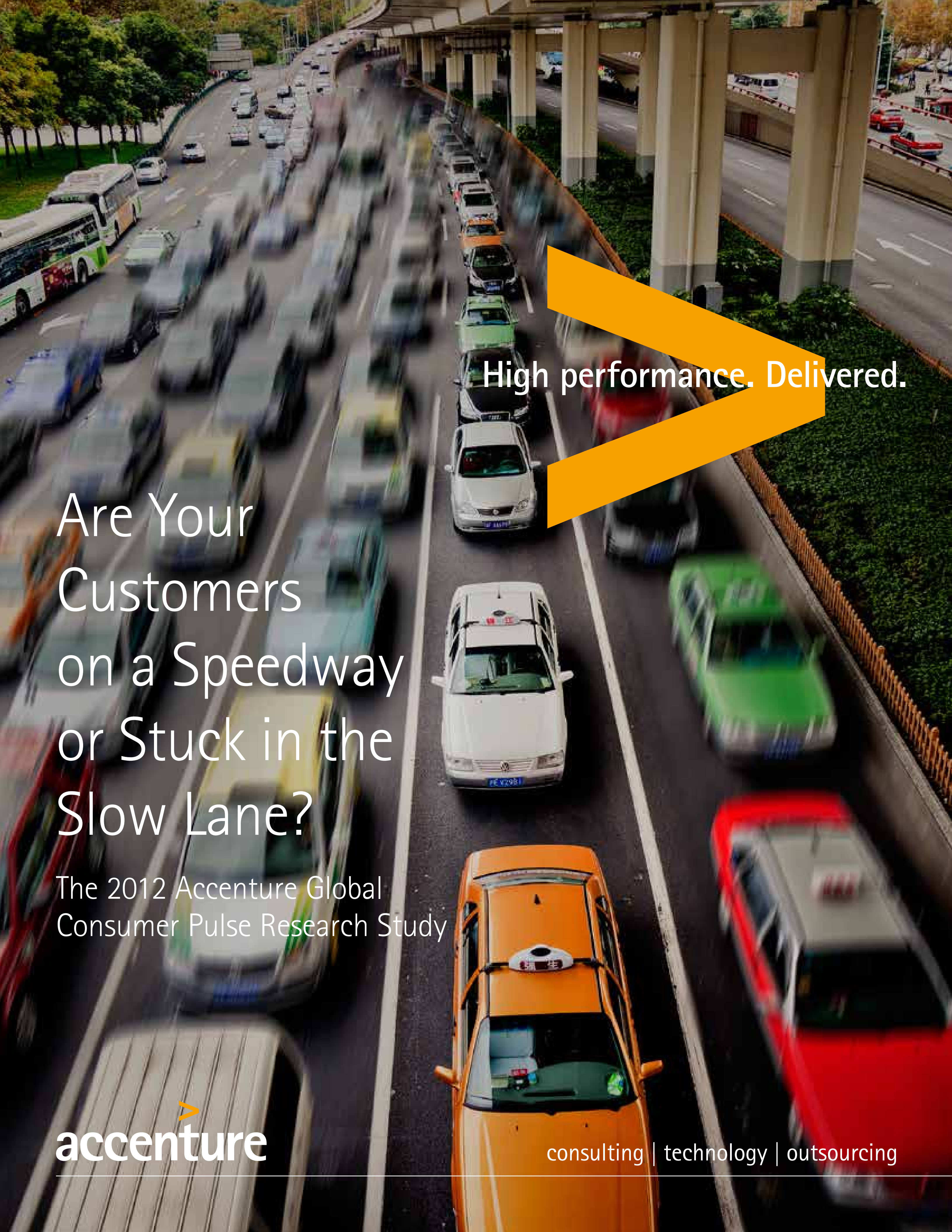

High performance. Delivered.

Are Your Customers on a Speedway or Stuck in the Slow Lane?

The 2012 Accenture Global Consumer Pulse Research Study

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While the global economy remains volatile, companies continue to focus on growing revenue from their current customers and acquiring new customers. However, as they pursue emerging growth opportunities, businesses face a sobering reality: Many of their existing, "tried and true" customer acquisition and retention strategies are having trouble keeping pace with target consumers who are perpetually in motion, more technologically savvy than ever, and increasingly difficult to predict. The result is that many companies are struggling to retain and also gain enough customers to fuel the growth they and their shareholders expect.

Key question for executives: "How really ready are we to respond to consumers' new approaches to finding and buying products that meet their needs?"

In 2012, our eighth year of conducting the exclusive Accenture Global Consumer Pulse research, we surveyed more than 12,000 consumers in 32 countries. Our research sheds light on the dynamics of today's consumers and how the rapid changes in those dynamics make it difficult for companies to effectively attract and retain customers in their chosen markets. We explore detailed feedback from these consumers on how they prefer to interact with providers, the frustrations they experience, and how often—and why—they have switched providers. And, drawing on this feedback, we discuss how companies can more effectively connect with customers, to grow more profitably.

In this report, you will find guidance on ways your company can gauge the return on its investment in the customer experience, and whether that investment is enabling the organization to keep pace with the changing consumer marketplace—around the corner or around the world.

