CUSTOMER RENEWALS:
Why customers keep coming back
Across every purchase category, customers are now empowered and companies must adapt. Digital natives push expectations to new heights, while others play catch-up, struggling to provide relevant personalized experiences.

Recognizing the power of providing a frictionless experience, companies are investing in lifecycle initiatives to meet their evolving customer needs.

As companies transform, customer success functions are becoming increasingly prevalent. Companies now recognize that customer success managers (CSMs) are critical to building meaningful relationships and the results show it. Customers who feel valued are 1.5 times more likely to renew.

So how are companies providing these exceptional experiences?

In 2018, Accenture studied how macro factors like trust, dependency, and customer sentiment impact whether a customer will renew. This year, we built upon those initial findings through a study that explores both customer expectations and the customer experience in more depth. We investigated what customers value and what role CSMs play in driving adoption and retention. Our study’s key findings follow.
While the principles are foundationally similar – providing exceptional experiences – customer expectations vary across the lifecycle. We evaluated top and low scoring companies on likeliness to renew and we found:

01 Companies must focus on exceptional touchpoints as soon as the purchase is complete.

02 Customers will leave if their expectations during the buying cycle are not met post-sale.

**During each of the following lifecycle stages, to what extent were your company’s expectations met?**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Top</th>
<th>Middle</th>
<th>Bottom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trying the product or service (trial)</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>54%</td>
<td>57%</td>
<td>58%</td>
</tr>
<tr>
<td>Buying the product</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
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<tr>
<td></td>
<td>54%</td>
<td>61%</td>
<td>69%</td>
</tr>
<tr>
<td>Installing/setting up the product</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
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<td></td>
<td>48%</td>
<td>56%</td>
<td>55%</td>
</tr>
<tr>
<td>Using the product</td>
<td>1%</td>
<td>4%</td>
<td>0%</td>
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<tr>
<td></td>
<td>41%</td>
<td>47%</td>
<td>60%</td>
</tr>
<tr>
<td>Renewing the subscription</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>59%</td>
<td>62%</td>
<td>63%</td>
</tr>
</tbody>
</table>

- **Not met**
- **Met**
- **Exceeded expectations**
As we look deeper into the lifecycle phases, the factors that are most important to customers shift after purchase. This study explored expectations across four spectrums and here’s what we found:

**Self-service to consultation:**
While there’s a consensus that most activities should have a self-service element, customers are open to more consultation during the installation process.

**Simple to complex:**
Customers generally expect simplicity throughout the lifecycle; however, they are receptive to personalization and complexity to achieve desired outcomes.

**Instant to lasting:**
Generally, customers expect responsiveness within a couple of days. Instant results are preferred during product installation.

**Standard to customized:**
Customers typically expect simple customization and are more open to robust changes when renewing the product. Customers want to use the product easily while ensuring that it fits their personalized needs.
Customers who have their expectations met are more likely to feel valued. Positive sentiment was the greatest contributor to a renewal. Only 25% of respondents are likely to stay with a company when they do not feel valued.

The moments that have the most impact include:

01 Ensuring the customer knows what will come next once the deal is closed
02 Enabling a seamless installation and onboarding experience
03 Helping the customer understand the value realized from the product or service
Top 8 sentiments that benefit a renewal

Overall, when respondents feel positively about their relationship with the company and are happy doing business with them, they are most likely to renew. And while engagement matters in the lifecycle, what is most important is how your customers feel about the experience.
When expectations are exceeded, the percent of customers feeling valued is about 20 points higher than when expectations are simply met, and a far bigger gap exists when expectations are not met. This is significant: customers who feel extremely valued during their renewal process are 160% more likely to stay with their provider.
While a strong customer relationship can be beneficial, product adoption is also one of the largest influencing factors on retaining customers. Both the number of users on the product and their usage can benefit the likelihood to renew.

**The product adoption tipping point for users and usage**

Companies with more than 1000 users on the product were very likely to renew.

Customers that use the product extensively on an hourly or daily basis are more likely to renew than those that do not.

Accelerating product adoption both in user base and in frequency of usage can have a lasting benefit to long-term customer success.
When comparing the customer experience of companies that have CSMs to those that do not, the results are clear. Customers that engage with CSMs feel more valued and receive exceptional experiences. So what do CSMs do to create this sentiment?

CSMs ensure that customers:

01 know what will come next

02 know what they need to do to achieve their goals

03 receive relevant information on how to use the product to drive adoption

Customer success organizations should double down on enabling their CSMs to move beyond engagement to creating a sense of delight throughout the post purchase lifecycle.
DEEPENING CUSTOMER STICKINESS

As companies consider where to invest in the customer experience, it is essential to consider the following guidelines:

- Deepen interactions with customers by making them feel valued
- Provide exceptional experiences balancing the continuum of expectations across touchpoints
- Take actions to expand the user base and ensure their frequent utilization
- Enable CSMs to deepen connections with customers beyond engagement
This study was designed to understand customers’ retention drivers, customer success activities that influence retention, and the value of the CSM. We surveyed 500 respondents across multiple industries and company sizes online in the U.S. between May 2019 and June 2019.

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