 1 + 1$ equals much more than three.
Trust is a valuable commodity. In fact, customers who highly trust a brand are 215 percent more likely to stay with that brand for the next 12 months. Here are some other aspects of trust to consider:

More trust, more data.
Customers who highly trust a provider are more willing to share their personal data—in fact, four times more data than customers who are lukewarm or actively distrust the company. (See Figure 2.)

Those who give back get more.
Customers respect the value that purpose-led brands bring to communities—socially, environmentally, and culturally. Other Accenture research found that 64 percent of consumers find purpose-led brands more attractive, and 63 percent prefer to purchase from companies that stand for a shared purpose. Our KMI research revealed that customers are also twice as likely to share personal data with brands who give back to their community.

Earn trust, protect revenue.
With stories of data breaches and identity fraud increasingly in the news, it’s not too surprising to see that customers are more likely to stay with a brand that they believe is effectively protecting their personal data and identity. Furthermore, 20 percent of customers at risk of attrition could be retained if providers applied responsible data policies and practices—an opportunity valued at about US$80 billion across mature markets globally.

Figure 2: Average quantity of personal data that customers are willing to share, by level of trust

![Figure 2: Average quantity of personal data that customers are willing to share, by level of trust](image)
Three keys to long-term customer relationships

2 Actively nurture

As with personal relationships, so it is with corporate ones: You can’t be passive. You have to actively work at it. That means delivering compelling experiences, knowing customers at a deeper level, and being careful about data-sharing and using data to “personalize” offers.

A shift from price to experience.

In the last two Accenture KMI studies, price has been a primary influencer on customers’ likeliness to stay with a brand. This year, although price is still important, experience has become a more significant driver of brand connection and perceived value. This is especially true with the youngest generation of consumers (Gen Z, ages 18–24) as well as those with extremely high KMI scores. Leading brands are responding by creating differentiated experiences to drive stronger customer affinity. More than half (57 percent) of customer instinct drivers have experiential attributes, compared with 13 percent based on price. (See Figure 3.)
Know me at a deeper level.
Trust is developed through carefully personalized experiences—including protecting your customers’ privacy, allowing them to have more control of their personal data, and using what you know about your customers to create appropriately personalized experiences. We found that, although 72 percent of customers trust brands with their data, only 58 percent feel that brands are using their data to create personalized experiences. There is an opportunity for all brands to harness customers’ personal data responsibly, and to better use that data to create more hyper-relevant experiences and services.

Figure 3: Drivers of customer instinct regarding brand
Different customers, different profiles.
A brand’s use of customer data must be more than “one-size-fits-all,” and should deeply understand customers’ behaviors and preferences as the means to deliver the right experiences for each individual. Our research found evidence for dividing customers into four basic profiles or personas. Each persona requires different data strategies and the ability to deliver different experiences.

Data strategy personas based on KMI data:

- **TASK MANAGER**
  - Data strategy treatments/experience: Intelligent Schedule
  - Size: 47% (% of the global sample)

- **MULTI-DEVICE CONSUMER**
  - Data strategy treatments/experience: Personalize Media
  - Size: 19%

- **INTELLIGENT HOMEMAKER**
  - Data strategy treatments/experience: Connect the Household
  - Size: 18%

- **ON-THE-GO RETAILER**
  - Data strategy treatments/experience: Discover Promotions
  - Size: 17%

Know where to draw the line.
In an effort to create personalized experiences for customers, companies need to be careful that they don’t cross the line from “cool” (“I like how you’re using my data to get close to me”) to “creepy” (“You’re a little too close for comfort”). Companies’ customer data practices cannot be one-size-fits-all. Instead, they need to consider different customer personas and their attitudes toward data usage as a means to deliver the right experiences for each persona. For example, in our research, a customer category we call “task managers” (47 percent of the survey pool) are OK about sharing geo-location and daily life details to create hyper-relevant experiences. Yet, other personas might not be so amenable to that use of their data. (See “Different customers, different profiles.”)
If companies are to embed themselves in their customers’ lives, creating more value and achieving higher stickiness, how is that best accomplished? Increasingly, companies can’t go it alone, at scale, at pace, and with agility. Consequently, a better way to serve customers now is through partnerships. These can be with “unlikely” partners such as former or current competitors, or with a broader ecosystem within or outside their industry.