Growth and the deepening customer crisis

CEOs are focusing on how their organizations can generate predictable, sustainable and profitable growth through existing and new customers. Yet in the current global economic environment, executives fear that prospects for growth in many markets are patchy and vulnerable. This fear is grounded in reality: In North America, for example, while companies have consistently met earnings-per-share (EPS) expectations, top-line profitable growth has been elusive. As one data point, in the third quarter, 2012, 61 percent of companies in the S&P 500 had missed revenue expectations.[1]

Why is growth becoming so difficult? One of the clear answers is that consumers have changed considerably in the past few years: They are more empowered, have higher expectations, are more prone to switching providers, are more connected (to companies and to each other) and are more regionally/globally diverse. Yet many companies still operate on a foundation of a decades-old, "one size fits all" sales and service model that prevents them from responding effectively to the evolution in consumer needs and behaviors. The net result is that "what got them here won't get them there." One of the biggest challenges companies have in generating sustainable, profitable growth is understanding and accommodating the new way in which consumers interact with companies and their products.

Thus, the key question you should ask is, "How really ready are we to respond to consumers' new approaches to finding and buying products that meet their needs?" Then ask the question again—because your customers are saying they don't think you are ready.

1 "U.S. consumer stocks cheer investors ahead of holidays," Caroline Valetkevitch, Reuters, November 19, 2012, http://uk.mobile.reuters.com/article/stocksNews/idUKLNE8AI01H20121119

The new dynamics of the Nonstop-Customer

Answering that question begins with understanding the new dynamics of today's customer.

A customer's path to purchase used to be linear and generally predictable, as illustrated by the traditional marketing and sales "funnel," which begins with awareness and ends with the purchase and retention.

Now, virtually every company recognizes just how different consumer preferences are from years past, but when they look deeper they see how preferences vary significantly by consumer segments. While buyers still go through the same stages of awareness, consideration, evaluation, purchase and use, they no longer enter a channel but, instead, are continuously in the channel. Accenture's Nonstop-Customer Experience Model (see Figure 1) illustrates how today's consumers behave and how their journey has fundamentally changed in three significant dimensions:[2]

1. The customer's journey is now *dynamic*.

Enabled by technology, customers expect to easily control and vary their routes seamlessly within and across channels to suit their needs at any given moment. Consumers' pathways can be direct but more often than not are nonlinear, as consumers enter and exit relationships with providers via much less predictable points or as they circle back to choices made previously.

2. The journey is more *accessible*.

More content than ever is being put in front of customers, much of it beyond any given company's control. Amplified and empowered by technology, the "Voice or noise of others" is increasingly insistent and influential. It's anytime and anywhere, and it can come from or through anyone.

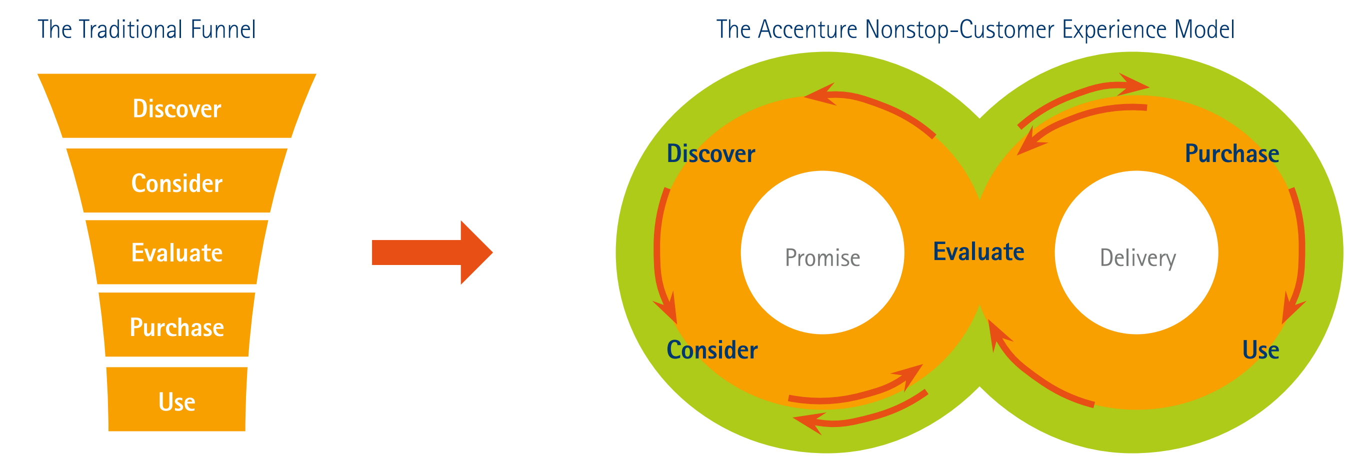
3. The journey is *continuous* because the touch points consumers are exposed to are "always on."

As a consequence, evaluation, not purchase, is now the focal point. Consumers can more easily compare a provider's promise versus delivery, and how the overall experience matches up to their own expectations. There is a downside to this, however: It's easy for customers to become trapped in a state of endless evaluation. Faced with that frustration, consumers react differently: they may make a purchase driven by emotion or habit, buy something based on the last or "easy-to-grasp" information they processed, delegate their choice to others, or simply walk away.

The preceding three dimensions, taken together, are the new drivers of differentiation. The new rule of thumb is that to be differentiated, a company should clearly excel in one of the three while being at least proficient in the other two. Being merely 'good enough' in just two of the three is not sufficient to differentiate the company from competitors. Thus, it is critical for companies to evaluate and measure—from a consumer perspective—how well they perform in these areas that define differentiation in today's new customer dynamics.

2 For more details on the Nonstop Customer Experience Model, see "Serving the nonstop customer" by Paul F. Nunes, Olivier Schunck and Robert Wollan in the October 2012 issue of Accenture's Outlook Journal, http://www.accenture.com/us-en/outlook/Pages/outlook-journal-2012-serving-the-nonstop-customer-marketing.aspx

Figure 1. New dynamics of today's customers



Dynamic
Enabled by technology, consumers **control pace** of decisions, paths to buying are not linear and choice becomes **almost effortless.**

Accessible
Technology amplifies and empowers the "**Voice or Noise of Others.**" Content goes beyond brand's and provider's control.