Grow together

Here are several factors leading to the increasing need to serve customers through partnerships:

Double (and triple) down. Customers need more options to satisfy their specific needs. Our KMI research found that multi-service customers are twice as sticky (i.e., have a 2x higher KMI) than single-product/service customers. Furthermore, brands that generate strong dependence by offering variety and options experience a higher-correlated KMI. Brands that can address their customers’ ever-evolving needs (in an agile manner and at scale) with new, valuable, more relevant options and experiences are likelier to succeed.
Expand your partner pool.
Many traditional CSPs are creating new content consumption offerings that expand beyond their traditional products and services by partnering with over-the-top (OTT) players or with other CSPs. In this way, they can deliver more variety and more value. They are also introducing an easier way for customers to streamline ordering—managing and paying for content through a single provider rather than multiple, disparate brands. In this role, the traditional CSPs play the part of platform orchestrator—offering customers a “one-stop-shop” for their video consumption.

Extend your reach.
Platform businesses experience higher customer stickiness because they create or enable services that are an essential part of customers’ daily digital routines. Through platform plays, CSPs can capitalize on the deep intelligence from the core of their business, to create new connected experiences, maximize reach (and customer connectedness, or KMI), and drive new growth via an ecosystem of partners, customers and developers. Similar to what our research found last year, KMI is highest among brands providing digital home monitoring platform services—an example of the connected home ecosystem.
On to the future: Become a “Living Business” to extend your customer relationships

Businesses have long depended on the loyalty of their customer base to support growth. However, as loyalty investments have grown, companies’ understanding of why customers behave as they do, and what they truly value, has not kept pace.
As the Accenture 2019 Global Keep Me Index study reveals, the emphasis must now be on keeping customers by focusing on enduring, reciprocal and authentic relationships. Relationships must be rooted in trust, actively nurtured and continuously strengthened over time such that they bring new value to all parties involved.

Certainly “relevance” is a big piece of the overall puzzle. Companies should attract and retain customers by offering them a consistently fast, personalized and reliable experience. 64 percent of the times that customers shift from one brand to another, it’s to seek a more relevant product, service, or experience—and this number is likely to increase.5

How can companies create enduring relationships? They need to be agile, moving nimbly and continuously to accommodate customers’ ever-changing needs and circumstances. They should embrace a customer-centric mindset that inspires different behaviors and ways of working in everything they do. In addition to being hyper-relevant, companies need to provide experiences that make peoples’ lives better, more productive and meaningful. And to keep them true to this purpose, organizations should have a strong personality, a North Star, that underpins organizational behaviors and guides them as they evolve.

Become a “Living Business” to extend your customer relationships

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At Accenture, we refer to companies with this customer-centric strategy and mindset as a “Living Business”—one that continuously adapts to the evolving needs of customers and changing market conditions, with speed and at scale, to achieve hyper-relevance.

Although technologies such as analytics and artificial intelligence are critical to the transformation of a Living Business to customer relevance, technology alone cannot create an authentic relationship. The authenticity demonstrated by a Living Business results in part from customer-centricity being embraced by all people in an organization. Living Businesses strive to develop a workforce that combines the power of human ingenuity and artificial intelligence. This requires a cultural rewiring and a new customer-first internal focus. Such work can seem complex, but Living Businesses understand the return that comes from such an investment. Rewiring people-related capabilities includes:

**Fostering**

a culture that continually seeks to improve customer relevance

**Re-orienting**

organization structures around a customer focus

**Augmenting**

the workforce with flexible tools to enhance relationships

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Finally, developing reciprocal customer relationships involves a radical new mindset. Instead of seeing customer relationships as a one-way street (an assumption that has caused loyalty programs to stumble), reciprocity means that value flows both ways. This is particularly true when it comes to the use of customer data. Living Businesses can now deliver highly relevant experiences—even down to individual moments that matter—but they need cooperation from consumers to make that happen. This is a kind of “help you help me help you” form of reciprocity.

Customers and companies alike should now be focusing on how they can work together to deliver new levels of customer value and answer the question “Are you a keeper?”
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