Continuous
The flux of touch points is '**always on**' along the journey. It's easy to compare promise versus reality but also to get '**trapped in evaluation.**'

Open content/channels
Brand-controlled content/channels

Consumers on your expressway: understanding different "traffic lanes" and their implications

In considering the changing consumer dynamics implied by our model, one could envision the double loops as a highway or expressway comprising different lanes—each of which represents markets or consumer behaviors and features traffic choosing to move at a different speeds.

Consumers are leaving their providers more frequently than ever because of their providers' inability or unwillingness to design and maintain the right lane for them.

Consumer segments or markets will have unique demands and expectations based on the lanes in which they are traveling, with the lanes being defined by aspects such as preferences for digital or "do-it-yourself" capabilities versus traditional interaction methods; ability to connect and collaborate with providers and with each other; the frequency with which they re-evaluate purchase decisions, and the number of channels they use to interact with providers (see sidebar). The point is that each type of consumer, when seeking to interact with a provider, is looking for the lane with which he or she feels most comfortable, and are frustrated by the being in the "wrong lane."

In fact, many providers' problems begin when consumers start evaluating your company as a potential provider. As consumers enter your expressway, they look for a lane that best accommodates their needs and expectations—one that provides them with the channels, propositions and interactions they prefer. If they don't find one that suits them, they likely will get off at the next exit—meaning, they'll rebuff that provider and search for a different one. The key for companies is to meet each consumer's expectations for a "great driving experience"—starting by recognizing that those expectations are significantly different for different consumers and consumer segments. In other words, companies need to stop thinking they have "a one-lane highway" that accommodates everyone equally in favor of designing and maintaining lanes that will cater to important consumer segments.

Yet as our research shows, this is something companies continue to struggle with—largely because they have benchmarked themselves against each other to look for improvement opportunities. The problem is, if they all are missing the mark, the only thing such exercises will accomplish is to ensure one company is merely not as bad as its competitors. Instead, companies should be benchmarking themselves against what customers want. That reduces, or even eliminates, the hidden obstacles that threaten to undermine companies' relationships with customers.

Companies' shortcomings are reflected by our research findings. Our survey shows that consumers overall are leaving their providers more frequently than ever because of their providers' inability or unwillingness to design and maintain the right lane for them, and make it easy for them to switch lanes when they are looking for a different experience.

Given the preceding, you should ask three key questions about the customer experience your company delivers: Do we offer different lanes to our customers? Are those lanes discrete and noticeable to customers? And do customers value those different lanes—and how do we know if they really do?

The four lanes of consumer interaction

One way to look at the new consumer highway is to consider consumers driving in four different lanes:

Lane 1—Digital Consumers

This is the "autobahn," home to digital consumers whom we see most clearly in emerging markets. These consumers have fully embraced digital technology and see it as a powerful tool that helps them learn about and purchase products and services. They are likely to use multiple channels—especially social media and mobile devices—to communicate with providers and make purchases, and to heavily research their purchases before making them. They tend to have higher expectations for what they get from a provider, and they are the most likely to switch if their expectations aren't met. Just as drivers on the autobahn, consumers in this lane are moving at their own speed, without limits.

Lane 2—Transitional Consumers

In this lane, the "fast lane," are consumers who are pushing the limits in developed markets—they are digital savvy and prefer to use "do it yourself" channels and tools for research, purchases and service. They will fall back on traditional approaches if forced to, but tend to view such approaches as "speed bumps" that slow them down and frustrate them. While typically loyal to providers and lanes, these consumers also will switch either or both if given the right incentive.

Lane 3—Experimental Consumers

This lane is occupied by consumers who have historically relied on traditional channels and capabilities, but discover and selectively engage in digital channels where it clearly improves their experience. This is the largest group in developed markets and are providers' targets to "test and learn" as they experiment with different, less costly channels and tools. They are apt to "switch lanes" to the one favored by digital consumers when it solves a specific issue (for example, using online banking just for watching their balance or ATMs for quick cash), but tend to return to their "home" lane for most activities. Because of their unpredictable nature and habits, transitional consumers—who exist in both emerging and developed markets—tend to be more difficult than others to serve, but they also represent a huge opportunity for providers that can meet their expectations and help them find a smoother route to satisfaction.

Lane 4—Traditional Consumers

Consumers in this lane generally rely on traditional channels (not "do-it-yourself" tools) to interact with their providers—for instance, preferring to shop in traditional physical retail stores and to speak with a live representative in a call center to resolve an issue. Once established, they switch providers least frequently, and tend to either do less research before purchasing (instead, buying out of habit) or not regularly seek advice from others to help them make their decisions.


DIGITAL
LEFT LANE
TRANSITIONAL
EXPERIMENTAL
TRADITIONAL
RIGHT LANE
EXIT

Where to look first for improvements: new practices in traditional areas are needed

Based on our research findings and experience, we believe companies will have to fundamentally change five key areas of their business if they want to do a better job keeping customers on their expressway.

Consumers use multiple channels, including digital and traditional, when looking for new providers.

3 "Are Your Consumer Packaged Goods (CPG) Brands Maximizing the Return on Your Digital Investment?" Accenture research study, January 2012, http://www.accenture.com/us-en/Pages/insight-cpg-brands-maximizing-return-digital-investment.aspx

Acquiring new customers—getting consumers on the highway, using new on-ramps you didn't know were there

As consumers continuously move around and through different channels, attracting and acquiring them has become more difficult. Many companies have trouble connecting with consumers using traditional mechanisms which, while important, are no longer sufficient on their own. Companies struggle to address the abundance of touch points and to build or enhance new "on-ramps" to customer relationships. They miss the increasing role of important third-party influencers whom companies should cultivate and reward, and they fall short in developing digital on-ramps that are providing customers with tailored new ways to learn about, evaluate and interact with providers.

Despite the fast adoption of new digital and mobile technologies, consumers continue to use multiple channels when looking for providers, and more than half (57 percent) find it very frustrating when they are not able to access the channels of their choice. Our research found that, across industries, consumers on average use up to six different channels for prospecting, with a majority relying on both digital and traditional channels. Thus, companies must provide a mix of pathways to the on-ramps from which customers can choose. While channel usage and influence on decisions remain complex—differing by purchase category, customer segment and contextual factors—our research did highlight three on-ramps that are critical to customer acquisition regardless of situation:

1. Social media: In line with the previous years, consumers continue to consider social media an important way to learn about providers, even more so in emerging markets. In this year's study, 47 percent of consumers said they use social media to learn about providers and brands, which is nearly the same percentage who said the same about traditional paid advertising on television or radio. Another reason social media is vital is that word-of-mouth information from "people I know" (such as family, friends and co-workers) was cited by the greatest percentage of consumers—79 percent—as a source they relied on when prospecting for brands or providers (see Figure 2). At a minimum, these figures suggest companies should become more highly adept at listening to social media. Furthermore, they should embrace it based on achieving clear outcomes and on what they can influence, and on participating in social media communities and conversations.

2. Your own company or product/brand website: While the corporate website has been seemingly overshadowed in recent years by the rise of social media, its prominence and influence is reasserted in this year's survey. Seven in 10 consumers said they use a company's website to gather information on providers and brands across industries, and 44 percent said such websites are important to their decision making. A company's website is, after word of mouth, the most important channel consumers use during prospecting. Another recent Accenture study for consumer packaged goods companies[3] reinforces the importance of corporate websites, as it established a strong positive correlation between an engaging website experience and actual in-store buying behavior.

Given these results, companies should focus on creating an engaging digital experience that meets visitors' needs and invest in guiding customers and prospects to their websites (through, for instance, search engine optimization). They should also exploit the strengthening effects the digital experience may have on other channels like stores or branches.

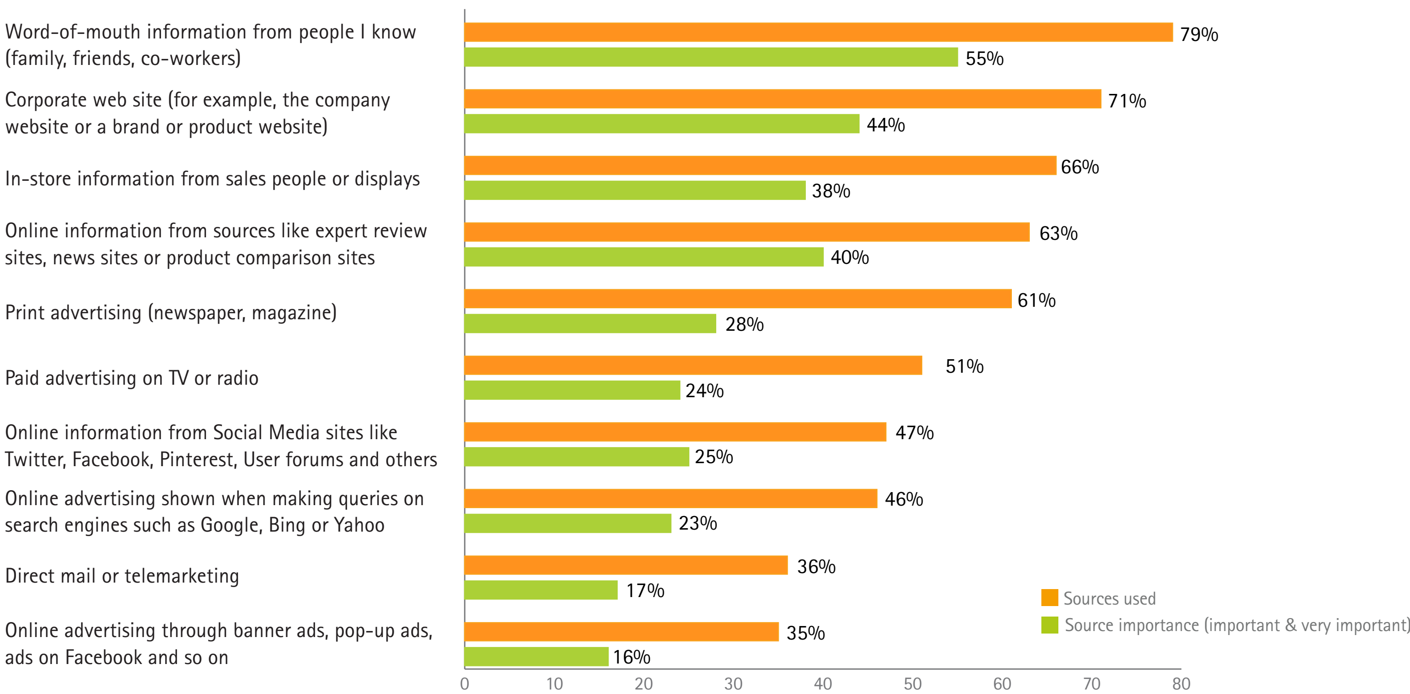
3. Online evaluation or review sites: While consumers still consider information from the company itself when evaluating products and providers, that information is only one piece of the puzzle, generally dwarfed by content consumers can easily access online from a variety of third-party sources. One such source that has become increasingly important is expert review sites, news sites or product comparison sites. A large percentage of consumers—63 percent—said they use these types of sources to help form their opinions on companies and brands. That's nearly the same percentage who said they rely on in-store information from sales people or displays when prospecting.

These data points, and the fact that "evaluation" has become the focal point of the Nonstop-customer experience, underscores the impact of influence—whether it is "earned" online or exercised in "owned" channels or in partner channels—and the importance to identify and incentivize influencers and advocates effectively.

Providing an optimized mix of channels, however, is not sufficient for a company to attract today's dynamic consumer to its on-ramps. According to our research, consistency across those channels is as important to consumers when looking for a provider. Fifty-one percent of consumers said being exposed to inconsistent treatments when prospecting across different channels is frustrating, and 60 percent said the same when they are presented with inconsistent offers through different channels when shopping for the same product or service. Three in four consumers (74 percent) find it frustrating when during prospecting they find out that companies are promising one thing but will deliver another. The fact that, when confronted with these types of poor marketing and sales experiences, about half of consumers stated they are likely to not consider the provider or brand anymore, reinforces how important a consistent and seamless experience is—even long before the "consumer" has become a "customer."

A company's website is, after word of mouth, the most important channel consumers use when prospecting.

Figure 2. Use and importance of information sources/channels—2012 Global Sample



But while they strive to maintain consistency across their channels, companies also should not overlook the fact that they also must understand the role each channel plays in a customer's journey and the specific value that channel has to each person. For instance, each mobile app should not simply replicate the functionality of the tablet or a website. Instead, a company should think about what consumers do with mobile phones (the context and intent) and tailor the experience accordingly—all while maintaining consistency in areas that matter to consumers.

Managing customers' expectations—guiding them to the "right" lane

After a consumer becomes a customer, it is critical for companies to manage the customer's expectations. This is especially true given the fact that four in 10 consumers overall reported their expectations are higher this year than last. Rising expectations are especially prevalent in emerging markets, where 58 percent said their expectations are higher (compared with 27 percent in mature markets). Companies need to keep pace, but how?

One way is for companies to take a new approach to managing their portfolio of global markets. Most global companies today use geography to define their approach to consumers, typically grouping their targets by land mass largely for the sake of proximity (i.e., it's easier to serve adjacent countries from one regional central base of operations). The problem with this perspective is it does not recognize the fact that countries in the same geographic area can have vastly different consumer dynamics, and that by treating all countries in one region (e.g., Asia, Europe, South America) in the same way a company is failing to connect with large swaths of consumers in those regions.

To truly optimize their growth strategy, companies should group their markets (and underlying customer segments) by specific "lanes" that take into account the speed at which consumer expectations and demands are changing, consumers' proclivity for switching, and the number, mix and nature of channels customers use to interact with providers.

For example, as illustrated in Figure 3, our survey found that all of the countries with the highest rates of switching due to poor service are in emerging markets (including India and Chile, with the highest rates of switching at 88 percent and 87 percent, respectively). At the opposite end of the spectrum are more mature markets—such as the Netherlands (with the lowest switching rate at 30 percent), Japan, Belgium, Germany, USA, UK and France, which are all below 50 percent switching this year.

What is obvious in this figure is that the countries in each group are not necessarily regionally clustered. Thus, a company that employs a region-based strategy would essentially be treating countries with different consumer switching characteristics in the same way—which is a recipe for customer defection. Instead, strategies based on the switching characteristics and other indicators of consumer behavior volatility and preferences would help enable a company to employ more relevant approaches to cultivating relationships with customers in each group.

Selling more to customers—earning "more mileage" from customers by recognizing their specific contexts and intentions

An age-old challenge for companies is maximizing share of wallet: getting customers to spend more of their money with the companies instead of with competitors. But that challenge has intensified in recent years as customers and their loyalty become more heavily influenced by a broad range of factors, many of which are outside companies' control.

To help keep customers "driving" and spending on its own expressway, a company should develop offers and interactions that connect with consumers' specific intentions and context. Indeed, for many consumers, a tailored experience is critical to a strong customer relationship. For instance, just under half (48 percent) of consumers surveyed said they have higher expectations today of getting specialized treatment for being a "good" customer. And 50 percent said it is extremely important for companies to have customer service people who know their history based on information they have previously provided, so they don't have to repeat themselves each time they talk to someone.

Yet, one quarter (24 percent) of consumers we surveyed said they don't believe their provider delivers a tailored experience, and 47 percent find it frustrating when a provider is not using the information it already has about them to make interactions and offers more relevant to their individual contexts. When customers trust and have control over how their personal information is used, most of them are willing to give companies their information so they can tailor the customer experience and offerings. Consumers expect that when they give companies data, companies are actually going to use these insights to make interactions easier and more relevant for them. But often this is not the case, as companies continue to market the same offers over and over or constantly ask the same questions when customers call with problems—which understandably results in customer frustration and little incentive to do more business with that provider.

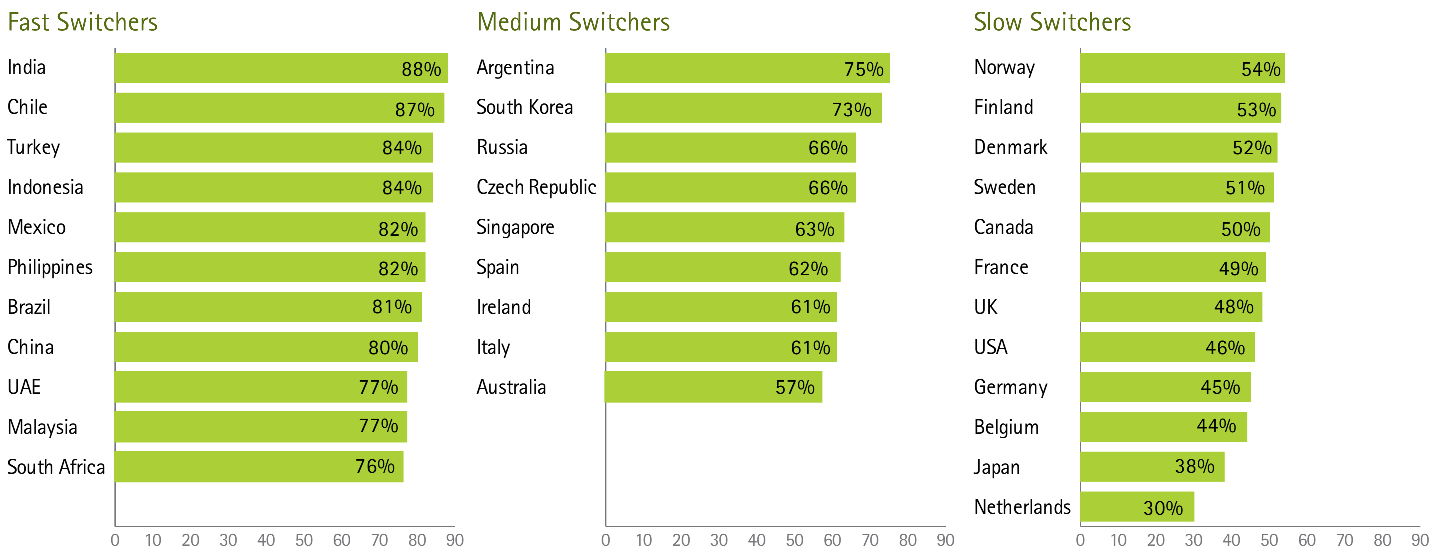
Loyalty programs, as well, are still an effective tool for encouraging customers to purchase more. Consumers participating in our research are just as likely this year as in past years to participate in companies' loyalty programs—with, for instance, just over half reporting they participate in at least one retailer's loyalty program and about one-third saying the same about wireless phone service providers. And yet only about half of loyalty program participants across industries said their participation persuades them to stick with the companies that provide the programs.

Again, the problem is that companies don't consider specific changes in the customer's context. Indeed, most companies only recognize major increments on their terms (i.e., increments they predetermine for their loyalty programs), not the minor increments that matter to customers. Such changes may be subtle to the company (not necessarily translating into short-term value) but meaningful in the customers' eyes.

In addition to identifying which customer changes really matter, companies also need to respond in a way that is relevant to the

Figure 3. Percentage who switched provider in any industry due to poor customer service, listed by country

2012 (Overall switch: 62%)



customer. For some customers that may be through loyalty points and financial rewards, but others may be more looking for other types of recognition, such as access to a distinct experience (an exclusive music or sports event, a limited edition, an early product launch or a participation in the companies' innovation process).

In the more dynamic context of today's consumers, loyalty may also become intermittent, as former customers return to a company they have done business with previously. Our research suggests that if companies don't treat these customers like strangers, they are more likely to recapture and expand their business. Indeed, almost four in 10 consumers said that when they return to a company they have done business with previously, they expect the company to treat them differently than they would a first-time "new customer."

Serving customers better—lowering speed bumps and anticipating potholes

A key factor in whether a customer buys more from a provider or ends up switching to a new company is the quality of the overall service experience the provider delivers. As they consider how to tailor customer service, companies should be wary of speed bumps and potholes on their expressway that can disrupt customers' driving experience.

Speed bumps are obstacles that a company has intentionally created for a legitimate purpose, but that slows down customers nonetheless—especially in steps or processes that add no customer value. A simple example of a speed bump is the process credit card companies used to make customers use to authorize a new card they received in the mail. In the past, a customer would have to call the company, speak to a live representative, and provide numerous types of information that would confirm customer's identity before the company would "turn on" the card. The process was originally deemed necessary to avoid fraudulent use of the card. Today, with technology advances, credit card companies have been able to streamline that process considerably. Now, a simple phone call from the phone number associated with a card's account from a number on file (such as their home phone) to an automated system is all that's needed to activate the card.

To avoid creating speed bumps along the customer journey, a provider should first identify what degree of value is created from each process it executes and the cost (to the company and impact on the customer). Starting with those processes that add the least value to customers, a provider should then evaluate which processes it can eliminate altogether or transform (via digital capabilities or better analytics)—working until the value to customers outweighs the impact on switching and satisfaction.

A tailored experience is critical to a strong customer relationship.

The biggest frustration for consumers is a "broken promise:" when a company does not deliver what it promised during the marketing and sales stage.

85 percent of customers said their provider could have done something to forestall their switch due to poor service.

While speed bumps are obstacles that a company has put in place itself (and is aware of), potholes can form without a company's knowledge. According to our survey, one of the biggest potholes in an existing relationship is broken promises. Having a company promise one thing and deliver something different is not only a major point of frustration for consumers when they are looking for a provider, but also remains a critical frustration point for consumers who are already customers and a main driver of switching behavior. Sixty-three percent of consumers said it's extremely frustrating when, as part of a service experience, a company delivers something different from what they promised upfront. Furthermore, 78 percent noted when they encounter such "broken promises," they are very likely to switch to a different provider. In other words, when a company doesn't effectively set and manage expectations, it is motivating more than half of its customers to defect.

Broken promises remain the biggest pothole, but others also can erode customers' loyalty and make them vulnerable to switching. In general, these potholes revolve around the failure to deliver a smooth customer service experience—i.e., making consumers' drive unpleasant to the point they begin looking for the next off-ramp. In our survey, consumers indicated a number of issues they encounter during customer service that frustrate them and make them very likely to consider switching to a competitor. These include dealing with agents who are unfriendly or impolite, having to contact customer service multiple times for the same reason, dealing with customer service agents who can't answer their question, being on hold for a long time, and having to repeat the same information to multiple agents (see Figure 4).

While it's unrealistic to expect a company to completely prevent potholes from forming, organizations can minimize the chances potholes may disrupt customers' experiences. One way is to become more aware of where potholes could form or are forming by more actively monitoring the conversations conducted via social media listening capabilities. Indeed, while traditional customer "listening posts"—customer satisfaction surveys, for instance—still have value, they often are too slow and no longer sufficient on their own to provide companies with the insights they need, when they need them, to prevent disruptions that may cause customers to defect. Top-notch social media listening capabilities can enable companies to quickly identify potential issues among consumers and step in to remedy the situation before those issues turn into problems.

Retention and switching—preventing customers from using the off-ramp to competitors

To keep consumers happy, companies should deliver the "driving experience" customers expect and avoid allowing potholes to develop that will spur them to look for the nearest off-ramp. However, based on our survey, it is apparent many companies are not doing a good job keeping potholes from forming, as consumers continue to leave providers for new ones and express tepid loyalty to the companies they do business with.

First, the good news: Although switching solely due to poor customer service remains very common in emerging markets, it has been slowly moderating over the past few years. For instance, the percentage of consumers in emerging markets indicating they switched due to poor service in any industry has fallen from 90 percent in 2008 to 78 percent in 2012. In mature markets, switching due to poor service is also on the decline, dropping from 60 percent to 49 percent (the first time below 50 percent) during the same period. Furthermore, in conjunction with this global decline in switching due to poor service, consumers are generally somewhat more satisfied with many aspects of customer service this year, with three general service satisfaction characteristics measured increasing by at least 5 percentage points from last year.

The bad news is that, despite the preceding, consumers are nearly as likely to say they feel no loyalty at all to their providers as they are to say they do. And when we asked consumers if they have switched for any reason at all in a given industry, the percentages saying they had is up significantly across all industries. Switching is particularly prevalent in the travel and tourism (up seven points) and consumer electronics (up eight points) industries, and those increases have come on the heels of similar boosts in last year's survey.

Figure 4. Consumers' frustrations regarding customer service

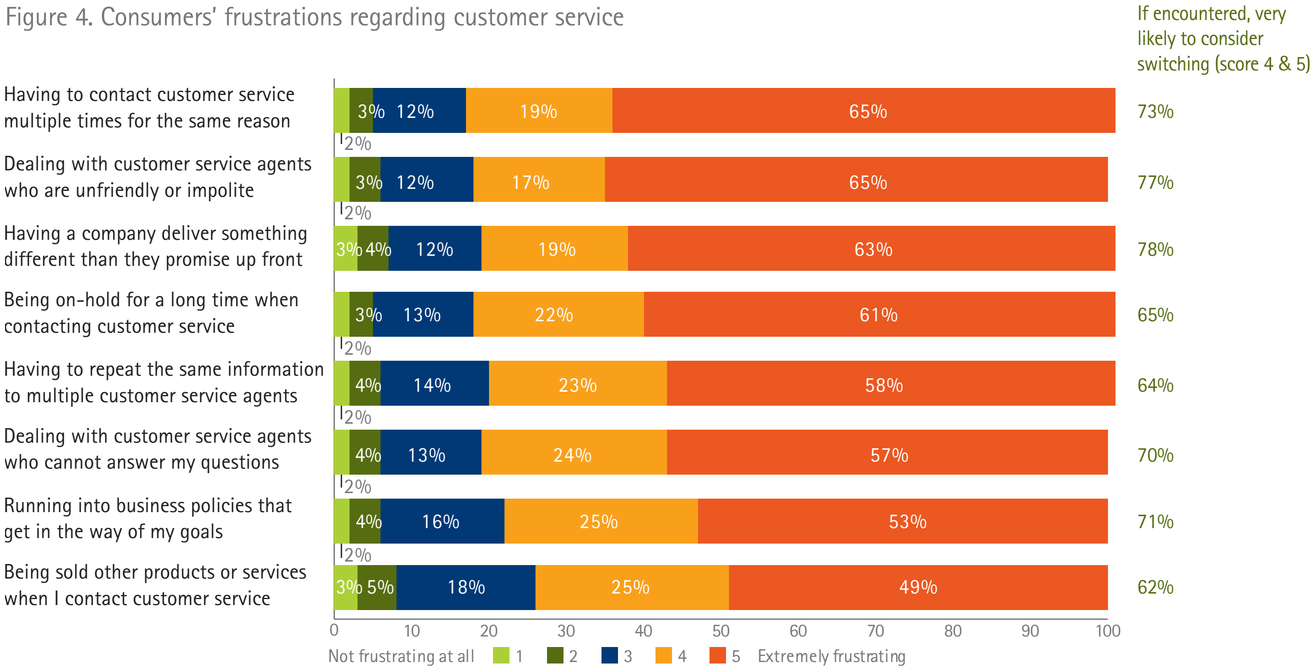


Figure 5. What service providers could have done differently in order to retain their customers

In line with last year, partial switching—where customers add new providers to their existing ones rather than just changing completely from one to another provider—also remains common in selected industries. In other words, consumers are switching just as much as, if not more than, they ever were before. This tells us that switching is becoming, perhaps, less of a function of poor service per se and more of a function of the broader canvas of issues for consumers that involve many different factors across marketing, sales and service such as product/service proposition, price and convenience.

Despite the increase in switching, it is important to note that switching is not inevitable, nor is it a mystery what companies can do to reduce it. Although there certainly are cases where a company cannot keep a customer from leaving, in 85 percent of cases customers in our survey said their companies could have done something to forestall the switch due to poor service (see Figure 5). Two in three consumers indicated if the company had simply resolved their issue on the first contact they would most likely not have left. About half said being recognized and rewarded for their level of business would have prevented their leaving.

Importantly, these actions are not those taken at the "save desk" (or at the top of the off-ramp)—the moment at which customers are trying to switch, such as calling to cancel their service or closing their checking accounts—which historically have a very low success rate. Rather, we suggest action should be taken throughout the course of the relationship with the customer—"ongoing preventive road maintenance" in the context of our expressway analogy, that prevents potholes from forming in the first place.

Taking such proactive steps to keep customers requires companies to use analytics to mine the vast stores of customer data they possess to behave in the ways that customers want them to, and that can help them gain greater insight into customers' desires and intentions.

If a customer does get to the point of switching, it is in a company's best interest to make leaving as simple as possible. While that may sound counter-intuitive, doing so will leave the departing customers with a better impression of the company than if it tried to fight them—and, thus, they likely will be more receptive to coming back at some point in the future if their needs or conditions change. More than half of the consumers in our survey strongly agree they prefer to do business with a provider that gives them the flexibility to step out of their purchase or contract with little hassle if they should change their mind about their purchase.


SUSTAINABL
AND
PROFITABLE
GROWTH

Maintaining the highway: equipping and deploying the new "road crews"

The findings of our survey this year are intriguing in many ways, and taken together they point to one inescapable conclusion: We are entering the new era for marketing, sales and service that requires companies to rethink the customer model and employ new customer-prioritized capabilities and practices.

To address fundamental drivers of customers' changing behaviors, companies need new "SMAC" capabilities: social media, mobility, analytics and cloud solutions.

In the parlance of our highway analogy, companies need to equip and outfit "road crews" with what they need to proactively build on-ramps, maintain the lanes, and quickly repair potholes when they form. This road crew differs from traditional customer-facing teams in three important ways:

1. For starters, the road crew embodies new skills:

To address today's customer dynamics, companies need to develop new capabilities in social media, mobility, analytics and cloud solutions (the so-called "SMAC suite") because those are the fundamental drivers of customers' changing behaviors. The road crew should be skilled in leveraging SMAC technologies so they can follow, sense and guide customers (in which mobility and analytics play a lead role); listen, filter and curate content (via social media); and optimize services and experiences (through context-based cloud services and experience-as-a-service solutions). And while it may not be practical to expect crews to be highly skilled in all of these areas, they should be enabled to "plug into" the right expertise where it exists (inside or outside the company) when needed.

2. The crew also is more agile:

It should be a leading example for the rest of the organization of how to operate at the speed of customers—whether it's informing or selling more dynamically, or servicing to set and meet customers' expectations at the speed of this new marketplace. For instance, the road crew should be responsible for more quickly sensing when potholes are developing—by monitoring social media sites or looking at behaviors of specific customer segments—and mobilizing quickly to "patch the holes" before they become too large and force too many people to exit the highway. Such agility requires more flexible and scalable operations, something many companies continue to struggle to create.

3. Finally, the crew should have a broader mandate:

Instead of simply looking at data from each functional area (marketing, sales and service) independently, the road crew should view the business in the same way the customer does—evaluating every aspect of the spend the company makes in the name of the customer experience from a customer's perspective. Irrespective of its organization structure, the road crew should be empowered to decide what to keep funding, what to consider eliminating, and what new things should be added.

Ultimately, the road crew should be directed by a leader who can most effectively draw together marketing, sales and service—whether that's the chief marketing officer, chief sales officer, or chief customer officer. Regardless of who it is or what that person is called, the role should be filled by a singular leader who's focused on and can impact results across all three functions. Progressive companies that truly want to be differentiated will sort this out quickly. Those that don't will be facing the same challenges they face today: fragmented efforts that remain internally focused and generate ever-declining returns.

Conclusion

Consumers today are highly frustrated with their providers, less loyal to them and, ultimately, more likely to switch to other providers.

This isn't as simple as another customer satisfaction problem. In reality, we are seeing an evolving consumer sophistication: spanning how they evaluate, buy and use in a more connected way than ever before. While consumers this year have generally given more positive feedback about customer service and their propensity to switch, they are still switching in increasing numbers. That's because consumers have added to the factors they weigh when choosing service providers, with "softer" dimensions gaining importance.

The good news for providers, though, is that consumers also told us why they thought providers were falling short, and in that feedback is valuable guidance for what companies should do to more effectively connect with those individuals who are vital to companies' growth strategies. The dilemma, of course, is the how—how can companies adapt existing marketing, sales and service capabilities or build new ones to be more in synch with today's consumer behavior and expectations?

The first step is for companies to truly understand how their customer segments differ in their approaches to and interactions with providers and brands—the "lanes" in which each segment tends to drive. Such insights are vital to being able to create a "driving experience" that lives up to consumers' expectations, avoid creating potholes that disrupt that experience, and ultimately build and maintain an expressway to growth.

Contact Us

To learn more about the Global Consumer Pulse research or how Accenture can you help you, visit accenture.com/salesandcustomerservice or contact our global managing directors.

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